

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This preliminary short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in the provinces of British Columbia, Alberta and Ontario that permit certain information about these securities to be determined after the short form base shelf prospectus has become final and that permit the omission of that information from this prospectus. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in cases where an exemption from such delivery requirements has been obtained.

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

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). They may not be offered or sold in the United States of America or to or for the account or benefit of a "U.S. person" as defined in Regulation S under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy these securities in the United States or to any "U.S. person".

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Isracann Biosciences Inc., Suite 1600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, Telephone: 604-788-9533, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 16, 2020



ISRACANN BIOSCIENCES INC.

\$10,000,000

**Common Shares
Warrants
Subscription Receipts
Debt Securities
Units**

This preliminary short form base shelf prospectus (this "**Prospectus**") relates to the offering for sale of common shares (the "**Common Shares**"), warrants (the "**Warrants**"), subscription receipts (the "**Subscription Receipts**"), debt securities (the "**Debt Securities**"), or any combination of such securities (the "**Units**") (all of the foregoing, collectively, the "**Securities**") by Isracann Biosciences Inc. ("**Isracann**" or the "**Company**") from time to time, during the 25-month period that the Prospectus, including any amendments hereto, remains effective, in one or more series or issuances, with a total offering price of the Securities in the aggregate, of up to \$10,000,000. The Securities may be offered for sale separately or in combination with one or more other Securities and may be sold from time to time in one or more transactions at a fixed price or prices (which may be changed) or at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices.

The specific terms of any Securities offered will be described in one or more shelf prospectus supplements (collectively or individually, as the case may be, a "**Prospectus Supplement**"), including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms; (ii)

in the case of Warrants, the number of Warrants offered, the offering price, the designation, number and terms of the Common Shares issuable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (iii) in the case of Subscription Receipts, the number of Subscription Receipts offered, the offering price, the procedures for the exchange of the Subscription Receipts for Common Shares, Warrants or any other Securities and any other specific terms; (iv) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption, any exchange or conversion terms, whether the debt is senior, senior subordinated or subordinated, whether the debt is secured or unsecured and any other terms specific to the Debt Securities being offered; and (v) in the case of Units, the designation, number and terms of the Common Shares, Warrants or Debt Securities comprising the Units. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference to this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. Investors should read the Prospectus and any applicable Prospectus Supplement carefully before investing in the Securities.

The Company and/or any selling securityholders may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities directly to one or more purchasers pursuant to applicable statutory exemptions or through agents. See “Plan of Distribution”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company and/or the selling securityholder in connection with such offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the Company and/or selling securityholder will receive and any other material terms of the plan of distribution. The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to such prevailing market prices or at negotiated prices, which prices may vary as between purchasers and during the period of distribution of the Securities.

In connection with any offering of the Securities, the underwriters, dealers or agents, as the case may be, may over allot or effect transactions which stabilize or maintain the market price of the Securities at a level above that which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

The Company’s outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “CSE”) under the symbol “IPOT”. The Company’s head office is located at Suite 1600, 595 Burrard Street, Vancouver, British Columbia V7X 1L3. The Company’s registered office is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

Unless otherwise disclosed in any applicable Prospectus Supplement, the Warrants, Subscription Receipts, Debt Securities and the Units will not be listed on any securities exchange. Unless the Securities are disclosed to be listed, there will be no market through which these Securities may be sold and purchasers may not be able to resell these Securities purchaser under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities, and the extent of issuer regulation. See “Risk Factors”.

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GENERAL MATTERS

In this Prospectus, references to “Isracann”, the “Company”, “we”, “us” and “our” refers, collectively, to Isracann Biosciences Inc. and our subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking information” as defined under Canadian securities laws (collectively, “**forward-lookig information**”) which reflect management’s expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects and opportunities of the Company. The words “plans”, “expects”, “does not expect”, “scheduled”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projects”, “believes”, or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved”, or “continue” and similar expressions identify forward-looking statements. Such forward-looking statements ae qualified in their entirety by the inherent ricks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date of this Prospectus, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The Company’s estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the Company’s future growth potential, results of operations, future prospects and opportunities, the demographic and industry trends, legislative or regulatory matters, future levels of indebtedness, the tax laws as currently in effect, the continual availability of capital and the current economic conditions.

