CANNABICS PHARMACEUTICALS INC.

FORM 10-K/A
(Amended Annual Report)

Filed 03/15/17 for the Period Ending 08/31/16

Address	#3 BETHESDA METRO CENTER SUITE 700 BETHESDA, MD 20814
Telephone	877-424-2429
CIK	0001343009
Symbol	CNBX
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	08/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1 to
FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended August 31, 2016
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 000-52403

CANNABICS PHARMACEUTICALS INC.
(Exact name of registrant as specified in its charter)

Nevada	**20-3373669**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
#3 Bethesda Metro Center, Suite 700 Bethesda, MD	**20814**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 877 424-2429

Securities registered under Section 12(b) of the Act:
None

Securities registered under Section 12(g) of the Act:
Common Stock, $.0001 Par Value
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

On August 31st, 2016, the last business day of the registrant's most recently completed fourth quarter, the aggregate market value of the Common Stock held by non-affiliates of the registrant was $922,115, based upon the closing price on that date of the Common Stock of the registrant on the OTC Bulletin Board system of $0.05. For purposes of this response, the registrant has assumed that its directors, executive officers and beneficial owners of 5% or more of its Common Stock are deemed affiliates of the registrant.

As of as of December 12th, 2016, the registrant had 107,221,903 shares of its Common Stock, $0.0001 par value, outstanding.

EXPLANATORY NOTE

This Amendment is being filed exclusively to add "Risk Factors" under Item 1A which were not previously present. Other than this addition, there are no changes whatsoever to the previously filed 10-K.

FORWARD LOOKING STATEMENTS

Certain statements made in this Annual Report are "forward-looking statements" (within the meaning of the Private Securities Litigation Reform Act of 1995) regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements made in this Report are based on current expectations that involve numerous risks and uncertainties. The Company's plans and objectives are based, in part, on assumptions involving the growth and expansion of business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that its assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements made in this Report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements made in this Report, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.

As used in this Annual Report, the terms "we", "us", "our", "Company", and "CNBX" means Cannabics Pharmaceuticals Inc., unless otherwise indicated.

PART I

Item 1. Description of Business

We were previously an exploration stage mining company which has transitioned now into a bio-tech company. We currently have an IP Licensing Agreement in Spain, and the USA, but have not as yet earned revenues. We can provide no assurance that we will be able to successfully license our technology or that said licensing agreements will be commercially viable.

Our Address corporate address is #3 Bethesda Metro Center, Suite 700, Bethesda, Maryland, 20814; Telephone (877) 424-2429.

The company was previously engaged in the oil and gas exploration business. On April 29th, 2014, the company began a new direction and the majority of the Shareholders of the company elected the current Board of Directors and renamed the Company Cannabics Pharmaceuticals Inc. The Directors form a US based company founded in 2012 by a group of renowned researchers from the fields of molecular biology, cancer research and pharmacology. R&D is conducted in Government licensed labs in Israel with the focus of development of novel and sophisticated cannabinoid based therapies, medications and administration routes for various diseases.

History

Cannabics Pharmaceuticals Inc. was incorporated on September 15, 2004, under the laws of the State of Nevada, as Thrust Energy Corp., for the purpose of acquiring undivided working interests in small oil and gas exploration properties and non-operating interests in both producing and exploration projects throughout the United States and Canada.

On September 30, 2010, we increased our authorized capital to 900 million shares of common stock (par value $0.0001) and 100 million shares of preferred stock (par value $0.0001), and effected a 20-for-1 reverse split of our issued and outstanding common stock. As a result of the reverse split, our issued and outstanding common stock was reduced from 13,604,000 shares to 680,202 shares and 5,000,000 preferred shares.

Due to our inability to earn any meaningful revenue from oil and gas exploration, our management determined in April 2011 that we should change our business plan to include toll milling and refining.

On May 5th, 2011, we effected a change of name to American Mining Corp. by completing a short form merger with a wholly-owned subsidiary.

On April 25th, 2014, Cannabics Inc., a Delaware Corporation, purchased 20,500,000 shares of restricted stock of the Company, thus acquiring control of the company.

On April 29th, 2014, Mr. Andrew Grundman resigned his official position as Director of the Corporation. On April 29th, 2014, the shareholders of the Corporation voted Dr. Zohar Koren, Dr. Eyal Ballan and Itamar Borochov as the new Directors of the Company.

Dr. Zohar Koren resigned his official position as director of the corporation on January 2015.

On June 3rd, 2014, the Company's Board of Directors declared a two-to-one forward stock split of all outstanding shares of common stock. The stock split was approved by FINRA on June 19th, 2014. The effect of the stock split increased the number of shares of common stock outstanding from 40,880,203 to 81,760,406. All common share and per common share data in these financial statements and related notes hereto have been retroactively adjusted to account for the effect of the stock split for all periods presented prior to June 3rd, 2014. The total number of authorized common shares and the par value thereof was not changed by the split.

On June 19th, 2014, FINRA granted final approval of Change of Name & Ticker Symbol of the Corporation from American Mining Corporation to CANNABICS PHARMACEUTICALS INC., with the new Ticker Symbol of “CNBX”. Said approval was predicated upon Cannabics Pharmaceuticals Inc.’s filing of Articles of Merger with American Mining Corporation with the Nevada Secretary of State on May 21st, 2014. Under the laws of the State of Nevada, Cannabics Pharmaceuticals Inc. was merged with and into the Registrant, with the Registrant being the surviving entity. The Merger was completed under Section 92A.180 of the Nevada Revised Statutes, Chapter 92A, as amended, and as such, does not require the approval of the stockholders of either the Registrant or Cannabics Pharmaceuticals Inc.

On July 24th, 2014, the Company executed a Collaboration Agreement with Cannabics, Inc. ("Cannabics"), a Delaware corporation and largest shareholder of the Company. Per the terms of the Agreement, the Company issued 18,239,594 shares of its common stock to acquire the entire institutional knowledge of Cannabics, Inc., which primarily consists of in-process Research & Development technology, the cumulative result of its years of scientific institutional knowledge in the fields of Molecular Biology, Cancer and Pharmacology research. Additionally Cannabics tendered $150,000 to the Company specifically earmarked as working funds towards prospective projects of the Company. Per the Agreement, from that day forth they have carried forward their research and development as part of, and for the exclusive benefit of the Company, which initial findings have now branched out into new and divergent discoveries.

On July 31st, 2014, Cannabics Pharmaceuticals Inc. filed its exclusive Patent Application with the US Patent & Trademark Office (USPTO), which covers the proprietary technology developed by its team of experts in the field of cannabinoid long acting lipid based formulations. This patent is the basis for the company's "CANNABICS SR" technology, which consists of the IP for standardized and long acting medical cannabis capsules, designed for patients suffering from diverse indications. Simultaneously this Patent was filed with the PCT division of the Israeli Patent Office (ILPO) in order to provide International IP protection.

On August 25th, 2014, Cannabics Pharmaceuticals Inc. incorporated a wholly owned subsidiary in Israel, named "G.R.I.N Ultra Ltd", dedicated to advanced research and development.

On December 18th, 2014, Cannabics Pharmaceuticals Inc. executed a letter of engagement with Mountain High Products in Colorado, for the manufacturing and distribution of Cannabics SR technology in the Colorado market. Cannabics SR medical cannabis technology will be utilized by Mountain High Products in strict compliance with Colorado laws and regulations of "Cannabis Infused Edible Products" and distributed to certified dispensaries through Mountain High's existing distribution channels.

On January 29, 2015 the Company executed an Agreement with Rambam Medical Center (Israel) to undertake a controlled pilot study utilizing Cannabics SR Capsules as palliative treatment to improve cancer related Cachexia and Anorexia Syndrome in advanced stage cancer patients. Rambam is a world renowned academic hospital acknowledged for their cutting-edge research projects and integration of innovative new therapies and treatments to over 2 million residents of Northern Israel. You can view the details of this ongoing study from the NIH website at http://www.cancer.gov/clinicaltrials/search/view?cdrid=769090&version=HealthProfessional&protocolsearchid=12509449.

On February 15, 2015 the Company executed of a Research Agreement with the Technion Research & Development Foundation Ltd (Israel) to undertake a Research Project entitled " *The Assessment of the Antitumor Activity of the Whole Cannabis Plant Extract, Components and Derivatives Thereof".* The Research Project is scheduled to last one calendar year. Under the terms of the Agreement, Cannabics Pharmaceuticals will collaborate under the supervision of Prof. Dedi Meiri, Head of Technion's Laboratory of Cancer Biology and Cannabinoid Research. The purpose of this Research is to develop a diagnostic and therapeutic system to harness the anti-cancer properties of active cannabis-based ingredients. The study will screen and evaluate different types of human cancer cells treated with a multitude of cannabinoid combinations and observe and catalogue the effects thereof. Technion is consistently ranked among the world's top science and Technology Research Universities. The Faculty of Biology is comprised of 23 independent research groups, focusing on a variety of aspects of Cellular, Molecular and Developmental Biology. The faculty has extensive collaborations with the pharmaceutical and biotechnology industries.

