This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Non-Offering Prospectus January 31, 2022

CANNIBBLE FOODTECH LTD.

No securities are being offered pursuant to this Prospectus.

This non-offering prospectus (the "**Prospectus**") is being filed with the British Columbia Securities Commission ("**BCSC**") to enable Cannibble Foodtech Ltd. ("**Cannibble**" or the "**Company**" or "**we**") to become a reporting issuer pursuant to the securities legislation in that province.

Since no securities are being offered or sold pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is currently no market through which the ordinary shares (the "Ordinary Shares") in the capital of the Company may be sold and shareholders may not be able to resell the Ordinary Shares owned by them. This may affect the pricing of the Ordinary Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Ordinary Shares and the extent of issuer regulation. See "*Risk Factors*".

The Company has applied to list its issued and outstanding Ordinary Shares on the Canadian Securities Exchange (the "**Exchange**"). The Exchange has conditionally approved the listing of the Ordinary Shares, but the Listing remains subject to the Company fulfilling all the listing requirements of the Exchange.

An investment in securities of the Company involves a high degree of risk and must be considered speculative due to the nature of the Company's business and its present stage of development. In reviewing the Prospectus, readers should carefully consider the matters described under the heading "*Risk Factors*".

No underwriter has been involved in the preparation of the Prospectus or performed any review or independent due diligence of the contents of the Prospectus.

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Investors should rely only on the information contained in this Prospectus. The Company has not authorized anyone to provide investors with information different from that contained in this Prospectus. The information contained in the Prospectus is accurate only as of the date of this Prospectus.

The Company's registered address and head office is located 40, Carmel St, Rosh Haayin 4856602, Israel.

Agent for Service in Canada

The Company is incorporated under the laws of the State of Israel and a substantial portion of the Company's assets are located outside of Canada. Yoav Bar Joseph, the Company's CEO and director, Elad Barkan, the Company's CTO and director, Ziv Turner, the Company's Vice President, Business Development and a director, and Uri Ben-Or, the Company's CFO, reside outside of Canada. The Company, Mr. Bar Joseph, Mr. Barkan, Mr. Turner, and Mr. Ben-Or have appointed Segev LLP, of 6th Floor – 905 W. Pender Street, Vancouver, BC V6C 1L6 as their agent for service of process in Canada. However, investors are advised that it may not be possible to enforce judgments obtained in

Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

This Prospectus describes the securities of an entity that is expected to derive a portion of its revenues from the cannabis industry in certain states of the United States of America (the "U.S."), which industry is illegal under U.S. federal law. The Company, or a U.S. subsidiary of the Company, intends to have material ancillary involvement in the recreational cannabis industry in the State of California. Our ancillary industry involvement in California arises from our provision of goods and services (including our branding, our Black Box mixes and recipes for final products, and consulting services to our third party manufacturer which is directly involved in the U.S. marijuana industry. Once our products begin to be sold by our manufacturing partner through licensed dispensaries, we will earn revenue from royalties we will received from the sale of our Cannibble products by others.

About two-thirds of the states in the U.S. have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the "CSA") in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company's financial performance.

On January 4, 2018, then-Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys that rescinded previous guidance from the U.S. Department of Justice (the "DOJ") specific to cannabis enforcement in the U.S., including the Cole Memorandum (as described herein). With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the DOJ policy were to aggressively pursue financiers or equity owners of cannabis-related businesses, and U.S, district attorneys followed such DOJ policies through pursuing prosecutions, then (i) the Company could face seizure of its cash and other assets used to support or derived from its cannabis operations, and (ii) the Company's employees, directors, officers, managers and investors could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, employees, directors, officers, managers, and investors of the Company who are not U.S. citizens face the risk of being barred from entry into the U.S. for life.

As a result of the conflicting views between U.S. state legislatures and the U.S. federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. Unless and until the U.S. Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law, which may adversely affect the current and future business and investments of the Company in the U.S. Therefore, there are a number of risks associated with the Company's intended business and investments in the U.S.

For the reasons set forth above, the Company's intended interests in the U.S. cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. There are a number of risks associated with the business of the Company. See further descriptions of these risks under the heading "Risk Factors".

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GLOSSARY

The following is a glossary of certain terms used in this Prospectus. Terms and abbreviations used in the financial statements of the Company may be defined separately and the terms defined below may not be used therein.

"**2018 Farm Bill**" means the *Agriculture Improvement Act of 2018* (United States)*;*

"**Audit Committee"** means the Audit Committee of the Board;

"**BCSC**" means the British Columbia Securities Commission;

"**Board**" means the Board of Directors of the Company;

"**Cannabis**" or "**cannabis**" means the plant *Cannabis sativa L.*;

"**CBD**" means cannabidiol, a phytocannabinoid derived from Cannabis;

"**Companies Law**" means the Israeli Companies Law, 5759-1999, as it will be amended from time to time, and all of the regulations that have been or will be enacted thereunder, as they will be enacted from time to time;

"**Debt Conversion**" refers to the conversion of part of the debt for accrued salary owed to Yoav Bar Joseph, Elad Barkan, and Ziv Turner by Cannibble pursuant to which Cannibble: issued an additional 86,774 Ordinary Shares to each of Yoav Bar Joseph and Elad Barkan at a deemed price per share of CAD$0.93 upon conversion by each of Yoav Bar Joseph and Elad Barkan of $65,000 of outstanding debt; issued 61,338 Ordinary Shares to Ziv Turner at a deemed price per share of CAD$0.93 upon conversion by Ziv Turner of $46,000 of outstanding debt; and converted an additional $43,000 of debt owing to Ziv Turner which was applied to increase the cost base of the Ordinary Shares held by Jeffrey Low to CAD$0.02.

"**Escrow Agent**" means Odyssey Trust Company;

"**Escrow Agreement**" means the NP 46-201 escrow agreement dated January 24, 2022 among the Company and various Principals and shareholders of the Company;

"**Exchange**" or the "**CSE**" refers to the Canadian Securities Exchange;

"**FDA**" means the U.S. Food and Drug Administration;

"**FDCA**" means the Food, Drug, and Cosmetic Act (United States);

"**FrontFundr**" means Frontfundr Financial Services Inc. doing business as Frontfundr;

"**GMP**" means the practices required in order to conform to the guidelines recommended by agencies that control the authorization and licensing of the manufacture and sale of food and beverages, cosmetics, pharmaceutical products, dietary supplements, and medical devices;

"**Hemp**" or "**hemp**" means any part of the Cannabis plant, containing less than 0.3% THC on a dry-weight basis;

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee;

"**Listing**" means the listing of the Ordinary Shares on the Exchange;

"**Listing Date**" means the date on which the Ordinary Shares of the Company are listed for trading on the Exchange;

"**MD&A**" means management's discussion and analysis of the Company for the years ended December 31, 2019 and 2020, and for the nine-month period ended September 30, 2021 contained in this Prospectus;

"**NI 41-101**" means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators;

"**NI 58-101**" means National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators;

"**NP 46-201**" means National Policy 46-201 *Escrow for Initial Public Offerings* of the Canadian Securities Administrators;

"**NP 58-201**" means National Policy 58-201 *Corporate Governance Guidelines* of the Canadian Securities Administrators;

"**Option Plan**" means Cannibble's equity incentive plan, adopted by the Board and approved by the Cannibble shareholders at an annual general meeting held on September 29, 2021, providing for the granting of incentive options, restricted shares, and RSUs to the Company's directors, officers, employees, and consultants in accordance with applicable Israeli and U.S. law and the rules and policies of the Exchange;

"**Options**" means incentive options to acquire Ordinary Shares;

"**Ordinary Shares**" means the ordinary shares in the capital of Cannibble with a par value of NIS 0.01 and "**Ordinary Share**" means any one of them;

"**Principal**" of an issuer means:

(a) a person or company who acted as a promoter of the issuer within two years before the prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering; or

(d) a 10% holder – a person or company that:

  (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's initial public offering, and

  (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries;

"**Prospectus**" means this preliminary, amended and restated or final prospectus, as the case may be;

"**RSU**" means a restricted share unit that may be issued pursuant to the Option Plan;

"**Stock Bonus**" refers to the issuance on March 31, 2021 of bonus Ordinary Shares to holders of Ordinary Shares on the basis of three bonus Ordinary Shares for every one Ordinary Share held as of the effective date of the bonus allocation; and

"**THC**" means delta 9 tetrahydrocannabinol.

ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this Prospectus and is not entitled to rely on parts of the information contained in this Prospectus to the exclusion of others. The Company has not authorized anyone to provide investors with additional, different, or inconsistent information. If anyone provides investors with additional, different, or inconsistent information, including information or statements in media articles about the Company, investors should not rely on it.

The information contained in this Prospectus is accurate only as of the date of this Prospectus or the date indicated, regardless of the time of delivery of this Prospectus. The Company's business, financial condition, operating results, and prospects may have changed since the date of this Prospectus.

The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus and investors should not rely on such information.

MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise indicates, references to "**we**", "**our**", "**us**", "**Cannibble**" or the "**Company**" refer to Cannibble Foodtech Ltd. and its subsidiaries as constituted on the date of this Prospectus.

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in US dollars, which is Cannibble's functional currency, and references to $ are to US dollars. References to "NIS" are to Israeli New Shekels.

On December 10, 2021, the closing daily rate for NIS reported by the Bank of Israel was NIS 1.00 = $0.32 and NIS 1.00 = CAD$0.41.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities laws (referred to in this part as "forward looking information" or "forward looking statements"). Forward-looking information includes statements that use forward-looking language such as "may", "could", "would", "will", "should", "intend", "target", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential", "view" or the negative or variations thereof or comparable language. Forward-looking information includes, without limitation, statements with respect to: future financial or operating performance and condition of Cannibble and our business, and operations, including expectations regarding liquidity, capital structure and competitive position; the intended use of the available funds by Cannibble; our intention to grow our business, operations and product offerings; our competitive and business strategies; our expectations regarding our ability to raise capital; our present and intended operations in the U.S., the characterization and consequences of those operations under federal U.S. law and applicable state law, and the framework for the enforcement of applicable laws in the U.S.; the expansion of our business into other countries, including Canada, and states within the EU, and Israel, the adequacy of available funds to support our business objectives; plans regarding our compensation policy and practices; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of our management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that our management believes to be relevant and reasonable in the circumstances as of the date of this Prospectus including, without limitation, assumptions about: favourable equity and debt capital markets; our ability to raise any necessary additional capital on reasonable terms to support our activities; operating conditions being favourable so that we are able to operate in a safe, regulatory compliant, efficient and effective manner; our ability to maintain and develop business relationships with our customers, suppliers, manufacturers, wholesalers and distributors; our ability to keep pace with changing consumer preferences; our ongoing ability to conduct business in the regulatory environments in which we operate and may operate in the future; the absence of material adverse changes in our industry or the global economy; political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals; requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; availability of equipment; and our ability to acquire and retain key personnel. While our management considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of Cannibble and there is no assurance they will prove to be correct.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described or referenced in the "Risk Factors" section. These factors should not be construed as exhaustive and should be read with the other cautionary statements in this Prospectus. Although we have attempted to identify important risk factors, there may be other risk factors not at present known to us or that we at present believe are not material that could also cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus.

Given these risks and uncertainties, you are cautioned not to place substantial weight or undue reliance on these forward-looking statements when making an investment decision. Any forward-looking statement that we make in this Prospectus speaks only as of the date of this Prospectus, and, except as required by law, we undertake no obligation to update any forward-looking statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

THIRD PARTY INFORMATION

This Prospectus includes market, industry, and economic data which was obtained from various publicly available sources and other sources which we believe to be accurate. Although our management believes it to be reliable, we have not independently verified any of the data from third party sources referred to in this Prospectus or analyzed or verified the underlying reports relied upon or referred to by such sources or ascertained the underlying economic and other assumptions relied upon by such sources. We believe that our market, industry, and economic data are accurate and that our estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this Prospectus are not guaranteed and we do not make any representation as to the accuracy or completeness of such information.

PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING PRINCIPLES

The Company presents its financial statements in U.S. dollars. The financial statements of the Company for the financial years ended December 31, 2019 and December 31, 2020, and for the nine-month period ended September 30, 2021 have been prepared in accordance with IFRS. Certain financial information set out in this Prospectus is derived from these financial statements.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

Principal Business of the Company: Cannibble is a food technology company that develops and manufactures powdered food and beverage mix products that are enhanced variously with hemp seeds, hemp protein, CBD, and THC where legal to do so. See "*Description of the Business*".

Management, Directors & Officers:

Yoav Bar Joseph	Chief Executive Officer and Director
Elad Barkan	Chief Technology Officer and Director
Ziv Turner	Vice President, Business Development and Director
Sophie Mas	External Director
Aaron Meckler	External Director
Uri Ben Or	Chief Financial Officer

See "*Directors and Executive Officers*".

Listing: We have applied to list the existing issued and outstanding Ordinary Shares on the Exchange. The Exchange has conditionally approved the listing of the Ordinary Shares, but the Listing remains subject to our fulfilling all requirements of the Exchange. See "*Listing Application".*

Use of Available Funds: As of December 31, 2021 and adjusted for the Debt Repayment Restriction Agreement (as defined herein) and the Porat Payment (as defined herein), we have an estimated working capital of $746,000. The expected principal purposes for which the available funds will be used are described below:

Principal Purpose	$
Sales and marketing (including branding)	125,000
Travel	34,000
PR and investor relations	25,000
Legal	45,000
Product development	10,000
IP related expenses (trademarks, tech transfer)	10,000
General and administrative expenses (Israel)	323,000
General and administrative expenses (related to U.S. office)	60,000
Costs related to the Listing	50,000
Unallocated funds	64,000
Total	746,000

While we intend to spend our available funds as stated above, there may be circumstances where, for sound business reasons, funds may be re-allocated at the discretion of our Board or management. See "*Use of Available Funds*".

Risk Factors:	Cannibble is an early-stage company engaged in the hemp-, CBD-, and THC-infused food and beverage industry and is therefore subject to a number of significant risks related to the nature of its business. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest in or hold the Ordinary Shares.

Risks related to Cannibble include, without limitation, risks relating to the following:

- the speculative nature of an investment in Cannibble;
- our ability to maintain liquidity and manage future financing risk;
- increased costs of being a publicly traded company;
- competition;
- our limited operating history and lack of established financing sources;
- product development;
- product liability;
- our target market size;
- effectiveness and efficiency of advertising and promotional expenditures;
- maintaining and promoting our brand;
- changing consumer preferences;
- our key personnel;
- our reliance on third party suppliers, manufacturers, service providers, and distributors;
- compliance by our partner manufacturers with GMP requirements;
- unfavourable publicity or consumer perception;
- management of growth;
- product viability;
- economic, political and military instability in Israel;
- enforcement of judgements;
- operations in Hebrew;
- impact of health crises, epidemics, and pandemics, including the COVID-19 health crisis;
- legal and regulatory risks associated with involvement in the cannabis and hemp industry in the U.S. and elsewhere;
- adverse action by the FDA;
- potential changes in laws and regulations;
- our ability to protect intellectual property; and
- conflicts of interest.

SUMMARY OF SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of Cannibble for the financial years ended December 31, 2019 and December 31, 2020, and the unaudited condensed interim financial statements for the nine-month period ended September 30, 2021 and should be read in conjunction with the financial statements and related notes thereto, together with management's discussion and analysis included elsewhere in this Prospectus.

	As at Sept. 30, 2021 and for the nine-month period ended September 30, 2021 (unaudited) (US$)	As at December 31, 2020 and for the year ended December 31, 2020 (audited) (US$)	As at December 31, 2019 and for the year ended December 31, 2019 (audited) (US$)
Revenue	180,000	96,000	Nil
Total expenses	(1,325,000)	696,000	683,000
Financial income (expenses)	(169,000)	1,000	14,000
Net income (loss)	(1,432,000)	(655,000)	(669,000)
Net income (loss) per share(basic and diluted)	(0.08)	(0.04)	(0.04)
Current assets	1,176,000	477,000	247,000
Total assets	1,176,000	477,000	247,000
Total liabilities	2,666,000	673,000	55,000
Shareholders' equity (deficiency)	(1,490,000)	(196,000)	192,000

Notes:
(1) This number reflects the Stock Bonus effective March 31, 2021, whereby we issued three bonus Ordinary Shares for every one Ordinary Share held by our shareholders.

CORPORATE STRUCTURE

Name and Incorporation

Cannibble was incorporated as "Cannibble FoodTech Ltd.", as a private limited liability company under the Israeli Companies Law, 5759-1999 (the "**Companies Law**") on August 14, 2018. Our corporate headquarters and our registered address are located at 40 Carmel St Rosh Haayiin, Israel.

On September 29, 2021, we held a general meeting of our shareholders at which, among other items of business, we adopted new articles of association pursuant to the provisions of the Companies Law in anticipation of becoming a non-reporting public company in Israel, which will occur upon the issuance of a final receipt for our non-offering prospectus by the BCSC.

Intercorporate Relationships

We have one wholly owned subsidiary, EAZY Tech Inc., a limited liability company organized under the laws of the State of Delaware.

DESCRIPTION OF THE BUSINESS

Business Overview

We are a food tech company that develops and manufactures powder food mix products that are enhanced variously with hemp seeds, hemp protein, CBD, and THC, where legal to do so.

CBD and THC are the two primary cannabinoids in cannabis. CBD is used more often in medical marijuana treatments and dietary and natural supplements because it is a non-psychoactive cannabinoid used to benefit conditions such as seizures, pain, nausea, depression and anxiety and more, while THC is psychoactive and used mainly for the 'high' sensation. The Cannibble edibles containing CBD are mainly for the wellness and health markets while those containing THC are for adult recreational use. Hemp seeds and products derived from hemp seeds such as oil, protein, and flower, are products that are popular as natural health ingredients.

We have developed proprietary formulas for powder-based edibles that are subsequently enhanced with active cannabinoids, which we market under our brand name “The Pelicann.” Cannibble has developed over 100 product SKUs of which 32 have been manufactured as of the date of this Prospectus.

Principal Products

We market our line of products under our brand name “The Pelicann”. The Pelicann has three product families, based on whether the products are infused with THC, CBD, or hemp. The product range includes a wide variety of flavors of powder food mixes, beverages, nutritional supplements, spices, and a special line of products for athletes, infused with cannabinoids and hemp protein. The current Pelicann product offerings comprise the following:

- CannaShakes™ - Powders for making shakes and cold or hot beverages in different flavors such as vanilla, cookies & cream, salted caramel, chai latte, and others. These are available with CBD, THC, or hemp.
- CannaShakes Sports™ - Hemp protein shake mixed with CBD, for use by professional and amateur athletes, like any other protein shake.
- CannaMix™ – Quick baking mixes for microwave or oven for muffins, cupcakes, pancakes, etc. with or without hemp protein. These are available with CBD, THC, or hemp.
- CannaSpices™ – Pure or blended spices for pizza, steaks, chicken, salads and more. These are available with CBD or THC.
- CannaPop™ - CannaPop is a microwave instant popcorn mix available in different favors and ready in 2-3 minutes. These are available with CBD, THC, or hemp.

Development of Products

We completed our initial product development process in October 2018 by developing our proprietary process technology for manufacture of our “Black Box” product mixes. These “BlackBox” bases, the core powdered ingredients of our various product families, are the foundation of our business. The Black Boxes are manufactured in Israel and then shipped to our external markets to be subsequently infused with THC, CBD, or hemp by a local manufacturer operating under our directions. Our unique process technology infuses and distributes evenly powder-based cannabinoids, seeds, oils and other powders into every Pelicann product, which are mixed automatically in an industrial production line by our local manufacturer.

The Blackbox concept was created in order to safeguard our intellectual property and proprietary formulations and to guarantee that the product quality of our Pelicann products, including taste, texture and consistency, is consistent from one batch to the next. We treat the Black Box technology as a trade secret and are vigilant to maintain its secrecy.

Since developing our Black Box master process, we have created over 100 SKUs, each with a unique, coded BlackBox. We continue to work on extending our product lines and we aim to add new products on a continual basis. All our product development is done in house in Israel. We are currently working on a new Pelicann family of products consisting of a line of “clean label” natural breakfast spreads infused with hemp protein and hemp seeds in different flavors. We are currently in the initial stages of testing, tasting and developing the formulations for these new products.

Operations

All our Black Box mixes are manufactured for us in Israel at a contract food and flavour manufacturer.

Once the Black Box mixes are manufactured, we then ship them to our manufacturing partners (currently in California and Florida) where additional ingredients and cannabis components from locally grown plants are added to the Black Box materials to create the final products, in accordance with local laws.

As a foodtech development company, we observe strict industrial food manufacturing protocols and policies, including all the necessary lab tests for our products' quality assurance. We currently have two arm's length partner contract manufacturers in the U.S. that meet our food quality requirements: Natura Life Science ("**Natura**"), a vertically integrated cannabis platform and contract manufacturer, located in Sacramento, California; and Pharma-Natural Inc. ("**Pharma Natural**") a fully integrated manufacturer of nutraceuticals and operator of an FDA registered nutraceutical facility in Miami Lakes, Florida.

In anticipation of the legalization of adult use cannabis in Israel, we have contracted with A. L. Manufacture and Marketing of Israel, a manufacturer and distributor of spices and food and beverage products, and operator of an Israeli Ministry of Health registered food facility, for the manufacture of our products in Israel. Once it is legal to do so, we intend to begin manufacturing our infused products in Israel for the Israeli market and ultimately for export, provided we and/or the relevant manufacturer, as applicable, acquire the necessary licenses and permits under the Israeli law and regulations.

Marijuana for medical use has been permitted in Israel in a limited scope since the early 1990s for cancer patients and those with pain-related illnesses such as Parkinson's, multiple sclerosis, Crohn's disease, other chronic pain and post-traumatic stress disorder. In 2013 the Israeli Ministry of Health Cannabis Unit was established and in 2016 the Israeli government approved medical cannabis reform which included a robust regulation on research and development, manufacturing, logistics and security aspects and retail. In 2019 the government approved a regulatory framework for export and import of medical Cannabis. Recreational use of the drug is currently illegal, though in 2019 the government set fines and treatment for initial offenders instead of criminal procedures. In November 2020, Israel announced that it was moving forward with a plan to legalize recreational cannabis nationally and as the date of this Prospectus, the legalization is pending parliamentary legislation.

Manufacturing Partners

We entered into an agreement with Natura in May 2019 for the manufacture and distribution of our products for the California recreational market. We supply the BlackBox ingredients and provide manufacturing specifications and guidance to Natura for the manufacture of the Pelicann products, including the sourcing of local ingredients and raw materials to be added to the various product BlackBoxes. The products will be labelled and packaged by Natura in accordance with our instructions and sold through licensed dispensaries in California. The Natura facility requires certain adaptations before commercial sales of our products can start, which we currently expect will occur before the end of Q1 2022.

We entered into an agreement with Pharma Natural in November 2019 for the manufacture of our infused edibles products incorporating isolate CBD from hemp and hemp-based ingredients as seeds, protein and flour. As with Natura, we supply the BlackBox ingredients to Pharma Natural and provide manufacturing specifications and guidance to Pharma Natural for the manufacture of the Pelicann products, including the sourcing of local ingredients and raw materials to be added to the product BlackBoxes. The products are labelled and packaged by Pharma Natural in accordance with our instructions. We have already manufactured several product batches with Pharma Natural and our hemp products are currently sold on Amazon.com, through our Pelicann online store, and at a few retail shops in Las Vegas, Nevada and in Florida.

Distribution

Once we start commercial production in California, we plan to distribute our products through licensed dispensaries.

We entered into an agreement in November 2019 with Palletized LLC of Doral, Florida ("**Palletized**"), an arm's length party, for warehousing, fulfillment, and logistics services for e-commerce order fulfillment. Palletized receives Pelicann CBD and hemp-based products from Pharma Natural and ships the products throughout the U.S. and internationally, including online sales through Amazon.com and the Pelicann online store.

Market

A total of 15 states plus the District of Columbia, the Northern Mariana Islands and Guam have legalized recreational cannabis and an additional 20 states have legalized only medical cannabis. According to a Pew Research survey in 2021, 91% of U.S. adults say either that marijuana should be legal for medical and recreational use (60%) or that it should be legal for medical use only (31%). Fewer than one-in-ten (8%) say marijuana should not be legal for use by adults.1. and analysts are projecting that the U.S. marijuana industry will generate up to $72 billion in retail sales in 2023 and up to $100 billion in sales in 2030.2

Because of the size and perceived potential of the US market, we have focused our efforts to date on the US market, in the adult use and health and wellness sectors. Currently we are operating in Florida to manufacture our Pelicann products infused with hemp seeds and CBD from hemp that can be sold in most U.S. states. Regarding California, we are focusing on the manufacture of our products infused with THC, CBD, and other cannabinoids for intended sale through our manufacture and distribution agreement with Natura. In addition, we are exploring expanding into the Canadian market through a partnership or other relationship with a suitable Canadian licensee.

Marketing Plans and Strategies

Our revenue model is based on three main selling paths:

- direct sales through our website at www.thepelicann.com;
- sale of Pelicann products through resellers, distributors, and retailers specializing in the distribution of food to kiosks, coffee shops, restaurants, hotels, etc.; and
- online sales through ecommerce sites, including Amazon.com.

Competitive Conditions

We operate and expect to continue to operate in a highly dynamic market that is characterized by a growing number of new market entrants competing in the same product categories as we do. There is therefore considerable competition in the marketplace.

The industry is also entering a period of significant consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect our business, financial condition and results of operations. See "*Risk Factors*".

To be competitive, we will require a continued level of investment in research and development, marketing, sales and brand development. We may not have sufficient resources to maintain research and development, marketing, sales and brand development efforts on a competitive basis, which could materially and adversely affect our business, financial condition and results of operations. See "*Risk Factors*".

We are not aware of any competitors that offer at present products similar to ours, based on powdered mixes for baking, beverages, spices, etc. The main cannabis edible products are gummy bears, lollipops, chocolates, cookies, brownies and soda. We believe that our products stand out from the competition for their variety and for offering consumers the ability to prepare the cannabis and hemp infused foods fresh at home. However, competition for our products may develop, and future competitive products may find greater market acceptance than ours, which could materially and adversely affect our business, financial condition and results of operations. See "*Risk Factors*".

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1 https://www.pewresearch.org/fact-tank/2021/04/16/americans-overwhelmingly-say-marijuana-should-be-legal-for-recreational-or-medical-use/
2 Cowan and Company estimates, as published on https://flowhub.com/cannabis-industry-statistics.

Specialized Skill and Knowledge

All aspects of our business require specialized skills and knowledge. Our management is comprised of individuals with extensive experience in food production, product formulation, process technology, consumer packaged goods, quality assurance, ingredient sourcing, strategy and licensing and distributing products across multiple jurisdictions.

Components

The Blackbox is manufactured in Israel and the ingredients for the Black Box mixes are sourced locally by our contract manufacturer, according to our formulations and instructions. We consider these ingredients to be commodities and they can be sourced from a number of suppliers at competitive prices.

The THC and CBD components for our California operations will be supplied by Natura, as part of the manufacturing process in their facility, and in accordance with California law. The component sourcing process for our California operations has not yet begun, but we anticipate that we will be able to obtain the required THC and CBD at competitive prices.

We consider the CBD and hemp ingredients used to manufacture our products in Florida to be commodities, and they can be sourced from any supplier, as long as the material meets our requirements, the supplier provides certificates of analysis, and the price is at market. We provide Pharma Natural with a list of ingredients that they need to purchase for each product according to our formulations.

Intangible Properties

We believe that it is important to our success that we:

- obtain and maintain patent, trademark and other legal protections for our proprietary formulations,
- research, technology, inventions, improvements and other intellectual property we consider important to our business;
- prosecute our patent applications and defend our issued patents;
- protect and enforce our trademark rights and preserve the confidentiality of our trade secrets; and
- operate without infringing the patents, trademarks and proprietary rights of third parties.

We intend to seek appropriate patent protection and intellectual property protection for our business, as well as other proprietary technologies and their uses, by filing applications in the European Union, the U.S., Canada, and selected other countries.

We have invested significant resources towards developing a recognizable and unique brand consistent with premium, high-end products in other industries. To date, we have one patent application with the U.S. Patent and Trademark Office, three registered trademarks and nine pending trademark applications, as described in the table below:

Trademark	Country	Application Number	Date	Status	Renewal date
CANNIBBLE FOODTECH	EU	018124488	22/05/2020	Registered	12/09/2029
CANNIBBLE	EU	018124489	22/05/2020	Registered	12/09/2029
CANNAPOP	EU	018124490	22/05/2020	Registered	12/09/2029
CANNAMIX	US	88564929	02/08/2019	Live	N/A
CANNAPOP	US	88564952	02/08/2019	Live	N/A
CANNASHAKE	US	88564870	02/08/2019	Live	N/A
CANNASPICE	US	88564715	02/08/2019	Live	N/A

CANNIBBLE	US	88565004	02/08/2019	Live	N/A
CANNIBBLE FOODTECH	US	88565026	02/08/2019	Live	N/A
THE PELICANN	US	88564986	02/08/2019	Live	N/A
THE PELICANN	US	90128948	21/08/2020	Live	N/A
THE PELICANN	EU	18124492	12/09/2019	Under review	N/A

On January 22, 2021, Elad Barkan, our CTO, filed a U.S. Patent and Trademark Office application for a provisional patent for a method of mixing powders with different particle sizes to achieve equal distribution of materials. Pursuant to Mr. Barkan's founder's agreement with Cannibble, the patent, if approved, will be assigned to Cannibble. We believe that the patent, if approved, will protect some of our existing as well as future products.

Employees

At December 31, 2021, our most recent financial year end, we had three full-time employees, and four additional staff engaged as contract consultants.

Foreign Operations

We are based in the State of Israel, where we manufacture our Blackbox materials and where our management is resident. Currently, all our product sales are in the U.S. We ship (or will ship in the case of California once we commence commercial operations in that state) our Black Box materials to our contract manufacturers in California and Florida, where our contract manufacturer partners infuse the Black Box materials with cannabis or hemp, as the case may be, to create the final Pelicann products for sale to consumers. We also depend on logistics partners to deliver our products to purchasers. We depend on our foreign operations for the final manufacture of our infused products and for product sales. At present, we do not sell any of our products within Israel.

Development of the Business

Cannibble was incorporated on August 14, 2018. On August 14, 2018, we issued 4,000,000 Ordinary Shares (on a pre-Stock Bonus basis) to our founders at nominal cost.

On January 16, 2019, we completed the first round of a crowdfunding through PipelBiz, an Israeli regulated funding platform. We issued an aggregate of 351,667 Ordinary shares at NIS 6.87 (approximately $1.91) per share to 758 investors. Both the Ordinary Share and price per share numbers are stated on a pre-Stock Bonus basis. We raised gross proceeds of NIS 2,417,710 (approximately $676,000). Issuance expenses amounted to NIS 388,000 (approximately $108,000).

On April 4, 2019, we completed our second round of crowdfunding through PipelBiz. We issued an aggregate of 173,620 Ordinary Shares at NIS 6.87 (approximately $1.91) per share to 337 investors. Both the Ordinary Share and price per share numbers are stated on a pre-Stock Bonus basis. We raised gross proceeds of NIS 1,193,637 (approximately $319,000). Issuance expenses amounted to NIS 126,000 (approximately $34,000).

During the period of January through May 2019, we raised NIS 214,000 (approximately $59,000) from nine investors. We issued a total of 31,171 Ordinary Shares at NIS 6.87 (approximately $1.91) per share. Both the Ordinary Share and price per share numbers are stated on a pre-Stock Bonus basis.

On May 7, 2019, we signed an agreement with ZerMatok Consulting Ltd. ("**ZerMatok**" and the "**ZerMatok Agreement**") for consulting services in connection with the listing of our Ordinary Shares on a Canadian stock exchange by means of an initial public offering or reverse takeover. We pay ZerMatok a monthly retainer of $2,000, will pay a cash fee of 5% on funds invested by investors introduced by ZerMatok, and have agreed to issue 546,776 share purchase warrants to be exercised into Ordinary Shares when we go public at a price of NIS 1.71 per warrant share. Under the ZerMatok Agreement, ZerMatok provides advisory services including: preparation of a business plan, advice on legal and financial structure, introductions to Canadian investment banks, assistance regarding board composition, assistance with raising capital in Israel, and other related services.

In May 2019 we entered into the Natura agreement.

In November 2019, we entered into the Pharma Natural and Palletized agreements.

In Q1 2020, following the manufacturing, distribution, and branding of our CBD and hemp based powder mixed products, we launched our first 32 products for sale in the U.S.

In August 2020, we raised NIS 1,058,305 (approximately $310,000) through a third round of financing through PipelBiz. We issued a total of 112,798 Ordinary Shares at NIS 9.38 (approximately $2.75) per share to 419 investors. Both the Ordinary Share and price per share numbers are stated on a pre-Stock Bonus basis. Issuance expenses amounted to NIS 150,000 (approximately $44,000).