When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements, including but not limited to those factors discussed under “Risk Factors”.

Certain statements included in this Prospectus may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this Prospectus. All forward-looking statements are made as of the date of this Prospectus. Except as expressly required by applicable law, the Company assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this Prospectus are qualified by these cautionary statements.

CURRENCY PRESENTATION

Unless stated otherwise or as the context otherwise requires, all references to dollar amounts in this Prospectus, any Prospectus Supplement, and any other document that are incorporated by reference into this Prospectus are references to Canadian dollars, unless otherwise indicated.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commission in each of the Provinces of Alberta, British Columbia and Ontario (the “Securities Commissions”), or similar authorities in Canada. Copies of the documents incorporated herein by reference may also be obtained on request without charge from charge from Isracann Biosciences Inc., Suite 1600, 595 Burrard Street, Vancouver, British Columbia V7X 1L3, Telephone: 604-788-9533. In addition, copies of the documents

incorporated by reference herein may be obtained from the Securities Commissions or similar authorities in the provinces and territories of Canada electronically on SEDAR, at www.sedar.com.

The following documents or portions of documents filed with the Securities Commissions or similar authorities in the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- the annual information form of the Company for the year ended May 31, 2019, dated December 13, 2019 (the “**Annual Information Form**”);
- the audited consolidated financial statements of the Company, and the notes thereto for the years ended May 31, 2019 and 2018, together with the auditors’ report thereon;
- the management’s discussion and analysis of financial condition and results of operations for the year ended May 31, 2019 (the “**Annual MD&A**”);
- the unaudited condensed interim consolidated financial statements of the Company for the six months ended November 30, 2019, and the notes thereto;
- the management’s discussion and analysis of financial condition and results of operations for the six months ended November 30, 2019 (the “**Interim MD&A**”);
- the management information circular of the Company dated June 5, 2019 distributed in connection with the Company’s annual and special general meeting of shareholders held on July 5, 2019;
- the business acquisition report dated December 20, 2019 with respect to the the acquisition of Isracann Holdings Ltd. (formerly, Isracann Biosciences Inc.) completed on October 7, 2019; and
- the material change report dated October, 11, 2019 with respect to the acquisition of Isracann Holdings Ltd. (formerly, Isracann Biosciences Inc.) completed on October 7, 2019.

Any documents of the type referred to above or in Section 11.1 of Form 44-101F1, including any material change reports (excluding confidential reports), annual and interim financial statements (including management’s discussion and analysis filed in connection with such annual and interim financial statements), updated disclosure of earnings interest coverage ratios, and information circulars or annual filings that are filed by the Company with the Securities Commissions or any similar authorities in the provinces and territories of Canada after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form and the related annual financial statements being filed by the Company with, and, where required, accepted by the Securities Commissions and similar authorities in the provinces and territories of Canada during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and annual filings or information

circulars filed before the commencement of the Company’s fiscal year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms in respect of any Securities, updated disclosure of earnings interest coverage ratios (if applicable) and any additional or updated information that the Company may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of such Securities, together with this Prospectus, and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of such Securities.

Any template version of any “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) filed after the date of a Prospectus Supplement and before the termination of the distribution of the Securities offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed to be incorporated by reference in such Prospectus Supplement.