On May 27th, 2015 the Company filed a Patent with the USPTO entitled " *A Method of in Vitro High Throughput Screening of Cancer Biopsies with Cannabinoid Extracts* ". In essence this patent takes the next step from the cancer cell knowledge already obtained from cell lines in the Technion Laboratory and extends it to a system of analyzing cancer cells taken from patient biopsies, and then testing them against a multitude of cannabinoid combinations for anti-tumor activity via the High Throughput Screening process. This patent formally begins the next phase of the Company, which is Personalized Medicine (PM). We have developed an automated high-throughput method for the screening of different types of cancer cells or biopsies treated with a multitude of cannabis extracts. These natural extracts could also be tested in conjunction with already approved and common synthetic drugs for patients that undergo chemotherapy for the most personally tailored therapy. This multilayer method is producing a large-scale database that will capture the knowledge gained as to the unique effects of different combinations of cannabinoid compounds on diverse malignancies. Coextensive with the development of the automated high-throughput system, we are also developing proprietary and novel compounds targeting diverse and specific types of tumors.

On January 25th 2016 Cannabics Pharmaceuticals Inc. executed an exclusive IP Licensing Agreement with Mountain High Products LLC and the Cima Group LLC for the production and distribution of the Company's CANNABICS SR technology of medical cannabis capsules in Colorado. And with, Cima Group LLC which is a related party to mountain high and is charged with their operations in states outside of Colorado.

On February 24, 2016, the Company filed a new patent application for the company's slow release medical capsules with the US Patent & Trademark Office, as noted in their Press Release of that date.

On March 22nd, 2016, the Company announced the start of a regulated Clinical Study for Cancer Patients in Israel under the auspices of the Rambam Medical Center and the Ministry of Health. This clinical study involves patients with advanced cancer and cancer anorexia cachexia syndrome (CACS), endpoints examined are weight gain appetite, quality of life and a marker for anti-cancer activity. Quality of life in patients with CACS is directly related to loss of appetite and loss of weight. This study examines the influence of Cannabics Pharmaceuticals SR capsules on both of these common effects of cancer and cancer treatment. Secondary outcome measures are improvement in appetite, reduction in TNF-alpha level, safety assessment for early psychiatric side-effects, quality of life and evaluation of muscle strength. While this study is taking place in Israel, it is fully registered with the US NIH under *"Cannabics Capsules as Treatment to Improve Cancer Related CACS in Advanced Cancer Patients",* Identifier NCT02359123, and may be found at https://clinicaltrials.gov/ct2/show/NCT02359123.

On June 6 th , 2016 the Company filed a PCT Application with the US Patent & Trademark Office (USPTO) entitled a "System and Method for High Throughput Screening of Cancer Cells". Cannabics Pharmaceuticals has developed a proprietary high throughput screening process which is designed to generate mega-data of specific cannabinoids and cannabinoid formulations with antitumor properties. In this proprietary process biopsies and live cancer cells lines are treated, In vitro, with innumerous combinations of cannabinoids and the resulting antitumor effects are screened, categorized and actually visually displayed.

Our Business

We are a pharmaceutical development company focusing on cancer research utilizing advanced HTS technology and personalized bioinformatics tools.

Management Experience

Cannabics Pharmaceuticals Inc.'s management team is highly experienced in various aspects of biotech and pharmaceutical management. The scientific team has a long cumulative track record in cancer and CNS research, pharmaceutical development, clinical studies and a deep hands-on understanding of the medical cannabis industry.

Dr. Eyal Ballan, 43, is a co-founder of Cannabics Inc. and is its CTO. Dr. Ballan holds a Ph.D. in Neurophysiology, EEG, Brain Wave Analysis and Cortical Connectivity. After obtaining his Ph.D. he was an entrepreneur in the field of Biofeedback Studies and developed a Resonating Neuro-Feedback system. Dr. Ballan holds a M.Sc. from Tel-Aviv University - Magna Cum Laude - in anticancer drug development. Dr. Ballan was part of the renowned research team which developed Salirasib (Treatment for Non-Small Cell Lung Cancer). He is an expert in molecular biology, cell cultures and genomics with a focus towards identification of anticancer compounds and delivery systems to tumors and is a member of the American Academy of Neurology.

Itamar Borochov, 57, is a co-founder of Cannabics Inc. and is its Chief Executive Officer. Mr. Borochov is an environmentalist with experience as an entrepreneur in the fields of organic agriculture and medical botanicals and brings vast expertise in the areas of market intelligence and organizational branding.

All the Directors are committed full time to the Company.

Advisory Board –

Dr. Sigalit Ariely-Portnoy - Senior Advisor in the field of Regulation, Validation and Quality. Dr. Sigalit Ariely-Portnoy has over 17 years' experience in the pharmaceutical industry. During this time, she has managed pharmaceutical and chemical plants at Taro pharmaceutical industries Ltd as Operation Group Vice president and in Teva Pharmaceutical industries Ltd as Kfar-Saba OSD plant manager. Dr. Ariely-Portnoy managed Teva's largest plant worldwide (9 billion tablets per annum and more than $2B revenues). During her career, she led more than 50 inspections by the US FDA, EMEA, Israeli MOH, and others. Dr. Ariely-Portnoy spearheaded the construction of a 200,000 sq ft pharmaceutical plant, several chemical plants and bio-warehouses, as well as many significant plant expansions for manufacturers of semisolids, liquids and oral solid dosage forms. Between the years 2003-2006, Dr. Ariely-Portnoy was the president of the Israel chapter of the PDA (Parenteral Drug Association). For the last 5 years, Dr. Ariely-Portnoy manages Gsap, a company which consults pharmaceutical, medical device and biotechnology companies in several major fields, including innovative product development, regulation, establishing quality systems and validation services. Dr. Ariely-Portnoy received her B.Sc., M.Sc., and D.Sc. from the Technion Institute of Technology in Haifa, Israel, in the fields of Chemical Engineering and Biomedical Engineering.

Company Overview –

CANNABICS PHARMACEUTICALS, INC. is based in Bethesda, Maryland, and is dedicated to the development and licensing of advanced and sophisticated cannabinoid-based treatments and therapies. The Company's main focus is development and marketing of various new and innovative therapies and biotechnological tools aimed at providing relief from diverse ailments that respond to active ingredients sourced from the cannabis plant. These advanced tools include innovative delivery systems for cannabinoids, personalized medicine therapies and procedures based on cannabis originated compounds and bioinformatics tools.

The parent Company Cannabics Inc was founded by a group of Israeli researchers from the fields of cancer research, pharmacology and molecular biology. Its current flagship Intellectual Property is named "CANNABICS SR", a proprietary formulation to create a long acting medical cannabis capsule that was shown in observational studies in Israel to provide 10-12 hours of beneficial therapeutic effects and indicated initially as a palliative care therapy for cancer patients. This proprietary delivery method enables a convenient once per day dosing regimen of medical cannabis to patients.

The Company has a dedicated team of scientists that are working constantly on creating new technologies of medical cannabis care for patients in diverse indications. The company's Research is located in Israel which has allowed for the use of medical cannabis since the 1990s, and has a favorable regulatory attitude towards the conducting of Cannabis based clinical studies in Israeli hospitals – in contrast to the legal situation in the United States where clinical research on medical cannabis is still illegal. This structure is an extraordinary corporate advantage, and markedly separates the company from similarly minded companies.

The number of people licensed to receive medical cannabis treatment in Israel numbers around 20,000 - in comparison to over 1,000,000 in the whole of the United States. Therefore, while the Israeli market potential is regarded as limited, the ability to perform clinical studies and use the Israeli market as an "advanced medical Cannabis R&D lab" is proving to be highly advantageous.

Most importantly, while the U.S. FDA has yet to approve even basic private research relating to cannabis, the regulatory environment is quite different in Israel. Within the Israeli Ministry of Health, there is a stand-alone agency, the Israeli Medical Cannabis Agency, (IMCA), which on October 26th, 2014, granted Cannabics Pharmaceuticals an exclusive government License to launch their advanced scientific R&D program.

Through the large body of research that is conducted by its scientists and affiliated partners, the Company has been able to gain in-depth knowledge of the various therapeutic effects of diverse cannabis strains and identify patterns of cannabinoid ratios that are useful in treating various indications. The Company is currently in the midst of several collaborative programs with several leading academic research and medical centers in Israel in order to further establish the beneficial therapeutic effects of its proprietary Intellectual Property, and to refine its development of novel treatments for debilitating ailments.

CANNABICS SR technology

While the medicinal effects of certain cannabinoids are well known to physicians, it is common knowledge that smoking is hazardous to health, due to the formation of inhaled carcinogenic compounds in the combustion process and deposit of tar and other damaging residues in the lung tissue. Many physicians are perfectly aware of the beneficial therapeutic properties of medical cannabis, however they refrain from recommending or prescribing it to patients knowing that smoking the raw flowers is still the most common and available administration route. Suggesting smoking for a grandmother going through cancer treatment makes little sense. Hence the availability of an oral, standardized, reliable and clinically tested administration route of medical cannabis – no different from the administration route of most medications consumed by patients today - would dramatically improve the availability of medical cannabis therapy to patients in need.

Standardization and reproducibility

Most practicing physicians are aware of the increasing market availability of cannabis edible products such as cannabis cookies, chocolates and chewing gums. However, these products have so far totally failed in gaining credibility in the eyes of the medical community due to a severe lack in standardization and reproducibility. Laboratory tests of cannabinoid concentrations in currently available edible products have demonstrated severe variability in the potency of those products, due to non-uniformity of manufacturing procedures in the kitchens that produce them. In addition, the bioavailability levels (the amount of active ingredients that ultimately reach the blood stream after ingestion) of these products is also highly variable due to the lack of a standardized and efficient formulation. As a result, it is very common to either over-dose or under-dose when using such cannabis edibles as a therapeutic means, a fact which rightly prevents most physicians from recommending these medically un-tested products. Therefore, a substantial unmet need of the medical cannabis market is a standardized and reproducible product, which is based on a sophisticated and advanced formulation that provides a high and predictable bioavailability level of the cannabis active ingredients to patients.