In connection with the capital raised through the three PipelBiz crowdfunding rounds, we agreed to pay annual dividends to the PipelBiz shareholders in the amount of at least 20% of our net profit, as reflected in our audited annual financial statements, for the fiscal years ending December 31, 2019, 2020, and 2021. We have not yet been required to pay any dividends in connection with these financings, and this obligation will automatically become void upon the Ordinary Shares being listed on the Exchange.

In November 2020, we entered into an agency agreement with Frontfundr for a Canadian offering of units ("**Units**") of our securities, with each Unit priced at CAD$0.93 and comprised of one Ordinary Share and one share purchase warrant exercisable to acquire one Ordinary Share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. Pursuant to the agency agreement, we engaged Frontfundr to act as our non-exclusive sales, marketing, and administrative agent in connection with the offering of the Units and to provide certain other related services to us, for which we agreed to pay Frontfundr the following consideration:

- a fee of CAD$8,000 plus applicable taxes for the performance of Frontfundr's due diligence review of Cannibble;
- a fee applicable to each subscription for Units under the offering determined as follows:
    - for purchasers who are individuals, the greater of: 7% of the gross proceeds raised from any subscriber under the offering in respect of which Frontfundr provides any services; or CAD$25 per purchaser; and
    - for purchasers who are not individuals, the greater of: 7% of the gross proceeds raised from any subscriber under the offering in respect of which Frontfundr provides any services; or CAD$100 per purchaser;
- on proceeds of completed subscriptions entered into with subscribers processed by Frontfundr, we agreed to issue to Frontfundr share purchase warrants to purchase 7.00% of gross proceeds converted to Units at an exercise price equal to the price per share under the offering and with an exercise term of three (3) years from the date of issuance of the warrants to Frontfundr; and
- In addition, we agreed to pay an hourly fee to Frontfundr for any additional requested corporate finance consulting services beyond those specifically contemplated in the agency agreement. We also agreed to pay the reasonable expenses of Frontfundr incurred in connection with the offering, provided such expenses have been approved us.

On January 22, 2021, Elad Barkan, our CTO, filed an application with the U.S. Patent and Trademark Office for a provisional patent for a method of mixing powders with different particle sizes to achieve equal distribution of materials. Pursuant to Mr. Barkan's founder's agreement with Cannibble, the patent, if approved, will be assigned to Cannibble. We believe that the patent, if approved, will protect some of our existing as well as future products.

On February 11, 2021, we entered to a finder's fee agreement with Exiteam Capital Partners Ltd. ("**Exiteam**"), an Israeli venture capital firm. As compensation for introducing Israeli investors who invest in Cannibble, we agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("**Exiteam Warrants**") to purchase Ordinary Shares equal to 8% of the number of Ordinary Shares issued to investors introduced by Exiteam. The Exiteam Warrants will be exercisable for a period ending on the earliest of: the listing of the Ordinary Shares on the Exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants. As additional compensation, if Exiteam introduces investors who invest more than CAD$1,000,000, Exiteam will be entitled to an additional bonus of CAD$50,000, payable in securities.

On February 22, 2021, the Amazon brand registry approved the brand name "The Pelicann", enabling us to open an Amazon store under the Pelicann brand name. We believe that the approval by Amazon is a milestone for us as the approval will enable us to advertise and promote The Pelicann brand across the Amazon e-commerce platform, offering the potential for substantial sales.

On March 26, 2021, we closed the final portion of a financing in Israel begun in December 2020, pursuant to which we raised an aggregate of $1,400,000 through the issuance of convertible 8% notes (the "**Notes**"). If we complete an initial public offering and/or the listing of our Ordinary Shares on the CSE (a "**Listing Event**") at any time prior to December 31, 2021 (which may be extended to June 30, 2022 at the noteholder's option)(the "**Maturity Date**"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Ordinary Shares at a conversion price per share equal to the lower of: NIS 1.875 (post-Stock Bonus) (approximately $0.59 post-Stock Bonus), or the price of our Ordinary Shares on the Listing date (the "**Listing Share Price**"). The Note terms provide that if a Listing Event should not be consummated prior to the Maturity Date, then the Notes will convert into Ordinary Shares at a price per share reflecting a company valuation of US$ 10,000,000, on a fully diluted basis and on an as-converted basis. In addition, we are obligated to issue an aggregate of 1,395,358 share purchase warrants to certain investors who signed a share purchase warrant appendix ("**Holders**") entitling each Holder to purchase up to that number of Ordinary Shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months. The Note offering was consummated through Exiteam Capital Partners Ltd. and we paid cash compensation to them in accordance with our finder's fee agreement described above. In connection with the Notes offering, we are obligated to issue 193,142 Exiteam Warrants to acquire Ordinary Shares at an exercise price per share of CAD$0.74, and 69,893 Exiteam Warrants to acquire Ordinary Shares at an exercise price per share of CAD$0.93.

On February 24, 2021 we authorized the Stock Bonus, which was effected on March 31, 2021, whereby we issued bonus Ordinary Shares to all our shareholders on the basis of three bonus Ordinary Shares for every Ordinary Share held on the effective date of the Stock Bonus. All references to "pre-Stock Bonus basis" refer to the relevant number of Ordinary Shares prior to the issuance of the Stock Bonus on March 31, 2021.

On April 15, 2021, we closed the first tranche within the Frontfundr offering and issued a total of 26,882 Units for gross proceeds of CAD$25,000.

On July 5, 2021 we completed the balance of the Frontfundr offering, pursuant to available prospectus exemptions. We issued a total of 160,936 Units for gross proceeds of CAD$149,670.48 and net proceeds after deducting the costs of the offering of CAD$139,297.36 (approximately US$111,396). We issued 7,415 share purchase warrants to Frontfundr to acquire Units at a price of CAD$0.93 per Unit and paid them fees for their services in accordance with the Frontfundr agency agreement described above.

In September 2021, we attended the White Label World Expo event held in Las Vegas, Nevada, at which we presented a variety of our Pelicann products and were a finalist in the Innovative Product category.

On September 29, 2021, we held a meeting of our shareholders at which we: (i) adopted new articles of association in anticipation of becoming a public company under the Companies Law (which will occur upon issuance by the BCSC of a final receipt for this Prospectus); (ii) elected a new board of directors comprised of Yoav Bar Joseph, Elad Barkan, Ziv Turner, Aaron Meckler and Sophie Mas, with Mr. Meckler and Ms. Mas serving as external directors (as that term is defined in the Companies Law); (iii) approved the employment agreements of the founders; (iv) approved that the Chair of the Board may serve as our CEO; (v) approved the grant of exemption and indemnity letter for persons who serve as our officers and directors from time to time; (vi) approved a D&O insurance policy for our directors and officers; (vii) approved a remuneration policy for the Company; and (viii) adopted our Option Plan.

On December 17, 2021, our US subsidiary received an annual food permit from the State of Florida licensing our Florida facility as a "hemp food establishment". According to the State of Florida Department of Agriculture and Consumer Services, "Any establishment that manufactures, processes, packs, holds, prepares or sells hemp extract intended for human consumption is considered a hemp food establishment and is required to have a food establishment permit from the Division of Food Safety to operate in Florida." Our hemp food establishment permit is valid through the end of 2022 and can be renewed after that on an annual basis.

On December 22, 2021, we issued 26,882 Ordinary Shares in payment of advisory fees.

On December 29, 2021, we effected the Debt Conversion and converted an aggregate amount of $176,000 of debt owed to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner on account of accrued salary in consideration for the issuance of an aggregate of 234,886 Ordinary Shares. An additional $43,000 of debt owed to Ziv Turner was converted and applied to increase the cost base of the founder shares owned by Jeffrey Low to CAD$0.02 per share.

On December 31, 2021, we converted all principal and interest owing on the Notes, and issued to the former Noteholders an aggregate of 2,594,789 Ordinary Shares.

In the third week of January 2022, Asaf Porat paid approximately CAD$53,333 to Cannibble (the "**Porat Payment**") as an additional subscription amount for his founder's shares, as a result of which the average cost base of his Ordinary Shares was increased to CAD$0.02.

On January 16, 2022, we entered into an agreement with Yoav Bar Joseph, Elad Barkan, and Ziv Turner (the "**Debt Repayment Restriction Agreement**"), pursuant to which Messrs. Bar Joseph, Barkan, and Turner agreed that for a period of one year from the date of the agreement, they would not be able (i) to require Cannibble to pay any accrued salary owing to them or (ii) to convert any part of such debt into Ordinary Shares.

Regulatory Overview

We are an entity that expects to derive a significant portion of our revenue from our material ancillary involvement with the U.S. cannabis industry. We will use the services of a contract manufacturer who is duly licensed in the state of California to legally cultivate, process and distribute medical and/or adult-use cannabis and cannabis derivatives to manufacture our cannabis-infused products. However, the cannabis industry is illegal under U.S. federal law and enforcement of relevant federal laws is a significant risk. As of the date of this Prospectus, we have not commenced producing our infused products in the state of California and therefore do not have any balance sheet or operating statement exposure to U.S marijuana-related activities.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum (defined below), on February 8, 2018 the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana related Activities*, ("**Staff Notice 51-352**") setting out the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S.. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to parties involved in the U.S. cannabis industry.

Neither we, nor our wholly-owned subsidiary, is directly engaged in the manufacture, importation, possession, sale or distribution of cannabis. In addition, we have not applied and do not have any intention to apply for any retailer, grower, producer, dealer, processor or wholesaler licenses which would allow us to directly participate in the cannabis marketplace in certain U.S. states which have legalized such activity. While we do not directly cultivate, distribute or dispense cannabis or any cannabis derivatives, we have entered into commercial arrangements with a third party that is involved in the U.S. cannabis industry in the state of California. Therefore, we consider ourself a "U.S. Marijuana Issuer" with material ancillary involvement with the U.S. cannabis industry, as defined and described in Staff Notice 51-352.

Below is a general discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where we have ancillary involvement through our commercial arrangements with third parties who are directly involved in the U.S. cannabis business. In accordance with Staff Notice 51-352, we will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation.

As of the date of this Prospectus, we have not obtained legal advice about our regulatory obligations in the United States. We rely on the licences that our contract manufacturers possess in order to perform the manufacturing and distribution that we pay them to do. We rely on their contractual representations concerning performance in accordance with law.

U.S. Cannabis Regulation Federal Regulation – Cannabis

The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "**CSA**"), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the U.S., and a lack of accepted safety for the use of the drug under medical supervision. The FDA has not approved cannabis as a safe and effective drug for any indication.

In the U.S., cannabis is largely regulated at the state level. At the time of this Prospectus, 36 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and Guam have legalized medical marijuana, while 12 additional states have legalized low-THC or high-CBD extracts for select medical conditions. Seventeen states, the District of Columbia, the Northern Mariana Islands, and Guam have legalized recreational marijuana and another 13 states and the U.S. Virgin Islands have decriminalized its use. Commercial distribution of cannabis has been legalized in all jurisdictions where possession has been legalized, except the District of Columbia. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. The November 2020 election saw several all state cannabis ballots pass, resulting in four new adult-use cannabis markets (Arizona, New Jersey, Montana and South Dakota) and two new medicinal cannabis markets (Mississippi and South Dakota). Although certain states authorize medical or adult-use cannabis cultivation, sale, production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under U.S. federal law. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and U.S. federal laws made pursuant to it are paramount and in case of conflict between U.S. federal and state law, the U.S. federal law will govern.

On August 29, 2013, the DOJ issued a memorandum known as the "Cole Memorandum" to all U.S. attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. attorneys not to prioritize the enforcement of federal cannabis laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly regulated medical or recreational cannabis programs. While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated cannabis businesses.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum (the "**Sessions Memorandum**") to U.S. attorneys which rescinded previous guidance from the DOJ specific to cannabis enforcement in the U.S., including the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law. If the DOJ policy was to aggressively pursue financiers or equity owners of cannabis-related business, and U.S. attorneys followed such DOJ policies through pursuing prosecutions, then Cannibble could face (i) seizure of its cash and other assets used to support or derived from its cannabis subsidiaries, and (ii) the arrest of its employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, employees, directors, officers, managers and investors of Cannibble who are not U.S. citizens face the risk of being barred from entry into the U.S. for life.

Attorney General Jeff Sessions resigned and left the DOJ, and William Barr was confirmed as Attorney General on February 14, 2019. On December 14, 2020, Mr. Barr tendered his resignation. Following the resignation of Mr. Barr, Jeffery Rosen was appointed as acting Attorney General. On January 14, 2021, President Joseph Biden appointed Merrick Garland to succeed Mr. Rosen as the U.S. Attorney General. It is unclear what further impact, if any, the new administration will have on U.S. federal government enforcement policy on cannabis.

Subsequent to the issuance of the Sessions Memorandum, the U.S. Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained a rider, in 2018 called the Rohrabacher-Blumenauer Amendment, which barred the DOJ from spending money on the prosecution of any licensed medical cannabis business or operator in states where medical cannabis is legal. The Rohrabacher-Blumenauer Amendment was included in the fiscal year 2018 budget passed on March 23, 2018 and the consolidated appropriations bill signed into legislation in February 2019. The Rohrabacher-Blumenauer Amendment (now referred to as the "Blumenauer-Farr Amendment" due to a change in the legislation's Congressional sponsors) was also included in the consolidated appropriations bill signed into legislation by President Trump on December 20, 2019 and was in effect until September 30, 2020. On October 1, 2020, the Blumenauer-Farr Amendment was renewed through the signing of a stopgap spending bill, effective through December 11, 2020. On December 11, 2020, the Blumenauer-Farr Amendment expired, but was included in the 2021 Appropriations Act, HR 133, which then-President Trump signed into law on December 27, 2020. In 2021, President Joe Biden became the first president to propose a budget with the Rohrabacher–Farr amendment included. On September 30, 2021 and December 3, 2021 the amendment was renewed through a pair of stopgap spending bills, with the most recent extension effective through February 18, 2022.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the U.S. Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, our business, results of operations, financial condition and prospects would be materially adversely affected.

State Regulation – Cannabis

Although we intend to make commercially reasonably efforts to ensure that our activities are compliant with applicable U.S. state and local law, strict compliance with state and local laws with respect to cannabis may not absolve us from liability under U.S. federal law or provide a defense to any federal proceeding which may be brought against us.

California Investment Activities

We will operate indirectly in the recreational market in the State of California by earning royalties from the sale of Pelicann products that will be manufactured and distributed for us by our third party contractor, Natura. Regulations with respect to the treatment of cannabis and hemp vary from state to state and continue to evolve.

History of California Regulations prior to the Medicinal and Adult-Use Cannabis Regulation and Safety Act.

In 1996, California voters passed Proposition 215, the Compassionate Use Act, allowing physicians to legally recommend medical cannabis for patients who would benefit from cannabis. The Compassionate Use Act legalized the use, possession and cultivation of medical cannabis for an inclusive set of qualifying 21 medical conditions. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result of the system.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills, collectively known as the Medical Cannabis Regulation and Safety Act (the "**MCRSA**"). The MCRSA established a licensing and regulatory framework for the medical cannabis businesses in California. The system created multiple licence types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies and distributors. Edible-infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licences depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and would require businesses to obtain a licence and local approval to operate.

In November 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (the "**AUMA**") creating an adult-use cannabis program for individuals 21 years of age or older and a licensing system for commercial cannabis businesses. The AUMA contained conflicting provisions with the MCRSA. Consequently, in June 2017, the California State Legislature passed Senate Bill No. 94, known as the Medicinal and Adult-Use Cannabis Regulation and Safety Act (the "**MAUCRSA**"), which combined the MCRSA and the AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses. MAUCRSA went into effect on January 1, 2018.

Regulatory Changes

Pursuant to MAUCRSA, the three agencies that regulate cannabis at the state level are: (i) the California Department of Food and Agriculture, via CalCannabis, which issues licences to cannabis cultivators; (ii) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licences to cannabis manufacturers; and (iii) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licences to cannabis distributors, testing laboratories, retailers, and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and immediately began issuing licences.

California has implemented a robust regulatory system designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator's licenced operations. Compliance with local law is a prerequisite to obtaining and maintaining state licensure, and all three state regulatory agencies require confirmation from the locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality's jurisdiction. This requires licence holders to operate in cities with cannabis licensing and approval programs.

A medicinal retailer licence permits the sale of medicinal cannabis and cannabis products to a medicinal cannabis patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. An adult-use retailed licence permits the sale of cannabis and cannabis products to any individual who is 21 years old or older who does not possess a physician's recommendation. An adult-use or medicinal cultivation licence permits cannabis cultivation activity which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licences further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the state of California for resale or manufacturing purposes.

An adult-use or medical manufacturing licence permits the manufacturing of cannabis products. Manufacturing includes the compounding, blending, extracting, infusion, packaging or repackaging, labeling or relabeling or other preparation of a cannabis product. In the state of California, only cannabis that is grown in the state can be sold in the state. The state allows licensees to make wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the State. Under the MAUCRSA, testing laboratory licensees may not hold any other licences aside from a laboratory licence. However, a licensee is not prohibited from performing testing on the licensee's premises for the purposes of quality assurance of a cannabis product in conjunction with reasonable business operations (testing conducted on the licensee's premises by the licensee does not meet the testing requirements required under MAUCRSA).

On May 18, 2018, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture proposed to re-adopt their emergency cannabis regulations. The three licensing authorities proposed changes to the regulatory provisions to provide greater clarity to licensees and to address issues that have arisen since the emergency regulations went into effect in December 2017. Highlighted among the changes are that applicants may now complete one licence application which will allow for both medical and adult-use cannabis activity. These emergency cannabis regulations were officially readopted on June 4, 2018 and came into effect on June 6, 2018.

On January 16, 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law officially approved state regulations for cannabis businesses. The final cannabis regulations took effect immediately and superseded the previous emergency regulations.

In January 2020, Governor Newsom announced the plan to have the Bureau of Cannabis Control, CalCannabis, and the Manufactured Cannabis Safety Branch consolidated into a single cannabis agency, the Department of Cannabis Control, to enforce cannabis regulations and oversee licensees in California. The consolidation was originally planned to be completed by July 2020, but the advent and continuing impact of COVID-19 stalled the project. The consolidation occurred in July 2021, and all the current regulations under the MAUCRSA were automatically adopted by the Department of Cannabis Control upon its creation. What regulatory changes will follow the consolidation are not known at present, although the stated intention is to simplify regulation as an ongoing process.

Regulatory Regime in California

The California Bureau of Cannabis Control (BCC) is responsible for regulating commercial cannabis licenses for retailers, distributors, microbusinesses, testing laboratories, and temporary cannabis events. The California Department of Food and Agriculture is in charge of cultivation and the California Department of Public Health is in charge of manufacturing. Prior approval by local city or county governments is required for all state-licensed facilities.

Enforcement of Federal Laws

For the reasons discussed above, our operations in the U.S. cannabis market may subject us to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of risks associated with our business. See sections entitled "*Risk Factors*" and "*Regulatory Framework*" in this Prospectus.

To our knowledge, no statement has been made by federal authorities or prosecutors regarding the risk of enforcement action with respect to state-sanctioned marijuana activities in the state of California.

Government policy changes or public opinion may also result in a significant influence over the regulation of the cannabis industry in the U.S. or elsewhere. A negative shift in the public's perception of medical and/or recreational cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation. Among other things, such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical and/or recreational cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand, should it wish to do so. See "*Risk Factors*".

U.S. Industrial Hemp Regulation Federal Regulation – Industrial Hemp

We currently derive, and expect to continue to derive, a portion of our revenues from the production and distribution of hemp-based products in the U.S. All hemp-based products produced and distributed on our behalf are derived from hemp as defined pursuant to the 2018 Farm Bill (as defined herein) and in accordance with the laws of the states in which such products are produced and distributed.

The passage of the 2018 Farm Bill materially altered federal law governing hemp by removing hemp from the CSA and establishing a federal regulatory framework for hemp production in the U.S.. Among other provisions, the 2018 Farm Bill: (a) explicitly amends the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the CSA's definition of "marihuana"; (b) permits the commercial production and sale of hemp; (c) precludes states, territories, and Indian tribes from prohibiting the interstate transport of lawfully-produced hemp through their borders; and (d) establishes the U.S. Department of Agriculture ("**USDA**") as the primary federal agency regulating the cultivation of hemp in the U.S., while allowing states, territories, and Indian tribes to obtain (or retain) primary regulatory authority over hemp activities within their borders after receiving approval of their proposed hemp production plan from the USDA. Any such plan submitted by a state, territory, or Indian tribe to the USDA must meet or exceed minimum federal standards and receive USDA approval. Any state, territory, or Indian tribe that does not submit a plan to the USDA, or whose plan is not approved by the USDA, will be regulated by the USDA; provided that states retain the ability to prohibit hemp production within their borders. The 2018 Farm Bill will remain in effect until December 2023.

On October 31, 2019, the USDA issued an interim final rule (the "**IFR**") to implement the 2018 Farm Bill. The IFR establishes regulations governing commercial hemp production in the U.S. and provides the framework for state departments of agriculture and Indian tribes to begin implementing commercial hemp production programs. In addition, following the issuance of the IFR, the USDA stated that it will begin, and has since begun, reviewing hemp production plans submitted by states, territories, and Indian tribes. Pursuant to the 2018 Farm Bill, the USDA has 60 days from the date a plan is submitted to approve or disapprove it. As of the date hereof, several states and Indian tribes have submitted plans to the USDA, some of which have been approved or disapproved.

The 2018 Farm Bill neither affects nor modifies the FDCA, thus expressly preserving the FDA's authority to regulate food, drugs, dietary supplements, and cosmetics containing cannabis and/or cannabis-derived compounds, such as CBD. On the same date that the 2018 Farm Bill was signed into law, the FDA issued a statement (i) reaffirming its jurisdiction over products containing cannabis and/or cannabis-derived compounds and (ii) restating its position that "it [is] unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are hemp-derived," because CBD is an active ingredient in an FDA-approved drug and was the subject of substantial clinical investigations that were made public before it was marketed as a food or dietary supplement. This prohibition is known as the "Drug Exclusion Rule."

Since the passage of the 2018 Farm Bill, the U.S. Congress has introduced bills that proposed to expressly exempt hemp-infused dietary supplements and/or foods from the Drug Exclusion Rule. In 2020, Congress introduced H.R. 5587 and H.R. 8179, bipartisan bills that proposed to exempt CBD products from the Drug Exclusion Rule so they could be regulated as dietary supplements, which failed to pass, in part due to COVID.

In 2021, federal lawmakers have again come together and introduced versions of H.R. 5587 and H.R. 8179, namely the Hemp and Hemp Derived CBD Consumer Protection and Market Stabilization Act ("**HR 841**") and the Hemp Access and Consumer Safety Act ("**S. 1698**").

HR 841 seeks to authorize the use of CBD in dietary supplements only, provided they meet existing federal requirements imposed on these products.

S. 1698 proposes to legalize the use of hemp-derived cannabinoids, including CBD, in foods and dietary supplements. Specifically, the bill would amend the FDCA definitions of dietary supplement and food to exempt "hemp, hemp-derived cannabidiol, or a substance containing any other ingredient derived from hemp" from the Drug Exclusion Rule. S. 1698 would enable companies to proceed with the FDA's existing clearance process for these products, namely the New Drug Ingredient Notification and GRAS Notice and would also prioritize consumer protection by requiring these products to meet all applicable regulations for products containing hemp cannabinoids and ensure they are properly labeled.

U.S. State Law – Industrial Hemp

Industrial hemp is now legal in all 50 states. Many states, including Oregon and Colorado, expressly regulate the processing of raw hemp. However, there is no uniform licensing program across state lines. Most states where processing is allowed mandate that processors secure a license from their state Department of Agriculture and comply with a wide range of regulations, including but not limited to testing and record keeping requirements. A patchwork of state-by-state regulations forces manufacturers and distributors of hemp CBD products to follow a variety of hemp CBD regulations in each state where these products are sold and must limit sales to jurisdictions in which hemp CBD products are deemed lawful.

Laws and regulations governing the use of hemp in the U.S. are broad in scope; subject to evolving interpretations, and subject to enforcement by several regulatory agencies and law enforcement entities. Under the 2018 Farm Bill, a state that desires to have primary regulatory authority over the production of hemp in the state must submit a plan to monitor and regulate hemp production to the Secretary of the USDA. The Secretary must then approve the state plan after determining if the plan complies with the requirements set forth in the 2018 Farm Bill. The Secretary may also audit the state's compliance with the federally-approved plan. If the Secretary does not approve the state's plan, then the production of hemp in that state will be subject to a plan established by the USDA. The USDA has not yet established such a plan.

It is expected that many states will seek to have primary regulatory authority over the production of hemp and CBD products derived from hemp. However, it is unclear at this time how the FDA intends to enforce its policy against adding CBD and THC to food and beverages, or how it plans to interpret statements concerning "a claim of therapeutic benefit". On March 20, 2019, CVS Pharmacy announced that it intends to sell over-the-counter CBD products, including CBD-infused sprays, roll-ons, creams and salves to be used as an "alternative source of relief" and as of the date of this Prospectus CVS Pharmacy sells CBD products in its stores in 20 U.S. states. Certain critics have cautioned that there is a risk that "people turn down effective medications to use unproven products, like CBD". However, as of the date hereof, the FDA has not taken action to prescribe limits and conditions for the inclusion of CBD in foods, beverages and dietary supplements.

In January 2021, the FDA issued a statement ("Better Data for a Better Understanding of the Use and Safety Profile of Cannabidiol (CBD) Products"), in which they stated:

> "We are encouraged by the many groups that are interested in helping to develop better data on the use and safety of CBD products, but also note that existing efforts generally are not adequate to fill the outstanding knowledge gaps. For example, observational studies that are too small or that do not include techniques to ensure data quality or methodological rigor are of limited use for public health decision making.
>
> While the FDA appreciates the information and engagement from numerous stakeholders on CBD-related issues, many evidence gaps remain. Filling these gaps will not be a trivial exercise but will require high-quality data analyzed using robust methods. We believe there is an opportunity to develop better sources of RWD to provide incremental improvements in our scientific understanding of the safety profile of CBD in the general population and, potentially, in specific populations.
>
> We believe that ongoing efforts to systematically collect data on the safety and use of CBD are important and we are engaging with stakeholders to advance this work. At the same time, we see a critical opportunity

> for the FDA to work collaboratively with partners in government, industry, and academia to develop the foundation for more robust CBD data collection and analysis projects."

This statement has been viewed as resetting industry expectations that the FDA would provide regulatory guidance in early 2021. In the absence of FDA rulemaking, manufacturers of CBD products are left trying to comply with myriad and conflicting state laws.

Hemp in Florida

Florida Senate Bill 1020 ("**SB 1020**"), titled "State Hemp Program", became effective on July 1, 2019. In SB 1020 the Florida legislature states that hemp is an agricultural commodity and hemp-derived cannabinoids, including, but not limited to, cannabidiol, are not controlled substances or adulterants. SB1020 amended the criminal definition of "Cannabis" in s. 893.02, F.S., to exclude "Hemp" or industrial hemp. SB 1020 is codified as Section 581.217, Florida Statutes, which defines Hemp" as the plant Cannabis sativa L. and any part of that plant, including the seeds thereof, and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers thereof, whether growing or not, that has a total delta-9 tetrahydrocannabinol concentration that does not exceed 0.3 percent on a dry-weight basis. Therefore, Hemp (Total delta-9 THC concentration of 0.3% or less) is legal in the state of Florida.

Any person that is engaged in retailing, wholesaling, distributing, manufacturing, storing, or processing hemp extract for human ingestion in Florida is required to obtain an annually-renewable hemp food establishment permit.

Ability to Access Public and Private Capital

We have to date had access to equity from prospectus exempt (private placement) markets in Israel and Canada. While we may not be able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, we plan to (i) continue to access equity financing through private markets, and (ii) access equity financing through public markets in Canada, if listed on the CSE or another stock exchange. Further, our executive team and Board also have relationships with sources of private capital (such as private funds and high net worth individuals), that could be investigated at a higher cost of capital.

There can be no assurance that additional financing, if raised privately, will be available to us when needed or on terms which are acceptable. Our inability to raise financing to fund capital expenditures or acquisitions could limit our growth and may have a material adverse effect upon future profitability. See "Risk Factors".

U.S. Compliance Procedures

The final stage of manufacture of our products, where the cannabis and hemp components are added, is carried out for us through third party manufacturers with whom we contract for these services. We intend only to contract with third party manufacturers who are appropriately licensed under the laws of the jurisdiction where they operate, and through our contractual arrangements, to make commercially reasonable efforts to ensure that all our third party manufacturing partners operate in accordance with federal and applicable state law concerning the production and sale of industrial hemp and hemp products (including CBD products derived from hemp).

USE OF AVAILABLE FUNDS

We are not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds.

As of December 31, 2021, and adjusted for the Debt Repayment Restriction Agreement and the Porat Payment, we have an estimated working capital of $746,000. Our management believes that we will have sufficient working capital to continue operations for the next 12 months. If we are successful in being listed on the CSE, we may be able to raise additional funds through the exercise of our outstanding warrants, depending upon the market price of our Ordinary Shares.

The anticipated uses of our estimated available funds available over the next 12 months are as follows:

Principal Purpose	($)
Sales and marketing (including branding)	125,000
Travel	34,000
PR and investor relations	25,000
Legal	45,000
Product development	10,000
IP related expenses (trademarks, tech transfer)	10,000
General and administrative expenses (Israel)	323,000
General and administrative expenses (related to establishment of U.S. office)	60,000
Costs related to the Listing	50,000
Unallocated funds	64,000
Total	746,000

Our total anticipated general and administrative operating expenses and capital expenditures over the 12-month period following Listing are as follows:

General and Administrative Cost for 12 Months Following Listing	**($)**
Transfer agent, Listing, filing fees	$50,000
Accounting and auditing	$100,000
Office, rent, and utilities	$21,000
Insurance	$80,000
Management compensation	$72,000(1)
Total	**$323,00**

Notes:

(1) In order to allow Cannibble to manage our cash and have more cash available for the development of our business, our executive officers, Messrs. Bar Joseph, Barkan, and Turner, have agreed to take only a portion of their monthly salaries in cash ($2,000 for each executive) and to accrue the balance ($18,000 for each executive), which will either be paid out in cash when Cannibble's finances permit or will be settled in Ordinary Shares. Pursuant to the Debt Repayment Restriction Agreement, our executives are contractually prohibited from requiring cash payment or converting accrued debt into Ordinary Shares for a period of one year.

(2) We have opened an office in the U.S. in the state of Florida in order to develop our business. Our CTO, Elad Barkan has relocated to Florida to run our U.S. office, and these expenses relate to the establishment of the Florida office and relocation expenses for Mr. Barkan.

We intend to spend the funds available to us as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary.

Cannibble has a history of negative cash flows and there is no assurance that we will not experience negative cash flow from operations in the future. Please see "*Risk Factors – Negative Cash Flow from Operations*"

Business Objectives and Milestones

The following describes our business objectives and milestones and the funds to be allocated towards achievement of such milestones:

Business Objective	Milestone	Estimated Time Period / Completion Date	Allocation of Funds
Increase sales	Expanding our sales and marketing campaign by establishing and expanding the presence of Pelicann products on e-commerce platforms such as Amazon and The Pelicann brand online shop and by placing the products in physical stores and coffee shops where legal to do so.	12 months	$120,000 (allocated under sales and marketing and travel)
New Product Launches	Launching a line of new, innovative non-powder-based products in the cannabis edibles segment and introducing 4-5 new products addressed to the wellness segment.	Q2 2022	$50,000 (allocated under product development and sales and marketing)
Increase Brand Recognition/Sales	IR and communication to Canadian and US investors	From Listing Date to Q3 2022	$30,000 (allocated under PR and investor relations and U.S. general and administrative expense)

DIVIDENDS OR DISTRIBUTIONS

Dividends

We have neither declared nor paid any dividends on the Ordinary Shares. While there are no restrictions precluding us from paying dividends, subject to our obligations to the PipelBiz investors described above under "*Development of the Business*", which will cease upon our becoming listed on the Exchange, we intend to retain our earnings to finance growth and expand our operations and do not anticipate paying any dividends on our Ordinary Shares in the foreseeable future.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Management's Discussion and Analysis (the "**MD&A**") provides an analysis of our financial results for the financial years ended December 31, 2019 and December 31, 2020, and the nine-month period ended September 30, 2021, and should be read in conjunction with our financial statements for those periods, and the notes thereto. Our Management's Discussion and Analysis for the financial years ended December 31, 2019 and December 31, 2020 are attached as part of Schedule "B", and our Management's Discussion and Analysis for the nine-month period ended September 30, 2021 are attached to this Prospectus as part of Schedule "C".