THE COMPANY

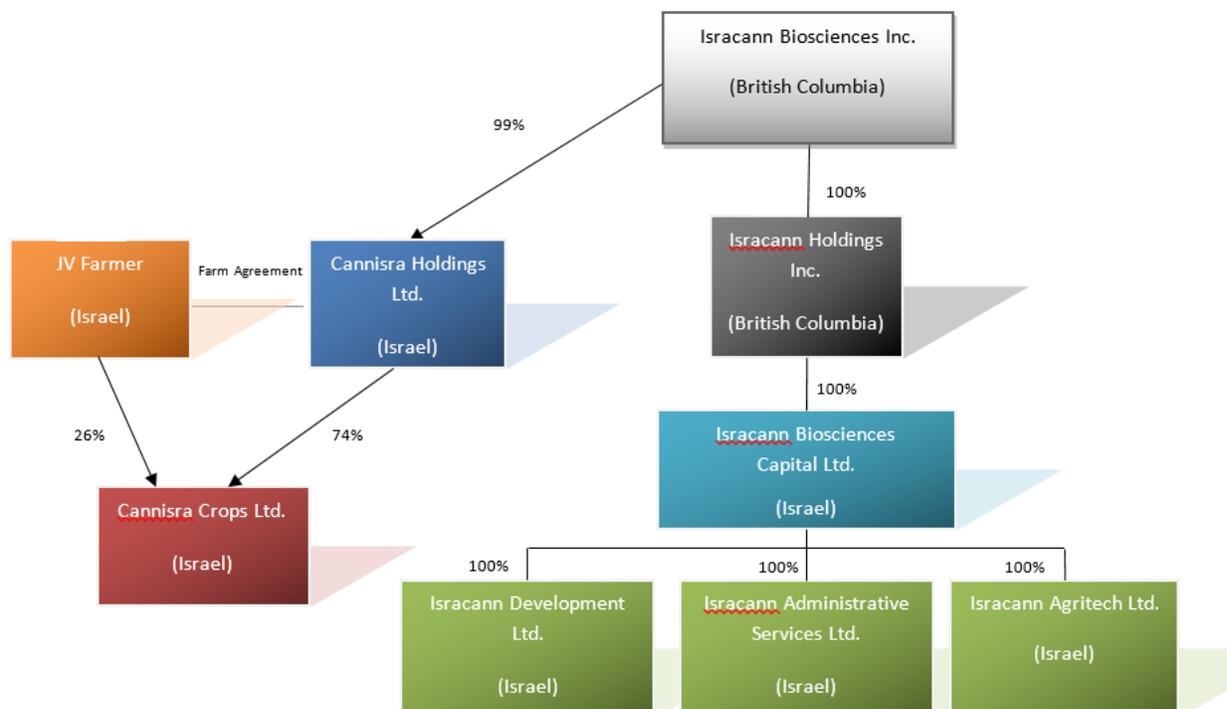
The Company was incorporated under the *Business Corporations Act* (Alberta) (the “**ABCA**”) on January 21, 2010 as “Sypher Resources Ltd.”. On July 23, 2014, in connection with a reverse takeover transaction with Atlas Cloud Enterprises (2013) Ltd. (“**ACE**”), the Company changed its name to “Atlas Cloud Enterprises Inc.”. The Company continued to the Province of British Columbia on July 18, 2018. On October 7, 2019, the Company changed its name to “Isracann Biosciences Inc.” in connection with the acquisition of the Isracann Holdings Inc. (formerly, Isracann Biosciences Inc.), which resulted in a fundamental change of business under the policies of the CSE. The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta and Ontario.

The Company’s head office is at Suite 1600, 595 Burrard Street, Vancouver, British Columbia V7X 1L3 and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

Intercorporate Relationships

As at the date of this Prospectus, the Company has the following material wholly owned subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Shareholders and Interest held
Isracann Holdings Inc.	British Columbia	Isracann Biosciences Inc. (100%)
Cannistra Holdings Ltd.	Israel	Isracann Biosciences Inc. (99%)
Isracann Biosciences Capital Ltd.	Israel	Isracann Holdings Inc. (100%)
Isracann Development Ltd.	Israel	Isracann Biosciences Capital Ltd. (100%)
Isracann Agritech Ltd.	Israel	Isracann Biosciences Capital Ltd. (100%)
Isracann Administrative Services Ltd.	Israel	Isracann Biosciences Capital Ltd. (100%)
Cannistra Crops Ltd.	Israel	Cannistra Holdings Ltd. (74%)



SUMMARY DESCRIPTION OF THE BUSINESS

The principal business carried on by the Company, through its operating subsidiaries, is medical cannabis cultivation to provide products to the Israeli medical cannabis market. The Company may consider exporting medical cannabis products to Germany when the Israeli government begins granting medical cannabis export permits, which the Israeli government has advised to occur in early 2020. There is no guarantee that the Israeli government will begin issuing medical cannabis export permits on the timeline anticipated, or at all.

For more information on the business of the Company, see “*General Description of the Business*” in the Annual Information Form.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company as at November 30, 2019, the date of the Company’s most recently filed financial statements. This table should be read in conjunction with the consolidated financial statements of the Company and the related notes and management’s discussion and analysis of financial condition and results of operations in respect of those statements that are incorporated by reference in this Prospectus.