Long lasting and stable effect profile

An additional substantial drawback of most currently available administration routes of medical cannabis is the short lasting effect profile that they offer, with a typical 3-4 hour effect for smoking, vaporizing and sublingual administration, and a typical 6-7 hour effect for unformulated edible products. As a result, the patient has to re-dose several times throughout the day, and suffers from inconsistent and rapidly variable levels of therapeutic effects. Many patients and physicians report that this is one of the main limitations to the efficacy of currently available medical cannabis therapies, and a major cause for a sub-optimal treatment. Therefore, a substantial unmet need in the medical cannabis field is a long acting product that will provide a steady state level of therapeutic effects for at least 10 hours, and can thus allow a whole day of beneficial response within the therapeutic window upon a once-per-day dosing regimen.

Cannabics Pharmaceuticals Inc. has developed its proprietary "CANNABICS SR" long acting formulation in order to address these specific unmet needs of medical cannabis needs described above. This sophisticated and advanced formulation is the core technology embedded in CANNABICS SR. Our technology allows for standardized and long acting medical cannabis dosage, designed for specific and various indications. The proprietary formulation ensures the patient experiences a constant, steady state level of beneficial effects within the therapeutic window for up to a 10 – 12 hour span. The unique long acting formulation allows for once-per-day dosing regimen that provides the desired therapeutic effects of medical cannabis throughout the day. Thus, our technology enables a safe, effective and reproducible administration method and fulfils the unmet needs of both patients and physicians.

The Cannabics SR technology perfectly solves one of the major concerns of medical cannabis patients, which is the initial high peak of active cannabinoids concentration in the plasma soon after administration. This high peak is a common feature of immediate release cannabis administration methods, and can cause undesirable side effects such as disorientation and dizziness. The unique pharmacokinetic profile of our technology helps to avoid this undesired result. The CANNABICS technology assumes only natural pure extracts of active cannabinoids from specifically selected strains of medical cannabis, that are carefully chosen to serve the unique needs of patients suffering from specific indications. There are no synthetic compounds involved. The CANNABICS technology is pre-designed to fit the currently existing medical cannabis regulations in Israel, Europe and certain US States which are licensed as a "Medical Marijuana Infused Products Manufacturer" (§12-43.3-404 CRS). The ingredients used in the proprietary CANNABICS SR formulation are all certified food grade ingredients (recognized by the FDA as "G.R.A.S." – Generally Regarded as Safe) and the formulation is free of any artificial additives or chemical substances. Thus the CANNABICS SR technology is fully compliant with the current cannabis infused edible product regulatory definition, which is in fact very similar to a regular food supplement regulatory definition.

As a result, CANNABICS technology is exempt from long and arduous pharmaceutical development processes and does not require additional regulatory approval beyond the standard "Medical Marijuana Infused Products Manufacturer" license from a licensee (the "manufacturer") in order to reach the market. This unique position distinguishes CANNABICS SR technology from other options currently available in the market. On the one hand, the technology proffers a fully standardized and reproducible product that has compliance for GMP manufacturing standards just as one would expect from any pharmaceutical product; and on the other hand it is pre-designed to allow for use of this technology without long, arduous and extremely expensive regulation processes that are typical in the pharmaceutical industry.

In order to establish the goal of true standardization and reproducibility and to indeed rank as one of the leading medical cannabis technologies in the market, Cannabics Pharmaceuticals, Inc. has achieved Good Manufacturing Practices (GMP) capabilities. GMP regulations are designed to ensure that products are produced and controlled according to the highest industry quality standards. Adhering to these practices ranks Cannabics among a very limited number of medical cannabis technologies available in the market that are capable of being manufactured according to GMP standards. An additional goal of the company is to be one of the first and few companies in the world to commercialize its clinically tested cannabis-based technology. In furtherance of this goal, Cannabics Inc. has now undertaken a series of clinical studies in renowned medical centers in Israel where the R&D division is strategically located. Achievement of GMP manufacturing capabilities is an important pre-requisite for the initiation of these clinical studies. The efficacy and safety data collected in these formal clinical studies, together with the superior pharmacokinetic profile of the Cannabics SR formulation, will be the key advantage of Cannabics in the medical cannabis arena.

Cannabics Pharmaceuticals Inc. has now initiated its technology through a strategic partner in the state of Colorado and EU markets under existing medical cannabis regulatory pathways, while simultaneously preparing to launch a series of formal clinical studies in order to establish the unique medical benefits of its technologies for patients suffering from various indications.

The company's business model is solely based on technology development and IP out-licensing to licensed and certified producers for marketing. The Company's technologies are licensed to a strategic partner in compliance with each country's and/or US state's statutory regulations and exclusively to licensed and authorized medical cannabis local licensees that have adequate production and marketing capabilities. Within the US, Cannabics Pharmaceuticals Inc. itself *does not* manufacture, distribute, dispense or possess any controlled substances, including cannabis or cannabis based preparations, it merely licenses its IP. Within Israel, Europe and other territories outside the US, Cannabics Pharmaceuticals Inc. may employ a different business model through gaining adequate licenses under the appropriate regulations in each territory, all in full compliance with local rules and regulations in each country. Cannabics Pharmaceuticals Inc. is purely a Bio-Technology Pharmaceutical company which licenses use of its Intellectual Property, it does not itself produce or provide any product in any location.

Intellectual Property

On July 31, 2014, the Company filed an exclusive Patent Application with the US Patent & Trademark Office (USPTO), which covers the proprietary technology developed by its team of experts in the field of cannabinoid long acting lipid based formulations. This technology is the basis for the company's "CANNABICS SR" technology, which is the basis of a standardized and long acting medical cannabis capsules, designed for patients suffering from diverse indications. Simultaneously a Patent Application was filed with the PCT division of the Israeli Patent Office (ILPO) in order to provide International IP protection.

On May 27th, 2015 the Company filed a Patent with the USPTO entitled " *A Method of in Vitro High Throughput Screening of Cancer Biopsies with Cannabinoid Extracts* ". In essence this patent takes the next step from the cancer cell knowledge already obtained from cell lines in the Technion Laboratory and extends it to a system of analyzing cancer cells taken from patient biopsies, and then testing them against a multitude of cannabinoid combinations for anti-tumor activity via the High Throughput Screening process. This patent formally begins the next phase of the Company, which is Personalized Medicine (PM). We have developed an automated high-throughput method for the screening of different types of cancer cells or biopsies treated with a multitude of cannabis extracts. These natural extracts could also be tested in conjunction with already approved and common synthetic drugs for patients that undergo chemotherapy for the most personally tailored therapy. This multilayer method is producing a large-scale database that will capture the knowledge gained as to the unique effects of different combinations of cannabinoid compounds on diverse malignancies. Coextensive with the development of the automated high-throughput system, we are also developing proprietary and novel compounds targeting diverse and specific types of tumors.

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Competitive Factors

The Pharmaceutical industry is highly competitive and we will be competing with many other and better financed companies.

We are an early stage pharmaceutical company, with deminimis positive cash flow. We compete with other early stage bio-tech and pharmaceutical companies for financing from a limited number of investors that are prepared to make investments in early stage development companies. The presence of competing early stage pharmaceutical companies may impact on our ability to raise additional capital in order to fund our research and development if investors are of the view that investments in competitors are more attractive based on their subjective analysis of our company, the general market conditions and the price of the investment offered to investors.

Regulations

Cannabics Pharmaceuticals Inc. is purely a Bio-Technology Pharmaceutical company which licenses use of its Intellectual Property, it does not produce, manufacture or provide any product in any location. We are duly licensed by the Israeli Health Ministry for our research in Israel. Beyond the Israeli Health Ministry (by whom we are licensed), we are not under the aegis of any Federal or State regulatory scheme as we have no manufacturing activity. Any licensee whom we engage must be duly licensed and certified according to all pertinent local government regulations.

It is imperative for the reader of this report to recognize that the company itself does not manufacture, distribute, or dispense any controlled substances, including cannabis, rather it develops proprietary technologies that are then licensed for use by certified and governmentally approved manufacturers. However, as is well known, US Federal regulations continue to consider Cannabis a schedule 1 drug, meaning that it has no currently accepted medical use in treatment, and thus illegal under Federal US laws. As such, the company could be deemed to be at variance with the Federal Controlled Substances Act.

Employees

As of August 31, 2016, the Company had 2 employees, one of which was our Director Eyal Ballan, who, along with our administrative assistant were given monthly salaries. We do not presently have pension, health, annuity, insurance, stock options, profit sharing or similar benefit plans; however, we may adopt such plans in the future.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Risk Factors

You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K. If any of the following risks are realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. The risks described below are not the only risks facing the Company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, results of operations and prospects.

Risks Related to Our Company and Business

Our independent auditors have expressed substantial doubt about our ability to continue operating as a going concern, which could prevent us from obtaining new financing on reasonable terms or at all.