DESCRIPTION OF OUTSTANDING SECURITIES

Our authorized share capital consists of 1,000,000,000 Ordinary Shares with a par value of NIS 0.01. As at the date of this prospectus, there are 21,721,399 Ordinary Shares issued and outstanding, and 195,233 Ordinary Shares issuable pursuant to outstanding Ordinary Share purchase warrants. We also have other contractual obligations to issue Ordinary Shares as described below under "*Contractual Obligations*".

Ordinary Shares

All Ordinary Shares rank equally as to voting rights, participation in a distribution of the assets of the Company on a liquidation, dissolution or winding-up of the Company and entitlement to any dividends declared by the Company. The holders of the Ordinary Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders. Each Ordinary Share carries the right to one vote. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the Ordinary Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the payment by the Company of all of its liabilities. The holders of Ordinary Shares are entitled to receive dividends as and when declared by the Board in respect of the Ordinary Shares on a pro rata basis. The Ordinary Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Warrants

As at the date of this Prospectus, there are 195,233 share purchase warrants issued and outstanding. The following table sets forth the aggregate number of warrants which are outstanding as at the date of this Prospectus. Each warrant entitles the holder thereof to acquire one Ordinary Share, other than the 7,415 agent's warrants issued to Frontfundr, as described in the table below.

Issue Date	**Number of Warrants**	**Exercise Price**	**Expiry Date**
April 15,2021	26,882 (each to acquire one Ordinary Share)	CAD$1.40	April 15, 2023
July 5, 2021	160,936 (each to acquire one Ordinary Share)	CAD$1.40	July 5, 2023
July 5, 2021	7,415 (each to acquire a unit comprising one Ordinary Share and a warrant to acquire another Ordinary Share)	CAD$0.93 (and an additional CAD$1.40 to exercise the unit warrant)	July 5, 2024
TOTAL	**195,233**		

Contractual Obligations

As at the date of this Prospectus, we have additional contractual obligations to issue Ordinary Shares.

Pursuant to the ZerMatok Agreement, we are obligated to issue to ZerMatok 546,776 warrants to acquire Ordinary Shares at a price of NIS 1.71 per Ordinary Share, which will exercised upon our Listing.

In connection with the Notes offering, we are obligated to issue at the time of Listing 1,396,146 warrants to acquire Ordinary Shares at an exercise price equal to approximately $0.59 exercisable for a period of 18 months from date of issuance to those Holders who have subscribed to acquire warrants in addition to their Notes.

Pursuant to our agreement with Exiteam, we are obligated to issue to Exiteam 193,142 warrants to acquire Ordinary Shares exercisable at CAD$0.74, and an additional 69,893 warrants to acquire Ordinary Shares exercisable at CAD$0.93, which will be exercisable upon Listing.

We have agreed with our CFO, Uri Ben-Or, as part of his compensation to issue to him 108,607 Ordinary Shares when our Ordinary Shares are listed on the Exchange.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated share capitalization of Cannibble as at the date of the Prospectus (reflecting the Stock Bonus). Investors should read the following information in conjunction with our audited consolidated financial statements and related notes thereto, along with the associated MD&A, included in this Prospectus.

Ordinary Shares	Outstanding at the date of the Prospectus
Ordinary Shares	21,721,399
Ordinary Shares issuable to Uri Ben Or when we are listed on the CSE	108,607
Ordinary Shares issuable on exercise of outstanding share purchase warrants	195,233
Ordinary Shares issuable pursuant to warrants to be issued to ZerMatok, Exiteam and the Holders under the Notes offering.	2,167,421
Total Fully-Diluted Capitalization	**24,231,196**

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

As of the date of this Prospectus, we have no stock options outstanding. We signed agreements with our external directors, Sophie Mas and Aaron Meckler, providing for payment to them for their services as directors equal to C$35,000 per annum in options or RSUs issuable quarterly in arrears starting at the time of Listing, conditional upon the directors continuing to serve as directors. These incentive awards will be priced in accordance with Exchange policies and applicable laws at the date of grant and will be subject any hold period required under applicable securities laws.

Stock Option Plan

On September 29, 2021, we received shareholder approval for our Option Plan covering the grant of stock options and RSUs to our directors, officers, employees, and consultants. The purposes of the Option Plan are to enable us to link the compensation and benefits of individuals and entities providing services to Cannibble and/or its affiliates with the success of Cannibble and with long-term shareholder value, and to attract such new individuals and entities to provide services to Cannibble and/or its affiliates. Our Board will have the sole discretion to administer the Option Plan and to grant options and other equity compensation.

Under the Option Plan and subject thereto, our Board is entitled to allocate options exercisable into Ordinary Shares and RSUs to employees, directors, officers and consultants, or to any other person or entity that provide services to Cannibble or its affiliates, or to any other person or entity at the discretion of the Board, all subject to the provisions of applicable law and lawfully required approvals.

The aggregate number of Ordinary Shares issuable granted under the Option Plan must not exceed 10% of the issued and outstanding Ordinary Shares, from time to time. The exercise price of each option to acquire an Ordinary Share will be determined by the Board in its sole and absolute discretion in accordance with applicable law and subject to any guidelines as may be determined by the Board from time to time.

Generally, the expiration date of an option, and unless otherwise determined in a specific option agreement, will be the earlier of (i) ten (10) years from the grant date of the option, or (ii) the date on which a holder is terminated for cause. With respect to an RSU, the expiry date will be the earlier of (i) the time the RSU is fully vested, or (ii) the date on which a holder is terminated for cause.

In the event of delisting of the Ordinary Shares from trading on any stock exchange, the Board will have the authority, at its discretion, to determine any adjustments to the Option Plan that it deems in good faith to be appropriate, including applying bring-along provisions in cases of change of control transactions, requiring option holders to sign proxies regarding the voting of their Ordinary Shares according to the proportions of the other shareholders of Cannibble and amending the plan to include repurchase rights by Cannibble in cases of termination in which Cannibble will be able to repurchase the Ordinary Shares acquired pursuant to options for the exercise price paid by the option holders.

Approved awards and any shares issued in connection with the Option Plan will be held by an approved Israeli Tax Authority trustee for the benefit of the option holder, in accordance with the provisions of Section 102 in the "capital gain tax route" of the *Israeli Income Tax Ordinance* [New Version], 1961.

In the event of any M&A transaction, the Board will be entitled, at its sole discretion and without the option holder's consent or action and without any prior notice requirement, to, inter alia, provide for an assumption or exchange of awards and/or shares for awards and/or other securities or rights of the successor company or parent or affiliate thereof, provide for an exchange of awards or shares for a monetary compensation and determine that all unvested awards and un-exercised vested options will expire on the date of such M&A transaction without payment. Unless determined otherwise by the Board, any awards not assumed or exchanged for awards and/or shares and/or other securities or rights or not cashed-out, will expire immediately prior to the consummation of the M&A transaction. In addition, in the event of an M&A transaction, the Board will be entitled, at its sole discretion, to require the option holders to exercise all vested awards within a set time period and sell all of their Ordinary Shares on the same terms and conditions as applicable to the other shareholders selling their Ordinary Shares as part of the M&A transaction.

In the event of the proposed dissolution or liquidation of Cannibble, all awards will expire immediately prior to the consummation of such proposed action, unless otherwise provided by the Board.

The Option Plan includes a U.S. sub-plan relevant to potential option holders that are residents of the U.S. or who are subject to U.S. taxation.

PRIOR SALES

The following table summarizes all sales of securities of the Company since the date of incorporation, adjusted for the Stock Bonus effected on March 31, 2021:

Date of issuance	**Type of security issued**	**Number of securities issued (post-Stock Bonus)**	**Price per security (post-Stock Bonus)**
August 14, 2018	Ordinary Shares	16,000,000	Nominal[(2)]
January 15, 2019	Ordinary Shares	1,406,668	NIS 1.72
April 4, 2019	Ordinary Shares	694,480	NIS 1.72
May 31, 2019	Ordinary Shares	124,684	NIS 1.72
August 10, 2020	Ordinary Shares	451,192	NIS 2.345

May 2021	Convertible Notes including accrued interest	$1,400,000 principal plus accrued interest to be converted into Ordinary Shares(1)	
April 15, 2021	Units comprised of one ordinary share and one share purchase warrant	26,882	CAD$0.93 per Unit
July 5, 2021	Units comprised of one Ordinary Share and one share purchase warrant	160,936	CAD$0.93 per Unit
July 5, 2021	Agent's warrants to acquire a unit comprised of one Ordinary Share and one share purchase warrant	7,415	N/A (agent's warrants) (Exercise price of CAD$0.93 to exercise unit and CAD$1.40 to exercise unit warrant)
December 22,2021	Ordinary Shares	26,882	CAD$0.93
December 29, 2021	Ordinary Shares	234,886	CAD$0.93 (issued pursuant to conversion of debt for accrued salary owed by Cannibble to three of its founders
December 31, 2021	Ordinary Shares	2,594,789	The shares were issued at a deemed price of CAD$0.744 upon conversion of Notes.

Notes:

(1) On December 31, 2021, the Note principal and accrued interest was converted into Ordinary Shares. For information about the Notes and the Note warrants, see "*Development of the Business*" and "*Other Securities*" above for a description of the terms of the Notes and the Note warrants.

(2) Pursuant to the policies of the CSE and securities laws, the holders of these shares contributed additional capital so that the cost base of these Ordinary Shares is now CAD$0.02, which was effected by the Debt Conversion and the Porat Payment.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this Prospectus, none of our securities are held in escrow or are subject to a contractual restriction on transfer, except as described below:

Our Ordinary Shares are subject to a contractual restriction on transfer as provided in the offer documents in connection with the capital raised through PipelBiz (as described under *Development of the Business*), as follows: any transfer of our Ordinary Shares as a result of which a shareholder will hold 5% or more of our issued capital (on a non-diluted basis), will be subject to prior approval by the Board, and will not have any validity without obtaining such approval. The aforementioned restriction on transfer will terminate automatically at the time of our Listing.

In connection with our proposed Listing, we have entered into the Escrow Agreement with the persons indicated in the table below in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"). Although NP 46-201 does not generally apply to a prospectus that does not offer securities to the public, such as a prospectus an issuer files with a securities regulator only to become a "reporting issuer", the Exchange requires securities to be escrowed pursuant to NP 46-201 as part of its listing criteria. Equity securities owned or controlled by Principals are subject to escrow requirements.

A total of 16,234,886 Ordinary Shares representing 74.7% of the issued and outstanding Ordinary Shares will be deposited into escrow.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Ordinary Shares	16,234,886 (1)	74.7%(2)

Notes:

(1) These Ordinary Shares are owned by Yoav Bar Joseph – 4,086,774 Ordinary Shares; Elad Barkan – 4,086,774 Ordinary Shares; Ziv Turner – 2,728,006 Ordinary Shares; Asaf Porat – 2,666,668 Ordinary Shares and Jeffrey Low – 2,666,664 Ordinary Shares. These Ordinary Shares will be held under the Escrow Agreement in accordance with NP 46-201. The Escrow Agent is Odyssey Trust Company.

(2) Based on 21,721,399 Ordinary Shares issued and outstanding as at the date of this Prospectus.

Escrow Agreement

NP 46-201 provides that all shares of an issuer owned or controlled by its Principals will be escrowed at the time of the issuer's initial public offering.

At the time of its initial public offering, an issuer will be classified for the purposes of escrow as either an "exempt issuer", an "established issuer" or an "emerging issuer" as those terms are defined in NP 46-201.
Uniform terms of automatic timed-release escrow apply to Principals of exchange listed issuers, differing only according to the classification of the issuer. We anticipate that when our Ordinary Shares are listed on the Exchange, we will be classified as an "emerging issuer". As such, the following automatic timed releases will apply to the securities held by our Principals:

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities
6 months after the Listing Date	1/6 of the remaining escrowed securities
12 months after the Listing Date	1/5 of the remaining escrowed securities
18 months after the Listing Date	1/4 of the remaining escrowed securities
24 months after the Listing Date	1/3 of the remaining escrowed securities
30 months after the Listing Date	1/2 of the remaining escrowed securities
36 months after the Listing Date	The remaining escrowed securities

Assuming there are no changes to the escrowed securities initially deposited and no additional escrowed securities are deposited, automatic timed-release escrow applicable to Cannibble will result in a 10% release on the Listing Date, with the remaining escrowed securities being released in 15% tranches every six months thereafter.

The automatic timed-release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each Principal's and shareholder's escrowed securities are released on the Listing Date, with an additional 25% being released in equal tranches at six-month intervals over eighteen months. If, within eighteen months of the Listing Date, we meet the "established issuer" criteria as set out in NP 46-201, the escrowed securities will be eligible for accelerated release available for established issuers. In such a scenario, that number of escrowed securities that would have been eligible for release from escrow if we had been an "established issuer" on the Listing Date will be immediately released from escrow. The remaining escrowed securities would be released in accordance with the timed-release provisions for established issuers, with all escrowed securities being released eighteen months from the Listing Date.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, no person beneficially owns or exercises control or direction over Ordinary Shares carrying more than 10% of the votes attached to the Ordinary Shares, other than:

Name	Total Ordinary Share Ownership (post-Stock Bonus)	Type of Ownership	Total Ownership on an Undiluted Basis[(1)] (%)	Total Ownership on a Fully-Diluted Basis[(2)] (%)
Yoav Bar-Joseph	4,086,774	Direct	18.8%	16.9%
Elad Barkan	4,086,774	Direct	18.8%	16.9%
Ziv Turner	2,728,006	Direct	12.6%	11.3%
Asaf Porat	2,666,668	Direct	12.3%	11%
Jeffrey Low	2,666,664	Direct	12.3%	11%

Notes:

(1) Percentage is based on 21,721,399 Ordinary Shares issued and outstanding as of the date of this Prospectus.

(2) Percentage is based on 24,231,196 Ordinary Shares issued and outstanding, on a fully-diluted basis, as of the date of this Prospectus.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the names, municipalities of residence, position, principal occupations and the number of voting securities of the Company that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date hereof:

Name and Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupation	Total Share Ownership	Total Ownership on an Undiluted Basis[(1)] (%)	Total Ownership on a Diluted Basis[(2)] (%)
Yoav Bar Joseph Rosh Haayin, Israel *Chief Executive Officer and Director*	August 14, 2018	Co-founder and CEO of Cannibble since 2018; Co-founder and CEO of Blueberries B.H Ltd, a leading food & beverages product development company until 2017.	4,086,774	18.8%	16.9%
Elad Barkan Avihayil, Israel *Chief Technology Officer and Director*	August 14, 2018	Co-founder and CTO of Cannibble since 2018; Chef & Co-founder of Skinny Pasta.	4,086,774	18.8%	16.9%

Name and Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupation	Total Share Ownership	Total Ownership on an Undiluted Basis[(1)] (%)	Total Ownership on a Diluted Basis[(2)] (%)
Ziv Turner Kfar Saba, Israel *VP Business Development*	August 14, 2018	Co-founder and VP Business Development since 2018; Serial entrepreneur, Founder of One World Cannabis (OTC:OWCP).	2,728,006	12.6%	11.3%
Uri Ben Or Ra'anana, Israel *Chief Financial Officer*	February 1, 2020	Public company CFO	(3)	N/A	N/A
Sophie Mas[(4)(5)] Vancouver Canada *Director*	September 29, 2021	Principal of SoMas Consulting Inc., a cannabis industry consultant	Nil	N/A	N/A
Aaron Meckler[(4)(5)] Toronto, Canada *Director*	September 29, 2021	Co-founder, chief financial officer and chief investment officer of Amuka Capital Corp.	Nil	N/A	N/A

Notes:

(1) Percentage is based on 21,721,399 Ordinary Shares issued and outstanding as of the date of this Prospectus.

(2) Percentage is based on 24,231,196 Ordinary Shares issued and outstanding, on a fully-diluted basis, as of the date of this Prospectus. These percentages include the Ordinary Shares that will be issued pursuant to outstanding warrants and other contractual obligations to issue Ordinary Shares. See "*Consolidated Capitalization*".

(3) Under his contract with Cannibble, Uri Ben Or is entitled to receive 108,607 Ordinary Shares when our Ordinary Shares are listed on the Exchange.

(4) Denotes a member of the Audit Committee of the Company.

(5) Denotes an external director.

The term of office of the inside directors and independent directors expires annually at the time of the Company's annual general meeting and, pursuant to the Companies Law, the term of office of the external directors is for a three-year term , expiring at the time of the Company's annual general meeting in the third year. The term of office of the executive officers expires at the discretion of the Company's directors. Messrs. Bar-Joseph, Barkan and Turner have entered into non-competition or non-disclosure obligations through their respective employment agreements with the Company.

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercised control or discretion over an aggregate of 10,901,554 Ordinary Shares of the Company, which is equal to 50.19% of the Ordinary Shares issued and outstanding as at the date hereof.

Background

The following is a brief description of each of the directors and executive officers of the Company, including their names, ages, positions and responsibilities with the Company, relevant educational background, principal occupations or employment during the five years preceding the date hereof, experience in the Company's industry and the amount of time intended to be devoted to the affairs of the Company:

Yoav Bar Joseph – Chairman and Chief Executive Officer, 50 years old

Mr. Yoav Bar Joseph holds a B.A from Tel Aviv University, Israel and an MBA from the University of Derby, United Kingdom. Mr. Bar Joseph is a serial entrepreneur with more than 25 years' experience in the food industry. In 1995 he founded IMEX B.J Ltd., a company that began trading in Israeli food and beverage products, developed its own products and expanded to exporting overseas through their network of distributors and resellers in more than 19 countries. In 2006 Mr. Bar Joseph co-founded Blueberries B.H Ltd., focusing on innovative product development of unique and custom-made products for the food service industry in Israel and worldwide. In 2017, Blueberries merged into Mimon's Spices Ltd., the largest spice company in Israel and a leading food product manufacturer in Israel. In 2018 Mr. Bar Joseph co-founded Cannibble.

Mr. Bar Joseph devotes 100% of his time to the Company.

Elad Barkan – Director and Chief Technology Officer, 41 years old

Mr. Elad Barkan is a chef, entrepreneur, and food product developer with more than 15 years' experience. At the age of 21 after military service, Mr. Barkan worked as a chef in a Michelin 3-Star restaurant in Rome, Italy with the famous German chef, Heinz Beck. After returning to Israel, Mr. Barkan started working as a food product developer for the biggest private label manufacturer in Israel, developing products for international companies such as Unilever and Strauss. In 2014 Mr. Barkan developed the brand "Skinny Pasta", a gluten free, low calorie and carb pasta alternative that currently sells in 10 countries around the globe and in more than 6,000 stores in the US (including Walmart, Sprouts, Winn Dixie, Publix, Food Lion). In 2018, Mr. Barkan co-founded Cannibble.

Mr. Barkan devotes 100% of his time to the Company.

Ziv Turner –VP Business Development, 49 years old

Mr. Ziv Turner is a proven entrepreneur with extensive business development expertise, including significant experience within the international business community. Mr. Turner has 20 years' experience working in the telecom industry, holding senior management positions with leading telecom companies. Since 2005, he held positions as head of regional sales and worldwide sales for various leaders in the telecom industry. Mr. Turner is also the founder of Vocavu, an internet technology content company. Mr. Turner has 8 years of experience in medicinal and recreational cannabis in Israel and international markets. In 2018, Mr. Turner co-founded Cannibble.

Mr. Turner devotes 100% of his time to the Company.

Sophie Mas – External Director, 52 years old

Ms. Mas holds a Master of Public Administration degree from the University of Victoria (British Columbia Canada) and a Project Management Professional certification. Ms. Mas is the founder and CEO of Somas Consulting Inc. and has over 20 years' experience working in the regulatory and compliance sector for the Province of British Columbia. In her last role, Ms. Mas was the Director of the BC Cannabis Legislation and Regulation Secretariat which led the development of the provincial regulatory framework for cannabis where she participated in a number of Federal/Provincial/Territorial working groups and local government committees to discuss the legalization and regulation of cannabis. Ms. Mas' experience working with all levels of government and her intimate knowledge and understanding of cannabis legislation and regulations combine to provide a reliable and accurate source of information and advice about cannabis laws and policies across Canada. Ms. Mas is on the advisory board of the Association of Canadian Cannabis Retailers and is a founding director of the B.C. Farmers Craft Cannabis Co-operative.

Ms. Mas will devote as much of her time to the affairs of the Company as reasonably necessary to discharge her duties as a director.

Aaron Meckler – External Director, 28 years old

Mr. Aaron Meckler, CIM®, FCSI, is the co-founder, chief financial officer and chief investment officer of Amuka Capital Corp., a Canadian investment banking and merchant banking firm with a focus on small to mid-market companies and real estate issuers. Mr. Meckler is a seasoned corporate finance professional with experience in public markets and private equity, covering real estate, growth-stage ventures, and M&A transactions.

Mr. Meckler will devote as much of his time to the affairs of the Company as reasonably necessary to discharge his duties as a director.

Uri Ben Or – Chief Financial Officer, 50 years old

Uri Ben-Or, CPA, holds a B.Acc. from The College of Management – Academic Studies, Israel and an Executive MBA from Bar-Ilan University, Israel. Mr. Ben-Or is CEO of CFO Direct Ltd., a financial consulting company that provides, among other services, outsourced CFO services for private and public companies. Mr. Ben-Or has over 20 years of broad experience in corporate finance, accounting, M&A transactions, IPOs and operations.

Mr. Ben Or will devote as much of his time to the affairs of the Company as reasonably necessary to discharge his duties as Chief Financial Officer of the Company.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Company is, as at the date of this Prospectus, or was within ten years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company, including the Company, that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period for more than 30 consecutive days, 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.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

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

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

Bankruptcies

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, 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; or

(ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Conflicts of Interest

Our directors are required by law to act honestly and in good faith with a view to the best interests of Cannibble and to disclose any interests, which they may have in any project or opportunity of Cannibble. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of our knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among Cannibble, its promoters, directors and officers or other members of management of Cannibble or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of our 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 us and their duties as a director or officer of such other companies.

EXECUTIVE COMPENSATION

We were not a reporting issuer at any time during the year ended December 31, 2020. Accordingly, the following is a discussion of all significant elements of compensation to be awarded to, earned by, paid to or payable to our Named Executive Officers, once we become a reporting issuer, to the extent this compensation has been determined.

For the purposes hereof, the term “Named Executive Officer”, or “NEO”, means each Chief Executive Officer, each Chief Financial Officer and our three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who was serving as an executive officer as at the end of our most recently completed financial year and whose total compensation exceeds $150,000 and any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of Cannibble at the end of our most recently completed financial year. We expect that for the financial year ended December 31, 2021, our NEOs will be Yoav Bar Joseph, Elad Barkan, Ziv Turner, and Uri Ben Or.

Option Based Awards

We have not yet issued any stock options to our NEOs. However, we expect to grant incentive stock options or RSUs to our NEOs and our non-executive directors, in connection with our listing on the Exchange.

Defined Benefit Plans

We do not have any defined benefit or actuarial plan.

Employment, Consulting and Management Agreements

Cannibble has entered into employment or consulting agreements with the following directors and NEOs:

<u>Yoav Bar Joseph</u>

We entered into an employment agreement dated January 1, 2021 (the "**CEO Agreement**") with Yoav Bar Joseph to serve as our chief executive officer. Prior to January 2021, Mr. Bar Joseph provided his services to us as a consultant. Under the CEO Agreement, Mr. Bar Joseph is entitled to a salary equal to $20,000 per month payable in NIS, of which we are currently paying $2,000, and accruing the rest as a loan to Cannibble, to be converted into shares if we become listed on a stock exchange or paid out in cash when we have the funds. We also make monthly contributions to a pension plan for Mr. Bar Joseph equal to an aggregate of 14.83% of his monthly salary for severance pay and pension, in accordance with Israeli law and an additional monthly contribution equal to 7.5% of his monthly salary to an education fund. Mr. Bar Joseph is entitled to annual bonuses, in cash or Ordinary Shares at his option, based on the achievement of revenue targets, equity financing, or corporate M&A transaction. Mr. Bar Joseph is also eligible to receive incentive grants under our Option Plan. The CEO Agreement has no fixed term and can be terminated by either party on 30 days' notice (or in the case of termination by us, by payment in lieu of the notice period at our option). Additionally, we can terminate the agreement for fundamental breach or breach of fiduciary duty by Mr. Bar Joseph that is not cured within a specified period or any other act by him that entitles us to dismiss Mr. Bar Joseph without paying severance. Mr. Bar Joseph can terminate for "good reason" if we unilaterally materially reduce his compensation, materially reduce his level of authority and responsibility or if we commit a fundamental breach of the CEO Agreement that we do not cure within a specified period. The CEO Agreement includes a confidentiality, non-competition, non-solicitation, and assignment of inventions undertaking from Mr. Bar Joseph to Cannibble.

<u>Elad Barkan</u>

We entered into an employment agreement dated January 1, 2021 (the "**CTO Agreement**") with Elad Barkan to serve as our chief technology officer. Prior to January 2021, Mr. Barkan provided his services to us as a consultant. Under the CTO Agreement, Mr. Barkan is entitled to a salary equal to $20,000 per month payable in NIS, of which we are currently paying $2,000, and accruing the rest as a loan to Cannibble, to be converted into shares if we become listed on a stock exchange or paid out in cash when we have the funds. We also make monthly contributions to a pension plan for Mr. Barkan equal to an aggregate of 14.83% of his monthly salary for severance pay and pension, in accordance with Israeli law and an additional monthly contribution equal to 7.5% of his monthly salary to an education fund. Mr. Barkan is entitled to annual bonuses, in cash or Ordinary Shares at his option, based on the achievement of revenue targets, equity financing, or corporate M&A transaction. Mr. Barkan is also eligible to receive incentive grants under our Option Plan. The CTO Agreement has no fixed term and can be terminated by either party on 30 days' notice (or in the case of termination by us, by payment in lieu of the notice period at our option). Additionally, we can terminate the agreement for fundamental breach or breach of fiduciary duty by Mr. Barkan that is not cured within a specified period or any other act by him that entitles us to dismiss Mr. Barkan without paying severance. Mr. Barkan can terminate for "good reason" if we unilaterally materially reduce his compensation, materially reduce his level of authority and responsibility or if we commit a fundamental breach of the CTO Agreement that we do not cure within a specified period. The CTO Agreement includes a confidentiality, non-competition, non-solicitation, and assignment of inventions undertaking from Mr. Barkan to Cannibble.

<u>Ziv Turner</u>

We entered into an employment agreement dated January 1, 2021 (the "**Turner Agreement**") with Ziv Turner to serve as our head of business development. Prior to January 2021, Mr. Turner provided his services to us as a consultant. Under the Turner Agreement, Mr. Turner is entitled to a salary equal to $20,000 per month payable in NIS, of which we are currently paying $2,000, and accruing the rest as a loan to Cannibble, to be converted into shares if we become listed on a stock exchange or paid out in cash when we have the funds. We also make monthly contributions to a pension plan for Mr. Turner equal to an aggregate of 14.83% of his monthly salary for severance pay and pension, in accordance with Israeli law and an additional monthly contribution equal to 7.5% of his monthly salary to an education fund. Mr. Turner is entitled to annual bonuses, in cash or Ordinary Shares at his option, based on the achievement of revenue targets, equity financing, or corporate M&A transaction. Mr. Turner is also eligible to receive incentive grants under our Option Plan. The Turner Agreement has no fixed term and can be terminated by either party on 30 days' notice (or in the case of termination by us, by payment in lieu of the notice period at our option). Additionally, we can terminate the agreement for fundamental breach or breach of fiduciary duty by Mr.

Turner that is not cured within a specified period or any other act by him that entitles us to dismiss Mr. Turner without paying severance. Mr. Turner can terminate for “good reason” if we unilaterally materially reduce his compensation, materially reduce his level of authority and responsibility, or if we commit a fundamental breach of the Turner Agreement that we do not cure within a specified period. The Turner Agreement includes a confidentiality, non-competition, non-solicitation, and assignment of inventions undertaking from Mr. Turner to Cannibble.

Uri Ben Or

The Company and Uri Ben Or entered into a service agreement dated September 1, 2020 (the “**CFO Agreement**”) for Mr. Ben Or to act as a consultant to the Company and perform the role of Chief Financial Officer. Under the CFO Agreement, Mr. Ben Or will be paid: (a) NIS 75,000 plus VAT for services related to the preparation of this Prospectus, (b) a monthly salary of NIS 2,500 plus VAT, and (c) if requested by the Company to continue as CFO post-listing, a monthly salary of NIS 20,000 plus VAT following a successful Listing. Mr. Ben Or will also be issued 108,607 Ordinary Shares upon the Company Listing on the Exchange. The CFO Agreement has a one-year term, which can be extended by mutual agreement.

Oversight and Description of Director and NEO Compensation

At present, the Board as a whole determines the compensation of our NEOs and does so with reference to industry standards and our financial situation, subject to the remuneration policy that was adopted at our shareholder meeting on September 29, 2021. The Board has the sole responsibility for determining the compensation of our directors. Director compensation is determined by the Board from time to time with reference to industry standards, the requirements of the Companies Law (including the remuneration policy), and our financial situation.

Our directors are reimbursed for any out-of-pocket expenses incurred in the course of their duties as directors up to a maximum permissible under applicable law.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

None of our directors or officers or any of their respective associates is indebted to Cannibble or has been subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Cannibble.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

No directors or executive officers of Cannibble, and associates of the directors or executive officers are or were indebted to Cannibble as at the date of this Prospectus.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the Board and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations. NI 52-110, NI 41-101 and Form 52-110F2 require Cannibble, as an IPO venture issuer, to disclose certain information relating to our audit committee and its relationship with our independent auditors.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule “A” to this Prospectus.

Composition of Audit Committee

The members of our Audit Committee are set out in the table below:

Yoav Bar Joseph	Not Independent[1]	Financially literate[2]
Sophie Mas	External[1]	Financially literate[2]
Aaron Meckler	External[1]	Financially literate[2]

Notes:

(1) A member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Yoav Bar Joseph is not independent, as he is the CEO of Cannibble.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of our Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

(a) an understanding of the accounting principles used by Cannibble to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Cannibble's financial statements or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

See *Directors and Executive Officers* for further details.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of our most recently completed financial year has the Company relied on the exemption in Section 2.4, 6.1.1(4), (5), or (6) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized to pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.]

External Auditor Service Fees

The fees billed by the Company's external auditors in the financial years ended December 31, 2019 and 2020 for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

Financial Periods	Audit Fees	Audit Related Fees[(1)]	Tax Fees[(2)]	All other Fees[(3)]
Year ended December 31, 2020	$28,600	Nil	Nil	Nil
Year ended December 31, 2019	$20,000	Nil	Nil	Nil

Notes:

(1) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column.

Exemption

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which states that the Company, as a Venture Issuer, is exempt from Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. NP 58-201 provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by Cannibble of our corporate governance practices. This disclosure is presented below.

Board of Directors

The Board facilitates its exercise of independent supervision over Cannibble's management through frequent meetings of the Board. The Board is comprised of five directors: Yoav Bar Joseph, Elad Barkan, Ziv Turner, Sophie Mas, and Aaron Meckler. As the size of the Board is small, the Board has not yet adopted formal procedures designed to facilitate the exercise of independent supervision over management, relying instead on the integrity of the individual members of its management team to act in the best interests of the Company.

Yoav Bar Joseph is not independent, as he is the CEO of the Company. Elad Barkan is not independent, as he is the CTO of the Company. Ziv Turner is not independent as he is the vice president, business development of the Company. Sophie Mas and Aaron Meckler are independent.

Directorships

Currently, the following directors are also directors of the following other reporting issuers:

Director	Reporting Issuer
Aaron Meckler	Brandenburg Energy Corp.

Orientation and Continuing Education

New Board members receive an orientation package which includes reports on operations and results, product samples, and any other relevant materials. Board meetings are sometimes held at Cannibble's offices or via a conference call and, from time to time, are combined with presentations by the management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by Cannibble's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in our best interests.

Nomination of Directors

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. Potential directors are identified by existing Board members and management though their industry and professional networks. As Cannibble grows and develops, this policy will be reviewed.

Compensation

The Audit Committee acting in the role of a remuneration committee is responsible for determining compensation for our directors.

Other Board Committees

The Board has no standing committees, other than the Audit Committee.

Assessments

Due to the small size of the Board, the Board has not yet established a formal policy to monitor the effectiveness of the directors, the Board and its committees.

LISTING APPLICATION

Listing of Ordinary Shares

We have applied to list our issued and outstanding Ordinary Shares on the Exchange. The Exchange has conditionally approved the listing of the Ordinary Shares, but the Listing remains subject to Cannibble fulfilling all of the listing requirements of the Exchange.

IPO Venture Issuer

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

An investment in our Ordinary Shares should be considered highly speculative due to the nature of our business and its present stage of development. An investment in our Ordinary Shares should only be made by knowledgeable and sophisticated investors who are willing to risk and can afford the loss of their entire investment. Potential investors should consult with their professional advisors to assess an investment in us. In evaluating us and our business, investors should carefully consider, in addition to other information contained in this Prospectus, the risk factors below. These risk factors are not a definitive list of all risk factors associated with an investment in us or in connection with our operations.