	As at November 30, 2019	As at of the date of the Prospectus
Share Capital (Common Shares - Authorized: unlimited)	109,509,494 Common Shares	129,767,164 Common Shares
Warrants	62,493,574 Warrants	30,196,417 Warrants
Stock Options	9,675,000 Options	8,641,665 Options

There have been no material changes to the Company’s share and loan capitalization on a consolidated basis since November 30, 2019, except as follows:

- (a) on February 18, 2020, the Company issued to a consultant 400,000 options exercisable at \$0.51 per share.

USE OF PROCEEDS

The use of proceeds from the sale of Securities will be described in a Prospectus Supplement relating to a specific issuance of Securities. This information will include the net proceeds to the Company from the sale of the Securities, the use of those proceeds and the specific business objectives that the Company expects to accomplish with those proceeds.

All expenses relating to an offering of Securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of our general funds, unless otherwise stated in the applicable Prospectus Supplement.

EARNINGS COVERAGE RATIOS

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement(s) with respect to the issuance of Debt Securities pursuant to this Prospectus.

DESCRIPTION OF SECURITIES

The following is a summary of the material attributes and characteristics of the Securities as at the date of this Prospectus. This summary does not purport to be complete. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

Common Shares

The Company is authorized to issue an unlimited number of Common Shares without par value. Each Common Share carries the right to attend and vote at all general meetings of shareholders. As at March 16, 2020, 129,767,164 Common Shares were issued and outstanding. Holders of Common Shares are entitled to dividends, if any, as and when declared by the directors, to one vote per Common Share at meetings of shareholders and, upon liquidation, dissolution or winding-up of the Company, to share pro rata the remaining assets of the Company as are distributable to holders of Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

Warrants

This section describes the general terms that will apply to any Warrants that may be offered by the Company pursuant to this Prospectus. Warrants may be offered separately or together with other Securities.

The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement. The Warrants may be issued under a warrant indenture. The applicable Prospectus Supplement will include the details of the warrant indenture governing the Warrants being offered.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the number of Warrants being offered and, if offered as a units with another Security, the number of Warrants or a fraction of a Warrant being offered with such other Security;
- b) the Securities which are underlying the Warrants;
- c) the exercise price of the Warrants;

- d) the expiry date of the Warrants;
- e) the procedure for exercising Warrants into underlying Securities;
- f) the indenture trustee of the Warrants under the warrant indenture pursuant to which the Warrants are to be issued, if applicable;
- g) the material tax consequences of owning the Warrants (if any); and
- h) any other material terms and conditions of the Warrants.

Subscription Receipts

This section describes the general terms that will apply to any Subscription Receipts that may be offered by the Company pursuant to this Prospectus. Subscription Receipts may be offered separately or together with other Securities.

The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. The Subscription Receipts may be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement governing the Subscription Receipts being offered.

The particular terms of each issue of Subscription Receipts will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the number of Subscription Receipts being offered and, if offered as a units with another Security, the number of Subscription Receipts or a fraction of a Subscription Receipt being offered with such other Security;
- b) the price at which the Subscription Receipts will be offered;
- c) the Securities into which Subscription Receipts are exchangeable;
- d) the procedures for the exchange of the Subscription Receipts into Securities;
- e) the number of Securities that may be exchanged upon exercise of each Subscription Receipt;
- f) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each security;
- g) the material tax consequences of owning the Subscription Receipts (if any); and
- h) any other material terms and conditions of the Subscription Receipts.

Debt Securities

This section describes the general terms that will apply to any Debt Securities that may be offered by the Company pursuant to this Prospectus. Debt Securities may be offered separately or together with other Securities. The specific terms of the Debt Securities, and the extent to which the general terms described in this section apply to those Debt Securities, will be set forth in the applicable Prospectus Supplement.

The Debt Securities will be direct obligations of the Company and may be guaranteed by an affiliate or associate of the Company. The Debt Securities may be senior or subordinated indebtedness of the Company and may be secured or unsecured, all as described in the relevant Prospectus Supplement. In the event of the insolvency or

winding up of the Company, the subordinated indebtedness of the Company, including the subordinated Debt Securities, will be subordinate in right of payment to the prior payment in full of all other liabilities of the Company (including senior indebtedness), except those which by their terms rank equally in right of payment with or are subordinate to such subordinated indebtedness.