Our independent registered public accountants have expressed substantial doubt about our ability to continue as a going concern. This opinion could materially limit our ability to raise additional funds by issuing new debt or equity securities or otherwise. If we fail to raise sufficient capital when needed, we will not be able to complete our proposed business. As a result we may have to liquidate our business and investors may lose their investments. Our ability to continue as a going concern is dependent upon our ability to successfully accomplish our plan of operations described in this prospectus, obtain financing and eventually attain profitable operations. Investors should consider our independent registered public accountant's comments when deciding whether to invest in the Company.

We have not generated any significant revenue since our inception and we may never achieve profitability.

We are an early stage biotechnology company and have not generated any significant revenue since we commenced our present operations in April 2014. At the present time, Cannabics SR is the only product that we have commercialized. To date, we have financed our operations primarily through private placements of common stock, warrants, and direct equity investments. As we continue our research and development of cannabinoid-based diagnostics, our expenses are expected to increase significantly. Accordingly, we will need to generate significant revenue to achieve profitability. Even as we begin to commercialize our technologies, we expect our losses to continue as a result of ongoing research and development expenses. These losses, among other things, have had and will continue to have an adverse effect on our working capital, total assets and stockholders' equity. Because of the numerous risks and uncertainties associated with product development and commercialization efforts, we are unable to predict at what stage the Company will become profitable. We may never become profitable. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. If we are unable to achieve and then maintain profitability, our business, financial condition and results of operations will be negatively affected and the market value of our common stock will decline.

Since we have a limited operating history in our business, it is difficult for potential investors to evaluate our business.

We commenced operations as a biotechnology company in April 2014, and therefore have a relatively short operating history upon which an evaluation of our future success or failure can objectively be made. Our business is a highly speculative undertaking and involves a substantial degree of risk. We have not demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by early-stage companies in new and rapidly evolving competitive fields, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenue. The likelihood of our success must be considered in light of the early stage of our operations. There is no assurance that our business will ever be successful or that we will be able to attain profitability. Any failure by the Company to report profits may adversely affect the price of our common stock.

We will need to raise additional capital to meet our business requirements in the future, which may be costly or difficult to obtain and could dilute our stockholders' ownership interests.

The Company has not yet generated meaningful revenue and will require additional capital to continue its research and development activities, conduct clinical trials, commercialize its products and otherwise fund its operations. Our ability to secure required financing will depend in part upon investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. There can be no assurance that debt or equity financing will be available or sufficient for our requirements or for other corporate purposes, or if debt or equity financing is available, that it will be on terms acceptable to us. Moreover, future activities may require us to alter our capitalization significantly. Our inability to access sufficient capital for our operations could have a material adverse effect on our financial condition, results of operations and prospects. If we are unable to obtain additional funding as needed, we may be required to reduce the scope of our research and development activities, which could harm our business plan, financial condition and operating results, or we may be required to cease our operations entirely, in which case, our investors will lose all of their investment.

Any additional capital raised through the sale of equity or equity-backed securities may dilute our stockholders' ownership percentages and could also result in a decrease in the market value of our equity securities. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of our securities then outstanding. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities.

In addition, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may have an adverse impact on our financial condition.

We are highly dependent on the success of cannabinoid technology, and we may not be able to develop the technology, successfully obtain regulatory or marketing approval for, or successfully commercialize, our products or product candidates.

Our business is focused entirely upon the research, development and commercialization of cannabinoid-based technologies for the detection and treatment of cancer. Our success is dependent upon the viability of this technology and the development of cancer diagnostics and therapies.

Neither we nor any other company has received regulatory approval from the United States Food and Drug Administration (the "FDA") to market any diagnostics or therapeutics based on botanical cannabinoids, though the FDA has approved two drugs that contain a synthetic substance that acts similarly to cannabis compounds but is not present in the cannabis plant.

The scientific evidence underlying the feasibility of developing cannabinoid-based technologies for the detection and treatment of cancer is both preliminary and limited. In 2017, an *ad hoc* committee of the National Academies of Sciences, Engineering, and Medicine determined that while there is conclusive or substantial evidence that oral cannabinoids are effective antiemetics in the treatment of chemotherapy-induced nausea and vomiting, there was insufficient evidence to make any statement about the efficacy of cannabinoids as a treatment for cancer. The *ad hoc* committee went on to state that further clinical research into the anti-cancer effects of cannabinoids needs to be conducted.

If our cannabinoid technology is found to be ineffective or unsafe in humans, or if it never receives regulatory approval for commercialization, we may never be able bring our product candidates to market and may never become profitable. Further, our current business strategy, including all of our research and development, is focused on utilizing cannabinoid technology to detect and treat cancer. This lack of diversification increases the risk associated with the ownership of our common stock. If we are unsuccessful in developing and commercializing our cannabinoid-based technology and its application to the detection and treatment of cancer, we may be required to alter our scope and direction and steer away from the intellectual property we have developed as well as the core capabilities of our management team and advisory board. Without successful commercialization of our products and product candidates, we may never become profitable, which would have a material adverse effect on our business, results of operations and financial condition.

Our success depends upon our ability to retain our senior management and our ability to attract, retain and motivate other qualified personnel.

We are an early stage biotechnology company. As of February 28, 2017, we had two employees and several key consultants. Our success materially depends upon the efforts of our management and other key personnel, including but not limited to Dr. Eyal Ballan, our Chief Technology Officer and a Director. If we lose the services of Dr. Ballan or any other executive officers or significant employees, our business would likely be materially and adversely affected. At this time, we do not currently have "key man" life insurance for Dr. Ballan or any other executive officer.

Because of the specialized scientific and managerial nature of our business, we rely heavily on our ability to attract and retain qualified scientific, technical and managerial personnel. The competition for qualified personnel in the biotechnology industry is intense. Due to this intense competition, we may be unable to continue to attract and retain qualified personnel necessary for the development of our business or to recruit suitable replacement personnel. Any difficulties in obtaining and retaining qualified officers, employees and consultants could have a material adverse effect on our operations.

The relative lack of public company experience by our management team may put us at a competitive disadvantage.

As a company with a class of securities registered under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are subject to reporting and other legal, accounting, corporate governance, and regulatory requirements imposed by the Exchange Act and rules and regulations promulgated under the Exchange Act. With the exception of our CFO, Uri Ben-Or, our management team lacks significant public company experience, which could impair our ability to comply with these legal, accounting, and regulatory requirements. Such responsibilities include complying with federal securities laws and making required disclosures on a timely basis. Our senior management may not be able to implement and effect programs and policies in an effective and timely manner that adequately respond to such increased legal and regulatory compliance and reporting requirements. Our failure to do so could lead to the imposition of fines and penalties and further result in the deterioration of our business.

If we are unable to enter into acceptable sales, marketing and distribution arrangements with third parties or establish sales, marketing and distribution capabilities, we may not be successful in commercializing any product candidate that we develop if and when a product candidate is approved.

We do not have any sales, marketing or distribution infrastructure and have no experience in the commercialization of biotechnology. To achieve commercial success for any product, we must develop a sales and marketing organization, outsource these functions to third parties or license our products to others.

In the United States, we intend to only commercialize our products by licensing them to organizations having greater resources and experience than we do. While we have already licensed our Cannabics SR medical cannabis capsules in Colorado to Mountain High Products LLC, and in states outside of Colorado to the Cima Group LLC, there can be no assurance that such licensing efforts will be successful, or that we will be able to license any future products on satisfactory terms, or at all. We do not presently have any other agreement or arrangement for the commercialization of our products in the United States or elsewhere.

While we generally intend to adopt a licensing model for the commercialization of our products, we may also seek one or more strategic partners for commercialization of our products outside the United States. As a result of entering into arrangements with third parties to perform sales, marketing and distribution services, our product revenue or the profitability of our product revenue may be lower, perhaps substantially lower, than if we were to directly market and sell products in those markets. Furthermore, we may be unsuccessful in entering into the necessary arrangements with third parties or may be unable to do so on terms that are favorable to us. In addition, we may have little or no control over such third parties and any of them may fail to devote the necessary resources and attention to sell and market our product candidates effectively.

If we do not license our products or outsource our commercialization efforts, we will be required to develop our own sales, marketing and distribution capabilities, which will require substantial resources and will be time-consuming, and could delay any product launch. Moreover, we may not be able to hire or retain a sales force that is sufficient in size or has adequate expertise in the consumer health markets that we plan to target. If we are unable to establish or retain a sales force and marketing and distribution capabilities, our operating results may be adversely affected.

If we do not successfully license our products or establish sales and marketing capabilities, either on our own or in collaboration with third parties, it is likely that we will be unable to commercialize any of our products.

We face intense competition, often from companies with greater resources and experience than we have, which may result in others developing or commercializing competing products before us or more successfully.

The market for cancer diagnostics and therapies is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. Our competitors include large multinational corporations and their operating units, including Abbott Laboratories Inc., Cepheid Inc., Philips, GE Healthcare, Siemens, Gen-Probe Incorporated, MDxHealth SA, EpiGenomics AG, Roche Diagnostics, Exact Sciences Corporation, Sequenom, Inc. and several others. We also compete against pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide, as well as smaller and other early-stage companies. Other potential competitors include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Many of our competitors and potential competitors have or will have substantially greater financial, technological, managerial and research and development resources and experience than we have, and many have been engaged in the biotechnology industry for a much longer time than we have. Many of our competitors spend significantly more funds on research, development, promotion and sale of new and existing products than we do, and may therefore be able to react more quickly to new or emerging technologies, shifting market conditions and regulatory changes.

