

FORM 7
MONTHLY PROGRESS REPORT
For the Month of December, 2019

Name of CSE Issuer: **Isracann Biosciences Inc. (the “*Issuer*”)**

Trading Symbol: **IPOT**

Number of Outstanding Listed Securities: **119,977,616 common shares**

Date of filing: **January 3, 2020**

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.
 - **On December 5, 2019 the Company announced that it received a phase 1 project profile report and has been advised that the project characterization project is fully underway and moving ahead on schedule.**

As previously announced, Isracann engaged the services of LinC by Growing Smart Ltd., an international agricultural management company with extensive experience and expertise within the cannabis sector in Israel. The firm specializes in the delivery of individually tailored project management and agronomic solutions to select cannabis sector projects and is currently managing 12 cannabis projects worldwide.

The Company will receive a phased end-to-end assessment of the project and the development of valuable information regarding details of the project execution plan and the assignment of resources to the project. Currently a detailed analysis, including internal and external environmental factors, is underway to provide key information in order to best allocate organizational resources and assign appropriate leadership. Production processes, available resources (e.g., experienced personnel and technical infrastructure) and organizational structure as well as imposed risks and outcomes are undergoing advanced study and review.

- **On December 30, 2019 the Company provided a review of the Company’s 2019 activities and outlook for the New Year.**

FINANCING & PUBLIC LISTING

Isracann Biosciences Inc. at its inception had a healthy cash position which was quickly bolstered by subsequent financing efforts culminating in the successful raise of CAD\$10.1 million which accelerated execution of the Company’s capital markets and business

development strategies. The Company listed under the ticker symbol IPOT on the Canadian Securities Exchange on October 17, 2019, concurrently as A2PTOE on the Frankfurt market, and with a subsequent OTC listing as ISCNF along with DTC eligibility by The Depository Trust Company (“DTC”) for US-based investor participation.

PHASE ONE FACILITY DESIGN & CONSTRUCTION SERVICES

The Company revealed the existence of a greenhouse facility design for cannabis cultivation and production in accordance with an existing technical specifications strategy, including adequate controls per regulatory standards and compliance with protective security, health, and safety requirements in accordance with Israeli regulations. The Company further announced agreements for the development of medical cannabis cultivation projects with regional stakeholders holding preliminary breeding and cultivation licenses issued by the Israeli Ministry of Health (the “Yakar”). The announcement advised that the regional stakeholder is required to renew these licenses each year and further bears the cost of electricity, property and related land taxes and are bound to work with Isracann to obtain the required licenses and to participate in the construction of the greenhouses.

ARCHITECTURAL & SECURITY CONSULTANTS

Isracann engaged key regional consultants, AgroPlan Ltd. and A.R. Factor Group, who respectively provide the Company architectural design and security planning as part of the Company’s integrated design/build strategy aimed at earning key Good Practice national certifications. Architecturally, AgroPlan completed a site survey to assess the topography, drainage, access to water, roads and electricity. Using this information AgroPlan has engineered a site specific/project specific architectural plan aimed at ensuring IMC-GAP, Israeli Medical Cannabis – Good Agricultural Practices code certification and IMC-GMP, Israeli Medical Cannabis – Good Manufacturing Practices code certification. Concurrently, A.R. Factor Group prepared a security design based upon the AgroPlan architectural designs and provided critical input to ensure the plans are suitable for and compliant with IMC-GSP, Israeli Medical Cannabis – Good Security Practices code. A.R. Factor was further contracted to write the requisite operational security plan for the entire site, which has been substantially completed.

EXPERT AGRONOMY CONSULTANTS

Isracann engaged LinC by Growing Smart Ltd. to deliver a formal project characterization roadmap for the successful development of its proposed 230,000 sq. ft. purpose-built production facility including requisite greenhouse environmental controls such as proposed equipment for dehumidification, air circulation, shading screens, active heating, cooling and carbon dioxide enrichment. The contractor specializes in the delivery of individually tailored project management and agronomic solutions to select cannabis sector projects and is currently managing 12 cannabis projects worldwide and was subsequently engaged to provide ongoing cannabis agronomic services for the development of Isracann’s current and future farm concepts into productive operations.

On December 4th it was announced that Isracann had received the phase 1 project profile report and advisement that the project characterization was fully underway including soil, water, and atmospheric sampling, and was moving ahead as scheduled. The final detailed report will impact virtually every aspect of the initial development phase from construction and the correct orientation of the facilities, to electrical, plumbing, irrigation, sewage and waste treatment, humidity, UV concentrations as well as plant nutrition, disease and pest control management. Production processes, available resources (e.g., experienced personnel and technical infrastructure) and organizational structure as well as imposed risks and outcomes are undergoing advanced study and review.

FACILITY PLAN SUBMISSION & APPROVALS

Isracann made critical submission of architectural, agronomic and security plans for the proposed greenhouse facilities in Nir, Israel. Plans were submitted to the Israeli Land Authority (Raeshoot Mekarka'ei Yisrael), the governing body overseeing the utilization of national land reserves. On November 27, Isracann received facility design and land use approvals from the Israeli Land Authority preparatory to construction permitting and awarding of building contracts for the proposed phase 1 build-out. Prior to commencement of construction, the Company will require the approval of the Israeli Settlement Commissioner and the Israeli Ministry of Health. These approvals are pending.