Business and Industry Risks

Speculative Nature of Investment Risk

An investment in our Ordinary Shares carries a high degree of risk and should be considered as a speculative investment by purchasers. We have a limited history of earnings, limited cash reserves, a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the development phases of our business and have only very recently offered some of our planned products for sale. Our operations are not yet sufficiently established so that we can mitigate the risks associated with our planned activities.

Negative Cash Flow from Operations

We had negative cash flow from operations for the years ended December 31, 2020 and December 31, 2019 and we may have negative cash flow from operations in future. To the extent that we have negative operating cash flow in future periods, we will need to allocate a portion of our cash to fund such negative cash flow. If we experience future negative cash flow, we may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that we will be able to generate a positive cash flow from our operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favourable to us.

Liquidity and Future Financing Risk

We are in the development stage and have not generated a significant amount of revenue. We will likely operate at a loss until our business becomes established and we may require additional financing in order to fund future operations and expansion plans, including developing new products, enhancing existing products, enhancing our operating infrastructure and expanding the geographical area in which we operate. Our ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions, as well as our business success. There can be no assurance that we will be successful in our efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing or Ordinary Shares or securities convertible into Ordinary Shares, existing shareholders will suffer dilution.

Once listed on the Exchange, volatility in the price of our Ordinary Shares could cause investors to lose all or part of their investment because they may not be able to sell their Ordinary Shares at or above the price they paid. Factors that could cause fluctuations in the market price of our Ordinary Shares include the following:

- price and volume fluctuations in the overall stock market from time to time;
- sales of Ordinary Shares by our shareholders;
- changes in the financial projections that we may provide to the public, or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public’s reaction to our press releases, other public announcements and filings with the securities commissions;

- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

Increased Costs of Being a Publicly Traded Company

If we successfully list on the Exchange, we will incur significant additional legal, accounting and filing fees that we do not at present incur. Securities legislation and the rules and policies of the Exchange require listed companies to, among other things, adopt corporate governance and related practices and to continuously prepare and disclose material information, all of which will significantly increase our legal and financial compliance costs.

Competition

We face competition in the markets in which we operate and intend to operate in the near future. Some of our competitors may be better positioned to develop superior products and make technological innovations, and better able to adapt to changing market conditions than we are. Our ability to compete depends on, among other things, consistent high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition in the markets in which we operate may force us to reduce our product prices or may result in increased costs, and may have a material adverse effect on our business and operating results. Any decrease in the quality of our products or level of service to customers, or any forced decrease in product pricing may adversely affect our business and operating results.

Limited Operating History and No Established Financing Sources

Although we believe our management team has extensive knowledge of the food product industry generally and the cannabis industry and we closely monitor changes in legislation with regards to recreational cannabis laws worldwide, we operate in an evolving industry that may not develop as expected and we may not be able to adapt as needed to stay competitive in the cannabis and hemp industry. Furthermore, we were incorporated in August 2018 and have a limited operating history and established financing sources. We are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objectives as described in this Prospectus. Our financial condition and results of operations will depend on many factors, including: our ability to bring our full range of products to commercial production; our ability to achieve marketing success; and the continued legality of our products.

Product Development

If we cannot successfully develop, manufacture and distribute our products, or if we experience difficulties in the development process, such as capacity constraints, quality control problem, problems with our contract manufacturers in the U.S., or other disruptions, we may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect our ability to effectively achieve success in the market. A failure by us to achieve a low-cost structure through economies of scale or improvements in manufacturing processes would have a material adverse effect on our commercialization plans and our business, prospects, results of operations and financial condition.

Product Liability

Our products will be produced for sale both directly and indirectly to end consumers, and therefore we face an inherent risk of exposure if product liability claims, regulatory action and litigation of our products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs to produce our products and could have a material adverse effect on our business and operational results.

Target Market Size

Because the hemp-, CBD-, and THC-infused products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in Cannibble and few, if any, established companies whose business model we can follow or upon whose success we can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in Cannibble. There can be no assurance that our estimates are accurate or that the market size is sufficiently large for our business to grow as projected, which may negatively impact our financial results. Furthermore, the size of the health and wellness consumer goods products market is large, we are an unestablished player and it will be difficult to acquire significant market share at the outset for our products.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

Our future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including our ability to (i) create greater awareness of our products, (ii) determine the appropriate creative message and media mix for future advertising expenditures and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of our products. In addition, no assurance can be given that we will be able to manage our advertising and promotional expenditures on a cost-effective basis.

Promoting Our Brand

We believe that maintaining and promoting our brand is critical to expanding our customer base. Maintaining and promoting our brand will depend largely on our ability to continue to provide quality, reliable, and innovative products, which we may not do successfully. We may introduce new products or services that our customers do not like, which may negatively affect our brand and reputation. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and financial results from operations could be materially adversely affected.

Changing Consumer Preferences

As a result of changing consumer preferences, many wellness, cannabis or other innovative products attain financial success for a limited period of time. Even if our products find some retail success, there can be no assurance that any of our products will continue to see extended financial success. Our success will depend upon our ability to develop new and improved product lines. Even if we are successful in introducing new products or developing our current products, a failure to continue to improve them to meet changing customer preferences could cause a decline in our products' popularity that could reduce our revenues and harm our business, operating results and financial condition. Our failure to introduce new features and product lines and to achieve and sustain market acceptance could result in us being unable to meet consumer preferences and generate revenue which would have a material adverse effect on our profitability and financial results from operations.

Key Personnel Risk

Our success and future growth will depend, to a significant degree, on the continued efforts of our directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future. Our inability to retain and attract the necessary personnel could materially adversely affect our business and financial results from operations.

Reliance on Third Party Suppliers, Service Providers and Distributors

We currently outsource the manufacturing of our BlackBox products in Israel and we expect to continue to rely on contract manufacturers for the final formulation of our products for sale in the U.S. and elsewhere. Our suppliers, manufacturers, service providers, and distributors may elect, at any time, to breach or otherwise cease to participate in supply, manufacturing, service or distribution agreements, or other relationships, on which our operations rely. Loss of our suppliers, manufacturers, service providers or distributors would have a material adverse effect on our business and operational results.

We will be highly dependent on the uninterrupted and efficient operation of our third-party manufacturers. Our third-party manufacturers may not continue to maintain their required certification or continue or be willing or able to produce our products at reasonable prices or at all. If for any reason our third-party manufacturers discontinue production of our products, it would likely result in significant delays in production of our products and interruption of our sales as we seek to establish a relationship and commence production with other manufacturers. We may be unable to make satisfactory production arrangements with another manufacturer on a timely basis or at all. If operations at one of our third-party manufacturer's manufacturing plant were to be disrupted as a result of equipment failures, natural disasters, fires, accidents, work stoppages, power outages or other reasons, our business, financial condition and/or results of operations could be materially adversely affected. See "*Description of the Business – Manufacturing Partners*" and "*Distribution"* for more information about these relationships.

In addition, we will be dependent on third parties to obtain certain raw materials, including hemp, CBD and THC extract, necessary to develop and produce our products. The raw materials required for the production of our products, including hemp, CBD and THC extract, may not be available to us on favorable pricing terms in the future or at all when they are needed. If we are no longer able to obtain raw materials, including hemp, CBD and THC extract, from one or more of our suppliers on terms reasonable to us, or at all, our revenues, business, financial condition and operations would be negatively affected. While potential alternative suppliers of raw materials may be identified, they must first pass intensive validation tests to ensure their compliance with product specifications. No assurance can be given regarding the successful outcomes of such tests or our ability to secure alternate sources of supply at competitive pricing and upon fair and reasonable contractual terms and conditions.

Our profit margins and the timely delivery of our products are dependent upon the ability of our outside suppliers and manufacturers to supply us with products in a timely and cost-efficient manner. Our ability to develop our business and enter new markets and sustain satisfactory levels of sales in each market depends upon the ability of our outside suppliers and manufacturers to produce the ingredients and products and to comply with all applicable regulations. The failure of our primary suppliers or manufacturers to supply ingredients or produce our final products could adversely affect our business operations.

Compliance by Manufacturers with GMP requirements

All our US-based manufacturers and suppliers must comply with applicable GMP, regulations for the manufacture of our products, which are enforced by the FDA through its facilities inspection program. The FDA may conduct inspections of our third-party manufacturers to assure they are in compliance with such regulations. These GMP requirements include quality control, quality assurance and the maintenance of records and documentation, among other items. Our manufacturers may be unable to comply with these GMP requirements and with other regulatory requirements. A failure to comply with these requirements may result in fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, warning or untitled letters, import or export bans or restrictions or criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of Cannibble's products. If the safety of our products is compromised due to a third-party manufacturer's failure to adhere to applicable laws or for other reasons, we may not be able to successfully sell our products. We cannot be sure that our third-party manufacturers will continue to reliably supply products at the levels of quality, or the quantities, we require, and in compliance with applicable laws and regulations, including GMP requirements.

Unfavourable Publicity or Consumer Perception

We believe our industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of our products and perceptions of regulatory compliance. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the hemp-, CBD-, and THC-infused edibles market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, results of operations, financial condition and cash flows. Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of hemp-, CBD-, or THC-infused products in general, or our products specifically, with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Inability to Sustain Pricing Models

Significant price fluctuations or shortages in the cost of materials may increase our cost of goods sold and cause its results of operations and financial condition to suffer. If we are unable to secure materials at a reasonable price, we may have to alter or discontinue selling some of our products or attempt to pass along the cost to its customers, any of which could adversely affect our results of operations and financial condition.

Additionally, increasing costs of labor, freight and energy could increase our and our suppliers' cost of goods. If our suppliers are affected by increases in their costs of labor, freight and energy, they may attempt to pass these cost increases on to us. If we pay such increases, we may not be able to offset them through increases in its pricing, which could adversely affect our results of operations and financial condition.

Management of Growth

We may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Rapid growth of our business may significantly strain our management, operations and technical resources. If we are successful in obtaining large orders for our products, we will be required to deliver large volumes of products to our customers on a timely basis and at a reasonable cost. We may not obtain large-scale orders for our products and if we do, we may not be able to satisfy large-scale production requirements on a timely and cost-effective basis. Our inability to deal with this growth may have a material adverse effect on our business, financial condition, results of operations and prospects.

Product Viability

If the products we sell are not perceived to have the effects intended by the end user, our business may suffer. Many of our products contain innovative ingredients or combinations of ingredients. There is little long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry. Moreover, there is little long-term data with respect to efficacy, unknown side effects and/or our products' interaction with individual animal biochemistry. As a result, our products could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Risks Related to Investing in an Israeli Company

Exchange rate fluctuations between the U.S. dollar, the New Israeli Shekel, and the Canadian dollar may negatively affect Cannibble's earnings.

Although most of our revenues and a portion of our expenses are denominated in U.S. dollars, substantially all of our research and development expenses, as well as a portion of manufacturing cost and cost of revenues, selling and marketing, and general and administrative expenses, are incurred in New Israeli Shekels. In addition, we have raised capital denominated in Canadian dollars. As a result, we are exposed to foreign exchange risks, including the risks that the New Israeli Shekel may appreciate relative to the U.S. dollar, or, if the New Israeli Shekel instead devalues relative to the U.S. dollar, that the inflation rate in Israel may exceed the rate of devaluation of the New Israeli Shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of our operations in Israel would increase and our U.S. dollar-denominated results of operations would be adversely affected. If the value of the Canadian dollar depreciates against the U.S. dollar or the New Israeli Shekel, the value of funds raised in Canada will be reduced. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the New Israeli Shekel against the U.S. dollar or the Canadian dollar or the relative value of the U.S. and Canadian dollars. If the U.S. dollar cost of our operations in Israel increases, the dollar-measured results of operations will be adversely affected. We may, in the future, establish a program to hedge a portion of our foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if we develop a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Our headquarters, some manufacturing and other significant operations are located in Israel and, therefore, our results may be adversely affected by political, economic and military instability in Israel.

We are headquartered in Israel and most of our operations (other than the final manufacturing of the Pelicann products in the United States) takes place in Israel. In addition, our key employees, officers and some of our directors are residents of Israel. The government in Israel faces ongoing problems including but not limited to inflation, unemployment, and inequitable income distribution. While Israel's credit rating is current "AA-" (S&P Global), it has a history of geopolitical instability and crises including those related to terrorism. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Although there is no current major political instability in Israel, this could change in the future and could adversely affect our business, financial condition and results of operations.

An investor may have difficulty enforcing Canadian law against an Israeli company like Cannibble.

Cannibble is incorporated in Israel. Most of our directors and all of our executive officers named in this Prospectus reside outside of Canada, and most of our assets and most of the assets of these persons are located outside of Canada. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in Canada and may not be enforced by an Israeli court. It also may be difficult for an investor to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to Canadian securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against Cannibble in Israel, an investor may not be able to collect any damages awarded by either a Canadian or foreign court.

Cannibble conducts a significant part of its operations in Hebrew and English translations of documents may not be available.

As a result of Cannibble being based in Israel, our books and records, including key documents such as material contracts and financial documentation are principally negotiated and entered into and recorded in the Hebrew language and English translations may not exist or be readily available.

Regulatory Risks

Complying with Changing Cannabis Laws

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Cannibble to incur substantial costs associated with compliance or alter certain aspects of our business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of our business. We cannot predict the nature of any future laws, regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Management expects that the legislative and regulatory environment in the cannabis industry in the U.S. and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on our business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions, including in countries that Issuer plans to distribute its cannabis products.

U.S. Regulatory Risks

Cannibble operates in a new industry that is highly regulated, highly competitive, and evolving rapidly. Therefore, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward looking statements. We incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Cannibble and, therefore, on our prospective returns. Further, we may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond our control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies, which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or our operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

This prospectus involves an entity that is expected to continue to derive a portion of its revenues from the cannabis industry in certain states of the U.S., which industry is illegal under U.S. federal law.

While our business activities are compliant with applicable state and local law, those activities remain illegal under U.S. federal law. We are involved in the cannabis industry in the U.S. where local and state laws permit such activities or provide limited defenses to criminal prosecutions. We will be indirectly engaged in the manufacture and distribution of cannabis in the recreational cannabis marketplace in the U.S.

Enforcement of relevant Laws

Cannabis, other than hemp, is a Schedule I controlled substance under the CSA. In December 2018, the U.S. government changed hemp's legal status. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including certain CBD products, no longer violate the CSA. U.S. states have implemented a patchwork of different laws on hemp and its extracts, including CBD. Additionally, the FDA claims that the FDCA significantly limits the legality of hemp-derived CBD products.

Even in U.S. states or territories that have legalized cannabis to some extent, the cultivation, possession, and sale of cannabis all violate the CSA and are punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law, and violating the CSA is a predicate for certain other crimes, including money laundering laws and the *Racketeer Influenced and Corrupt Organizations Act*. The U.S. Supreme Court has ruled that the federal government has the authority to regulate and criminalize the sale, possession and use of cannabis, even for individual medical purposes, regardless of whether it is legal under state law. For over five years, however, the U.S. government has not prioritized the enforcement of those laws against cannabis companies complying with state law and their vendors. No reversal of that policy of prosecutorial discretion is expected under a Biden administration given his campaign's position on cannabis, discussed further below, although prosecutions against state-legal entities cannot be ruled out. See "*U.S. Cannabis Regulation Federal Regulation – Cannabis*" and "*U.S. Industrial Hemp Regulation Federal Regulation – Industrial Hemp*" above.

Entry into the U.S.

Because cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. Business or financial involvement in the legal cannabis industry in Canada or in the U.S. could also be reason enough for U.S. border guards to deny entry.

Adverse action by the FDA

The FDA has broad authority over the regulation of our products. The FDA could, among other things, force us to remove our products from the U.S. market, levy fines or change their regulations on advertising. Any adverse action by the FDA could have a material adverse impact on our business.

Regulatory Approval and Permits

Cannibble may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where our products are licensed. There can be no assurance that we will be able to obtain or maintain any necessary licenses, permits or approvals. Moreover, Cannibble and/or third-party suppliers of hemp extract or hemp-infused products could be required to obtain a CSA permit, which would likely not be a feasible option for retail products. Any material delay or inability to receive these items is likely to delay and/or inhibit our ability to conduct our business, and would have an adverse effect on our business, financial condition and results of operations.

Additional Labeling or Warning Requirements on our Products

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the availability of our products relating to the content or perceived adverse health consequences of our products. Federal laws may pre-empt some or all of these attempts by state or localities to impose additional labeling or warning requirements. If these types of requirements become applicable to our products under current or future environmental or health laws or regulations, they may inhibit sales of our products. Moreover, if we fail to meet compliance deadlines for any such new requirements, our products may be deemed misbranded or mislabeled and could be subject to enforcement action, or we could be exposed to private lawsuits alleging misleading labels or product promotion.

International Regulatory Risks

We intend to expand internationally. As a result, we will become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which we operate or import or export products or materials. In addition, we may avail ourselves of proposed legislative changes in certain jurisdictions to expand our product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. Our failure to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on our business, financial condition and results of operations. If our sales or operations were found to be in violation of such international regulations, we may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations or asset seizures and the denial of regulatory applications.

Banking Risk

It is possible that banks may refuse to open bank accounts for the deposit of funds from our business, as our products are involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect our business.

Potential Changes in Laws and Regulations

Changes to laws and regulations could have a significant impact on our ability to market and sell the Cannibble products. If legislation changes, such action could have a materially adverse effect on: (a) our ability to obtain lawfully sourced raw materials; and (b) the manufacturing, marketing, distribution and sale of our products in one or multiple jurisdictions, up to and including a complete interruption of our business. We cannot predict the nature of any future regulations, interpretations or applications, nor can we determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on our business.

Other Risks

Public Health Crises, Epidemics, and Pandemics

The duration and severity of the current COVID-19 pandemic may significantly impact or exacerbate some of the other risks set forth herein. Risks that may be further impacted by the COVID-19 pandemic relate to our operations and expansion, including our ability to grow our brand and sales and to maintain production levels in the event that our manufacturing partner's employees and personnel are restricted from accessing their facilities for a significant period of time; to our ability to access capital and the level of borrowing costs; and risks relating to supply chain disruption.

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand (across all sectors), service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impacts of the COVID-19 pandemic that may impact Cannibble include: a decrease in demand for the products; a reduction in production levels; increased costs resulting from efforts to mitigate the impact of the COVID-19 pandemic on operations; a deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our capital expenditures or our operations; and a disruption to our distribution channels or supply chains. A material adverse effect on manufacturers, customers, suppliers, or distributors could have a material adverse effect on the Company.

The overall severity and duration of COVID-19-related adverse impacts on our business will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which our suppliers and distributors can return to full production, the status of labor availability and the ability to staff our operations and facilities. Even after the COVID-19 outbreak has subsided, we may continue to experience material adverse impacts to our business as a result of its global economic impact, including any related recession. It is possible that our business operations and financial performance in 2021 and beyond may be materially adversely affected by this global pandemic.

Inability to Protect Intellectual Property

Our success is heavily dependent upon our intellectual property. We rely upon trademarks, trade secrets, unpatented proprietary know-how, and continuing technology innovation to protect the products that we consider important to the development of our business. We rely on various methods to protect our proprietary rights, including confidentiality agreements with our consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of our confidential information. However, despite our efforts to protect our intellectual property rights, unauthorized parties may attempt to copy or replicate our products. There can be no assurances that the steps taken by us to protect our products will be adequate to prevent misappropriation or independent third-party development of our products. It is possible that other companies can duplicate a production process similar to ours. To the extent that any of the above could occur, our revenue could be negatively affected, and in the future, we may have to litigate to enforce our intellectual property rights, which could result in substantial costs and divert our management's attention and our resources.

Conflicts of Interest

Some of our directors and officers will not be devoting all of their time to the affairs of Cannibble. Some of our directors and officers are or may become directors and officers of other companies, some of which may be in the same business as Cannibble. Our directors and officers are required by law to act in the best interests of Cannibble and our executive officers have contractual obligations in their employment agreements to act in our best interest and to avoid and disclose conflicts. They have the same obligations to the other companies in respect of which they act as directors and officers. Such conflicting legal obligations may expose Cannibble to liability to others and impair our ability to achieve our business objectives.

PROMOTER

Yoav Bar Joseph, Elad Barkan, and Ziv Turner may be considered to be the Promoters of the Company in that they took the initiative in organizing the business of the Company.

Other than as disclosed above, no person who was a Promoter of the Company:

1. received anything of value directly or indirectly from the Company;

2. sold or otherwise transferred any asset to the Company within the last 2 years;

3. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO;

4. is at of the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any person or company that was the subject of a cease trade order or similar order or an order that denied the relevant person or company access to any statutory exemptions for a period of more than 30 consecutive days that was issued after the person ceased to be a director, CEO or CFO and which resulted from an event that occurred while the person was acting in the capacity as director, CEO or CFO;

5. is at of the date hereof, or was within 10 years before the date hereof, a director or executive officer of any person or company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the 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 or receiver manager or trustee appointed to hold its assets;

6. has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person;

7. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

8. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

9. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS

Legal Proceedings

The Company is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings, that are material to its business. Management of the Company is not currently aware of any legal proceedings contemplated against the Company.

On November 11, 2020, Asaf Porat, one of our founders, filed a lawsuit in the Tel Aviv Labor Court against Cannibble alleging a violation of labour conditions. The total amount of Mr. Porat's claim was NIS 312,000 (approximately CAD$115,134). Cannibble retained counsel and contested the lawsuit. On January 12, 2022, Cannibble and Mr. Porat agreed to settle the litigation. As part of the settlement, Mr. Porat agreed to waive all claims against Cannibble and signed a document to the Tel Aviv Labour Court requesting that the lawsuit be withdrawn, which occurred on January 17, 2022. The settlement is not material to Cannibble.

Regulatory Actions

From incorporation to the date of this Prospectus, management knows of no:

(i) penalties or sanctions imposed against Cannibble by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;

(ii) other penalties or sanctions imposed by a court or regulatory body against Cannibble necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(iii) settlement agreements Cannibble entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as noted in this Prospectus, from incorporation on August 14, 2018 to the date of this Prospectus, none of the following persons or companies has had any material interest, direct or indirect, in any transaction which has materially affected or is reasonably expected to materially affect Cannibble:

(a) any director or executive officer of the Company;

(b) any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company's outstanding voting securities; and

(c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

AUDITORS

The auditor of the Company is Ziv Haft, Certified Public accountants (Isr.), a BDO member firm, with an address at Amot BDO House, 48 Menachem Begin Road, Tel Aviv 6618001, Israel ("**BDO**").

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is Odyssey Trust Company at its office at 350-409 Granville St., Vancouver, BC V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company from incorporation on August 14, 2018 to the date of this Prospectus which are currently in effect and considered to be currently material:

1. The Registrar and Transfer Agent Agreement dated September 13, 2021;
2. The Escrow Agreement dated January 24, 2022;
3. The Natura Life Science manufacturing agreement dated May 30, 2019;
4. The Pharma-Natural Inc. manufacturing agreement dated November 10, 2019; and
5. Debt Repayment Restriction Agreement dated January 16, 2022 among Cannibble and Yoav Bar Joseph, Elad Barkan, and Ziv Turner.

Copies of the material contracts will be available under the Company's profile at www.sedar.com upon the issuance of the final receipt for this Prospectus.

EXPERTS

Names of Experts

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Prospectus as having prepared or certified a report, valuation, statement or opinion in this Prospectus:

- Our auditor, Ziv Haft, Certified Public accountants (Isr.), a BDO member firm.

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in our property or any of our associates or affiliates. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of ours or our associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of us or of any of our associates or affiliates, or as a promoter of ours or an associate or affiliate of ours.

Interests of Experts

None of the persons set out under the heading "*Experts – Names of Experts*" have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

FINANCIAL STATEMENTS

The audited financial statements of the Company for financial years ended December 31, 2019 and 2020 are included in this Prospectus as part of Schedule "B", and the interim condensed consolidated financial statements for the nine-month period ended September 30, 2021 are included in this Prospectus as part of Schedule "C".

SCHEDULE “A”

CHARTER OF THE AUDIT COMMITTEE

(adopted on August 19, 2021)

This charter shall govern the activities of the audit committee (the “**Committee**”) of the board of directors (the “**Board**”) of Cannibble FoodTech Ltd. (the “**Corporation**”).

Mandate

The purpose of the Committee is to assist the Board in fulfilling its stewardship responsibility for the Corporation with respect to the quality and the integrity of the Corporation’s financial reporting practices, the qualifications and independence and audit process of the independent auditors of the Corporation (the “**Independent Auditors**”) and the audit process of the internal auditor of the Corporation (the “**Internal Auditor**”). In so doing, it is the responsibility of the Committee to facilitate and promote free and open communication between the directors of the Corporation, the Independent Auditors and the financial management of the Corporation.

The function of the Committee is one of oversight. Management is responsible for the preparation, presentation and integrity of the Corporation’s financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Corporation. The Independent Auditors are responsible for auditing the Corporation’s annual financial statements.

Composition

1. The Committee must be composed of a minimum of three directors of the Corporation, the majority of whom a majority of must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation (subject to the exceptions available under National Instrument 52-110 – *Audit Committees*).
2. All of the External Directors of the Corporation (“**External Director**”), as that term is defined in the Israeli Companies Law-1999 (the “**Companies Law**”), shall be members of the Audit Committee.
3. Each member of the Committee shall be financially literate and at least one member shall have expertise in financial reporting.
4. The members of the Committee shall be appointed by the Board annually at the first meeting of the Board following the annual meeting of the shareholders to serve until the next annual meeting of shareholders or until their successors are duly appointed.
5. The Board shall designate one member to act as chair of the Committee (the “**Chair**”) or, if it fails to do so, the members of the Committee shall appoint the Chair among its members. The Chair shall be an External Director.

Meetings

6. The Committee shall meet at least quarterly, with the authority to convene additional meetings, as circumstances require. A majority of the members of the Committee shall constitute a quorum, provided that the majority of the directors present are independent directors and at least one of them is an External Director.
7. The Internal Auditor may participate in the Committee meetings and may ask the Chair to convene the Audit Committee on a specific matter and the Chair shall convene the Committee within a reasonable time pursuant to such a request.
8. The Committee shall, when appropriate, hold *in camera* sessions without management present.
9. The Committee shall keep minutes of its meetings which shall be available for review by the Board. The Committee may appoint any person who need not be a member, to act as the secretary at any meeting. The

Committee may invite such officers, directors and employees of the Corporation and such other advisors and persons as it may see fit, from time to time, to attend at meetings of the Committee, provided that the Committee may not invite a controlling shareholder or a relative of a controlling shareholder.

10. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier if the Committee deems necessary.

Responsibilities

11. All the Committee responsibilities listed below are subject to the Companies Law and National Instrument 52-110 – *Audit Committees*.

Financial Accounting, Internal Controls and Reporting Process

12. The Committee is responsible for:

    (a) oversight of internal controls over financial reporting of the Corporation;

    (b) reviewing and reporting to the Board on the quarterly and annual financial statements and management's discussion and analysis ("**MD&A**");

    (c) satisfying itself that the audit function has been effectively carried out;

    (d) discussing and meeting with, when it deems appropriate to do so and no less frequently than annually, the Independent Auditors, the Chief Financial Officer and any other member of management it wishes to, to review accounting principles, practices, judgments of management, internal controls and such other matters as the Committee deems appropriate;

    (e) reviewing any post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses; and

    (f) reviewing accounting and financial human resources succession planning within the Corporation.

Public Disclosure

13. The Committee shall:

    (a) review the annual and interim financial statements and related MD&A, news releases that contain significant financial information that has not previously been released to the public, and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws and satisfy itself that the documents do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made before the Corporation publicly discloses this information; and

    (b) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of these procedures.

Risk Management

14. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks. In conjunction with the Compensation Committee of the Board, annually review the directors' and officers' third-party liability insurance of the Corporation.

Independent Auditors

15. The Committee shall be responsible for recommending to the Board, for appointment by shareholders, a firm

of external auditors to act as Independent Auditors and for monitoring the independence and performance of the Independent Auditors, including attending at private meetings with the Independent Auditors and reviewing and approving their remuneration.

16. The Committee shall be responsible for resolving disagreements between management and the Independent Auditors regarding financial reporting.

17. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.

18. The Committee shall review the Internal Auditor's and Independent Auditor's audit plan, including scope, procedures and timing of the audit.

19. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.

20. The Committee shall obtain reports from the Independent Auditors (either orally or in writing) describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

21. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

22. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor the independence and objectivity of the Independent Auditors.

Corporate Conduct

23. The Committee shall ensure that there is an appropriate standard of corporate conduct including a corporate code of ethics.

24. The Committee shall establish procedures 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 control related matters.

25. The Committee shall determine, pursuant to the relevant provisions of the Companies Law:

    (a) whether actions are Material or Exceptional, as those terms are defined in the Companies Law;

    (b) the manner of approval of interested party transaction, as these are contemplated in the Companies Law and the Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*; and

    (c) the manner of approval of transactions that are not negligible, as that term is defined in the Companies Law, including determining such types of transactions that will be subject to the approval of the Committee.

Other Responsibilities

26. The Committee shall review and assess the adequacy of this mandate from time to time and at least annually and submit any proposed revisions to the Board for approval.

27. The Committee shall perform any other activities consistent with this mandate and applicable law, as the Committee or the Board deems necessary or appropriate.

Authority

28. The Committee has the authority to:

    (a) engage, at the expense of the Corporation, independent counsel and other experts or advisors as it determines necessary to carry out its duties;

    (b) set and pay the compensation for any independent counsel and other experts and advisors retained by the Committee;

    (c) communicate directly with the Independent Auditors;

    (d) conduct any investigation appropriate to its responsibilities, and request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee; and

    (e) have unrestricted access to the books and records of the Corporation.

SCHEDULE "B"

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2020

[See attached]

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

CANNIBBLE FOOD-TECH LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

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Independent Auditors' Report to the Shareholders of CANNIBBLE FOOD-TECH LTD.

We have audited the accompanying consolidated statements of financial position of CANNIBBLE FOOD-TECH LTD. and its subsidiaries ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of comprehensive loss, changes in shareholder's equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to the audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1b of the consolidated financial statements, which indicates that the Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and continue the development of its THC products, is dependent on its ability to continue to finance its activities by raising additional funds. As stated in Note 1b, these conditions, along with other matters as set for in Note 1b, indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualifed in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intens to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's finanal reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company’s to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tel-Aviv, Israel

January 31, 2022

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US Dollars)

	Note	December 31, 2020	December 31, 2019
		US$ in thousands	
CURRENT ASSETS:			
Cash and cash equivalents	4	304	66
Trade accounts receivable		10	-
Prepaids and other receivables	5	48	43
Restricted cash	6	16	27
Inventory	7	99	111
Total current assets		477	247
TOTAL ASSETS		477	247
CURRENT LIABILITIES:			
Trade accounts payable		47	44
Other accounts payable	8	477	11
Total current liabilities		524	55
NON-CURRENT LIABILITIES:			
Convertible loan	9	149	-
Total non-current liabilities		149	-
SHAREHOLDERS' EQUITY (DEFICIENCY):			
Share capital	12	13	12
Additional paid in capital		1,176	910
Accumulated deficit		(1,385)	(730)
Total shareholders' equity (deficiency)		(196)	192
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		477	247

Uri-Ben-Or, CPA, MBA
Chief Financial Officer

January 31, 2022		
Date of approval of the financial statements	Yoav Bar Yosef Chief Executive officer	Uri Ben-Or Chief Financial officer

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

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands of US Dollars except share and per share data)

	Note	For The Year Ended December 31, 2020	For The Year Ended December 31, 2019
		US$ in thousands	
Revenues from consulting services		64	-
Revenues from sale of goods		32	-
Total Revenues		96	-
Cost of Revenues – consulting services		14	-
Cost of Revenues - sale of goods		42	-
Total Cost of revenues		56	
Gross Profit		40	-
Operating expenses:			
Selling and marketing expenses	13	265	245
Research and development expenses	14	240	250
General and administrative expenses	15	191	188
Total operating expenses		696	683
Operating loss		656	683
Financial expenses		3	4
Financial income		4	18
Net loss and comprehensive loss for the year		655	669
Basic and diluted loss per share (*)		(0.04)	(0.04)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)		18,402,160	17,799,596

(*) After giving effect to the Bonus shares (See Note 18).