There can be no assurance that any of our current or future products and technologies will have a competitive advantage in the marketplace, or that they will remain competitive following the introduction of competing products or technologies. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, more convenient or less expensive. There can be no assurance that we will be successful in the face of increasing competition from new technologies or products introduced by existing companies in the industry or by new companies entering the market.

If we are unable to compete successfully, there may be a material and adverse effect on our business, financial condition and results of operations.

If the marketplace does not accept the products in our development pipeline or any other diagnostic products we might develop, we may be unable to generate sufficient revenue to sustain and grow our business.

Even if we are able to successfully develop and obtain regulatory approval of a product candidate, our ability to generate significant revenue will depend on the acceptance of our products by physicians and patients. Physicians, hospitals, clinical laboratories, researchers or others in the healthcare industry may not use our current or future diagnostic product candidates unless they are determined to be an effective and cost-efficient means of detecting and diagnosing cancer. Market acceptance of our current or future therapeutic products will depend on a number of factors, including the indication statement and warnings approved by regulatory authorities in the product label, continued demonstration of efficacy and safety in commercial use, physicians' willingness to prescribe the product, reimbursement from third-party payers such as government healthcare systems and insurance companies, the price of the product, the nature of any post-approval risk management plans mandated by regulatory authorities, competition, marketing and distribution support. In addition, we will need to expend a significant amount of resources on marketing and educational efforts to create awareness of our products and to encourage their acceptance and adoption. If the market for our products does not develop sufficiently or the products are not accepted, our revenue potential will be harmed.

We do not presently have any product liability insurance coverage and there is no assurance that we will be able to obtain such insurance at an affordable price or that it will be sufficient to cover all liabilities that we may incur.

We are exposed to potential product liability risks that are inherent in the testing, manufacturing and marketing of cancer diagnostics, pharmaceuticals and dietary supplements. While we do not presently carry any product liability insurance coverage, we intend to obtain such insurance in amounts we believe to be commercially reasonable for our current level of activity and exposure. There is no assurance, however, that we will be able to obtain or maintain insurance coverage that will be adequate to cover our potential liabilities, or that premiums will be commercially justifiable. Furthermore, insurance that might otherwise be readily available, may be more difficult for us to find and more expensive because we work with medicinal cannabis. If we are the subject of a successful product liability claim that exceeds the limits of, or is not otherwise covered by our insurance, or if we incur such liability at a time when we are not able to obtain liability insurance, we may incur substantial charges that adversely affect our earnings and require the commitment of capital resources that might otherwise be available for the development and commercial launch of our product programs.

If we fail to protect our intellectual property rights, our ability to pursue the development of our technologies and products would be negatively affected.

Our success will depend in part on our ability to protect our intellectual property. This is done, in part, by obtaining patents and trademarks and then maintaining adequate protection of our technologies, tradenames and products. If we do not adequately protect our intellectual property, competitors may be able to use our technologies to produce and market products in direct competition with us and erode our competitive advantage. Some foreign countries lack rules and methods for defending intellectual property rights and do not protect proprietary rights to the same extent as the United States. Many companies have had difficulty protecting their proprietary rights in these foreign countries. We may not be able to prevent misappropriation of our proprietary rights.

We are currently seeking patent protection for several processes and finished products. However, the patent process is subject to numerous risks and uncertainties, and there can be no assurance that we will be successful in protecting our products by obtaining and defending patents. These risks and uncertainties include the following:

- patents that may be issued or licensed may be challenged, invalidated, or circumvented, or otherwise may not provide any competitive advantage;

- our competitors, many of which have substantially greater resources than us and many of which have made significant investments in competing technologies, may seek, or may already have obtained, patents that will limit, interfere with, or eliminate our ability to make, use, and sell our products and product candidates either in the United States or in international markets;

- there may be significant pressure on the United States government and other international governmental bodies to limit the scope of patent protection both inside and outside the United States for treatments that prove successful as a matter of public policy regarding worldwide health concerns;

- countries other than the United States may have less restrictive patent laws than those upheld by United States courts, allowing foreign competitors the ability to exploit these laws to create, develop, and market competing products.

Any patents issued to us may not provide us with meaningful protection, and third parties may challenge, circumvent or narrow them. Third parties may also independently develop products similar to our products or product candidates, duplicate our unpatented product or product candidates, and design around any patents on product candidates we may develop.

Additionally, extensive time is required for development, testing and regulatory review of product candidates. While extension of a patent term due to regulatory delays may be available, it is possible that before any of our product candidates can be commercialized, any related patent, even with an extension, may expire or remain in force for only a short period following commercialization, thereby reducing any advantages of the patent.

In addition, the United States Patent and Trademark Office (the "USPTO"), and patent offices in other jurisdictions have often required that patent applications concerning biotechnology-related inventions be limited or narrowed substantially to cover only the specific innovations exemplified in the patent application, thereby limiting the scope of protection against competitive challenges. Thus, even if we or our licensors are able to obtain patents, the patents may be substantially narrower than anticipated.

In addition to patents, we rely on a combination of trade secrets, confidentiality, nondisclosure and other contractual provisions, and security measures to protect our confidential and proprietary information. These measures may not adequately protect our trade secrets or other proprietary information. If they do not adequately protect our rights, third parties could use our technology, and we could lose any competitive advantage we may have. In addition, others may independently develop similar proprietary information or techniques or otherwise gain access to our trade secrets, which could impair any competitive advantage we may have.

Costly litigation may be necessary to protect our intellectual property rights and we may be subject to claims alleging the violation of the intellectual property rights of others.

We may face significant expense and liability as a result of litigation or other proceedings relating to patents and other intellectual property rights of others. If another party has also filed a patent application or been issued a patent relating to an invention or technology claimed by us in pending applications, we may be required to participate in an interference proceeding declared by the USPTO to determine priority of invention, which could result in substantial uncertainties and costs, even if the eventual outcome were favorable to us. We could also be required to participate in interference proceedings involving issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology or to license rights from prevailing third parties.

The cost to us of any patent litigation or other proceeding relating to our patents or patent applications, even if resolved in our favor, could be substantial. Our ability to enforce our patent protection could be limited by our financial resources, and may be subject to lengthy delays.

A third party might claim that we are using inventions claimed by their patents and might go to court to stop us from engaging in our normal operations and activities, such as research, development and the sale of any future products. Such lawsuits are expensive and would consume time and other resources. There is a risk that the court will decide that we are infringing the third party's patents and will order us to stop the activities claimed by the patents, redesign our products or processes to avoid infringement or obtain licenses (which may not be available on commercially reasonable terms). In addition, there is a risk that a court will order us to pay the other party damages for having infringed their patents.

There is no guarantee that any prevailing patent owner would offer us a license so that we could continue to engage in activities claimed by the patent, or that such a license, if made available to us, could be acquired on commercially acceptable terms. In addition, third parties may, in the future, assert other intellectual property infringement claims against us with respect to our products, technologies or other matters.

Failure in our information technology or storage systems could significantly disrupt our operations and our research and development efforts, which could adversely impact our revenues, as well as our research, development and commercialization efforts.

Our ability to execute our business strategy depends, in part, on the continued and uninterrupted performance of our information technology ("IT"), systems, which support our operations and our research and development efforts, as well as our storage systems. Due to the sophisticated nature of the technology we use in our products and service offerings, we are substantially dependent on our IT systems. IT systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautionary measures we have taken to prevent unanticipated problems that could affect our IT systems, sustained or repeated system failures that interrupt our ability to generate and maintain data, could adversely affect our ability to operate our business.

We will need to grow the size of our organization, and we may experience difficulties in managing any growth we may achieve.

As of the date of this prospectus, we have two full-time employees. As our development and commercialization plans and strategies progress, we expect to need additional research, development, managerial, operational, sales, marketing, financial, accounting, legal and other resources. Future growth would impose significant added responsibilities on our management, which may not be able to accommodate those added responsibilities. If we fail to effectively manage our future growth, it could delay the execution of our business plan and disrupt our operations.

We are subject to financial reporting and other requirements that place significant demands on our resources.

We are subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, including the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires us to conduct an annual management assessment of the effectiveness of our internal controls over financial reporting. These reporting and other obligations place significant demands on our management, administrative, operational, internal audit and accounting resources. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audit reports to stockholders causes our expenses to be higher than they would be if we remained a privately-held company. The increased costs associated with operating as a public company may decrease our net income or increase our net loss, and may cause us to reduce costs in other areas of our business or increase the prices of our product to offset the effect of such increased costs. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations.

Our disclosure controls and procedures and internal controls over financial reporting were determined not to be effective for the prior fiscal year ended August 31, 2016, and may not be effective in future periods.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to furnish a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be adversely impacted, we could fail to meet our reporting obligations, and our business and stock price could be adversely affected.

At August 31, 2016, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and concluded that, subject to the inherent limitations identified in Item 9A of Part II of our Annual Report on Form 10-K for the fiscal year ended August 31, 2016, our disclosure controls and procedures were not effective due to the existence of material weaknesses in our internal control over financial reporting arising from inadequate segregation of duties over authorization, review and recording of transactions, as well as the financial reporting of such transactions, the lack of an audit committee, insufficient documentation of review procedures and insufficient information technology procedures. Our independent auditors issued an adverse attestation report regarding the effectiveness of our internal control over financial reporting as at August 31, 2016.