2020 CONSTRUCTION PLANS AT NIR, ISRAEL

The Company solicited and received detailed proposals from multiple cannabis specialty greenhouse construction firms within Israel (and abroad) that specialize in the design, construction and implementation in support of cannabis agricultural projects. Contract awards were predicated upon receipt of land use approvals and are now moving ahead.

Phase I involves the fabrication of two Isracann facilities totaling up to 115,000 square feet. Each of the greenhouses is based on a 57,500 square foot floorplan with an estimated annual production capacity of 5,750 kg of dried cannabis flower. The facilities will be built to comply with the IMC-GAP and IMC-GSP. The preliminary design was approved by the Israeli Ministry of Agriculture & Rural Development.

NEW LATE STAGE FARM OPPORTUNITY NEAR BE'ER SHEVA, ISRAEL

On December 16th Isracann entered an MOU for a joint venture with an additional farm property consisting of a late stage buildout of an +880,000 sq. ft. agricultural property with two recently assembled steel greenhouse structures (approx. 200,000 sq. ft.). A preliminary assessment by Isracann's agronomic team projects full scale planting during the upcoming 2020 spring season with initial production projections indicating a first-year yield consistent with the Company's Nir Israel farm projected output. The property encompasses a purpose-built cannabis cultivation facility in an agricultural centre proximal to

several licensed producers (LP's) west of Be'er Sheva, Israel (the "Be'er Sheva Farm"). The facility has all construction and land use permits in-place and an experienced and knowledgeable cultivation team which has local agronomic expertise with regional cannabis operations. Upon full build-out the facility will represent an approximate 100% increase in the Company's current potential production capacity from its existing Nir, Israel farm. Under the joint venture, the Company will capitalize the buildout of the remaining construction in return for an economic interest in the project in compliance with Israeli laws. Terms of the joint venture will be released upon signing of a definitive agreement, which is subject to continued due diligence of the Be'er Sheva Farm by the Company.

2. Provide a general overview and discussion of the activities of management.

Please see item 1

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Please see item 1.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

- **The mining operation at the co-location facility continues to be suspended due to adverse market conditions, increase in bitcoin network mining difficulty and decrease in the price of bitcoin.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

- **On December 17, 2019 the Company announced that it entered into an MOU for a joint venture with an additional farm property consisting of a late stage buildout of a cannabis cultivation facility in an agricultural centre proximal to several licensed producers (LP's) west of Be'er Sheva, Israel (the "Be'er Sheva Farm"). Under the joint venture, the Company will capitalize the buildout of the remaining construction in return for an economic interest in the project in compliance with Israeli laws. Terms of the joint venture will be released upon signing of a definitive agreement, which is subject to continued due diligence of the Be'er Sheva Farm by the Company.**

The Be'er Sheva Farm consists of over 880,000 sq. ft. of agricultural land with two recently assembled steel greenhouse structures having a footprint of nearly 200,000 sq. ft. Upon full build-out the facility will represent an approximate 100% increase in the Company's current potential production capacity from its existing Nir Israel farm. The Be'er Sheva Farm also provides unused land with the potential for four times cultivation

expansion capability. The new facility is designed to cannabis production standards and is ready to be enclosed with high quality application-specific polycarbonate cladding. The facility has all construction and land use permits in-place and an experienced and knowledgeable cultivation team which has local agronomic expertise with regional cannabis operations.

Isracann has moved quickly to develop a definitive agreement subject to completion of commercial due diligence. A preliminary assessment by Isracann's agronomic team projects full scale planting during the upcoming 2020 spring season. Initial production projections indicate a first-year yield consistent with the Company's Nir Israel farm projected output.

6. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None.

7. Describe the acquisition of new customers or loss of customers.

None.

8. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None.

9. Report any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

10. Report on any labour disputes and resolutions of those disputes if applicable.

None.

11. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

12. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None.

13. Provide details of any securities issued and options or warrants granted.

Throughout the month of December, 9,076,432 shares were issued pursuant to warrant exercises

14. Provide details of any loans to or by Related Persons.

None.

15. Provide details of any changes in directors, officers or committee members.

None.

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 3, 2020

Yana Popova
Name of Director or Senior
Officer

"Yana Popova"
Signature

Chief Financial Officer
Official Capacity

| Issuer Details | | |
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| Name of Issuer Iracann Biosciences Inc. | For Month End December, 2019 | Date of Report YY/MM/DD 2020/01/03 |
| Issuer Address 1600 – 595 Burrard Street | | |
| City/Province/Postal Code Vancouver, BC, V7C 1L4 | Issuer Fax No. () | Issuer Telephone No. 1 (604) 343-8661 |
| Contact Name: Darryl Jones | Contact Position: President & CEO | Contact Telephone No. 1 (604) 343-8661 |