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

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(In thousands of US Dollars)

	Ordinary share capital amount	Additional paid in capital	Accumulated deficit	Total
Balance at January 1, 2019	11	-	(61)	(50)
Changes during 2019:				
Issuance of common shares, net	1	910	-	911
Total comprehensive loss for the period	-	-	(669)	(669)
Balance at December 31, 2019	12	910	(730)	192
Changes during 2020:				
Issuance of common shares, net	1	266	-	267
Total comprehensive loss for the period	-	-	(655)	(655)
Balance at December 31, 2020	13	1,176	(1,385)	(196)

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

CANNIBBLE FOOD-TECH LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US Dollars)

	For The year ended December 31, 2020	For The year ended December 31, 2019
	US$ in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss and comprehensive loss for the period	(655)	(669)
Adjustments to reconcile net loss to net cash used in operating activities:		
Increase in trade and other accounts receivable	(15)	(27)
Decrease (increase) in inventory	12	(111)
Increase in trade accounts payable	3	31
Increase (decrease) in other accounts payable	466	(27)
Net cash used in operating activities	(189)	(803)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposit to restricted cash	11	(27)
Net cash provided by (used in) investing activities	11	(27)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares, net	267	911
Convertibale loan	149	-
Loan repayment	-	(27)
Net cash provided by financing activities	416	884
Net Increase in cash and cash equivalents	238	54
Cash and cash equivalents at the beginning of the period	66	12
Cash and cash equivalents at the end of the period	304	66

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

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19

a. Nature of business

Cannibble Food-Tech Ltd. (the "Company", the "Group", or "Cannibble") was incorporated on August 14, 2018 in Israel and commenced operations in May 2018. Cannibble is a cannabis food tech company that develops and manufactures cannabis infused edibles with powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, cannabidiol ("CBD") and tetrahedrocannabinol ("THC") where legal to do so. The product range includes powdered food mixes, beverages, nutritional supplements, spices and a special line of products for athletes, infused with cannabinoids and hemp protein, for the wellness, health and recreational markets.

The Company has developed its own knowledge and filed a provisional patent in the United States during January 2021.

The Company's registered address and principal place of business is 40th Carmel Street, Roash ha'ayin, Israel.

The accompanying consolidated financial statements include the accounts of Cannibble and its wholly-owned subsidiary, EAZY Tech Inc ("EAZY"). All intercompany transactions between the Company and its subsidiary have been eliminated upon consolidation.

EAZY was incorporated on May 23, 2019 under the laws of the State of Delaware and has been the marketing and distribution branch of the Compnay in the U.S. edibles and cannabis market since June 2020.

b. Going concern

During the year ended December 31, 2020, the Company incurred a loss of $655 and negative cash flows from operating activities of $189 and as at December 31, 2020 has an accumulated deficit of $1,385. Between January to March 2021, the Company raised a total amount of $1,797 CAD (approximately $1,400), under a convertible loan agreement. See note 18.

The Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and to continue the development of its THC products, is dependent upon its ability to continue to finance its activities by raising additional funds. As a result, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern .

These consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to obtain the necessary financing as needed to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of the assets and liabilities.

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19 (Cont.)

c. Impact of COVID-19

The ongoing impact of COVID-19 may have a negative effect on our business, financial condition, and results of operations. Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness and restrictions have closed down dispensaries in North America and other points-of-sales such as kiosks, convenience shops, and others.

The development and operation of our business plan is dependent on labour inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19 and it is difficult to predict how this virus may affect our business in the future, including the effect it may have on demand for our products. Currently, we have:

- Reduced expenses on flights and overseas stays which resulted in reduced monthly expenditures;
- Shifted our focus from retail sales to e -commerce;
- Invested in digital marketing and online campaigns to promote the Company’s business; and
- Utilized the time to develop new products that will be launched when the markets re-open.

While the roll out of several vaccines has begun in the United States, Canada, the United Kingdom and Israel, and a number of other promising vaccines are in development, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition and results of operations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standard Board ("IASB"). The financial statements have been prepared under the historical cost convention,, except for financial instruments which are measured at fair value through profit or loss.

The Company has elected to present profit or loss items using the "function of expense" method. In addition, these consolidated financial statements are presented in US dollars and all currency amounts have been recorded to the nearest thousand, unless otherwise indicated.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

b. Foreign currency

The financial statements are prepared and presented in U.S. Dollars, the Company's functional currency.

Transactions and balances in foreign currencies are converted into U.S. Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

Transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the statements of the financial position date.
- Expense items – at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange used to convert the related statements of financial position items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive income.

c. Cash and cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition.

d. Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items. A provision is made to reduce excess and obsolete inventories to net realizable value.

e. Research and development expenses, net of participations:

Research and development expenses are recognized in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognized if the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Company's intention to complete the intangible asset and use or sell it; the Company's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

asset; and the Company's ability to measure reliably the expenditure attributable to the intangible asset during its development. Since the Company's research and development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals are not normally satisfied and, therefore, development expenditures are recognized in profit or loss when incurred.

f. Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the product.

Revenues from services are recognized at the point in time when control of the asset is transferred to the customer, generally upon the provision of the service.

All of the company's customers are from the US.

Major customers over 10% of the Company's revenues:

	For the year ended December 31 2020
Customer A	67%
Customer B	33%

g. Financial instruments

Financial assets

The Company classifies its financial assets based upon the business model for managing the financial asset and its contractual cash flow characteristics.

The Company's financial assets are all classified as amortized cost as they arise principally from the provision of goods and services to customers (e.g. trade accounts receivable) or where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

g. Financial instruments (Cont.)

Financial Liabilities

The Company classifies its financial liabilities, including trade accounts payable and other accounts payable, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The convertible note (see also Note 9) is measured at fair value through profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost. The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As of the reporting date, no provision has been made for doubtful debts

Write-off policy

The Company writes off its financial assets if any of the following occur:

- Inability to locate the debtor.
- Discharge of the debt in a bankruptcy.
- It is determined that the efforts to collect the debt are no longer cost effective given the size of receivable.

The collections department must comply with the collection efforts outlined in the policy to collect on delinquent customer accounts before any write-offs are made.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

h. Loss per share:

Loss per share is calculated by dividing the net loss attributable to owners of the Company by the weighted number of ordinary shares outstanding during the period. Basic loss per share only include shares that were actually outstanding during the period. Potential ordinary shares (convertible securities such as employee options) are only included in the computation of diluted loss per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential ordinary shares that are converted during the period are included in the diluted loss per share only until the conversion date, and since that date they are included in the basic loss per share.

i. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When there are no quoted prices in active markets for identical assets or liabilities, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification by fair value hierarchy

Assets and liabilities measured in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

NOTE 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUPMTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Company's earnings and financial position is convertible loan valuation..

NOTE 4:- CASH AND CASH EQUIVALENTS

	December 31,	
	2020	2019
	US$ in thousands	
Cash	304	20
Short term deposits	-	46
Total	304	66

NOTE 5:- PREPAIDS AND OTHER RECEIVABLES

	December 31,	
	2020	2019
	US$ in thousands	
Government authorities	3	2
Prepaid expenses and other	45	41
Total	48	43

NOTE 6: RESTRICTED CASH

The Company restricted cash is mainly a guarantee to the credit cards liability in the banks in total sum of $16.

NOTE 7: INVENTORY

	December 31,	
	2020	2019
	US$ in thousands	
Finished goods	76	88
Raw materials	23	23
Total	99	111
The cost of inventory expenses during the year	30	-

NOTE 8: OTHER ACCOUNTS PAYABLES

	December 31,	
	2020	2019
	US$ in thousands	
Accrued expenses (*)	474	11
Other	3	-
Total	477	11

(*) See also note 17.

NOTE 9: CONVERTIBLE NOTE

In December 2020, the Company signed a financing in Israel pursuant to which it raised $190 CAD (approximately $149) through the issuance of convertible 8% notes (the "Notes").

Subsequent to the balance sheet, the Company increased the amount of the convertible notes and raised an additional amount of approximately $1,607 CAD (approximately $1,286). see also note 18.

If the Company completes an initial public offering and/or the listing of its shares on the Canadian Securities Exchange (a "Listing Event") at any time prior to December 31, 2021, which may be extended to June 30, 2022 at the noteholder's discretion (the "Maturity Date"), the Notes principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Cannibble Shares at a conversion price per share equal to the lower of: NIS 7.5 (pre- Share Bonus, NIS 1.875 post-Share Bonus) (approximately CAD $2.96 pre-Share Bonus, CAD $0.74 post-Share Bonus), or the price of the Company's Shares as provided in the transaction documents of the Listing Event (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Cannibble Shares at a price per Share reflecting a company valuation of US$ 10 million, on a fully diluted basis. In addition, at conversion of the loan upon a Listing Event, certain investors associated with the convertible note offering will be entitled to receive an additional one warrant, for each share converted, to acquire shares of the Company at an exercise price equal to 150% of the Listing Share Price for a period of 18 months.

As the Notes are denominated in a currency other than the Company's functional currency and will result in the issuance of a variable number of shares, the entire instrument was designated at FVTPL. According to IFRS 9, changes in the fair value of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.
The company categorized the entire instrument within Level 3 of the fair value hierarchy as set by IFRS 13.

As the convertible note will result in the issuance of a variable number of shares, the loan was designated as a financial liability at fair value through profit or loss. As of the balance sheet date, there was no change in fair value.

NOTE 10: COMMITMENTS AND CONTINGENCIES

On November 2020, Asaf Porat, one of the founders, filed a lawsuit against the Company regarding a violation of labor conditions. The total amount of the claim is 312 NIS (approximately $97). As of December 31, 2020, no provision was recognized on this claim as the Company's management, and legal advisors indicate that it is not probable that a significant liability will arise.

NOTE 11: FINANCIAL INSTRUMENTS

a. Classification of financial assets and liabilities:

	December 31,	
	2020	**2019**
	US$ in thousands	
Financial assets at amortized cost:		
Cash and cash equivalents	304	66
Trade accounts receivable	10	-
Restricted cash	16	27
	320	93
Financial liabilities at amortized cost:		
Trade accounts payable	47	44
Other accounts payable	477	11
Financial liabilities at fair value:		
Convertible loan	149	-
Total Financial liabilities	673	55

The convertible loan is classified as a level 3 fair value in the fair value hierarcy.

b. Financial risk factors:

The Company's activities expose it to various market risks (foreign currency risk, Israeli CPI risk and interest rate risk) and credit risk. The Company's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Company's financial performance.

Risk management is performed by the Company's Board. The Board identifies, measures and manages financial risks in collaboration with the Company's operating units. The Board establishes documented objectives for the overall risk management activities as well as specific policies with respect to certain exposures to risks such as exchange rate risk, interest rate risk, credit risk, the use of non-derivative financial instruments and the investments of excess liquid positions.

NOTE 11: FINANCIAL INSTRUMENTS (cont.)

b. Financial risk factors (cont):

Credit risk:
The Company has no significant concentrations of credit risk. All deposits are invested in financial institutions that are considered to be financially sound.

Foreign currency risk:
The Company has cash that is exposed to possible fluctuations in the U.S. dollar exchange rates. The currency exposure arising from current accounts managed in NIS. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2020	
Assets:	US$ in thousands	
	NIS	Total
Cash and cash equivalents	304	304
Restricted Cash	16	16
	304	304

	December 31, 2020	
Liabilities:	US$ in thousands	
	NIS	Total
Trade accounts payable	47	47
Other accounts payable	477	477
Convertible loan	149	149
	673	673

	December 31, 2019	
Assets:	US$ in thousands	
	NIS	Total
Cash and cash equivalents	20	20
Short term deposit	46	46
	66	66

	December 31, 2019	
Liabilities:	US$ in thousands	
	NIS	Total
Trade accounts payable	44	44
Other accounts payable	11	11
	55	55

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risk factors (Cont.)

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	2020	2019
Linked to NIS	304	66
	10%	10%
	(30.4)	(6.6)

c. Liquidity risk:

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures to minimize such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. As of the balance sheet date, the Company has negative working capital.

The following tables details the Company's remaining contractual maturities for its financial liabilities based on the undiscounted cash flows at the earliest date on which the Company can be required to pay.

December 31, 2020:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	USD in thousands						
Trade payables	47	-	-	-	-	-	47
Other payables	477	-	-	-	-	-	477
Convertible loan	149						149
	524	-	-	-	-	-	673

NOTE 11:- FINANCIAL INSTRUMENTS (Cont.)

c. Liquidity risk: (Cont.)

December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	USD in thousands						
Trade payables	44	-	-	-	-	-	44
Other payables	11	-	-	-	-	-	11
	55	-	-	-	-	-	55

NOTE 12:- EQUITY

a. Rights attached to shares:
An ordinary share confers upon its holder(s) a right to vote at the general meeting, a right to participate in distribution of dividends, and a right to participate in the distribution of surplus assets upon liquidation of the Company.

b. On August 14, 2018 the Company issued 4,000,000 common shares with a par value of 0.01 NIS to its founders

c. On January 16, 2019 the Company completed its first round of crowdfunding (the "First Round") via the platform of PipelBiz, a Brokered Private Placement. The Company issued 351,667 Ordinary shares in consideration of a total gross amount of 2,417 NIS (approximately 676$), Issuance expenses amounted to 388 NIS (approximately 108$).

d. On April 4, 2019 the Company completed its second round of crowdfunding (the "Second Round") via the platform of PipelBiz, a Brokered Private Placement The Company issued 173,620 Ordinary shares in consideration of a total gross amount of 1,194 NIS (approximately 319$), Issuance expenses amounted to 126 NIS (approximately 34$)..

e. During the period of January through May 2019, the Company issued to a private investors ("the Investors") 31,171 Ordinary shares in consideration of 214 NIS (approximately 59$). Following the transaction, the Investors will hold 0.68% of all issued and outstanding share capital of the Company.

f. On May 7, 2019 the Company signed an agreement with ZerMatok Consulting Ltd. to provide consulting services in connection with its listing on a Canadian stock exchange by means of an initial public offering or reverse takeover (the “ZerMatok Agreement”). Under the ZerMatok Agreement, ZerMatok provides advisory services including preparation of a business plan, advice on legal and financial structure, introductions to Canadian investment banks, assistance regarding board composition, assistance with raising capital in Israel, and other related services.

(In thousands of US Dollars)

NOTE 12:- EQUITY (Cont.)

As compensation, ZerMatok is paid a monthly retainer of $2,000, a cash fee of 5% on funds invested by investors introduced by ZerMatok, and 546,776 (post-split) share purchase warrants to be exercised into Shares at a closing of an IPO at a price of NIS 1.719 (post-split) per warrant Share. The ZerMatok Agreement is for a 2 year period and can be terminated by either party on 30 days' notice in writing.

As of the balance sheet date, the Company does not expect the occurrence of the IPO. Thus, no expense has been recorded.

g. On August 10, 2020 the Company completed its third round of crowdfunding (the "Third Round") via the platform of PipelBiz, a Brokered Private Placement. The Company issued 112,798 Ordinary shares in consideration of a total gross amount of 1,058 NIS (approximately 310$), Issuance expenses amounted to 150 NIS (approximately 44

In connection with the capital raised through the January 2019, April 2019 and August 2020 crowdfunding arrangments, the Company undertook to pay annual dividends to the new shareholders in the amount of at least 20% of the net profit, as reflected in Company's audited annual financial statements for the fiscal years ending December 31, 2019, 2020 and 2021. The Company has not yet been required to pay any dividends in connection with these financings.

Composition:

	Number of shares as of December 31, 2020	
	Authorized	**Issued and outstanding**
Common shares with a par value of NIS 0.01	1,000,000,000	4,669,256

	Number of shares as of December 31, 2019	
	Authorized	**Issued and outstanding**
Common shares with a par value of NIS 0.01	1,000,000,000	4,556,458

Share activity	**Issued and outstanding December 31, 2019**
Balance – Beginning of Period	4,000,000
January 16, 2019 PipelBiz Private Placement (note 12c)	351,667
January through May 2019 private investors Placement (note 12e)	31,171
April 4, 2019 PipelBiz Private Placement (note 12d)	173,620
Balance – End of Period	**4,556,458**

NOTE 12: EQUITY (Cont.)

Composition (Cont.)

Share activity	Issued and outstanding December 31, 2020
Balance – Beginning of Period	4,556,458
On August 10, 2020 PipelBiz Private Placement (note 12f)	112,798
Balance – End of Period	**4,669,256**

NOTE 13: Selling and marketing expenses:

	Year ended December 31,	
	2020	2019
	US$ in thousands	
Salaries and related expenses	141	52
Professional services	121	103
Travel abroad	-	88
Other	3	2
Total	265	245

NOTE 14: Research and development expenses:

	Year ended December 31,	
	2020	2019
	US$ in thousands	
Salaries and related expenses	231	94
Professional services	-	56
Travel abroad	5	96
Other	4	4
Total	240	250

NOTE 15: General and administrative expenses:

	Year ended December 31,	
	2020	2019
	US$ in thousands	
Salaries and related expenses	35	93
Professional services	150	78
Other	6	17
Total	191	188

NOTE 16: TAXES ON INCOME

a. Corporate tax rates in Israel:
The Israeli corporate tax rate in n 2019 and 2020 was 23%.

b. Final tax assessments:
The Company did not received final tax assessments since inception.

c. Deferred taxes:
The Company did not recognize deferred tax assets for carryforwards losses and other temporary differences because their utilization in the foreseeable future is not probable.

	Year ended December 31, 2020	Year ended December 21, 2019
Loss before taxation	(655)	(669)
Theoretical tax credit at applicable statutory 2020 and 2019: 23%	(151)	(154)
Non allowable expenses	-	-
Temporary differences and tax losses for which no DTA is recognized	151	154
Income tax benefit	-	-

d. Current taxes:
The Company did not record any current taxes for the years ended December 31, 2019 and 2020 as it is still incurring losses on an ongoing basis.

NOTE 17:- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel .Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

b. **Payable related parties:**

Related Party	Nature	For the year ended December 31, 2020	For the year ended December 31, 2019
		(US$ in thousands)	
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	140	-
Ziv Turner- VP BUSNIESS, Director & shareholder & founder	Salary fees (*)	140	-
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	140	-

c. **The following transactions arose with related parties:**
Transactions- expenses

	For the year ended December 31,	
	2020	**2019**
	(US$ in thousands)	
Fees paid to the FORMER CFO (see also note 10; 17d)	-	58
Fees to CEO, CTO & VP BUSNIESS (*)	432	61
Fees paid to Omrikrum LTD (2)	-	55
Fees paid to Apologens LTD (1)	-	64

(*) Due to a board of directors , the three founders employees shall receive a salary of 20 $ a month from June 2020. As for December 31, 2020 this amount is a part of accrued expenses (see note 8). The Company and the founders reached an agreement that the Company has the option to convert the debt into shares at a value on the day of the conversion, in case there is not enough money to repay the debt.

NOTE 17: BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Cont).

c. **The following transactions arose with related parties:**
Transactions- expenses (Cont).

(1) A company in which, Ziv Terner, a director and shareholder receive consulting fees
(2) A company in which, Elad barkan, a director and shareholder receive consulting fees

d. On February 2, 2020 The company's CFO and director Mr. Asaf Porat announced his resignation.

NOTE 18: SUBSEQUENT EVENTS

a. On March 31, 2021, the Company authorized the Bonus of its Shares on a one for four basis. The number of shares reflected throughout the consolidated financial statements are on a pre-bonus basis.

b. On March 25, 2021, the Company increased the amount of the convertible notes and raised an additional amount of approximately $1,607 CAD (approximately $1,286) through the issuance of a convertible note (the "Note"). (see also note 9).

c. On February 11, 2021 the Company entered to a finder's fee agreement with Exiteam Capital Partners Ltd., an Israeli venture capital firm. Exiteam was responsible for raising the Company's convertible note. As compensation for introducing Israeli investors who invest in Cannibble, the Company has agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("Exiteam Warrants") to purchase shares of the Company equal to 8% of the number of shares issued to investors introduced by Exiteam. The Exiteam Warrants are exercisable, subject to a listing on a Canadian stock exchange, for a period ending on the earliest of: the listing of the Company's shares on a Canadian stock exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants. Upon completion of the recruitment of the convertible note, 193,142 warrants were given to the Company's service provider. The valuation of the warrants were set at fair value according to the date of grant' and amounted to $33.

As additional compensation, if Exiteam introduces investors who invest more than CAD$1,000,000, Exiteam will be entitled to an additional bonus of CAD$50,000, payable in free tradeable shares subject to a listing. The amount of CAD$50,000 amount is a part of this period expenses, as a contingent liability.

d. On April 15, 2021, the Company issued 26,882 ordinary shares to Amuka Capital Corp. The company also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. At the time of grant, the value of these shares and warrants is 13$ (approximately CAD$16) and 7$, respectively. (approximately CAD$9)

NOTE 18: SUBSEQUENT EVENTS(Cont).

e. On July 5, 2021, the Company completed an offering of units ("Units") of its securities through Frontfundr Financial Services Inc. ("Frontfundr"), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD$0.93 and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. The Corporation issued a total of 160,936 Units for gross proceeds of CAD$ 149.6, pursuant to available prospectus exemptions.

Pursuant to the agency agreement the Company signed with Frontfundr in November 2020, it issued 7,415 share purchase warrants to Frontfundr. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of issuance to acquire one ordinary share at an exercise price of CAD$ 0.93.

f. On December 22, 2021, the Corporation issued 26,882 shares to an advisor for services provided.

g. On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the CSE, the Corporation effected the Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of $46 (approximately CAD$57) converted at CAD$ 0.93 per share.

As part of the Debt Conversion, Ziv Turner converted an additional $43 of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares to increase their cost base to CAD$0.02 per share.

In the third week of January 2022, Asaf Porat paid approximately CAD$53 to Cannibble (the "Porat Payment") as an additional subscription amount for his founder's shares. The Said CAD $ 53,333 will be deducted from the company liability towards Aasf porat.

h. On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

Cannibble Foodtech Ltd.

Management's Discussion and Analysis
for the year ended December 31, 2020

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1. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is management’s assessment of the results and financial condition of Cannibble Foodtech Ltd. (the "**Corporation**" or "**Cannibble**").

The following information should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2020 and the notes to those financial statements, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The effective date of this management’s discussion and analysis ("**MD&A**") is January 31, 2022. All dollar amounts are stated in United States dollars ("**US$**") unless otherwise indicated. For reference, "**NIS**" means the Israeli New Shekel.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains information and statements that that relate to our current expectations and views of future events and constitute “forward-looking information” under Canadian securities laws. These are statements about possible events, conditions or financial performance that are based on assumptions about future economic conditions and courses of action.

When used in this MD&A, the words “expects”, “anticipates”, “intends”, “plans”, “may”, “believes”, “seeks”, “estimates”, “appears” and similar expressions (including negative and grammatical variations) generally identify forward-looking information. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- our anticipated cash needs and our need for additional financing;
- our ability to obtain funding for our operations, including funding for research and commercial activities;
- the initiation, timing, cost, progress and success of our product development efforts;
- our business model and strategic plans to grow our business and operation, including our expectations regarding growth rates;
- our ability to achieve profitability;
- our ability to establish and maintain relationships with qualified manufacturers and distributors for our products;
- our ability to protect our intellectual property;
- our competitive position and the regulatory environments in which we operate;
- the future growth of the cannabis industry;
- the rate and degree of market acceptance of our existing and future products;
- our expectations regarding market risk, including interest rate changes and foreign currency fluctuations;

- our expected business objectives for the next twelve months;
- our plans with respect to the payment of dividends; and
- our estimations and anticipated effects of the novel strain of coronavirus ("**COVID-19**") pandemic.

In developing the forward-looking statements contained herein related to the Corporation, we have made assumptions with respect to, among other things, (i) the outlook for Israeli, United States and global economies, including, in particular, the cannabis and hemp industry sectors; (ii) that regulatory requirements will be maintained; (iii) our ability to successfully execute our plans and intentions; (iv) the availability of financing on reasonable terms; (v) the Corporation's ability to retain our key employees; (vi) market competition; (vii) the products and technology offered by our competitors; and (vii) that our current good relationships with our suppliers, service providers and other third parties will be maintained.. These assumptions are based on our management's perception of trends, current conditions, and expected future developments, as well as any other factors our management considers relevant. Although we believe that the assumptions on which the forward-looking statements are based and the expectations represented in the forward-looking statements are reasonable, there can be no assurance that the forward-looking statements contained herein will prove to be accurate. Factors which could cause actual results, events, or circumstances to differ materially from those expressed or implied in forward-looking statements include, but are not limited to: general economic, political, tax, market and business factors and conditions; interest rate and foreign exchange rate fluctuations; volatility in Israeli, Canadian or global equity and capital markets; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; and other risks related to Cannibble and our business. These and other risks and uncertainties are described in the section entitled "*Risk Factors*".

Readers should not place undue reliance on forward-looking statements because of the inherent uncertainty of forward-looking statements. Forward-looking statements in this MD&A are provided as of the date of this MD&A, and we disclaim any obligation to update any forward- looking statements, except to the extent required by applicable securities laws.

2. DESCRIPTION OF BUSINESS

Structure of the Corporation

The Corporation was incorporated as a private limited liability company under the Israeli Companies Law, 5759-1999 on August 14, 2018. Cannibble's corporate headquarters and registered address are located at 40 Carmel St Rosh Haayiin, Israel. The Corporation has one wholly-owned subsidiary, EAZY Tech Inc., a limited liability company organized under the laws of the state of Delaware.

Cannibble is food tech company that develops and manufactures powder food and drink mix products that it markets under its brand name "the Pelicann", which are subsequently enhanced variously with hemp seeds, hemp protein, cannabidiol ("CBD"), and tetrahydrocannabinol ("THC"), where legal to do so.

Cannibble developed a proprietary process technology for the manufacture of secret "Black Box" product mixes that are the core powdered ingredients of its various product families and are the foundation of the business. The Black Boxes are manufactured for Cannibble in Israel and then shipped to its external markets to be subsequently infused with THC, CBD, or hemp by a local manufacturer operating under Cannibble's directions. The unique process technology infuses and distributes evenly powder-based cannabinoids, seeds, oils and other powders into every product, which are mixed automatically in an industrial production line by Cannibble's local manufacturer. Cannibble currently has contract manufacture relationships in California and Florida in the United States.

Cannibble has developed over 100 product SKUs and in the first quarter of 2020 Cannibble launched its first 32 products for sale in the United States. Cannibble operates an online store at www.the pelicann.com and a store on Amazon.com (the Pelicann) where Cannibble sells its hemp based products.

Significant Financial Developments during the Period

To capitalize its business, in 2019 and 2020 Cannibble completed three rounds of crowdfunding in Israel, as well as other private placements.

On August 14, 2018 the Corporation issued 4,000,000 ordinary shares with a par value of 0.01 NIS to its founders.

On January 16, 2019, the Corporation completed its first round of crowdfunding via the the Israeli regulated crowdfunding platform, PipelBiz. The Corporation issued 351,667 ordinary shares for gross proceeds of NIS 2,417,710 (approximately US$676,000), Issuance expenses amounted to NIS 388,000 (approximately US$108,000).

On April 4, 2019, the Corporation completed its second round of crowdfunding via PipelBiz. The Corporation issued 173,620 ordinary shares in consideration of a total gross amount of NIS 1,194,000 (approximately US$319,000). Issuance expenses amounted to NIS 126,000 (approximately US$34,000).

During the period of January through May 2019, the Corporation issued 31,171 ordinary shares to private investors for gross proceeds of NIS 214,000 (approximately US$59,000).

In August 2020, Cannibble completed a third round of crowdfunding through PipelBiz. The Corporation issued an aggregate of 112,798 ordinary shares to 419 investors for gross proceeds of NIS 1,058,305 (approximately US$310,000). Issuance expenses amounted to NIS 150,000 (approximately US$44,000).

In connection with the capital raised through the three PipelBiz crowdfunding rounds, the Corporation agreed to pay annual dividends to the PipelBiz shareholders in the amount of at least 20% of its net profit, as reflected in the audited annual financial statements, for the fiscal years ending December 31, 2019, 2020, and 2021. The Corporation has not yet been required to pay any dividends in connection with these financings, and this obligation will automatically become void upon the ordinary shares being listed on any stock exchange.

Since inception to December 31,2020, Cannibble has an accumulated a deficit of $1,385,000. Cannibble expects its operating losses to be reduced as it begins sale of products in California and as it develops its online business. The Corporation funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if capital market conditions in general or with respect to the cannabis sector or development stage companies such as Cannibble are unfavorable, the Corporation’s ability to obtain additional funding will be adversely affected.

Selected Annual Information

The following table sets forth selected financial information is presented for the year ended December 31, 2020, the year ended December 31, 2019 and the year ended December 31, 2018. The selected financial information set out below has been derived from our annual audited consolidated financial statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of our future performance.

Fiscal Year Ended December 31	year ended December 31, 2020	year ended December 31, 2019	year ended December 31, 2018
Total revenue	96	-	-
Profit or loss from operations	656	683	63
Profit or loss per share, basic and diluted	(0.14)	(0.15)	(0.05)
Total current assets	477	247	28
Total -current financial liabilities	524	55	78
Total non-current financial liabilities	149	-	-
Total shareholders' equity (deficiency)	(196)	192	(50)

<u>Year ended December 31, 2020, compared to year ended December 31, 2019</u>

<u>Revenues</u>

For the year ended December 31, 2020, total revenues amounted to US$96 thousands comparing to none for the year ended December 31,2019. The revenues were comprised of consulting services and sales of goods. The consulting services revenues were generated from services provided to a facility in the United States where products are manufactured under license.

Cost of revenue

For the year ended December 31, 2020, cost of revenues amounted to US$56 thousands and are attributable to cost of goods and costs of consulting services, comparing to none for the year ended December 31,2019.

Gross Profit

For the year ended December 31, 2020, gross profit amounted to US$40 thousands, comparing to none for the year ended December 31,2019.

Selling and Marketing Expenses

For the year ended December 31, 2020, selling and marketing expenses amounted to US$ 265 thousands compared to US$245 thousands for the year ended December 31, 2019. The increase of US$20 thousands, was mainly a result of increase in the activity of the Corporation, which included increases in salaries and in professional services of US$ 107 thousands, offset by reduced costs for travel abroad of US$88 thousands resulting from the COVID-19 pandemic.

Research and Development Expenses

For the year ended December 31, 2020, research and development expenses amounted to US$240 thousands compared to US$250 thousands for the year ended December 31, 2019. The overall decrease of US$10 thousands was mainly attributed to increases in salaries and related expenses of US$137 thousands, offset by decreases in professional services of US$56 thousands and travel abroad of US$91 thousands.

General and Administrative Expenses

For the year ended December 31, 2020, general and administrative expenses amounted to US$191 thousands compared to US$ 188 thousands for the year ended December 31, 2019. The increase of US$3 thousands in general and administrative expenses compared to the same period in 2019 was mainly attributed to decrease in salaries and related expenses of US$128 thousands offset by increase in professional services of US$72 thousands and other expenses of US$11 thousands.

Finance income, net

For the year ended December 31, 2020, finance income net amounted to US$1 thousands, as compared to the finance income net of US$14 thousands for the year ended December 31, 2019.

Quarterly Information

Quarter Ended	2020 June 30	2020 March 31
Revenue	41	2
Net income (loss) for the quarter	(56)	(78)
Net income (loss) per share (Basic and diluted)	(0.003)	(0.004)

Quarter Ended	2019 June 30	2019 March 31
Revenue	$	$
Net income (loss) for the quarter		
Net income (loss) per share (Basic and diluted)		

3. LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Corporation has generated limited revenues, with sales commencing during the third quarter of the year ended December 31, 2020. The Corporation believes it has the capability to continue financing itself in the foreseeable future, through the issuance of equity and future revenue from sales. The Corporation has generated an accumulated deficit of US$1,385 thousands since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

During the year ended December 31, 2020, the Corporation incurred a loss of $655 thousands compared to a loss of $669 thousands for the year ended December 31, 2019.

On December 31, 2020, the Corporation had a negative working capital of US$47 thousands, compared with US$192 thousands on December 31, 2019, which consisted of cash and cash equivalents, other accounts receivable and inventory, trade accounts payable, other accounts payable and accrued liabilities.

As of the date of this MD&A, the Corporation anticipates raising additional funds to support additional research and development costs and to have sufficient resources to support its operations, including the payment of current and non-current liabilities, as they become due.

During the year ended December 31, 2020, the Corporation's overall position of cash and cash equivalents increased by US$238 thousands compared to an increase of US$54 thousands in the year ended December 31, 2019.

This change in cash and cash equivalents can be mainly attributed to the following:

- The Corporation’s net cash used in operating activities during the year ended December

31, 2020 amounted to US$189 thousands as compared to US$803 thousands for the year ended December 31, 2019. The increase in net cash used in operating activities in the year ended December 31, 2020 is mainly attributable to an increase in other accounts payable of US$466 thousands due primarily to management fees agreements signed with the CEO, CTO and vice president-business development during the third quarter of 2020 in the amount of 420 thousands. The amounts owing under the management fees agreements were accrued and will be either paid in ordinary shares upon the Corporation becoming listed on a stock exchange, or in cash, when the Corporation's finances allow.

- The Corporation's net cash provided by financing activities during the year ended December 31, 2020 was US$ 416 thousands as compared to US$884 thousands for the year ended December31, 2019. The cash provided by financing activities during the year ended December 31, 2020 resulted from cash provided by the completion of crowdfunding in August 2020, and the issue of a convertible note on December 2020 resulting in US$149 thousands.