We believe we have taken appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies, however we cannot be certain that our remediation efforts will ensure that our management designs, implements and maintains adequate controls over our financial processes and reporting in the future or that the changes made will be sufficient to address and eliminate the material weaknesses previously identified. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, have a material adverse effect on our business, results of operations and financial condition, as well as impair our ability to meet our quarterly, annual and other reporting requirements under the Exchange Act in a timely manner, and require us to incur additional costs or to divert management resources.

Risks Related to Cannabis

Our failure to comply with controlled substance legislation could restrict or harm our ability to develop and commercialize our products.

Our business is, and will be, subject to wide-ranging laws and regulations of Israel, the United States (federal and state), the European Community and other governments in each of the countries where we may develop and market our products. We must comply with all regulatory requirements if we expect to be successful.

Most countries are parties to the Single Convention on Narcotic Drugs of 1961 as amended by the 1972 Protocol, which governs international trade and domestic control of narcotic substances, including cannabis extracts. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to us obtaining marketing approval in those countries for any cannabinoid-based products we develop. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit our products to be marketed, or achieving such amendments to the laws and regulations may take a prolonged period of time. In the case of countries with similar obstacles, we would be unable to market our product candidates in countries in the near future or perhaps at all if the laws and regulations in those countries do not change.

Any cannabinoid-based product candidate that we may develop for use in the United States, will be subject to U.S. controlled substance laws and regulations that will require us, along with our collaborators and licensees, to expend time, money and effort in all areas of regulatory compliance, including, if applicable, manufacturing, production, quality control and assurance and clinical trials. Any failure to comply with these laws and regulations, or the cost of compliance with these laws and regulations, could adversely affect the results of our business operations and our financial condition.

The constant evolution of laws and regulations affecting the research and development of cannabis-based diagnostics and therapies could detrimentally affect our business. Laws and regulations related to the therapeutic uses of cannabis are subject to changing interpretations. These changes may require us to incur substantial costs associated with legal and compliance fees and ultimately require us to alter our business plan. Furthermore, violations or alleged violation of these laws could disrupt our business and result in a material adverse effect on our operations, including our ability to conduct clinical trials that are prerequisite to our ability to commercialize our cannabis-based medical products and therapies. We cannot predict the nature of any future laws, regulations, interpretations or applications of laws and regulations and it is possible that new laws and regulations may be enacted in the future that will be directly applicable to our business.

Cannabis remains illegal under U.S. federal law, and any change in the enforcement priorities of the federal government could render our current and planned future operations unprofitable or even prohibit such operations.

We are a biotechnology company focused on the research and development of cannabinoid-based diagnostics, anti-cancer pharmaceuticals and palliative therapies. The commercial viability of our products and technologies in the United States depends, in part, on state laws and regulations; however, Cannabis remains illegal under federal law.

The United States federal government regulates drugs through the Controlled Substances Act, which places controlled substances, including cannabis, on one of five schedules. Cannabis is currently classified as a Schedule I controlled substance, which is viewed as having a high potential for abuse and no currently accepted medical use in treatment in the United States. No prescriptions may be written for Schedule I substances, and such substances are subject to production quotas imposed by the United States Drug Enforcement Administration. Because of this, doctors may not prescribe cannabis for medical use under federal law, although they can recommend its use under the First Amendment.

Currently, twenty-eight U.S. states and the District of Columbia allow the use of medical cannabis. Eight states and the District of Columbia also allow its recreational use. Because cannabis is a Schedule I controlled substance, however, the development of a legal cannabis industry under the laws of these states is in conflict with the Federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level. The United States Supreme Court has confirmed that the federal government has the right to regulate and criminalize cannabis, including for medical purposes, and that federal law criminalizing the use of cannabis pre-empts state laws that legalize its use.

In 2014, the United States House of Representatives passed an amendment (the "Rohrabacher-Farr Amendment") to the Commerce, Justice, Science, and Related Agencies Appropriations Bill, which funds the United States Department of Justice (the "DOJ"). The Rohrabacher-Farr Amendment prohibits the DOJ from using funds to prevent states with medical cannabis laws from implementing such laws. In August 2016, a Ninth Circuit federal appeals court ruled in *United States v. McIntosh* that the Rohrabacher-Farr Amendment bars the DOJ from spending funds on the prosecution of conduct that is allowed by state medical cannabis laws, provided that such conduct is in strict compliance with applicable state law. In March 2015, bipartisan legislation titled the Compassionate Access, Research Expansion, and Respect States Act (the "CARERS Act") was introduced, proposing to allow states to regulate the medical use of cannabis by changing applicable federal law, including by reclassifying cannabis under the Controlled Substances Act to a Schedule II controlled substance and thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses.

Although these developments have been met with a certain amount of optimism in the scientific community, the CARERS Act has not yet been adopted, and the Rohrabacher-Farr Amendment, being an amendment to an appropriations bill, must be renewed annually. The currently enacted Commerce, Justice, Science, and Related Agencies Act, which includes the Rohrabacher-Farr Amendment, is effective, by passage of a short-term continuing resolution, through April 28, 2017. The federal government could at any time change its enforcement priorities against the cannabis industry. We do not grow or distribute cannabis, but our current and planned business operations involve licensing cannabinoid-based products and technology. Any change in enforcement priorities could render such operations unprofitable or even prohibit such operations.

Our ability to earn revenue through licensing our product in the United States is dependent on additional states legalizing medical marijuana.

We are engaged in the business developing and commercializing cannabinoid-based products for the detection and treatment of cancer. Our ability to commercialize our products in the United States is dependent upon the continued progress of legislative authorization of cannabis at the state level for medical purposes and, in certain states, based on the specifics of the legislation passed in that state. Any number of factors could slow or halt the progress. Furthermore, progress, while encouraging, is not assured. The legislative process normally encounters set-backs before achieving success. While there may be ample public support for legislative proposals, there must be political will in the legislative committee or a bill may never advance to a vote. Numerous factors impact the legislative process. Any one of these factors could slow or halt the progress and adoption of cannabis for medical purposes, which would limit the market for our products and negatively impact our business and revenues.

Changes in consumer preferences and acceptance of medical cannabis, or any negative trends, will adversely affect our business.

Our business is substantially dependent on market acceptance of medical cannabis. Market perception of medical cannabis can be significantly influenced by a number of social, political and economic factors that are beyond our control, including scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding such products and treatments. 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 market for any of our current or future cannabinoid-based diagnostics or therapies. 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, as well as our business, results of operations, financial condition and cash flows.

We believe that as cannabis-based biotechnology becomes more widely accepted by the U.S. medical community and the public at large, the stigma associated with medical cannabis will moderate and, as a result, consumer demand will likely continue to grow. There is, however, no assurance that such increase in demand will occur, that we will benefit from any demand increase or that our business will ever become profitable. We cannot predict the future growth rate and size of the market, assuming that the regulatory climate permits, of which there can be no assurance. Any negative outlook on medical cannabis will adversely affect our business prospects.

We also believe that large, well-funded pharmaceutical and other related businesses and industries may have economic reasons to oppose cannabinoid-based therapies. The pharmaceutical industry is well-funded with a strong and experienced lobby presence at both the federal and state levels, as well as internationally, that surpasses financial resources of the current group of medical cannabis research and development companies. Any effort by the pharmaceutical lobby to halt or delay cannabinoid-based medical products and therapies could have a detrimental impact on our business.

Risks Related to Product Development

If we fail to successfully develop and commercialize diagnostics, pharmaceutical or therapies, we may be unable to execute our plan of operations.

Our current business strategy focuses on discovering, developing and commercializing cannabinoid-based diagnostics, anti-cancer pharmaceuticals and palliative therapies. To date, we have only commercialized Cannabics SR, our non-pharmaceutical extended release capsules for palliative therapy. The success of our business will depend upon our ability to fully develop and commercialize the diagnostics and therapeutic product candidates in our current development pipeline as well as to continue the discovery and development of other products and technology.

Prior to commercializing our product candidates, we will be required to undertake time-consuming and costly development activities with uncertain outcomes, including conducting clinical studies and obtaining regulatory clearance or approval in Israel, the United States, the European Union and other countries where we may develop and market our product candidates. Delays in obtaining approvals and clearances could have material adverse effects on us and our ability to fully carry out our plan of operations. We have limited experience in taking products through these processes and there are considerable risks involved in these activities. The science and methods that we are employing are innovative and complex, and it is possible that our development programs will ultimately not yield products suitable for commercialization or government approval. Product candidates that appear promising in early development may fail to be validated in subsequent studies, and even if we achieve positive results, we may still fail to obtain the necessary regulatory clearances or approvals. Few research and development projects result in commercial products, and perceived viability in early clinical studies often is not replicated in later studies. At any point, we may abandon development of a product candidate, or we may be required to expend considerable resources obtaining additional clinical and nonclinical data, which would adversely impact the timing for generating potential revenue from those products. Further, our ability to develop and launch product candidates is dependent on our receipt of substantial additional funding. If our discovery and development programs yield fewer commercial product candidates than we expect, we may be unable to execute our business plan, and our business, financial condition and results of operations may be adversely affected.

If we fail to maintain or establish satisfactory arrangements for the supply of raw materials or the manufacture of our product candidates for preclinical or clinical trials, or if we experience an interruption of supply, we might not have sufficient quantities of our product candidates at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts

We do not produce medical cannabis, and therefore our ability to research, develop and commercialize our cannabinoid-based diagnostics and therapeutic product candidates is dependent upon a sufficient supply of medical cannabis strains. Any significant interruption or negative change in the availability or economics of the supply chain for medical cannabis could materially impact our business, financial condition and operating results. Some strains of medical cannabis may only be available from a single supplier or a limited group of suppliers. If a sole source supplier were to go out of business, we might be unable to find a replacement source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor might elect not to supply us. Any inability to secure required supplies of medical cannabis or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

Our clinical diagnostics may never be validated.