The Debt Securities may be issued under one or more trust indentures (each, a “**Trust Indenture**”), in each case between the Company and a trustee (each, an “**Indenture Trustee**”). The statements made hereunder relating to any Trust Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture.

Each Trust Indenture may provide that Debt Securities may be issued thereunder up to the aggregate principal amount, which may be authorized from time to time by the Company.

The particular terms of each issue of Debt Securities will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the designation, aggregate principal amount and authorized denominations of such Debt Securities;
- b) the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- c) the percentage of the principal amount at which such Debt Securities will be issued;
- d) the date or dates on which such Debt Securities will mature;
- e) the rate or rates per annum at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- f) the dates on which any such interest will be payable and the record dates for such payments;
- g) if applicable, the Indenture Trustee of the Debt Security under the Trust Indenture pursuant to which the Debt Securities are to be issued;
- h) the designation and terms of any securities with which the Debt Securities will be offered, if any, and the number of Debt Securities that will be offered with each security;
- i) whether the Debt Securities are subject to redemption or call and, if so, the terms of such redemption or call provisions;
- j) whether such Debt Securities are to be issued in registered form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- k) any exchange or conversion terms;
- l) whether the Debt Securities will be subordinated to other liabilities of the Company and, if so, to what extent;
- m) the material tax consequences of owning the Debt Securities, if any; and
- n) any other material terms and conditions of the Debt Securities.

Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

Units

This section describes the general terms that will apply to any Units that may be offered by the Company pursuant to this Prospectus.

The following sets forth certain general terms and provisions of the Units under this Prospectus. The following sets forth certain general terms and provisions of the Units offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms described in this section apply to those Units, will be set forth in the applicable Prospectus Supplement.

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

The particular terms of each issue of Units will be described in the related Prospectus Supplement. Such description will include, where applicable:

- a) the number of Units offered;
- b) the price or prices, if any, at which the Units will be issued;
- c) the currency at which the Units will be offered;
- d) the Securities comprising the Units;
- e) whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- f) any minimum or maximum subscription amount;
- g) whether the Units and the Securities comprising the Units are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- h) any material risk factors relating to such Units or the Securities comprising the Units;
- i) any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and
- j) any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

PLAN OF DISTRIBUTION

The Company and/or any selling securityholders may from time to time during the 25-month period that this Prospectus, including any amendments hereto, remains valid, offer for sale and issue Common Shares, Warrants, Subscription Receipts, Debt Securities and Units. During such period, the Company may sell up to \$10,000,000 in the aggregate, of initial offering price of Securities (or the equivalent amount if any Securities are denominated in a currency other than Canadian dollars).

The Company and/or any selling securityholders will sell the Securities to or through underwriters or dealers or purchasers directly or through agents. The Securities may be sold from time to time in one or more transactions at

a fixed price or prices, which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

A Prospectus Supplement will set forth the terms of the offering, including the name(s) of any underwriters, dealers or agents, the purchase price(s) of the Securities, the proceeds to the Company and/or any selling securityholders from the sale of Securities, any initial public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or paid by any underwriter to other dealers. Any initial public offering price and any discounts, concessions or omissions allowed or paid to dealers may be changed from time to time.

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

The Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws. Accordingly, the Securities may not be offered, sold or delivered within the United States, and each underwriter or agent for any offering of Securities will agree that it will not offer, sell or deliver the Securities within the United States, except pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder (“**Rule 144A**”) and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the offering of Securities, any offer or sale of such Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Securities in the United States or to, or for the account or benefit of, U.S. persons.

RECENT DEVELOPMENTS

There have been no material developments in the Company’s business since December 13, 2019, the date of the Company’s Annual Information Form, which have not been disclosed in this Prospectus or the documents incorporated by reference therein.