4. OFF BALANCE SHEET ARRANGEMENTS

The Corporation has not entered into any off-balance sheet arrangements.

5. COMMITMENTS AND CONTINGENCIES

On November 2020, Asaf Porat, one of the founders, filed a lawsuit against the Corporation regarding a violation of labor conditions. The total amount of Mr. Porat's claim was NIS 312,000 (approximately CAD$115,134). The Corporation retained counsel and contested the lawsuit. On January 12, 2022 the Corporation reached a settlement with Mr. Porat pursuant to which he agreed to waive all the claims against the Corporation and signed a document to the Tel Aviv Labour Court requesting the withdrawal of the lawsuit. The settlement is not material to the Corporation.

6. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Corporation's senior management, who are considered to be key management personnel by the Corporation.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following table sets forth information concerning the total transactions (expenses) to the named executive officers of the Corporation for the year ended December 31, 2020 and the year ended December 31, 2019.

	For the year ended December 31,	
	2020	**2019**

	(US$ in thousands)	
Fees paid to Asaf Porat, the former CFO	-	58
Fees to CEO, CTO, and VP Business Development	432	61
Consulting fees paid to Omrikrum Ltd.(1)	-	55
Consulting fees paid to Apologens Ltd.(2)	-	64

(1) A company controlled by Ziv Turner, a director and officer of the Corporation.

(2) A company controlled by Elad Barkan, a director and officer of the Corporation.

On February 2, 2020 The Corporation's then CFO and director, Mr. Asaf Porat, announced his resignation.

The following table sets forth information concerning the amounts payable to the named executive officers of the Corporation and outstanding at the year end for the year ended December, 31, 2020 and the year ended December 31, 2019.

	For the year ended December 31, 2020	**For the year ended December 31, 2019**
	(US$ in thousands)	
Yoav Bar Joseph – CEO, Director & shareholder & founder	140	-
Ziv Turner- VP Business Development, Director & founder	140	-
Elad Barkan – CTO, Director & shareholder & founder	140	-

7. CHANGES IN ACCOUNTING STANDARDS

Please refer to the December 31, 2020 financial statements for accounting policy pronouncements.

8. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Assets recorded at fair value in the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments are measured either at fair value or at amortized cost.

Cannibble’s risk exposures and the impact on our financial instruments are summarized below:

Fair Values

The carrying values of the financial instruments approximate their fair values. The cash is valued using quoted market prices in active markets.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Israeli New Shekel and the United States dollar and other foreign currencies will affect our operations and financial results. Cannibble is exposed to currency risk as funds are held in Israeli currency and revenues and a significant portion of its expenses are denominated in United States currency. As at December 31, 2020 and December 31, 2019, Cannibble has not entered into any hedging agreements to mitigate foreign currency risk. Therefore, Cannibble’s financial position and financial results may be adversely affected by unfavorable fluctuations in currency exchange rates. The Corporation has cash that is exposed to possible fluctuations in the U.S. dollar exchange rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

Liquidity Risk

The Corporation’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due by raising sufficient funds. As of December 31, 2020, the Corporation had a US$ 47 thousand negative working capital balance (December 31, 2019 - US$ 192 thousand positive working capital), and the Corporation has little exposure to liquidity risk, as it will balance expenditures with available working capital.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Corporation has an 8% interest-bearing convertible loan. The Corporation periodically monitors its cash activity and is satisfied with the credit ratings of its banks.

RISKS AND UNCERTAINTIES

The Corporation’s business as a foodtech company in the cannabis industry is subject to a number of significant risk factors. The following are certain risk factors related to Cannibble, its business, and risks related to ownership of the Corporation’s ordinary shares. If any event arising from the risk factors set forth below occurs, the Corporation’s business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Corporation believes that the risk factors described below are the most material risks that it faces, they are not the only ones. Additional risk factors not presently known to the Corporation or that the Corporation currently believes are immaterial could also materially and adversely affect our business, prospects, cash flows, results of operations or financial condition and negatively affect the value of Cannibble's ordinary shares. Readers should carefully consider each of these risks and all of the information in this MD&A.

Business and Industry Risks

Speculative nature of investment risk

An investment in Cannibble's ordinary shares carries a high degree of risk and should be considered as a speculative investment by purchasers. Cannibble has a limited history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and are unlikely to pay dividends in the immediate or near future. Cannibble in the development phases of its business and has only very recently offered some of its planned products for sale. The Corporation's operations are not yet sufficiently established so that it can mitigate the risks associated with its planned activities.

Liquidity and future financing risk

Cannibble is in the development stage and has not generated a significant amount of revenue. Cannibble will likely operate at a loss until its business becomes established and it may require additional financing in order to fund future operations and expansion plans, including developing new products, enhancing existing products, enhancing its operating infrastructure and expanding the geographical area in which it operates. Cannibble's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions, as well as business success. There can be no assurance that Cannibble will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing authorized capital, control may change, and shareholders may suffer additional dilution.

There is no existing public market for the Corporation's ordinary shares.

There is currently no public market for the Corporation's ordinary shares. The Corporation plans to seek a listing on the Canadian Securities Exchange ("**CSE**"). If Cannibble is successful in achieving a listing of its ordinary shares on the CSE (which cannot be guaranteed), it cannot predict the price at which its ordinary shares will trade upon listing, assuming they are listed, and there can be no assurance that an active trading market will develop after listing or, if developed, at what price level that market will be sustained. In addition, if an active public market does not develop or is not maintained, investors may have difficulty selling their ordinary shares.

Increased costs of being a publicly traded company

If the Corporation successfully lists on the CSE, it will incur significant additional legal, accounting and filing fees that it does not at present incur. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices and to continuously prepare and disclose material information, all of which will significantly increase Cannibble's legal and financial compliance costs.

Competition

Cannibble faces competition in the markets in which it operates and intends to operate in the near future. Some of the Corporation's competitors may be better positioned to develop superior products and make technological innovations, and better able to adapt to changing market conditions than Cannibble is. The Corporation's ability to compete depends on, among other things, consistent high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition in the markets in which the Corporation operates may force it to reduce its product prices or may result in increased costs, and may have a material adverse effect on Cannibble's business and operating results. Any decrease in the quality of the Corporation's products or level of service to customers, or any forced decrease in product pricing may adversely affect its business and operating results.

Limited operating history and no established financing sources

Although the Corporation believes its management team has extensive knowledge of the food product industry generally and the cannabis industry, and the Corporation closely monitors changes in recreational cannabis laws worldwide, the Corporation operates in an evolving industry that may not develop as expected and the Corporation may not be able to adapt as needed to stay competitive in the cannabis and hemp industry. Furthermore, Cannibble was incorporated in August 2018 and has a limited operating history and no established financing sources. Cannibble is subject to all of the business risks and uncertainties associated with any new business. Cannibble's financial condition and results of operations will depend on many factors, including its ability to bring its full range of products to commercial production, its ability to achieve marketing success, and the continued legality of its products.

Product development

If Cannibble cannot successfully develop, manufacture and distribute its products, or if it experiences difficulties in the development process, such as capacity constraints, quality control problems, problems with contract manufacturers in the U.S., or other disruptions, Cannibble may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect its ability to effectively achieve success in the market. A failure by Cannibble to achieve a low-cost structure through economies of scale or improvements in manufacturing processes would have a material adverse effect on our commercialization plans and our business, prospects, results of operations and financial condition.

Product liability

Cannibble's products will be produced for sale both directly and indirectly to end consumers, and therefore Cannibble faces an inherent risk of exposure if product liability claims, regulatory action, and litigation if its products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of the Corporation's products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that its products caused injury or illness, or include inadequate instructions for use or warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the

Corporation could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

Target market size

Because the hemp-, CBD-, and THC-infused products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding whether to invest in the Corporation and few, if any, established companies whose business model the Corporation can follow, or upon whose success the Corporation can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Corporation. There can be no assurance that the Corporation's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. Furthermore, the size of the health and wellness consumer goods products market is large, the Corporation is not an established player and it will be difficult to acquire significant market share at the outset for the sale of the Corporation's products.

Effectiveness and efficiency of advertising and promotional expenditures

The Corporation's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including its ability to (i) create greater awareness of its products, (ii) determine the appropriate creative message and media mix for future advertising expenditures and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that the Corporation's advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Corporation's products. In addition, no assurance can be given that Cannibble will be able to manage its advertising and promotional expenditures on a cost-effective basis.

Promoting the Pelicann brand

The Corporation believes that maintaining and promoting its brand is critical to expanding its customer base. Maintaining and promoting the Pelicann brand will depend largely on Cannibble's ability to provide quality, reliable and innovative products, which Cannibble may not be successful in doing. The Corporation may introduce new products or services that its customers do not like, which may negatively affect its brand and reputation. Maintaining and enhancing the Corporation's brand may require it to make substantial investments, and these investments may not achieve the desired goals. If the Corporation is not successful in promoting and maintaining its brand or if the Corporation incurs excessive expenses in this effort, its business and financial results from operations could be materially adversely affected.

Changing consumer preferences

As a result of changing consumer preferences, many wellness, cannabis, or other innovative products attain financial success for a limited period of time. Even if Cannibble's products find some retail success, there can be no assurance that any of its products will continue to see extended financial success. The Corporation's success will depend upon its ability to develop new and improved product lines that meet changing customer preferences. The Corporation's failure to introduce new features and product lines and to achieve and sustain market acceptance could result in a decline in the Corporation's products' popularity that could reduce the Corporation's revenues and harm its business, operating results, and financial condition.

Key personnel risk

The Corporation's success and future growth will depend, to a significant degree, on the continued efforts of its directors and officers to develop the business and manage operations, and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on Cannibble's business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that the Corporation will be able to attract or retain key personnel in the future. The Corporation's inability to attract and retain the necessary personnel could materially adversely affect its business and financial results from operations.

Reliance on third party suppliers, service providers and distributors

The Corporation intends to maintain a full supply chain for the material portions of the production and distribution process of our BlackBox products and expects to continue to rely on contract manufacturers for the final formulation of its products for sale in the U.S. and elsewhere. The Corporation's suppliers, manufacturers, service providers, and distributors may elect, at any time, to breach or otherwise cease to participate in supply, manufacturing, service or distribution agreements, or other relationships, on which Cannibble's operations rely. Loss of the Corporation's suppliers, manufacturers, service providers or distributors would have a material adverse effect on our business and operational results.

The Corporation will be highly dependent on the uninterrupted and efficient operation of its third-party manufacturers. Its third-party manufacturers may not continue to maintain their required certification or continue or be willing or able to produce the Corporation's products at reasonable prices or at all. If for any reason the Corporation's third-party manufacturers discontinue production of its products, that would likely result in significant delays in production of the Corporation's products and interruption of sales as the Corporation seeks to establish a relationship and commence production with other manufacturers. The Corporation may be unable to make satisfactory production arrangements with another manufacturer on a timely basis or at all. If operations at one of the Corporation's third-party manufacturer's manufacturing plant were to be disrupted as a result of equipment failures, natural disasters, fires, accidents, work stoppages, power outages or other reasons, the Corporation's business, financial condition and/or results of operations could be materially adversely affected.

In addition, the Corporation will be dependent on third parties to obtain certain raw materials, including hemp, and CBD and THC extracts, necessary to develop and produce Cannibble's products. The raw materials required for the production of the Corporation's products, including hemp and CBD and THC extracts, may not be available to it on favorable pricing terms in the future or at all when they are needed. If the Corporation is no longer able to obtain raw materials, including hemp and CBD and THC extracts, from one or more of its suppliers on terms reasonable to it, or at all, the Corporation's revenues, business, financial condition and operations would be negatively affected. While potential alternative suppliers of raw materials may be identified, they must first pass intensive validation tests to ensure their compliance with product specifications. No assurance can be given regarding the successful outcomes of such tests or Cannibble's ability to secure alternate sources of supply at competitive pricing and upon fair and reasonable contractual terms and conditions.

The Corporation's profit margins and the timely delivery of its products are dependent upon the ability of its outside suppliers and manufacturers to supply the Corporation with products in a timely and cost-efficient manner. The Corporation's ability to develop its business and enter new markets and sustain satisfactory levels of sales in each market depends upon the ability of its outside suppliers and manufacturers to produce the ingredients and products and to comply with all applicable regulations. The failure of the Corporation's primary suppliers or manufacturers to supply ingredients or produce its final products could adversely affect its business operations.

Compliance by manufacturers with GMP requirements

All the Corporation's US-based manufacturers and suppliers must comply with applicable GMP, regulations for the manufacture of its products, which are enforced by the FDA through its facilities inspection program. The FDA may conduct inspections of the Corporation's third-party manufacturers to assure they are in compliance with such regulations. These GMP requirements include quality control, quality assurance and the maintenance of records and documentation, among other items. The Corporation's manufacturers may be unable to comply with these GMP requirements and with other regulatory requirements. A failure to comply with these requirements may result in fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, warning or untitled letters, import or export bans or restrictions or criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of Cannibble's products. If the safety of the Corporation's products is compromised due to a third-party manufacturer's failure to adhere to applicable laws or for other reasons, the Corporation may not be able to successfully sell its products. The Corporation cannot be sure that its third-party manufacturers will continue to reliably supply products at the levels of quality, or the quantities, it requires and in compliance with applicable laws and regulations, including GMP requirements.

Unfavourable publicity or consumer perception

The Corporation believes its industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of its products and perceptions of regulatory compliance. Consumer perception of the Corporation's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the hemp-, CBD-, and THC- infused edibles market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Cannibble's products and business, results of operations, financial condition and cash flows. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for its products, and its business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of hemp-, CBD-, or THC-infused products in general, or Cannibble's products specifically, with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Inability to sustain pricing models

Significant price fluctuations or shortages in the cost of materials may increase the Corporation's cost of goods sold and cause its results of operations and financial condition to suffer. If the Corporation is unable to secure materials at a reasonable price, it may have to alter or discontinue selling some of its products or attempt to pass along the cost to its customers, any of which could adversely affect its results of operations and financial condition.

Additionally, increasing costs of labor, freight and energy could increase Cannibble's and its suppliers' cost of goods. If the Corporation's suppliers are affected by increases in their costs of labor, freight and energy, they may attempt to pass these cost increases on to the Corporation. If Cannibble pays such increases, it may not be able to offset them through increases in its pricing, which could adversely affect its results of operations and financial condition.

Management of growth

Cannibble may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. Cannibble's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage an employee base. Rapid growth of its business may significantly strain management, operations and technical resources. If Cannibble is successful in obtaining large orders for its products, it will be required to deliver large volumes of products to its customers on a timely basis and at a reasonable cost. It may not obtain large-scale orders for its products and if it does, it may not be able to satisfy large-scale production requirements on a timely and cost-effective basis. Cannibble's inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations, and prospects.

Product viability

If the products Cannibble sells are not perceived to have the effects intended by the end user, its business may suffer. Many of its products contain innovative ingredients or combinations of ingredients. There is little long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry. Moreover, there is little long-term data with respect to efficacy, unknown side effects and/or its products' interaction with individual animal biochemistry. As a result, Cannibble's products could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Risks Related to Investing in an Israeli Corporation

Exchange rate fluctuations between the U.S. dollar, the New Israeli Shekel, and the Canadian dollar may negatively affect Cannibble's earnings.

Although most of the Corporation's revenues and a portion of its expenses are denominated in U.S. dollars, substantially all of its research and development expenses, as well as a portion of manufacturing cost and cost of revenues, selling and marketing, and general and administrative expenses, are incurred in New Israeli Shekels. In addition, Cannibble has raised capital denominated in Canadian dollars. As a result, Cannibble is exposed to foreign exchange risks, including the risks that the New Israeli Shekel may appreciate relative to the U.S. dollar, or, if the New Israeli Shekel instead devalues relative to the U.S. dollar, that the inflation rate in Israel may exceed the rate of devaluation of the New Israeli Shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of Cannibble's operations in Israel would increase and its U.S. dollar-denominated results of operations would be adversely affected. If the value of the Canadian dollar depreciates against the U.S. dollar or the New Israeli Shekel, the value of funds raised in Canada will be reduced. Cannibble cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the New Israeli Shekel against the U.S. dollar or the Canadian dollar or the relative value of the U.S. and Canadian dollars. If the U.S. dollar cost of Cannibble's operations in Israel increases, the dollar-measured results of operations will be adversely affected. Cannibble may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Corporation develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

Cannibble's headquarters, some manufacturing and other significant operations are located in Israel and, therefore, the Corporation's results may be adversely affected by political, economic and military instability in Israel.

Cannibble is headquartered in Israel and most of its operations (other than the final manufacturing of the Pelicann products in the United States) takes place in Israel. In addition, the Corporation's key employees, officers and some of its directors are residents of Israel. The government in Israel faces ongoing problems including but not limited to inflation, unemployment, and inequitable income distribution. While Israel's credit rating is current "AA-" (S&P Global), it has a history of geopolitical instability and crises including those related to terrorism. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm Cannibble's results of operations and could make it more difficult for the Corporation to raise capital. Although there is no current major political instability in Israel, this could change in the future and could adversely affect our business, financial condition and results of operations.

An investor may have difficulty enforcing Canadian law against an Israeli corporation like Cannibble.

Cannibble is incorporated in Israel. Most of its directors and all of its executive officers reside outside of Canada, and most of its assets and most of the assets of these persons are located outside of Canada. Therefore, a judgment obtained against the Corporation, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in Canada and may not be enforced by an Israeli court. It also may be difficult for an investor to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to Canadian securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against Cannibble in Israel, an investor may not be able to collect any damages awarded by either a Canadian or foreign court.

Cannibble conducts a significant part of its operations in Hebrew and English translations of documents may not be available.

As a result of Cannibble being based in Israel, its books and records, including key documents such as material contracts and financial documentation are principally negotiated and entered into and recorded in the Hebrew language and English translations may not exist or be readily available.

Regulatory Risks

Complying with Changing Cannabis Laws

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Cannibble to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Cannibble's business. Cannibble cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

Management expects that the legislative and regulatory environment in the cannabis industry in the United States and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on its business, financial condition and results of operations.

U.S. Regulatory Risks

Cannibble operates in a new industry that is highly regulated, highly competitive, and evolving rapidly. Therefore, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward looking statements. Cannibble incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Cannibble and, therefore, on its prospective returns. Further, Cannibble may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect the Corporation's ability to conduct its business.

Enforcement of relevant laws

Cannabis, other than hemp, is a Schedule I controlled substance under the CSA. In December 2018, the U.S. government changed hemp's legal status. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including certain CBD products, no longer violate the CSA. U.S. states have implemented a patchwork of different laws on hemp and its extracts, including CBD. Additionally, the FDA claims that the FDCA significantly limits the legality of hemp-derived CBD products.

Even in U.S. states or territories that have legalized cannabis to some extent, the cultivation, possession, and sale of cannabis all violate the CSA and are punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law, and violating the CSA is a predicate for certain other crimes, including money laundering laws and the *Racketeer Influenced and Corrupt Organizations Act*. The U.S. Supreme Court has ruled that the federal government has the authority to regulate and criminalize the sale, possession and use of cannabis, even for individual medical purposes, regardless of whether it is legal under state law. For over five years, however, the U.S. government has not prioritized the enforcement of those laws against cannabis companies complying with state law and their vendors. No reversal of that policy of prosecutorial discretion is expected under a Biden administration given his campaign's position on cannabis, discussed further below, although prosecutions against state-legal entities cannot be ruled out.

Entry into the U.S.

Because cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. Business or financial involvement in the legal cannabis industry in Canada or in the U.S. could also be reason enough for U.S. border guards to deny entry.

Adverse reaction by the FDA

The FDA has broad authority over the regulation of Cannibble's products. The FDA could, among other things, force Cannibble to remove its products from the United States market, levy fines or change their regulations on advertising. Any adverse action by the FDA could have a material adverse impact on the Corporation's business.

Regulatory approval and permits

Cannibble may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are licensed. There can be no assurance that Cannibble will be able to obtain or maintain any necessary licenses, permits or approvals. Moreover, Cannibble and/or third-party suppliers of hemp extract or hemp-infused products could be required to obtain a CSA permit, which would likely not be a feasible option for retail products. Any material delay or inability to receive these items is likely to delay and/or inhibit Cannibble's ability to conduct its business, and would have an adverse effect on its business, financial condition and results of operations.

Additional labeling or warning requirements on Cannibble's products

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the availability of the Corporation's products relating to the content or perceived adverse health consequences of those products. Federal laws may pre-empt some or all of these attempts by state or localities to impose additional labeling or warning requirements. If these types of requirements become applicable to our products under current or future environmental or health laws or regulations, they may inhibit sales of the Corporation's products. Moreover, if Cannibble fails to meet compliance deadlines for any such new requirements, its products may be deemed misbranded or mislabeled and could be subject to enforcement action, or Cannibble could be exposed to private lawsuits alleging misleading labels or product promotion.

International regulatory risks

The Corporation intends to expand internationally. As a result, Cannibble 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 Corporation 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. Cannibble's failure to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on its business, financial condition and results of operations. If Cannibble's sales or operations were found to be in violation of applicable international regulations, Cannibble could be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of its operations or asset seizures and the denial of regulatory applications.

Banking risk

It is possible that banks may refuse to open bank accounts for the deposit of funds from our business, as the Corporation's products are involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the Corporation's business.

Potential changes in laws and regulations

Changes to laws and regulations could have a significant impact on Cannibble's ability to market and sell the Cannibble products. If legislation changes, such action could have a materially adverse effect on: (a) our ability to obtain lawfully sourced raw materials; and (b) the manufacturing, marketing, distribution and sale of its products in one or multiple jurisdictions, up to and including a complete interruption of its business. The Corporation cannot predict the nature of any future regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

Other Risks

Public health crises, epidemics, and pandemics

The duration and severity of the current COVID-19 pandemic may significantly impact or exacerbate some of the other risks set forth herein. Risks that may be further impacted by the COVID-19 pandemic relate to the Corporation’s operations and expansion, including the Corporation’s ability to grow its brand and sales and to maintain production levels in the event that the manufacturers of the Corporation products are restricted from accessing the manufacturing facilities for a significant period of time; to the Corporation’s ability to access capital and the level of borrowing costs; and risks relating to supply chain disruption.

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand (across all sectors), service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impacts of the COVID-19 pandemic that may impact the Corporation include: a decrease in demand for the products; a reduction in production levels; increased costs resulting from manufacturers’ efforts to mitigate the impact of the COVID-19 pandemic on operations; a deterioration of worldwide credit and financial markets that could limit the Corporation’s ability to obtain external financing to fund the Corporation’s capital expenditures or its operations; and a disruption to the Corporation’s distribution channels or supply chains. A material adverse effect on the Corporation’s contractors, customers, suppliers and/or distributors could have a material adverse effect on the Corporation.

The overall severity and duration of COVID-19-related adverse impacts on the Corporation’s business will depend on future developments which cannot currently be predicted, including directives of government and public health authorities and the speed at which Cannibble’s manufacturers, suppliers and distributors can return to full production. Even after the COVID-19 outbreak has subsided, the Corporation may continue to experience material adverse impacts to its business as a result of COVID-19’s global economic impact, including any related recession. It is possible that Cannibble’s business operations and financial performance in 2021 and beyond may be materially adversely affected by this global pandemic.

Inability to protect intellectual property

Cannibble’s success will be heavily dependent upon its intellectual property. Cannibble relies upon trademarks, trade secrets, unpatented proprietary know-how, and continuing technology innovation to protect the products and processes that it considers important to the development of its business. Cannibble relies on various methods to protect its proprietary rights, including confidentiality agreements with its consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of the Corporation’s confidential information. However, despite the Corporation’s efforts to protect its intellectual property rights, unauthorized parties may attempt to copy or replicate Cannibble’s products. There can be no assurances that the steps taken by Cannibble to protect its products will be adequate to prevent misappropriation or independent third-party development of Cannibble products. It is possible that other companies can duplicate a production process similar to ours. To the extent that any of the above could occur, the Corporation’s revenue could be negatively affected, and in the future, the Corporation may have to litigate to enforce its intellectual property rights, which could result in substantial costs and divert management’s attention and the Corporation’s resources.

Conflicts of interest

Some of the Corporation's directors and officers will not be devoting all of their time to the affairs of Cannibble. Some of Cannibble's directors and officers are or may become directors and officers of other companies, some of which may be in the same business as Cannibble. Cannibble's directors and officers are required by law to act in the best interests of Cannibble. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to Cannibble may result in a breach of their obligations to the other companies, and in certain circumstances this could expose Cannibble to liability to those companies. Similarly, discharge by the Corporation's directors and officers of their obligations to the other companies could result in a breach of their obligations to act in the best interests of Cannibble. Such conflicting legal obligations may expose Cannibble to liability to others and impair our ability to achieve its business objectives.

Risks Related to Ownership of Ordinary Shares

There is no existing public market for Cannibble's ordinary shares.

There is currently no public market for the ordinary shares. The Corporation cannot predict the price at which the ordinary shares will trade upon listing on a stock exchange, assuming they are listed, and there can be no assurance that an active trading market will develop after listing or, if developed, at what price level that market will be sustained. In addition, if an active public market does not develop or is not maintained, investors may have difficulty selling their ordinary shares.

There is a risk of dilution from possible future offerings of ordinary shares.

The Corporation may issue additional securities from time-to-time to raise funding for its business, and such issuances may be dilutive to existing shareholders.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Research and development expenses:

	Year ended December 31,	
	2020	**2019**
	US$ in thousands	
Salaries and related expenses	231	94
Professional services	-	56

Travel abroad	5	96
Other	4	4
Total	240	250

General and administrative expenses:

	Year ended December 31,	
	2020	**2019**
	US$ in thousands	
Salaries and related expenses	35	93
Professional services	150	78
Other	6	17
Total	191	188

OUTSTANDING SHARE DATA AT JANUARY 31, 2022

On March 31, 2021, the Corporation issued a stock bonus to its shareholders on the basis of three bonus ordinary shares for every one ordinary share held on the effective date. The number of ordinary shares reflected throughout the MD&A are on a pre-bonus share issuance basis, unless stated otherwise. The following numbers reflect the issuance of the stock bonus.

The Corporation's authorized capital consists of 1,000,000,000 ordinary shares with a par value of NIS 0.01 per share, of which 21,721,399 ordinary shares are currently issued and outstanding.

On March 26, 2021, the Corporation closed the final portion of a financing in Israel begun in December 2020, pursuant to which it raised an aggregate of $1,400,000 (approximately CAD$1,797,295) through the issuance of convertible 8% notes (the "Notes"). If Cannibble completes an initial public offering and/or the listing of its ordinary shares on the exchange (a "Listing Event") at any time prior to December 31, 2021 (which may be extended to June 30, 2022 at the noteholder's option)(the "Maturity Date"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into ordinary shares at a conversion price per share equal to the lower of: NIS 1.875 (post-Stock Bonus) (approximately $ 0.58 post-Stock Bonus), or the price of the ordinary shares on the Listing date (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into ordinary shares at a price per share reflecting a company valuation of US$ 10,000,000, on a fully diluted basis and on an as-converted basis. In addition, there are 35 investors who signed a share purchase warrant appendix ("**Holders**") entitling each Holder to purchase up to that number of Ordinary Shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months. The Note offering was consummated through Exiteam Capital Partners Ltd., and Cannibble paid compensation to them in accordance with the finder's fee agreement described above.

On April 15, 2021, the Corporation issued 26,882 ordinary shares to Amuka Capital Corp. The Corporation also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. At the time of grant, the value of these shares and warrants is 25$ CAD and 17$ CAD, respectively.

On July 5, 2021, the Corporation completed an offering of units ("**Units**") of its securities through Frontfundr Financial Services Inc. doing business as Frontfundr ("**Frontfundr**"), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD$0.93 and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. The Corporation issued a total of 160,936 Units for gross proceeds of $149,670.48, pursuant to available prospectus exemptions. Pursuant to the agency agreement the Corporation signed with Frontfundr in November 2020, it issued 7,415 share purchase warrants to Frontfundr and paid them fees of $10,122 for their services under the agency agreement. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of issuance to acquire one Unit at an exercise price of CAD$0.93.

On December 22, 2021, the Corporation issued 26,882 shares to an advisor for services provided.

On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the CSE, the Corporation effected a conversion of accrued salary owing to its executive officers (the "**Debt Conversion**"), pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

1. Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
2. Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
3. Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of $46 (approximately CAD$57) converted at CAD$ 0.93 per share.

As part of the Debt Conversion, Ziv Turner converted an additional $43 of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares to increase their cost base to CAD$0.02 per share.

In the third week of January 2022, Asaf Porat paid approximately CAD$53,333 to Cannibble (the "Porat Payment") as an additional subscription amount for his founder's shares, as a result of which the average cost base of his Ordinary Shares was increased to CAD$0.02.

As a result of the Debt Conversion and the Porat Payment, the cost base of all the founders' shares was increased to CAD$0.02.

On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

Under his contract with the Corporation, Cannibble's CFO is entitled to receive that number of ordinary shares that is equal to 0.05% of the issued and outstanding ordinary shares on the date on which the Corporation's ordinary shares are listed on a stock exchange in Canada.

As at the date of this MD&A, there are 195,233 share purchase warrants issued and outstanding. Each warrant entitles the holder thereof to acquire one Ordinary Share.

The following table sets forth the aggregate number of warrants which are outstanding as at the date of this MD&A:

Number of warrants	Number of Warrants	Date of expiry	Exercise price
Amuka Capital	26,882	April 15, 2023	CAD$1.40
Frontfundr offering	160,936	July 5, 2023	CAD$1.40
Frontfundr compensation warrants(1)	7,415	July 5, 2024	CAD$0.93

(1) These compensation warrants consist of a unit exercisable at CAD$0.93 to acquire one ordinary share and one share purchase warrant to acquire an additional ordinary share at the exercise of CAD$1.40.

The following share purchase warrants will be outstanding at listing on a Canadian stock exchange:

Number of warrants	Number of Warrants	Date of expiry	Exercise price
Zermatok Warrants (1)	546,776	June 30, 2022	NIS 1.71(approximately CAD $0.48) (3)
Share purchase warrants (2)	1,396,146	April 15, 2023	CAD $1.40
Exiteam bonus shares	69,893	Upon Listing	CAD $0.93
Exiteam warrants	193,142	April 15, 2023	CAD $0.74

(1) These share purchase warrants will be issued to Zermatok in partial compensation for its services to the Corporation in connection with its intention to become a public company and list its ordinary shares on a Canadian stock exchange. These warrants will be exercisable into ordinary shares on closing of an initial public offering at an exercise price of NIS 1.719 per share.

(2) In connection with the Notes offering, 35 investors signed a share purchase warrant appendix ("Holders") entitling each Holder to purchase up to that number of ordinary shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months.

SCHEDULE "C"

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

[See attached]

CANIBBLE FOODTECH LTD.

CONDENSED INTERIM CONSOLIDATED

FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

UNAUDITED

CANNIBBLE FOODTECH

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CANNIBBLE FOODTECH

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(US Dollars in thousands)

	Note	September 30, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		829	304
Trade accounts receivable		88	10
Prepaids and other receivables		187	48
Restricted cash		37	16
Inventory		35	99
Total current assets		1,176	477
TOTAL ASSETS		1,176	477
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
CURRENT LIABILITIES:			
Trade accounts payable		48	47
Other accounts payable	5	984	477
Warrants		40	-
Total current liabilities		1,072	524
NON- CURRENT LIABILITIES:			
Convertible loan	4	1,594	149
Total non- current liabilities		1,594	149
SHAREHOLDERS' DEFICIENCY:			
Share capital		51	13
Additional paid in capital		1,231	1,176
Reserve from share-based payment transactions		45	-
Accumulated deficit		(2,817)	(1,385)
Total shareholders' deficiency		(1,490)	(196)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		1,176	477

31/01/2022		Uri-Ben-Or, CPA, MBA Chief Financial Officer
Date of approval of the financial statements	Yoav Bar Joseph CEO	Uri Ben-Or CFO

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

CANNIBBLE FOODTECH

UNAUDITED CONDENSED INTERIM CONSOLIDATED

STATEMENTS OF COMPREHENSIVE LOSS

(US Dollars in thousands, except for number of shares)

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenues from consulting services	12	24	66	40
Revenues from sale of goods	45	3	114	30
Total Revenues	57	27	180	70
Cost of Revenues – consulting services	8	5	19	8
Cost of Revenues - sale of goods	48	-	99	49
Total Cost of revenues	56	5	118	57
Gross profit	1	22	62	13
Selling and marketing expenses	255	132	469	196
Research and development expenses	76	100	223	134
General and administrative expenses	182	71	633	95
Operating loss	(512)	(281)	(1,263)	(412)
Finance income	(138)	13	4	20
Finance expenses	145	-	(14)	(9)
Change in fair value of convertible loan	(60)	-	(159)	-
Total Finance expenses	(53)	13	(169)	11
Net loss and comprehensive loss for the period	(565)	(268)	(1,432)	(401)
Basic and diluted loss per share **(*)**	(0.03)	(0.01)	(0.08)	(0.02)
Weighted average number of shares outstanding used to compute basic and diluted loss per share (*)	18,856,207	18,476,011	18,744,966	18,309,834

(*) After giving effect to the Bonus shares. (Note 3b)

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

CANNIBBLE FOODTECH

UNAUDITED CONDENSED INTERIM CONSOLIDATED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(US Dollars in thousands, except for number of shares)

	Number of Shares	*Share capital	Additional paid-in capital	Reserve from share-based payment transactions	Accumulated Deficit	Total
Balance at January 1, 2021	4,669,284	13	1,176	-	(1,385)	(196)
Changes during the period:						
Bonus Shares	14,007,740	38	(38)	-	-	-
Share-based payments	-	-	-	33	-	33
Issuance of shares to Amuka (Note 3.c.)	26,882	(*)	13	7	-	20
Issuance of shares via Frontfunder (Note 3.d.)	160,936	(*)	80	-	-	80
Share-based payments (Frontfunder) (Note 3.d.)	-	-	-	5	-	5
Net loss and comprehensive loss for the period	-	-	-	-	(1,432)	(1,432)
Balance at September 30, 2021	18,864,842	51	1,231	45	(2,817)	(1,490)

(*) Represent amount lower than 1 US Dollar.