The FDA regulates the sale and distribution, in interstate commerce, of *in vitro* diagnostic test kits, reagents and instruments used to perform diagnostic testing. To the extent that any diagnostic test we develop is regarded as an *in vitro* diagnostic test rather than as a Laboratory Developed Test ("LDT"), we will be subject to increased FDA regulation that will delay and add to the cost of commercialization of our diagnostic product candidates, which will have a material adverse effect on our business, results of operations and financial condition.

We are also subject to the United States Clinical Laboratory Improvement Amendments of 1988 ("CLIA"), federal regulatory standards that apply to all clinical laboratories that perform testing on specimens derived from humans in the United States for the purpose of providing information for the diagnosis, prevention or treatment of disease. CLIA is intended to ensure the quality and reliability of clinical laboratories in the United States by mandating specific standards in the areas of personnel qualifications, administration, and participation in proficiency testing, patient test management, quality control, quality assurance and inspections. Accreditation by the College of American Pathologists ("CAP"), one of six CLIA-approved accreditation organizations, is sufficient to satisfy the requirements of CLIA.

The validation for CLIA or CAP is a two-step process. The first step is optimization of all of the steps of the test protocol to show that the test is able to produce repeatable and consistent results. The second step is the clinical validation, in which statistically significant sensitivity and specificity of the test on the appropriate human samples are determined. Overall, the purpose of the validation process is to determine the accuracy, precision, sensitivity and specificity of the test. The time and cost to complete the validation process can vary widely, and it is possible that we would be unable to complete the validation process along the timeline and within the budget as planned.

As of the date of this prospectus, our clinical diagnostics have not yet been validated for commercialization in a CLIA or CAP laboratory, and we have not yet begun the validation process. We may be unable to enter into an agreement with a CLIA or CAP laboratory on favorable terms, or at all. Although we may be able to validate the tests, they might have sensitivity and specificity that is insufficient to bring the product to market. Any delays or incurrence of greater costs than budgeted in validating these tests may have a material adverse effect on our business, results of operations and financial condition.

The Federal Food and Drug Administration may impose additional regulatory obligations and costs upon the development of our diagnostics.

On October 3, 2014, the FDA issued draft guidance regarding oversight of LDTs, titled "Framework for Regulatory Oversight of Laboratory Developed Tests (LDTs)." According to this guidance, the FDA plans to take a phased-in risk-based approach to regulating LDTs. The FDA plans to phase in enforcement of LTD premarket review, quality system oversight and adverse event reporting over a number of years. The FDA would require that laboratories providing LDTs, subject to certain limited exemptions, within six months after the guidance documents are finalized to comply with (i) either a new notification procedure in which the laboratory must provide the FDA with certain basic information about each LDT offered by their laboratory or the FDA's device registration and listing requirements, and (ii) the medical device reporting, or MDR, requirements for LDTs offered by that laboratory. Under this new risk-based approach, it is possible that some level of pre-market review may be required for our LDTs, which may require us to obtain additional clinical data.

The FDA draft guidance was subject to public comment until February 2, 2015. On January 13, 2017, the FDA issued a discussion paper on LDTs that does not represent the formal position of FDA and is not enforceable, but is intended to advance public discussion on future LDT oversight. At the present time, we cannot assess what the additional costs and regulatory burdens of any FDA final guidance or FDA enforcement will be, or the impact it may have on our business and operations.

If the FDA requires us to seek clearance or approval for any of our diagnostic products (as opposed to simply licensing our technology to a CLIA lab), we may not be able to obtain such approvals on a timely basis, or at all. The cost of conducting clinical trials and otherwise developing data and information to support any applications may be significant. Failure to comply with applicable regulatory requirements of the FDA could result in enforcement action, including receiving untitled or warning letters, fines, injunctions, or civil or criminal penalties. In addition, we could be subject to a recall or seizure of products, operating restrictions, partial suspension or total shutdown of production. Any such enforcement action would have a material adverse effect on our business, financial condition and operations.

Changes in laws and regulations concerning clinical diagnostic tests may adversely affect our business, financial condition and results of operations.

The clinical laboratory testing industry is highly regulated, and failure to comply with applicable regulatory, supervisory or licensing requirements may adversely affect our business, financial condition and results of operations. In particular, the laws and regulations governing the marketing and research of clinical diagnostic testing are extremely complex and in many instances there are no clear regulatory or judicial interpretations of these laws and regulations, which increase the risk that we may be found to be in violation of these laws.

The regulatory environment in which we operate may change significantly and adversely in the future. The molecular diagnostics industry as a whole is a growing industry and regulatory agencies such as the FDA may also apply heightened scrutiny to new developments in the field of molecular diagnostics. Should we be deemed to not be in compliance with regulatory requirements or any changes thereto, we may be subject to sanctions which could include required changes to our operations, adverse publicity, substantial financial penalties and criminal proceedings. Any change in the laws and the regulations relating to our business, whether in the form of new or amended laws or regulations or regulatory policies, or the application of any of the above, may adversely affect our business, financial condition and results of operations by increasing our costs to comply with the new laws or constraining our ability to develop, market and commercialize our diagnostic tests.

For example, a development affecting our industry is the increased enforcement of the federal False Claims Act and, in particular, actions brought pursuant to the False Claims Act's "whistleblower" or " *qui tam* " provisions. The False Claims Act imposes liability on any person or entity that, among other things, knowingly presents, or causes to be presented, a false or fraudulent claim for payment by a federal governmental payer program. The *qui tam* provisions of the False Claims Act allow a private individual to bring civil actions on behalf of the federal government for violations of the False Claims Act and permit such individuals to share in any amounts paid by the defendant to the government in fines or settlement. When an entity is determined to have violated the False Claims Act, it is subject to mandatory damages of three times the actual damages sustained by the government, plus mandatory civil penalties ranging from $5,500 to $11,000 for each false claim. In addition, various states have enacted false claim laws analogous to the federal False Claims Act, and in some cases go even further because many of these state laws apply where a claim is submitted to any third-party payer and not merely a governmental payer program.

In addition, there has been a recent trend of increased U.S. federal and state regulation of payments made to physicians, which are governed by laws and regulations including the Stark Law. Among other requirements, the Stark Law requires laboratories to track, and places a cap on, non-monetary compensation provided to referring physicians. While we have a compliance plan to address compliance with applicable fraud and abuse laws and regulations, the evolving commercial compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and reporting requirements increases the possibility that we could violate one or more of these requirements.

All of our diagnostics and therapeutic product candidates are in clinical and preclinical development, the validation of which may not be successful and may be subject to delays, which would have a material adverse effect on our business, results of operation and financial condition.

To date, we have devoted our resources towards developing the technology upon which we are building our clinical diagnostics and therapeutic product candidates. Our clinical diagnostic product candidates have yet to be validated and our clinical therapeutic product candidates are currently in a preclinical development phase. As of the date of this prospectus, only Cannabics SR, our non-pharmaceutical palliative therapy, has been commercialized.

We may be unable to successfully complete the clinical validation process for our diagnostic product candidates due to several factors, including our ability to acquire enough samples for full validation and the procurement of materials necessary to conduct testing.

We may not be able to successfully complete the preclinical testing necessary to advance our therapeutic product candidates into clinical development, including animal pharmacology and toxicity studies. The results of any preclinical work may indicate that our therapeutic product candidates do not have the safety or efficacy necessary to file an Investigational New Drug (“IND”) with the FDA in order to move our product on to the clinical development process.

Once we initiate the clinical development of our product candidates, it may be difficult to identify and qualify patients to participate in future clinical trials for our product candidates, and the timing of our clinical trials depends on the speed at which we can recruit patients to participate in testing as well as completion of required follow-up periods. If patients are unwilling to participate in our clinical trials due to concerns over the safety of the product candidate or for other reasons, the timeline for conducting the trials and obtaining regulatory approval may be delayed. Furthermore, we may also compete for patients with other companies conducting similar clinical trials. Any delays in our future clinical trials could result in increased costs, delays in product development or termination of the clinical trials altogether.

Any of these events could have a material adverse effect on our business, results of operations and financial condition.

We may fail to demonstrate the safety and efficacy of our therapeutic product candidates in accordance with regulatory standards and may incur delays and substantial costs in our clinical trials.

In order to commercialize our therapeutic product candidates, we must conduct extensive clinical trials demonstrating the safety and efficacy of our product candidates in humans. The clinical testing process is expensive, difficult to design and implement, takes many years to complete and is unpredictable in both its duration and outcome. A failure of one or more clinical trials can occur at any stage of testing. There is a high failure rate for drugs and biological products proceeding through clinical trials. The research, testing, manufacturing, labeling, packaging, storage, approval, sale, marketing, advertising and promotion, pricing, export, import and distribution of drug products are subject to extensive regulation by the FDA and other regulatory authorities in the United States and other countries, which regulations differ from country to country. We are not permitted to market our therapeutic product candidates as a prescription pharmaceutical product in the United States until we receive approval of a New Drug Application ("NDA"), from the FDA, or in any foreign countries until we receive the requisite approval from such countries. In the United States, the FDA generally requires the completion of pre-clinical testing and clinical trials of each drug to establish its safety and efficacy and extensive pharmaceutical development to ensure its quality before an NDA is approved. Regulatory authorities in other jurisdictions impose similar requirements. Of the large number of drugs in development, only a small percentage result in the submission of an NDA to the FDA and even fewer are eventually approved for commercialization. We have not submitted an NDA to the FDA or comparable applications to other regulatory authorities. Preclinical and clinical data is often susceptible to varying interpretations and types of analyses and regulatory authorities may fail to approve our product. In addition, even if we successfully complete early clinical trials, such results may not be indicative of the success or results of our later clinical trials.