PRIOR SALES

For the 12-month period before the date of this Prospectus, the Company issued the following Common Shares and securities exercisable or convertible into Common Shares:

<u>Date of Issuance</u>	<u>Number of Securities Issued</u>	<u>Issue/Exercise Price</u>
February 18, 2020	400,000 Options	\$0.51
May 15, 2019	28,883,596 Subscription Receipts ⁽¹⁾	\$0.17
September 30, 2019	59,471,832 Common Shares ⁽²⁾	\$0.17
September 30, 2019	59,471,832 Warrants ⁽²⁾	\$0.34
October 7, 2019	46,680,000 Common Shares ⁽³⁾⁽⁴⁾	\$0.50
October 7, 2019	28,000,000 Warrants ⁽³⁾⁽⁴⁾	\$0.05
October 7, 2019	4,000,000 Options ⁽³⁾⁽⁴⁾	\$0.51
November 7, 2019	3,500,000 Options ⁽⁴⁾	\$0.51

(1) Issued pursuant to a private placement of Subscription Receipts on a pre-consolidation basis.

- (2) Issued pursuant to the conversion of the Subscription Receipts on a pre-consolidation basis. 2,250,943 finder's warrants and 168,000 shares were issued in connection with the offering on a pre-consolidation basis.
- (3) Issued pursuant to the acquisition of Isracann Holdings Inc. (formerly, Isracann Biosciences Inc.).
- (4) Issued on a post-consolidation basis.

PRICE RANGE AND TRADING VOLUME

Up to October 16, 2019, the Common Shares of the Company were traded on the CSE under the trading symbol "AKE". On October 7, 2019, the Company changed its name to "Isracann Biosciences Inc." and thereafter on October 17, 2019, its Common Shares began trading on the CSE under the trading symbol "IPOT".

The table below summarizes the range and volume of trading prices of Common Shares on the CSE for each of the months stated:

Month	Price Range (\$)		Total Volume
	High	Low	
March 1 - 13, 2020	\$0.375	\$0.20	6,700,239
February 2020	\$0.36	\$0.235	8,874,287
January 2020	0.52	0.30	20,813,293
December 2019	0.68	0.285	34,311,880
November 2019	0.41	0.31	10,837,257
October 2019 ⁽¹⁾	0.48	0.25	12,858,466
September 2019	-	-	-
August 2019	-	-	-
July 2019	-	-	-
June 2019	-	-	-
May 2019	-	-	-
April 2019	-	-	-
March 2019	-	-	-
February 2019 ⁽¹⁾	-	-	-

- (1) The Common Shares resumed trading on October 17, 2019.
- (2) The Common Shares were halted on October 10, 2018, the day prior to the announcement of the letter of intent for the acquisition of Isracann Holdings Inc.

RISK FACTORS

Prospective investors in a particular offering of the Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that offering and the information incorporated by reference herein, the risks described in the Annual Information Form, Annual MD&A and Interim MD&A, which are incorporated by reference herein as at the date of the Prospectus Supplement relating to the particular offering of Securities.

There is currently no market through which the Securities (other than Common Shares) may be sold and purchasers of such Securities may not be able to resell such Securities purchased under this Prospectus. There can be no assurance that an active trading market will develop for such Securities after an offering or, if developed, that such market will be sustained. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. The public offering prices of the Securities may be determined by negotiation between the Company and underwriters based on several factors and may bear no relationship to the prices at which the Securities will trade in the public market subsequent to such offering. See "Plan of Distribution".

There is no assurance that any credit rating assigned to Securities issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Securities.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed in this Prospectus, there are no material interest, direct or indirect, of the directors or officers of the Company, any shareholder that beneficially owns more than 10% of the Common Shares or any associate or affiliate of any the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

LEGAL MATTERS

Certain legal matters relating to an offering of the Securities will be passed upon by McMillan LLP, on behalf of the Company. As at the date hereof, the partners and associates of McMillan LLP, as a group beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Manning Elliott LLP, Chartered Professional Accountants, Vancouver, British Columbia. Manning Elliott LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

PURCHASERS' CONTRACTUAL RIGHTS

Original purchasers of Warrants, Subscription Receipts and Debt Securities which are convertible into other securities of the Company will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Warrants, Subscription Receipts and Debt Securities. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (British Columbia) or otherwise at law.

Original purchasers are further advised that in certain provinces or territories the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights, or consult with a legal advisor.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for

rescission, revision or the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: March 16, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta and Ontario.

“Darryl Jones”

Darryl Jones
Chief Executive Officer and Director

“Yana Popova”

Yana Popova
Chief Financial Officer and Director

On Behalf of the Board of Directors

“Sean Bromley”

Sean Bromley
Director

“Irit Arbel”

Irit Arbel
Director