	*Number of Shares	Share capital	Additional paid-in capital	Accumulated deficit	Total
Balance at January 1, 2020	4,556,458	12	910	(730)	192
Changes during the period:					
Issuance of common shares, net	112,798	1	266		267
Bonus Shares	14,007,768	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(401)	(401)
Balance at September 30, 2020	18,677,024	13	1,176	(1,131)	58

(**After giving effect to the Bonus shares. (Note 3b)

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

CANNIBBLE FOODTECH

UNAUDITED CONDENSED INTERIM CONSOLIDATED

STATEMENTS OF CASH FLOWS

(US Dollars in thousands)

	Nine months period ended September 30, 2021	Nine months period ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,432)	(401)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share based payments	45	-
Change in fair value of convertible loan	159	-
Increase in trade and other accounts receivable, net.	(176)	(90)
Decrease in inventory	64	88
Increase in trade accounts payable	1	14
Increase in other accounts payable	507	260
Net cash used in operating activities	(832)	(129)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposit to restricted cash	(21)	12
Net cash provided by (used in) investing activities	(21)	12
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of units, net	88	267
Convertible loan	1,286	-
Net cash provided by financing activities	1,374	267
Effects of exchange rate changes on cash and cash equivalents	4	-
Net increase in cash and cash equivalents	525	150
Cash and cash equivalents at the beginning of the period	304	66
Cash and cash equivalents at the end of the period	829	216
APPENDIX A – NON-CASH ACTIVITIES:		
Issuance of common shares units against restricted cash	40	-

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

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19

a. Nature of business

Cannibble Food-Tech Ltd. (the "Company", the "Group", or "Cannibble") was incorporated on August 14, 2018 in Israel and commenced operations in May 2018. Cannibble is a cannabis food tech company that develops, manufactures, consults and markets cannabis infused edibles with powder-mix products that are enhanced variously with hemp seeds, hemp protein, hemp seed oil, cannabidiol ("CBD") and tetrahedrocannabinol ("THC") where legal to do so in the United States and Canada. The product range includes powdered food mixes, beverages, nutritional supplements, spices and a special line of products for athletes, infused with cannabinoids and hemp protein, for the wellness, health and recreational markets.

The Company has developed its own knowledge and filed a provisional patent in the United States during January 2021.

The accompanying consolidated financial statements include the accounts of Cannibble and its wholly-owned subsidiary, EAZY Tech Inc ("EAZY"). All intercompany transactions between the Company and its subsidiary have been eliminated upon consolidation.

EAZY was incorporated on May 23, 2019 under the laws of the State of Delaware and has been the marketing and distribution branch of the Company in the U.S. edibles and cannabis market since June 2020.

b. Going concern

During the period ended September 30, 2021, the Company incurred a loss of $1,432 and negative cash flows from operating activities of $832 and as at September 30, 2021 has an accumulated deficit of $2,817. During the period ended on September 2021, the Company raised a total amount of $1,286 (approximately $1,607 CAD), under a convertible loan agreement.

The Company's ability to consummate its plans in connection with increasing the volume of current CBD activity and to continue the development of its THC products, is dependent upon its ability to continue to finance its activities by raising additional funds. As a result, there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements were prepared on a going concern basis, which assumes that the Company will be able to obtain the necessary financing as needed to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities.

NOTE 1: NATURE OF BUSINESS, GOING CONCERN AND IMPACT OF COVID-19 (CONT.)

c. Impact of COVID-19

The ongoing impact of COVID-19 may have a negative effect on our business, financial condition, and results of operations. Since December 31, 2019, governments worldwide have been enacting emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness and restrictions have closed down dispensaries in North America and other points-of-sales such as kiosks, convenience shops, and others.

The development and operation of our business plan is dependent on labor inputs and governmental approvals, which could be adversely disrupted by the ongoing impact of COVID-19 and it is difficult to predict how this virus may affect our business in the future, including the effect it may have on demand for our products. Currently, we have:

- Reduced expenses on flights and overseas stays which resulted in reduced monthly expenditures;
- Shifted our focus from retail sales to e -commerce;
- Invested in digital marketing and online campaigns to promote the Company's business; and
- Utilized the time to develop new products that will be launched when the markets re-open.

While the roll out of several vaccines has begun in the United States, Canada, the United Kingdom and Israel, and a number of other promising vaccines are in development, it remains possible the COVID-19 virus could have a material adverse effect on our business, financial condition and results of operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended December 31, 2020 and the accompanying notes thereto. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its annual financial statements for the year ended December 31, 2020 except for the policy on share-based payments which was selected based on new transactions during the period.

New and amended standards and Interpretations issued by the IASB that apply for the first time this period are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Share based payments

The Group has a share-based remuneration scheme for service providers. The fair value of share options, warrants and performance shares was estimated by using a Black and Scholes model. The model was designed to take into account the unique terms and conditions of the performance shares and share options, as well as the capital structure of the Group and the volatility of its assets, on the date of grant based on certain assumptions.

The fair value of the equity settled options and warrants granted are charged to the statement of comprehensive loss over the vesting period of each tranche and the credit is recognized in equity, based on the Group's estimate of shares that will eventually vest.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2021 (the date on which the Group's next annual financial statements) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

(US Dollars Thousands)

NOTE 3 –SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. On February 11, 2021 the Company entered to a finder's fee agreement with Exiteam Capital Partners Ltd. ("Exiteam"), an Israeli venture capital firm. Exiteam was responsible for raising financing through the issuance of the Company's convertible notes (see note 4). As compensation for introducing Israeli investors who invest in Cannibble, the Company has agreed to pay Exiteam a cash commission equal to 8% of the amount invested by such investors and issue to Exiteam share purchase warrants ("Exiteam Warrants") to purchase shares of the Company equal to 8% of the number of shares issued to investors introduced by Exiteam. The Exiteam Warrants are exercisable, subjects to a listing on a Canadian stock exchange, for a period ending on the earliest of: the listing of the Company's shares on a Canadian stock exchange, a change of control of Cannibble; or 36 months from the issuance of the Exiteam Warrants.
Upon completion of the recruitment of the convertible note, 193,142 (post-bonus of shares) warrants were entitled to the company's service provider. The valuation of the warrants were set at fair value according to the date of completion of the recruitment (the warrants will be granted at listing on a Canadian stock exchange's day) and amounted to $33.

The fair value was calculated using the Black Scholes model, with a probability of 30%, based on the following assumptions:

	September 30, 2021
(*) Expected volatility (%)	122
Risk-free interest rate (%)	0.18
Underlying Share Price (CAD $)	0.93
Conversion Price (CAD $)	0.74

(*) based on comparable companies from the industry.

As additional compensation, if Exiteam introduces investors who invest more than CAD$1,000 (approximately $800) Exiteam will be entitled to an additional bonus of CAD$50 payable in free tradeable shares subject to a listing. CAD$50 (approximately $40) has been recognized in general and administrative expenses for the nine months ended September 30, 2021 and CAD$50 (approximately $40) has been included in other accounts payable, as a contingent liability.

b. On March 31, 2021, the Company authorized the Bonus of its Shares on a one for four basis. The number of shares reflected throughout the interim consolidated financial statements are on an after-bonus basis.

(US Dollars Thousands)

NOTE 3 –SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

c. On April 15, 2021, the Company issued 26,882 ordinary shares to Amuka Capital Corp. The company also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. At the time of grant, the value of these shares and warrants is 13$ (approximately CAD$16) and 7$ (approximately CAD$9), respectively.

d. On July 5, 2021, the Company completed an offering of units (“Units”) of its securities through Frontfundr Financial Services Inc. (“Frontfundr”), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD$0.93 and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. The Corporation issued a total of 160,936 Units for gross proceeds of CAD$ 149.6, pursuant to available prospectus exemptions. Pursuant to the agency agreement the Company signed with Frontfundr in November 2020, it issued 7,415 share purchase warrants to Frontfundr. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of issuance to acquire one ordinary share at an exercise price of CAD$ 0.93.

Since the warrants have an exercise price denominated in a different currency (Canadian Dollars) than the functional currency of the Company (US Dollars), these warrants are recorded at their fair value as a derivative liability.

The warrants fair value was calculated using the Black Scholes model, based on the following assumptions:

	July 5, 2021
Expected volatility (%)	130.07
Risk-free interest rate (%)	0.24
Underlying Share Price (CAD $)	0.62
Conversion Price (CAD $)	1.4

The fair value of the warrants was of CAD$ 49.2.

For the period ended September 30, 2021 there has been no changes in the warrants fair value therefore, no movement on level 3 fair value hierarchy as set by IFRS 13.

(US Dollars Thousands)

NOTE 3 –SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (CONT.)

The Frontfundr warrants fair value was calculated using the Black Scholes model, based on the following assumptions:

	July 5, 2021
Expected volatility (%)	118.11
Risk-free interest rate (%)	0.45
Underlying Unite Price (CAD $)	0.93
Conversion Price (CAD $)	0.93

The fair value of the warrants was of CAD$ 5.

NOTE 4- CONVERTIBLE NOTE

In December 2020, the Company signed a financing in Israel pursuant to which it raised $190 CAD (approximately $149) through the issuance of convertible 8% notes (the "Notes"). Through March 25, 2021, the Company increased the amount of the convertible notes and raised an additional amount of approximately $1,607 CAD (approximately $1,286).

If the Company completes an initial public offering and/or the listing of its shares on the Canadian Securities Exchange (a "Listing Event") at any time prior to December 31, 2021, which may be extended to June 30, 2022 at the noteholder's discretion (the "Maturity Date"), the Notes principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into Cannibble Shares at a conversion price per share equal to the lower of: NIS 7.5 (pre- Share Bonus, NIS 1.875 post-Share Bonus) (approximately CAD $2.96 pre-Share Bonus, CAD $0.74 post-Share Bonus), or the price of the Company's Shares as provided in the transaction documents of the Listing Event (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into Cannibble Shares at a price per Share reflecting a company valuation of US$ 10,000 on a fully diluted basis. In addition, at conversion of the loan, certain investors associated with the convertible note offering will be entitled receive warrants to acquire shares of the Company at an exercise price equal to 150% of the Listing Share Price in a period of 18 months.

(US Dollars Thousands)

NOTE 4- CONVERTIBLE NOTE (CONT.)

As the Notes will result in the issuance of a variable number of shares, the Notes and warrants are classified as financial liabilities at fair value through profit or loss. According to IFRS 9, changes in the fair value of financial liabilities which are attributable to the change in credit risk should be presented in other comprehensive income. All other changes in fair value should be presented in profit or loss.

The company categorized the entire instrument within Level 3 of the fair value hierarchy as set by IFRS 13.

Movements in level 3 liabilities during the period are set out below:

	Convertible loan
Balance at December, 31 2020	149
Additions	1,286
Change in fair value	159
Balance at September, 30 2021	1,594

General Overview of Valuation Approaches used in the Valuation:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Economic methodology:

The share price was determined for use in the Black Scholes model based on the conversion price per share equal to the lower of: NIS 7.5 (pre- Share Bonus, NIS 1.875 post-Share Bonus) (approximately CAD $2.96 pre-Share Bonus, CAD $0.74 post-Share Bonus), or the price of the Company’s Shares as provided in the transaction documents of the Listing Event (the "Listing Share Price").

The conversion component fair value was calculated using the Monte Carlo Simulation Model, an option pricing model which takes into account the parameters as disclosed below for each period in which a valuation was performed at each reporting date with the following assumptions:

	September 30, 2021
(*) Expected volatility (%)	122
Risk-free interest rate (%)	0.18
Underlying Share Price (CAD $)	0.93
Conversion Price (CAD $)	1.17

(*) based on comparable companies from the industry.

(US Dollars Thousands)

NOTE 5- RELATED PARTIES AND SHAREHOLDERS:

a. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel. Transactions with related parties, if any, are incurred in the normal course of business and are recorded at the amount of consideration established and approved by the related parties.

b. Payable related parties:

Related Party	Nature	Three months ended September 30, 2021	For the year ended December 31, 2020
Elad Barkan – CTO, Director & shareholder & founder	Salary fees (*)	302	140
Ziv Turner-VP BUSNIESS, Director & shareholder & founder	Salary fees (*)	302	140
JOAV BAR JOSEPH – CEO, Director & shareholder & founder	Salary fees (*)	302	140

(*) Due to a board of directors' resolution, the three founders employees shall receive a salary of 20$ a month from June 2020. As for September 30, 2021 this amount is a part of other accounts payable. The Company and the founders reached an agreement that the Company has the option to convert the debt into shares at a value on the day of the conversion, in case there is not enough money to repay the debt.

c. The following transactions arose with related parties:
Transactions- expenses

	For the period ended September 30, 2021	**For the period ended September 30, 2020**
Fees to CEO, CTO & VP BUSNIESS (*)	540	252

NOTE 6- SUBSEQUENT EVENTS:

a. On December 22, 2021, the Corporation issued 26,882 shares to an advisor for services provided.

b. On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the CSE, the Corporation effected the Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

   Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
   Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
   Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of $46 (approximately CAD$57) converted at CAD$ 0.93 per share.

   As part of the Debt Conversion, Ziv Turner converted an additional $43 of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares.

   In the third week of January 2022, Asaf Porat paid approximately CAD$53 to Cannibble (the "Porat Payment") as an additional subscription amount for his founder's shares. The Said CAD $ 53 will be deducted from the company liability towards Aasf porat.

c. On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

CANNIBBLE FOOD-TECH LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2021

GENERAL

This management's discussion and analysis of financial position and the results of operations ("**MD&A**") focuses on significant factors that have affected the performance of Cannibble Food-Tech Ltd. ("**Cannibble**" or the "**Corporation**") and those factors that may affect its future performance. This MD&A should be read in conjunction with Cannibble's unaudited condensed interim financial statements for the three and nine months ended September 30, 2021 and related notes thereto, as well as the audited financial statements for the year ended December 31, 2020 and related MD&A. The date of this MD&A is January 31, 2022.

Cannibble's condensed interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. All dollar amounts included therein and in the following MD&A are in United States dollars except where noted.

FORWARD-LOOKING STATEMENTS

This MD&A contains information and statements that relate to Cannibble's current expectations and views of future events and constitute "forward-looking information" under Canadian securities laws. These are statements about possible events, conditions or financial performance that are based on assumptions about future economic conditions and courses of action.

When used in this MD&A, the words "expects", "anticipates", "intends", "plans", "may", "believes", "seeks", "estimates", "appears" and similar expressions (including negative and grammatical variations) generally identify forward-looking information. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of Cannibble's experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Corporation believes are appropriate. Forward-looking statements in this MD&A include but are not limited to statements relating to:

- Cannibble's anticipated cash needs and its need for additional financing;
- Cannibble's ability to obtain funding for its operations, including funding for research and commercial activities;
- the initiation, timing, cost, progress and success of its product development efforts;
- Cannibble's business model and strategic plans to grow its business and operation, including Cannibble's expectations regarding growth rates;
- Cannibble's ability to achieve profitability;
- Cannibble's ability to establish and maintain relationships with qualified manufacturers and distributors for Cannibble's products;
- Cannibble's ability to protect its intellectual property;
- Cannibble's competitive position and the regulatory environments in which it operates;
- the future growth of the cannabis industry;
- the rate and degree of market acceptance of Cannibble's existing and future products;
- Cannibble's expectations regarding market risk, including interest rate changes and foreign currency fluctuations;

- Cannibble's expected business objectives for the next twelve months;
- Cannibble's plans with respect to the payment of dividends; and
- Cannibble's estimations and anticipated effects of the novel strain of coronavirus ("**COVID-19**") pandemic.

In developing the forward-looking statements contained herein, the Corporation has made assumptions with respect to, among other things, (i) the outlook for Israeli, United States, and global economies, including, in particular, the cannabis and hemp industry sectors; (ii) the expectation that regulatory requirements will be maintained; ((iii) the Corporation's ability to successfully execute its plans and intentions; (iv) the availability of financing on reasonable terms; (v) the Corporation's ability to retain its key employees; (vi) market competition; (vii) the products and technology offered by its competitors; and (vii) the expectation that the Corporation's current good relationships with its suppliers, service providers and other third parties will be maintained. These assumptions are based on the Corporation's management's perception of trends, current conditions, and expected future developments, as well as any other factors its management considers relevant. Although the Corporation believe that the assumptions on which the forward-looking statements are based and the expectations represented in the forward-looking statements are reasonable, there can be no assurance that the forward-looking statements contained herein will prove to be accurate. Factors which could cause actual results, events, or circumstances to differ materially from those expressed or implied in forward-looking statements include, but are not limited to: general economic, political, tax, market and business factors and conditions; interest rate and foreign exchange rate fluctuations; volatility in Israeli, Canadian, or global equity and capital markets; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; and other risks related to Cannibble and its business. These and other risks and uncertainties are described in the section entitled "*Risk Factors*".

Readers should not place undue reliance on forward-looking statements because of the inherent uncertainty of forward-looking statements. Forward-looking statements in this MD&A are provided as of the date of this MD&A, and the Corporation disclaims any obligation to update any forward-looking statements, except to the extent required by applicable securities laws.

NATURE OF BUSINESS AND OVERALL PERFORMANCE

Cannibble was incorporated as a private limited liability company under the Israeli Companies Law, 5759-1999 on August 14, 2018. Its corporate headquarters and registered address are located at 40 Carmel St Rosh Haayiin, Israel. The Corporation has one wholly-owned subsidiary, EAZY Tech Inc., a limited liability company organized under the laws of the state of Delaware.

Cannibble is a food tech company that develops and manufactures powder food and drink mix products that it markets under the brand name "the Pelicann", that are subsequently enhanced variously with hemp seeds, hemp protein, cannabidiol ("**CBD**"), and tetrahydrocannabinol ("**THC**"), where legal to do so.

Cannibble has developed a proprietary process technology for manufacture of secret "Black Box" product mixes that are the core powdered ingredients of its various product families and the foundation of its business. The Black Boxes are manufactured for Cannibble in Israel and then shipped to its external markets to be subsequently infused with THC, CBD, or hemp by a local manufacturer operating under its directions. The Corporation's unique process technology infuses and distributes evenly powder-based cannabinoids, seeds, oils and other powders into every product, which are mixed automatically in an industrial production line by its local manufacturers. Cannibble currently has contract manufacture relationships in California and Florida in the United States.

Cannibble has developed over 100 product SKUs and in the first quarter of 2020 Cannibble launched its first 32 products for sale in the United States. The Corporation has an online store at www.thepelicann.com and it has a store on Amazon.com (the Pelicann) where it sells its hemp-based products.

To capitalize its business, in 2019 and 2020 the Corporation completed three rounds of crowdfunding in Israel as well as other private placements.

On August 14, 2018, the Corporation issued 4,000,000 ordinary shares with a par value of 0.01 NIS to its founders.

On January 16, 2019, the Corporation completed its first round of crowdfunding via the Israeli regulated crowdfunding platform, PipelBiz. The Corporation issued 351,667 ordinary shares for gross proceeds of NIS 2,417,710 (approximately $676,000. Issuance expenses amounted to NIS 388,000 (approximately $108,000).

On April 4, 2019, the Corporation completed its second round of crowdfunding via PipelBiz. The Corporation issued 173,620 ordinary shares in consideration of a total gross amount of NIS 1,194,000 (approximately $319,000). Issuance expenses amounted to NIS 126,000 (approximately $34,000).

During the period of January through May 2019, the Corporation issued 31,171 ordinary shares to private investors for gross proceeds of NIS 214,000 (approximately $59,000).

In August 2020, Cannibble completed a third round of crowdfunding through PipelBiz. The Corporation issued an aggregate of 112,798 ordinary shares to 419 investors for gross proceeds of NIS 1,058,305 (approximately $310,000). Issuance expenses amounted to NIS 150,000 (approximately $44,000).

On November 11, 2020, Asaf Porat, one of the Corporation's founders, filed a lawsuit in the Tel Aviv Labor Court against Cannibble alleging a violation of labour conditions. The total amount of Mr. Porat's claim was NIS 312,000 (approximately CAD$115,134). The Corporation retained counsel and contested the lawsuit. On January 12, 2022 the Corporation reached a settlement with Mr. Porat pursuant to which he agreed to waive all the claims against the Corporation and signed a document to the Tel Aviv Labour Court requesting the withdrawal of the lawsuit. The settlement is not material to the Corporation.

On February 24, 2021, the Corporation authorized the issuance of bonus shares to the holders of its ordinary shares on the basis of three bonus shares for every one ordinary share owned on the effective date. The effective date on which the bonus shares were issued was March 31, 2021. The number of shares reflected throughout this MD&A are on a pre-bonus share issuance basis, unless stated otherwise.

On March 26, 2021, the Corporation closed the final portion of a financing in Israel begun in December 2020, pursuant to which it raised an aggregate of $1,400,000 (approximately CAD$1,797,295) through the issuance of convertible 8% notes (the "Notes"). If Cannibble completes an initial public offering and/or the listing of its ordinary shares on the exchange (a "Listing Event") at any time prior to December 31, 2021 (which may be extended to June 30, 2022 at the noteholder's option)(the "Maturity Date"), the Note principal, together with all accrued interest, will automatically convert, immediately prior to the Listing Event, into ordinary shares at a conversion price per share equal to the lower of: NIS 1.875 (post-Stock Bonus) (approximately $ 0.58 post-Stock Bonus), or the price of the ordinary shares on the Listing date (the "Listing Share Price"). If no Listing Event is consummated prior to the Maturity Date, then the Notes will be converted into ordinary shares at a price per share reflecting a company valuation of US$ 10,000,000, on a fully diluted basis and on an as-converted basis. In addition, there are 35 investors who signed a share purchase warrant appendix ("**Holders**") entitling each Holder to purchase up to that number of Ordinary Shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months. The Note offering was consummated through Exiteam Capital Partners Ltd., and Cannibble paid compensation to them in accordance with the finder's fee agreement described above.

On April 15, 2021, the Corporation issued 26,882 ordinary shares to Amuka Capital Corp. The Corporation also issued Amuka warrants exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. At the time of grant, the value of these shares and warrants is 25$ CAD and 17$ CAD, respectively.

On July 5, 2021, the Corporation completed an offering of units ("**Units**") of its securities through Frontfundr Financial Services Inc. doing business as Frontfundr ("**Frontfundr**"), a Canadian equity crowd-funding platform and exempt market dealer. Each Unit was priced at CAD$0.93 and comprised one ordinary share and one share purchase warrant exercisable to acquire one ordinary share for a period of 24 months from the date of issuance at an exercise price of CAD$1.40. The Corporation issued a total of 160,936 Units for gross proceeds of $149,670.48, pursuant to available prospectus exemptions. Pursuant to the agency agreement the Corporation signed with Frontfundr in November 2020, it issued 7,415 share purchase warrants to Frontfundr and paid them fees of $10,122 for their services under the agency agreement. Each of the Frontfundr warrants is exercisable for period of 3 years from the date of issuance to acquire one Unit at an exercise price of CAD$0.93.

On August 9, 2021, the Corporation filed a non-offering prospectus with the British Columbia Securities Commission.

On August 24, 2021, the Corporation applied for the listing of its shares on the Canadian Stock Exchange.

On September 2, 2021, the Corporation has presented its wide verity line of products, marketed under its brand named "The Pelicann". At the Expo, the Corporation was selected as one of the finalists to receive an award for its innovative Products.

On December 22, 2021, the Corporation issued 26,882 shares to an advisor for services provided.

On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the Canadian Securities Exchange, the Corporation effected a conversion of accrued salary owing to its executive officers (the "**Debt Conversion**"), pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of $46 (approximately CAD$57) converted at CAD$ 0.93 per share.

As part of the Debt Conversion, Ziv Turner converted an additional $43 of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares to increase their cost base to CAD$0.02 per share.

In the third week of January 2022, Asaf Porat paid approximately CAD$53,333 to Cannibble (the "**Porat Payment**") as an additional subscription amount for his founder's shares, as a result of which the average cost base of his Ordinary Shares was increased to CAD$0.02.

As a result of the Debt Conversion and the Porat Payment, the cost base of all the founders' shares was increased to CAD$0.02.

On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

On January 12, 2022, the Corporation and Asaf Porat agreed to settle the litigation brought by Mr. Porat against the Corporation. As part of the settlement, Mr. Porat agreed to waive all claims against the Corporation and signed a document to the Tel Aviv Labour Court requesting that the lawsuit be withdrawn. The settlement is not material to the Corporation.

In connection with the capital raised through the three PipelBiz crowdfunding rounds, the Corporation agreed to pay annual dividends to the PipelBiz shareholders in the amount of at least 20% of its net profit, as reflected in its audited annual financial statements, for the fiscal years ending December 31, 2019 and 2020 The Corporation has not yet been required to pay any dividends in connection with these financings, and this obligation will automatically become void at the time the ordinary shares become listed on a stock exchange.

Since inception, Cannibble has an accumulated deficit of $2,817 million as at September 30, 2021. The Corporation expects its operating losses to be reduced as it begins sale of products in California and as it develops its online business. The Corporation has funded its operations with proceeds from equity financings and expects to seek additional funding through equity financings to finance its growth initiatives. However, if capital market conditions in general or with respect to the cannabis sector or development stage companies such as Cannibble are unfavorable, the Corporation’s ability to obtain additional funding will be adversely affected.

RESULTS OF OPERATIONS

The following table sets forth selected financial information is presented for the year ended December 31, 2020, the period ended September 30, 2021 and the period ended September 30, 2020.
The selected financial information set out below has been derived from our annual audited consolidated financial statements and accompanying notes, prepared in accordance with IFRS. The selected financial information set out below may not be indicative of our future performance.

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
Total revenue	180	70	57	27	96
loss from operations	1,263	412	512	281	656
Profit or loss per share, basic and diluted	(0.08)	(0.02)	(0.03)	(0.01)	(0.04)
Total current assets	1,176	477	1,176	477	477
Total -current financial liabilities	1,072	524	1,072	524	524
Total non-current financial liabilities	1,594	149	1,594	149	149
Total shareholders' equity (deficiency)	(1,490)	(196)	(1,490)	(196)	(196)

Three Months Ended September 30, 2021, compared to the Three Months Ended September 30, 2020

During the three months ended September 30, 2021, Cannibble recorded a net and comprehensive loss of $565 thousands comparing to a $268 thousands net and comprehensive loss for the three months ended September 30, 2020.

Revenues

For the three months ended September 30, 2021, total revenues amounted to $57 thousands compared to $27 thousand for the three months ended September 30, 2020. The revenues were comprised of consulting services and sales of goods to customers in the USA both through our web site and to retailers. The consulting services revenues were generated from services provided to a customer of Cannibble in the United States.

Cost of revenue

For the three months ended September 30, 2021, cost of revenues amounted to $56 thousands and are attributable to cost of goods and costs of consulting services, compared to $5 thousand for the three months ended September 30, 2020.

Gross (Loss) Profit

For the three months ended September 30, 2021, the company had of $1 thousand gross profit, compared to a gross profit of $22 thousand for the three months ended September 30, 2020.

Selling and Marketing Expenses

For the three months ended September 30, 2021, selling and marketing expenses amounted to $ 255 thousands compared to $132 thousands for the three months ended September 30, 2020. The increase of $123 thousands, was mainly a result of an increase in the activity of the Corporation, which included increases in salaries and in professional services of $ 4 thousands, Travel abroad of $12 thousands and ongoing operations of Eazy in the sum of $107 thousands

Research and Development Expenses

For the three months ended September 30, 2021, research and development expenses amounted to $76 thousands compared to $100 thousands for the three months ended September 30, 2020. The overall decrease of $24 thousands was mainly attributed to decrease in salaries and related expenses of $24 thousand for the purpose of developing new products.

General and Administrative Expenses

For the three months ended September 30, 2021, general and administrative expenses amounted to $182 thousands compared to $71 for the three months ended September 30, 2020. The increase of $111 thousands in general and administrative expenses was mainly attributed to salaries and related expenses of $15 thousands, professional services of $47 thousands, and other expenses in the sum of $30 thousands.

Finance (Income) expenses, net

For the three months ended September 30, 2021, finance expenses net amounted to $53 thousands, as compared to the finance income net of $13 for the three months ended September 30, 2020. The increase in financial expenses was mainly attributed to a non-cash expense of $60 relating to the revaluation of Notes in accordance with IFRS.

Nine Months Ended September 30, 2021, compared to the Nine Months Ended September 30, 2020

During the nine months ended September 30, 2021, Cannibble recorded a net and comprehensive loss of $1,432 thousands comparing to a $401 thousands net and comprehensive loss for the nine months ended September 30, 2020.

Revenues

For the nine months ended September 30, 2021, total revenues amounted to $180 thousands compared to $70 thousands for the nine months ended September 30, 2020. The revenues were comprised of consulting services and sales of goods to customers in the USA both through our web site and to retailers. The consulting services revenues were generated from services provided to a customer of Cannibble in the United States.

Cost of revenue

For the nine months ended September 30, 2021, cost of revenues amounted to $118 thousands and are attributable to cost of goods and costs of consulting services, compared to $57 thousands for the nine months ended September 30, 2020.

Gross (Loss) Profit

For the nine months ended September 30, 2021, gross profit amounted to $62 thousands, compared to a gross profit of $13 thousands for the nine months ended September 30, 2020.

Selling and Marketing Expenses

For the nine months ended September 30, 2021, selling and marketing expenses amounted to $ 469 thousands compared to $196 thousands for the nine months ended September 30, 2020. The increase of $273 thousands, was mainly a result of an increase in the activity of the Corporation, which included increases in salaries and in professional services of $ 80 thousands, and Travel abroad of $83 thousands, and ongoing operations of Eazy in the sum of $107 thousands

Research and Development Expenses

For the nine months ended September 30, 2021, research and development expenses amounted to $223 thousands compared to $134 thousands for the nine months ended September 30, 2020. The overall increase of $89 thousands was mainly attributed to increases in salaries and related expenses of $89 thousand for the purpose of developing new products.

General and Administrative Expenses

For the nine months ended September 30, 2021, general and administrative expenses amounted to $633 thousands compared to $95 thousands for the nine months ended September 30, 2020. The increase of $538 thousands in general and administrative expenses was mainly attributed to salaries and related expenses of $89 thousands, and professional services of $388 thousands.

Finance expenses, net

For the nine months ended September 30, 2021, finance expenses net amounted to $169 thousands, as compared to the finance income net of $11 thousand for the nine months ended September 30, 2020. The increase in financial expenses was mainly attributed to a non-cash expense of $159 relating to the revaluation of Notes in accordance with IFRS.

Events Subsequent to September 30, 2021

On December 29, 2021, the Yoav Bar Joseph, Elad Barkan and Ziv Turner converted an aggregate amount of $219 of accrued salary owning to them. On January 16, 2022, Messrs. Bar Joseph, Barkan and Turner signed a written agreement pursuant to which they agreed the outstanding debt owing to them could not be converted into shares or repaid before 12 months.

On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

Liquidity and Capital Resources

Since inception, the Corporation has generated limited revenues, with sales commencing during the third quarter of the year ended December 31, 2020. The Corporation believes it has the capability to continue financing itself in the foreseeable future, through the issuance of equity and future revenue from sales. The Corporation has generated an accumulated deficit of $2,817 thousands since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

During the nine Months Ended September 30, 2021, the Corporation incurred a loss of $1,432 compared to a loss of $401 for the nine Months Ended September 30, 2020.

On September 30, 2021, the Corporation had a working capital of $104 thousands, compared with a negative working capital of $47 thousands on December 31, 2020, which consisted of cash and cash equivalents, other accounts receivable and inventory, trade accounts payable, other accounts payable and accrued liabilities.

As of the date of this MD&A, the Corporation anticipates raising additional funds to support additional research and development costs and to have sufficient resources to support its operations, including the payment of current and non-current liabilities, as they become due.

During the Nine Months Ended September 30, 2021, the Corporation's overall position of cash and cash equivalents increased by $525 thousands compared to a decrease of $150 thousands during the Nine months ended September 30, 2020.

This change in cash and cash equivalents can be mainly attributed to the following:

- The Corporation's net cash used in operating activities during the nine months ended September 30, 2021, amounted to $832 thousands as compared to $129 thousands for the nine months ended September 30, 2020. The increase in net cash used in operating activities in the nine months ended September 30, 2021, is mainly as a result of the corporation net loss for the period. Also, there is an increase in other accounts payable of $507 thousands due to management fees agreements signed with the Corporation's CEO, CTO and vice president-business development during the third quarter of 2020. The amounts owing under the management fees agreements were accrued and will be either paid in ordinary shares upon the Corporation becoming listed on a stock exchange, or in cash, when the Corporation's finances allow.

- The Corporation's net cash used in investing activities during the nine months ended September 30, 2021 amounted to $21 thousands compared to flow of $12 thousands for the nine months ended September 30, 2020. The increase in net cash used in investing activities in the nine months ended September 30, 2021 is attributable to a restricted cash of $21 thousands.

- The Corporation's net cash provided by financing activities during the nine months ended September 30, 2021 was $1,374 thousands as compared to $267 thousand for the nine months ended September 30, 2020. The cash provided by financing activities during the nine months ended September 30, 2021 resulted from cash provided by the issuance of the Notes on March 25 2021 for proceeds of $1,286 thousand and from an issuance of common shares of $88 thousands.

Quarterly Information

	2021	**2021**	**2021**
Quarter Ended	**September 30**	**June 30**	**Mar. 31**
Revenue	57	56	67
Net income (loss) for the quarter	(565)	(303)	(564)
Net income (loss) per share (Basic and diluted)	(0.03)	(0.02)	(0.03)

	2020	**2020**	**2020**
Quarter Ended	**Sep. 30**	**Jun. 30**	**Mar. 31**
Revenue	27	41	2
Net income (loss) for the quarter	(269)	(55)	(78)
Net income (loss) per share (Basic and diluted)	(0.01)	(0.003)	(0.004)

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements or obligations that are not disclosed in the financial statements.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Corporation's senior management, who are considered to be key management personnel by the Corporation.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following table sets forth information concerning the balances owing to the named executive officers of the Corporation for the nine months ended September 30, 2021 and 2020 and the year ended December 31, 2020.

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Year ended December 31, 2020
	(US$ in thousands)		
Yoav Bar Joseph – CEO, director, and founder	302(1)	20	140
Ziv Turner- VP Business and founder	302(1)	20	140
Elad Barkan – CTO, director, and founder	302(1)	20	140

(1) As a result of the Debt Conversion, as of December 29, 2021, each of Yoav Bar Joseph's and Elad Barkan's debt was reduced by $65 and Ziv Turner's debt was reduced by $89.

CHANGES IN ACCOUNTING STANDARDS

Please refer to the September 30, 2021 condensed interim financial statements for accounting policy pronouncements.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Assets and liabilities recorded at fair value in the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The corporation Convertible loan (until it was converted into ordinary shares on December 31, 2021) and warrants are presented at a fair value at Level 3

The carrying values of the other financial instruments approximate their fair values. The cash is valued using quoted market prices in active markets.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Israeli New Shekel and the United States dollar and other foreign currencies will affect the Corporation's operations and financial results. Cannibble is exposed to currency risk as funds are held in Israeli currency and revenues and a significant portion of its expenses are denominated in United States currency. As at September 30, 2021, Cannibble has not entered into any hedging agreements to mitigate foreign currency risk. Therefore, Cannibble's financial position and financial results may be adversely affected by unfavorable fluctuations in currency exchange rates. The Corporation has cash that is exposed to possible fluctuations in the U.S. dollar exchange rates.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due by raising sufficient funds. As of September 30, 2021, the Corporation had a US$ 104 thousand working capital balances (December 31, 2020, US$ 47 thousand negative working capital), and the Corporation has little exposure to liquidity risk, as it will balance expenditures with available working capital.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Corporation has an 8% interest-bearing convertible loan. The Corporation periodically monitors its cash activity and is satisfied with the credit ratings of its banks.

RISKS AND UNCERTAINTIES

The Corporation's business as a foodtech company in the cannabis industry is subject to a number of significant risk factors. The following are certain risk factors related to Cannibble, its business, and risks related to ownership of the Corporation's ordinary shares. If any event arising from the risk factors set forth below occurs, the Corporation's business, prospects, financial condition, results of operation or cash flows and in some cases, its reputation, could be materially adversely affected. Although the Corporation believes that the risk factors described below are the most material risks that it faces, they are not the only ones. Additional risk factors not presently known to the Corporation or that the Corporation currently believes are immaterial could also materially and adversely affect its business, prospects, cash flows, results of operations or financial condition and negatively affect the value of Cannibble's ordinary shares. Readers should carefully consider each of these risks and all of the information in this MD&A.

Business and Industry Risks

Speculative Nature of Investment Risk

An investment in Cannibble's ordinary shares carries a high degree of risk and should be considered as a speculative investment by purchasers. The Corporation has a limited history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. The Corporation is in the development phases of its business and has only very recently offered some of its planned products for sale. The Corporation's operations are not yet sufficiently established so that it can mitigate the risks associated with its planned activities.

Liquidity and Future Financing Risk

The Corporation is in the development stage and has not generated a significant amount of revenue. The Corporation will likely operate at a loss until its business becomes established and it may require additional financing in order to fund future operations and expansion plans, including developing new products, enhancing existing products, enhancing its operating infrastructure and expanding the geographical area in which it operates. Cannibble's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions, as well as business success. There can be no assurance that the Corporation will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuing authorized capital, control may change, and shareholders may suffer additional dilution.

If the Corporation is successful in achieving a listing of its ordinary shares on the Canadian Securities Exchange (which cannot be guaranteed), volatility in the price of its ordinary shares could cause investors to lose all or part of their investment because they may not be able to sell their ordinary shares at or above the price they paid. Factors that could cause fluctuations in the market price of the ordinary shares include the following:

- price and volume fluctuations in the overall stock market from time to time;
- sales of ordinary shares by Cannibble shareholders;
- changes in the financial projections that the Corporation may provide to the public, or its failure to meet those projections;
- announcements by the Corporation or its competitors of new products or services;
- the public's reaction to the Corporation's press releases, other public announcements and filings with the securities commissions;
- rumors and market speculation involving the Corporation or other companies in its industry;
- actual or anticipated changes in its operating results or fluctuations in its operating results;
- actual or anticipated developments in its business, its competitors' businesses or the competitive landscape generally;
- litigation involving the Corporation, its industry or both, or investigations by regulators into the Corporation's operations or those of its competitors;
- developments or disputes concerning its intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by the Corporation or its competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to its business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in the Corporation's management; and
- general economic conditions and slow or negative growth of the Corporation's markets.

Increased Costs of Being a Publicly Traded Company

If the Corporation successfully lists on the Canadian Securities Exchange, the Corporation will incur significant additional legal, accounting and filing fees that it does not at present incur. Securities legislation and the rules and policies of the Canadian Securities Exchange require listed companies to, among other things, adopt corporate governance and related practices and to continuously prepare and disclose material information, all of which will significantly increase its legal and financial compliance costs.

Competition

The Corporation faces competition in the markets in which it operates and intends to operate in the near future. Some of its competitors may be better positioned to develop superior products and make technological innovations, and better able to adapt to changing market conditions than the Corporation is. The Corporation's ability to compete depends on, among other things, consistent high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition in the markets in which it operates may force it to reduce its product prices or may result in increased costs, and may have a material adverse effect on its business and operating results. Any decrease in the quality of the Corporation's products or level of service to customers, or any forced decrease in product pricing may adversely affect its business and operating results.

Limited Operating History and No Established Financing Sources

Although the Corporation believes its management team has extensive knowledge of the food product industry generally and the cannabis industry and it closely monitors changes in legislation with regards to recreational cannabis laws worldwide, the Corporation operates in an evolving industry that may not develop as expected and the Corporation may not be able to adapt as needed to stay competitive in the cannabis and hemp industry. Furthermore, the Corporation was incorporated in August 2018 and has a limited operating history and lacks established financing sources. The Corporation is subject to all of the business risks and uncertainties associated with any new business, including the risk that it will not achieve its business objectives. The Corporation's financial condition and results of operations will depend on many factors, including: the Corporation's ability to bring its full range of products to commercial production; its ability to achieve marketing success; and the continued legality of its products.

Product Development

If the Corporation cannot successfully develop, manufacture and distribute its products, or if the Corporation experiences difficulties in the development process, such as capacity constraints, quality control problem, problems with its contract manufacturers in the U.S., or other disruptions, the Corporation may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect its ability to effectively achieve success in the market. A failure by the Corporation to achieve a low-cost structure through economies of scale or improvements in manufacturing processes would have a material adverse effect on its commercialization plans and its business, prospects, results of operations and financial condition.

Product Liability

The Corporation's products will be produced for sale both directly and indirectly to end consumers, and therefore the Corporation faces an inherent risk of exposure if product liability claims, regulatory action and litigation of its products are alleged to have caused significant loss or injury. Previously unknown adverse reactions resulting from human use of its products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that its products caused injury or illness or include inadequate instructions for use or warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs to produce its products and could have a material adverse effect on its business and operational results.

Target Market Size

Because the hemp-, CBD-, and THC-infused products industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Corporation and few, if any, established companies whose business model the Corporation can follow or upon whose success the Corporation can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Corporation. There can be no assurance that the Corporation's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. Furthermore, the size of the health and wellness consumer goods products market is large, the Corporation is not an established player and it will be difficult to acquire significant market share at the outset with regards to the sale of its products.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

The Corporation's future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the Corporation's ability to (i) create greater awareness of its products, (ii) determine the appropriate creative message and media mix for future advertising expenditures and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Corporation's products. In addition, no assurance can be given that the Corporation will be able to manage its advertising and promotional expenditures on a cost-effective basis.

Promoting the Cannibble Brand

The Corporation believes that maintaining and promoting its brand is critical to expanding its customer base. Maintaining and promoting its brand will depend largely on its ability to continue to provide quality, reliable and innovative products, which the Corporation may not do successfully. The Corporation may introduce new products or services that its customers do not like, which may negatively affect its brand and reputation. Maintaining and enhancing its brand may require the Corporation to make substantial investments, and these investments may not achieve the desired goals. If the Corporation fails to successfully promote and maintain its brand or if the Corporation incurs excessive expenses in this effort, its business and financial results from operations could be materially adversely affected.

Changing Consumer Preferences

As a result of changing consumer preferences, many wellness, cannabis or other innovative products attain financial success for a limited period of time. Even if the Corporation's products find some retail success, there can be no assurance that any of its products will continue to see extended financial success. The Corporation's success will depend upon its ability to develop new and improved product lines. Even if the Corporation is successful in introducing new products or developing its current products, a failure to continue to improve them to meet changing customer preferences could cause a decline in its products' popularity that could reduce its revenues and harm its business, operating results and financial condition. The Corporation's failure to introduce new features and product lines and to achieve and sustain market acceptance could result in it being unable to meet consumer preferences and generate revenue which would have a material adverse effect on its profitability and financial results from operations.

Key Personnel Risk

The Corporation's success and future growth will depend, to a significant degree, on the continued efforts of its directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, scientific, sales and marketing staff or consultants. The loss of any key person or the inability to attract and retain new key persons could have a material adverse effect on its business. Competition for qualified technical, scientific, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that the Corporation will be able to attract or retain key personnel in the future. The Corporation's inability to retain and attract the necessary personnel could materially adversely affect its business and financial results from operations.

Reliance on Third Party Suppliers, Service Providers and Distributors

The Corporation intends to maintain a full supply chain for the material portions of the production and distribution process of its BlackBox products and it expects to continue to rely on contract manufacturers for the final formulation of its products for sale in the U.S. and elsewhere. The Corporation's suppliers, manufacturers, service providers, and distributors may elect, at any time, to breach or otherwise cease to participate in supply, manufacturing, service or distribution agreements, or other relationships, on which the Corporation's operations rely. Loss of its suppliers, manufacturers, service providers or distributors would have a material adverse effect on the Corporation's business and operational results.

The Corporation will be highly dependent on the uninterrupted and efficient operation of its third-party manufacturers. The Corporation's third-party manufacturers may not continue to maintain their required certification or continue or be willing or able to produce its products at reasonable prices or at all. If for any reason its third-party manufacturers discontinue production of its products, it would likely result in significant delays in production of its products and interruption of its sales as the Corporation seeks to establish a relationship and commence production with other manufacturers. The Corporation may be unable to make satisfactory production arrangements with another manufacturer on a timely basis or at all. If operations at one of its third-party manufacturer's manufacturing plant were to be disrupted as a result of equipment failures, natural disasters, fires, accidents, work stoppages, power outages or other reasons, its business, financial condition and/or results of operations could be materially adversely affected.

In addition, the Corporation will be dependent on third parties to obtain certain raw materials, including hemp, CBD and THC extract, necessary to develop and produce its products. The raw materials required for the production of its products, including hemp, CBD and THC extract, may not be available to us on favorable pricing terms in the future or at all when they are needed. If the Corporation is no longer able to obtain raw materials, including hemp, CBD and THC extract, from one or more of its suppliers on terms reasonable to it, or at all, its revenues, business, financial condition and operations would be negatively affected. While potential alternative suppliers of raw materials may be identified, they must first pass intensive validation tests to ensure their compliance with product specifications. No assurance can be given regarding the successful outcomes of such tests or the Corporation's ability to secure alternate sources of supply at competitive pricing and upon fair and reasonable contractual terms and conditions.

The Corporation's profit margins and the timely delivery of its products are dependent upon the ability of its outside suppliers and manufacturers to supply us with products in a timely and cost-efficient manner. The Corporation's ability to develop its business and enter new markets and sustain satisfactory levels of sales in each market depends upon the ability of its outside suppliers and manufacturers to produce the ingredients and products and to comply with all applicable regulations. The failure of the Corporation's primary suppliers or manufacturers to supply ingredients or produce its final products could adversely affect its business operations.

Compliance by Manufacturers with GMP requirements

All the Corporation's US-based manufacturers and suppliers must comply with applicable GMP, regulations for the manufacture of its products, which are enforced by the FDA through its facilities inspection program. The FDA may conduct inspections of the Corporation's third-party manufacturers to assure they are in compliance with such regulations. These GMP requirements include quality control, quality assurance and the maintenance of records and documentation, among other items. The Corporation's manufacturers may be unable to comply with these GMP requirements and with other regulatory requirements. A failure to comply with these requirements may result in fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, warning or untitled letters, import or export bans or restrictions or criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of Cannibble's products. If the safety of Cannibble's products is compromised due to a third-party manufacturer's failure to adhere to applicable laws or for other reasons, the Corporation may not be able to successfully sell its products. The Corporation cannot be sure that its third-party manufacturers will continue to reliably supply products at the levels of quality, or the quantities, it requires, and in compliance with applicable laws and regulations, including GMP requirements.

Unfavourable Publicity or Consumer Perception

The Corporation believes its industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of its products and perceptions of regulatory compliance. Consumer perception of the Corporation's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the hemp-, CBD-, and THC-infused edibles market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and its business, results of operations, financial condition and cash flows. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on it, the demand for products, and its business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of hemp-, CBD-, or THC-infused products in general, or the Corporation's products specifically, with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Inability to Sustain Pricing Models

Significant price fluctuations or shortages in the cost of materials may increase the Corporation's cost of goods sold and cause its results of operations and financial condition to suffer. If the Corporation are unable to secure materials at a reasonable price, the Corporation may have to alter or discontinue selling some of its products or attempt to pass along the cost to its customers, any of which could adversely affect its results of operations and financial condition.

Additionally, increasing costs of labor, freight and energy could increase the Corporation's and its suppliers' cost of goods. If its suppliers are affected by increases in their costs of labor, freight and energy, they may attempt to pass these cost increases on to us. If the Corporation pays such increases, the Corporation may not be able to offset them through increases in its pricing, which could adversely affect its results of operations and financial condition.

Management of Growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The Corporation's ability to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Rapid growth of the Corporation's business may significantly strain its management, operations and technical resources. If the Corporation is successful in obtaining large orders for its products, the Corporation will be required to deliver large volumes of products to its customers on a timely basis and at a reasonable cost. The Corporation may not obtain large-scale orders for its products and if it does, it may not be able to satisfy large-scale production requirements on a timely and cost-effective basis. The Corporation's inability to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Product Viability

If the products the Corporation sells are not perceived to have the effects intended by the end user, its business may suffer. Many of its products contain innovative ingredients or combinations of ingredients. There is little long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry. Moreover, there is little long-term data with respect to efficacy, unknown side effects and/or its products' interaction with individual animal biochemistry. As a result, the Corporation's products could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Risks Related to Investing in an Israeli Company

Exchange rate fluctuations between the U.S. dollar, the New Israeli Shekel, and the Canadian dollar may negatively affect the Corporation's earnings.

Although most of the Corporation's revenues and a portion of its expenses are denominated in U.S. dollars, substantially all of its research and development expenses, as well as a portion of manufacturing cost and cost of revenues, selling and marketing, and general and administrative expenses, are incurred in New Israeli Shekels. In addition, the Corporation has raised capital denominated in Canadian dollars. As a result, the Corporation is exposed to foreign exchange risks, including the risks that the New Israeli Shekel may appreciate relative to the U.S. dollar, or, if the New Israeli Shekel instead devalues relative to the U.S. dollar, that the inflation rate in Israel may exceed the rate of devaluation of the New Israeli Shekel, or that the timing of such devaluation may lag behind inflation in Israel. In any such event, the U.S. dollar cost of the Corporation's operations in Israel would increase and its U.S. dollar-denominated results of operations would be adversely affected. If the value of the Canadian dollar depreciates against the U.S. dollar or the New Israeli Shekel, the value of funds raised in Canada will be reduced. The Corporation cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the New Israeli Shekel against the U.S. dollar or the Canadian dollar or the relative value of the U.S. and Canadian dollars. If the U.S. dollar cost of the Corporation's operations in Israel increases, the dollar-measured results of operations will be adversely affected. The Corporation may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Corporation develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

The Corporation's headquarters, some manufacturing and other significant operations are located in Israel and, therefore, the Corporation's results may be adversely affected by political, economic and military instability in Israel.

The Corporation is headquartered in Israel and most of its operations (other than the final manufacturing of the Pelicann products in the United States) takes place in Israel. In addition, its key employees, officers and some of its directors are residents of Israel. The government in Israel faces ongoing problems including but not limited to inflation, unemployment, and inequitable income distribution. While Israel's credit rating is current "AA-" (S&P Global), it has a history of geopolitical instability and crises including those related to terrorism. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm its results of operations and could make it more difficult for us to raise capital. Although there is no current major political instability in Israel, this could change in the future and could adversely affect its business, financial condition and results of operations.

An investor may have difficulty enforcing Canadian law against an Israeli company like Cannibble.

Cannibble is incorporated in Israel. Most of its directors and all of its executive officers named in this Prospectus reside outside of Canada, and most of its assets and most of the assets of these persons are located outside of Canada. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of Canadian securities laws, may not be collectible in Canada and may not be enforced by an Israeli court. It also may be difficult for an investor to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to Canadian securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against Cannibble in Israel, an investor may not be able to collect any damages awarded by either a Canadian or foreign court.

The Corporation conducts a significant part of its operations in Hebrew and English translations of documents may not be available.

As a result of Cannibble being based in Israel, its books and records, including key documents such as material contracts and financial documentation are principally negotiated and entered into and recorded in the Hebrew language and English translations may not exist or be readily available.

Regulatory Risks

Complying with Changing Cannabis Laws

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Cannibble to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of its business. The Corporation cannot predict the nature of any future laws, regulations, interpretations or applications, nor can the Corporation determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

Management expects that the legislative and regulatory environment in the cannabis industry in the United States and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on its business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions, including in countries that Issuer plans to distribute its cannabis products.

U.S. Regulatory Risks

Cannibble operates in a new industry that is highly regulated, highly competitive, and evolving rapidly. Therefore, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Corporation incurs ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Cannibble and, therefore, on its prospective returns. Further, the Corporation may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct its business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on its financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Corporation's control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies, which may be imposed. Changes in government levies, including taxes, could reduce the Corporation's earnings and could make future capital investments or its operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Cannibble is an entity that is expected to continue to derive a portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. While the Corporation's business activities are compliant with applicable state and local law, those activities remain illegal under United States federal law. The Corporation is involved in the cannabis industry in the U.S. where local and state laws permit such activities or provide limited defenses to criminal prosecutions. The Corporation will be indirectly engaged in the manufacture and distribution of cannabis in the recreational cannabis marketplace in the U.S.

Enforcement of relevant Laws

Cannabis, other than hemp, is a Schedule I controlled substance under the CSA. In December 2018, the U.S. government changed hemp's legal status. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale and possession of hemp or extracts of hemp, including certain CBD products, no longer violate the CSA. U.S. states have implemented a patchwork of different laws on hemp and its extracts, including CBD. Additionally, the FDA claims that the FDCA significantly limits the legality of hemp-derived CBD products.

Even in U.S. states or territories that have legalized cannabis to some extent, the cultivation, possession, and sale of cannabis all violate the CSA and are punishable by imprisonment, substantial fines and forfeiture. Moreover, individuals and entities may violate federal law if they aid and abet another in violating the CSA, or conspire with another to violate the law, and violating the CSA is a predicate for certain other crimes, including money laundering laws and the *Racketeer Influenced and Corrupt Organizations Act*. The U.S. Supreme Court has ruled that the federal government has the authority to regulate and criminalize the sale, possession and use of cannabis, even for individual medical purposes, regardless of whether it is legal under state law. For over five years, however, the U.S. government has not prioritized the enforcement of those laws against cannabis companies complying with state law and their vendors. No reversal of that policy of prosecutorial discretion is expected under a Biden administration given his campaign's position on cannabis, discussed further below, although prosecutions against state-legal entities cannot be ruled out.

Entry into the U.S.

Because cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. Business or financial involvement in the legal cannabis industry in Canada or in the U.S. could also be reason enough for U.S. border guards to deny entry.

Adverse Reaction by the FDA

The FDA has broad authority over the regulation of the Corporation's products. The FDA could, among other things, force the Corporation to remove its products from the United States market, levy fines or change their regulations on advertising. Any adverse action by the FDA could have a material adverse impact on its business.

Regulatory Approval and Permits

Cannibble may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are licensed. There can be no assurance that Cannibble will be able to obtain or maintain any necessary licenses, permits or approvals. Moreover, Cannibble and/or third-party suppliers of hemp extract or hemp-infused products could be required to obtain a CSA permit, which would likely not be a feasible option for retail products. Any material delay or inability to receive these items is likely to delay and/or inhibit Cannibble's ability to conduct its business, and would have an adverse effect on its business, financial condition and results of operations.

Additional Labeling or Warning Requirements on Cannibble's Products

Various jurisdictions may seek to adopt significant additional product labeling or warning requirements or limitations on the availability of the Corporation's products relating to the content or perceived adverse health consequences of its products. Federal laws may pre-empt some or all of these attempts by state or localities to impose additional labeling or warning requirements. If these types of requirements become applicable to the Corporation's products under current or future environmental or health laws or regulations, they may inhibit sales of its products. Moreover, if the Corporation fails to meet compliance deadlines for any such new requirements, its products may be deemed misbranded or mislabeled and could be subject to enforcement action, or the Corporation could be exposed to private lawsuits alleging misleading labels or product promotion.

International Regulatory Risks

The Corporation intends to expand internationally. As a result, the Corporation 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 Corporation 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. The Corporation's failure to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on its business, financial condition and results of operations. If the Corporation's sales or operations were found to be in violation of such international regulations, it may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of its operations or asset seizures and the denial of regulatory applications.

Banking Risk

It is possible that banks may refuse to open bank accounts for the deposit of funds from the Corporation's business, as its products are involved with the cannabis industry. The inability to open bank accounts with certain institutions could materially and adversely affect the Corporation's business.

Potential Changes in Laws and Regulations

Changes to laws and regulations could have a significant impact on its ability to market and sell the Cannibble products. If legislation changes, such action could have a materially adverse effect on: (a) the Corporation's ability to obtain lawfully sourced raw materials; and (b) the manufacturing, marketing, distribution and sale of its products in one or multiple jurisdictions, up to and including a complete interruption of its business. The Corporation cannot predict the nature of any future regulations, interpretations or applications, nor can the Corporation determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Corporation's business.

Other Risks

Public Health Crises, Epidemics, and Pandemics

The duration and severity of the current COVID-19 pandemic may significantly impact or exacerbate some of the other risks set forth herein. Risks that may be further impacted by the COVID-19 pandemic relate to the Corporation's operations and expansion, including the Corporation's ability to grow its brand and sales and to maintain production levels in the event that the Corporation's contract manufacturers' employees are restricted from accessing their facilities for a significant period of time; to the Corporation's ability to access capital and the level of borrowing costs; and risks relating to supply chain disruption.

The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand (across all sectors), service cancellations, reductions and other changes, and quarantines, as well as considerable general concern and uncertainty. The impacts of the COVID-19 pandemic that may impact the Corporation include: a decrease in demand for the products; a reduction in production levels; increased costs resulting from the Corporation's efforts to mitigate the impact of the COVID-19 pandemic on operations; a deterioration of worldwide credit and financial markets that could limit the Corporation's ability to obtain external financing to fund the Corporation's capital expenditures or its operations; and a disruption to the Corporation's distribution channels or supply chains. A material adverse effect on the Corporation's employees, customers, suppliers and/or distributors could have a material adverse effect on the Corporation.

The overall severity and duration of COVID-19-related adverse impacts on the Corporation's business will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which its suppliers and distributors can return to full production, the status of labor availability and the ability of its manufacturing and logistics partners to staff their operations and facilities. Even after the COVID-19 outbreak has subsided, the Corporation may continue to experience material adverse impacts to its business as a result of COVID-19's global economic impact, including any related recession. It is possible that the Corporation's business operations and financial performance in 2021 and beyond may be materially adversely affected by this global pandemic.

Inability to Protect Intellectual Property

The Corporation's success will be heavily dependent upon its intellectual property. The Corporation relies upon trademarks, trade secrets, unpatented proprietary know-how, and continuing technology innovation to protect the products that it considers important to the development of its business. The Corporation relies on various methods to protect its proprietary rights, including confidentiality agreements with its consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of the Corporation's confidential information. However, despite the Corporation's efforts to protect its intellectual property rights, unauthorized parties may attempt to copy or replicate Cannibble products. There can be no assurances that the steps taken by the Corporation to protect its products will be adequate to prevent misappropriation or independent third-party development of Cannibble products. It is possible that other companies can duplicate a production process similar to the Corporation's. To the extent that any of the above could occur, the Corporation's revenue could be negatively affected, and in the future, the Corporation may have to litigate to enforce its intellectual property rights, which could result in substantial costs and divert the Corporation's management's attention and its resources.

Conflicts of Interest

Some of the Corporation's directors and officers will not be devoting all of their time to the affairs of Cannibble. Some of the Corporation's directors and officers are or may become directors and officers of other companies, some of which may be in the same business as Cannibble. The Corporation's directors and officers are required by law to act in the best interests of Cannibble. They have the same obligations to the other companies in respect of which they act as directors and officers. Such conflicting legal obligations may expose Cannibble to liability to others and impair its ability to achieve its business objectives.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Research and development expenses:

	Three months period ended September 30,		Nine months period ended September 30,	
	2021	**2020**	**2021**	**2020**
	(USD in thousands)			
Salaries and related expenses	74	99	220	132
Other	2	1	3	2
	76	100	223	134

General and administrative expenses:

	Three months period ended September 30,		Nine months period ended September 30,	
	2021	**2020**	**2021**	**2020**
	(USD in thousands)			
Salaries and related expenses	35	15	109	20
Professional services	102	55	460	72
Other	45	1	64	3
	182	71	633	95

OUTSTANDING SHARE DATA AT THE DATE OF THIS MD&A

On March 31, 2021, the Corporation issued a stock bonus to its shareholders on the basis of three bonus ordinary shares for every one ordinary share held on the effective date.

On December 22, 2021, the Corporation issued 26,882 shares to an advisor for services provided.

On December 29, 2021, in connection with the Corporation's efforts to become a reporting issuer and seek a listing on the CSE, the Corporation effected the Debt Conversion, pursuant to which it issued the following shares to Messrs. Yoav Bar-Joseph, Elad Barkan and Ziv Turner in consideration for the cancellation of part of the debt owed to them on account of accrued salary.

Mr. Yoav Bar-Joseph – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Elad Barkan – issuance of 86,774 Ordinary Shares of the Corporation in exchange for a debt of $65 (approximately CAD$81) converted at CAD$ 0.93 per share.
Mr. Ziv Turner – issuance of 61,338 Ordinary Shares of the Corporation in exchange for a debt of $46 (approximately CAD$57) converted at CAD$ 0.93 per share.

As part of the Debt Conversion, Ziv Turner converted an additional $43 of accrued debt owing to him which was applied to the ordinary shares held by another holder of builder shares to increase their cost base to CAD$0.02 per share.

In the third week of January 2022, Asaf Porat paid approximately CAD$53,333 to Cannibble (the "Porat Payment") as an additional subscription amount for his founder's shares, as a result of which the average cost base of his Ordinary Shares was increased to CAD$0.02.

As a result of the Debt Conversion and the Porat Payment, the cost base of all the founders' shares was increased to CAD$0.02.

On December 31, 2021, the Corporation issued 2,594,789 shares as a result of a conversion of the principal and 8% interest on the Notes that were issued to 35 investors in March 2021.

The Corporation's authorized capital consists of 1,000,000,000 ordinary shares with a par value of NIS 0.01 per share. As of the date of this MD&A, the Corporation has 21,721,399 ordinary shares issued and outstanding.

Under his contract with the Corporation, Cannibble's CFO is entitled to receive that number of ordinary shares that is equal to 0.05% of the issued and outstanding ordinary shares on the date on which the Corporation's ordinary shares are listed on a stock exchange in Canada.

As at the date of this MD&A, there are 195,233 share purchase warrants issued and outstanding. Each warrant entitles the holder thereof to acquire one Ordinary Share.

The following table sets forth the aggregate number of warrants which are outstanding as at the date of this MD&A:

Number of warrants	Number of Warrants	Date of expiry	Exercise price
Frontfundr offering	105,936	July 5, 2023	CAD $1.40
Frontfundr compensation warrants(1)	7,415	July 5, 2024	CAD $0.93
PI Novel- Warrants	55,000	July 5, 2023	CAD $1.40
Amuka Capital -Warrants	26,882	April 15, 2023	CAD $1.40

(1) these compensation warrants consist of a unit exercisable at CAD0.93 to acquire one ordinary share and one share purchase warrant to acquire an additional ordinary share at the exercise of $1.40.

The following share purchase warrants will be outstanding at listing on a Canadian stock exchange:

Number of warrants	Number of Warrants	Date of expiry	Exercise price
Zermatok Warrants (1)	546,776	June 30, 2022	NIS 1.71(approximately CAD $0.48) (3)
Share purchase warrants (2)	1,396,146	18 months from listing on stock exchange	150% of listing share price
Exiteam bonus shares	69,893	Upon Listing	CAD $0.93
Exiteam warrants	193,142	April 15, 2023	CAD $0.74

(1) These share purchase warrants will be issued to Zermatok in partial compensation for its services to the Corporation in connection with its intention to become a public company and list its ordinary shares on a Canadian stock exchange. These warrants will be exercisable into ordinary shares on closing of an initial public offering at an exercise price of NIS 1.719 per share.

(2) In connection with the Notes offering, 35 investors signed a share purchase warrant appendix ("Holders") entitling each Holder to purchase up to that number of ordinary shares as are issued to the Holder pursuant to the Note conversion, at an exercise price equal to 150% of the Listing Share Price for a period of 18 months.

(3) According to the bank of Israel exchange rate of CAD$1 = 2.3531 NIS for September 30,2021.

CERTIFICATE OF THE COMPANY

Date: January 31, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

/s/ Yoav Bar Joseph
Yoav Bar Joseph
CEO and Director

/s/ Uri Ben- Or
Uri Ben Or
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Elad Barkan
Elad Barkan
Director

/s/ Ziv Turner
Ziv Turner
Director

CERTIFICATE OF THE PROMOTER

Date: January 31, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia.

/s/ Yoav Bar Joseph
Yoav Bar Joseph
Promoter

/s/ Elad Barkan
Elad Barkan
Promoter

/s/ Ziv Turner
Ziv Turner
Promoter