Our successful completion of clinical trials may be materially adversely affected by many factors, including:

- ineffective trial design and disagreement with the FDA on final trial design;
- imposition of a clinical hold following an inspection of our clinical trial operations by the FDA or other regulatory authorities;
- difficulties or delays in reaching an agreement with a contract research organization, and clinical trial sites;
- delays in obtaining required institutional review board approval for each trial site;
- data collected from clinical trials may not be sufficient to support the submission of a NDA or other submission or to obtain regulatory approval in the United States or elsewhere;
- delays or difficulties in recruiting suitable patients to participate in clinical trials;
- delays in manufacturing or delivering products and materials to clinical trial sites;
- delays or difficulties caused by lack of patient adherence to treatment or post-treatment follow-up;
- delays caused by patients dropping out of a trial and the need for recruiting additional patients; and
- delays caused by clinical sites dropping out of the trial and the time required to recruit a new site.

Any of the these delays or difficulties could cause us to be delayed in obtaining marketing approval from regulatory authorities, if at all, or allow us to obtain approval for specific indications or patient populations that are not as broad as currently targeted. In addition, such delays or difficulties may cause our development costs or our time to bring our product candidates to market to increase, may weaken our competitive positioning in the market and may have a material adverse effect on our business, results of operations and financial condition.

We cannot predict if or when we will receive regulatory approval to commercialize a therapeutic product candidate.

We cannot commercialize a therapeutic product candidate until the appropriate regulatory authorities, such as the FDA or a state regulating authority, have reviewed and approved the product candidate. Even if our therapeutic product candidates demonstrate safety and efficacy in clinical trials, regulatory agencies may not complete their review processes in a timely manner, and we may not be able to obtain timely regulatory approval. We may never be able to receive regulatory approval for our therapeutic product candidates at all. Additional delays may result if an FDA advisory committee or other regulatory authority recommends non-approval or restrictions on approval. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory agency policy during the period of product development, clinical trials and the review process. Regulatory agencies may also approve a product candidate for fewer or more limited indications than requested or may grant approval subject to the performance of post-marketing studies. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates. Delays or failure to obtain necessary regulatory approvals could have a material adverse effect on our business, results of operations and financial condition.

Even if we obtain regulatory approval for a therapeutic product candidate, we will remain subject to extensive regulatory scrutiny.

Even if we obtain regulatory approval in the United States for our therapeutic product candidates, the FDA and other appropriate regulatory agencies may still impose significant restrictions or delays, including restriction of patient population or indications or additional costly studies. Any changes to the approved product or its labeling or manufacturing process would require FDA approval. Any advertisements or promotions must comply with FDA regulations and are subject to FDA review as well as state and federal laws. Drug product manufacturers are subject to continual review and inspection by the FDA and other regulatory authorities to comply with Current Good Manufacturing Practice standards. If the FDA or other regulatory authority finds previously undiscovered compliance issues with products, such as unanticipated adverse effects or issues with the manufacturing facility, the FDA or other regulatory authority may:

- issue a warning letter asserting that we are in violation of law;
- seek an injunction;
- impose civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend currently ongoing clinical trials;
- refuse any pending applications;
- seize product; or
- prohibit us from entering into beneficial or necessary contracts such as supply or government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, could result in litigation and litigation-related expense and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our therapeutic product candidates and generate revenue, which would have a material adverse effect on our business, results of operations and financial condition.

In addition, even if we obtain regulatory approvals, the timing or scope of any approvals may prohibit or reduce our ability to commercialize our therapeutic product candidates successfully. For example, if the approval process takes too long, we may miss market opportunities and give other companies the ability to develop competing products or establish market dominance. Any regulatory approval that we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render our products not commercially viable. For example, regulatory authorities may approve our therapeutic product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our therapeutic product candidates, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve our therapeutic product candidates with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that indication. Further, the FDA may place conditions on approvals including potential requirements or risk management plans and the requirement for a Risk Evaluation and Mitigation Strategy ("REMS") to assure the safe use of the drug. If the FDA concludes a REMS is needed, the sponsor of the NDA must submit a proposed REMS; the FDA will not approve the NDA without an approved REMS, if required. A REMS could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of our therapeutic product candidates. Moreover, product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following the initial marketing of the product. Any of the foregoing scenarios could materially harm the commercial success of our product candidates and have a material adverse effect on our business, results of operations and financial condition.

We may fail to obtain orphan drug status for our therapeutic product candidates.

We intend to seek orphan drug status from the FDA for those anti-cancer therapeutic product candidates we are presently developing to the extent such product candidates are eligible for orphan drug status under the Orphan Drug Act of 1983. The orphan drug status gives the manufacturer specific financial incentives to develop a pharmacological agent. If a product that has an orphan drug designation receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same medication for the same indication, except in very limited circumstances, for seven years. Failure to obtain an orphan drug designation for our product candidates may have a material adverse effect on our business, results of operations and financial condition.

Any of our therapeutic product candidates may cause adverse effects or have properties that could delay or prevent their regulatory approval or limit the scope of any specific indications or market acceptance.

Adverse events caused by our therapeutic product candidates could cause interruptions, delays or the halting of our clinical trials. If adverse effects are observed in any clinical trials for our therapeutic product candidates, we may be unable to obtain timely, or any, regulatory approval of our therapeutic product candidates. Adverse effects caused by our therapeutic product candidates could also subject us to litigation and liability, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, if any of our therapeutic product candidates are approved for commercialization and are found to cause serious or unpredicted side effects, serious consequences may result, including but not limited to, the withdrawal of marketing approval by regulatory authorities, restrictions on distribution by regulatory authorities, the need to conduct additional clinical trials, litigation and potential liability for personal injury to patients and damage to our reputation. Furthermore, our ability to achieve and maintain profitability may be permanently impaired. Any of these events could have a material adverse effect on our business, results of operations and financial condition.

Our dietary supplements are subject to government regulation, both in the United States and internationally, which could increase our costs significantly and limit or prevent the sale of our dietary supplements.

The manufacture, packaging, labeling, advertising, promotion, distribution and sale of Cannabics SR, and any other dietary supplements that we may develop and commercialize, is subject to regulation by numerous national and local governmental agencies in the United States and other countries, including the FDA and Federal Trade Commission in the United States, and the Ministry of Health in Israel. Failure to comply with these regulatory requirements may result in various types of penalties or fines. These include injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. Individual states also regulate dietary supplements. A U.S. state may interpret claims or products presumptively valid under federal law as illegal under that state's regulations. In markets outside the United States, we will likely be required to obtain approvals, licenses, or certifications from a country's ministry of health or comparable agency, as well as labeling and packaging regulations, all of which vary from country to country. Approvals or licensing may be conditioned on reformulation of products or may be unavailable with respect to certain products or product ingredients. Any of these government agencies, as well as legislative bodies, can change existing regulations, or impose new ones, or could take aggressive measures, causing or contributing to a variety of negative consequences, including:

- requirements for the reformulation of certain or all products to meet new standards;
- the recall or discontinuance of certain or all products;
- additional record keeping;
- expanded documentation of the properties of certain or all products;
- expanded or different labeling;
- adverse event tracking and reporting; and
- additional scientific substantiation.

Any or all of these requirements could have a material adverse effect on us. There can be no assurance that the regulatory environment in which we operate will not change or that such regulatory environment, or any specific action taken against us, will not result in a material adverse effect on us.

Changes in legislation or regulation in the health care systems in the United States and foreign jurisdictions may affect us.

Our ability to successfully commercialize our cannabinoid-based products may depend on how the healthcare systems of the United States, the European Union and other governments provide coverage or reimbursement. Reimbursement and healthcare payment systems in international markets vary significantly by country, and include both government sponsored healthcare and private insurance. To obtain reimbursement or pricing approval in some countries, we may be required to produce clinical data, which may involve one or more clinical trials, that compares the cost-effectiveness of our products to other available therapies. We may not obtain international reimbursement or pricing approvals in a timely manner, if at all. Our failure to receive international reimbursement or pricing approvals would negatively impact market acceptance of our products in the international markets in which those approvals are sought.

We believe that future reimbursement may be subject to increased restrictions in the United States, the European Union and in other international markets. There is increasing pressure by governments worldwide to contain health care costs by limiting both the coverage and the level of reimbursement for therapeutic products and by refusing, in some cases, to provide any coverage for products that have not been approved by the relevant regulatory agency. Future legislation, regulation or reimbursement policies of third party payers may adversely affect the demand for our product candidates currently under development and limit our ability to sell our product candidates on a profitable basis. In addition, third party payers continually attempt to contain or reduce the costs of healthcare by challenging the prices charged for healthcare products and services. If reimbursement for our products is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, market acceptance of our products candidates will be impaired and future revenues, if any, will be adversely affected.

Risks Related to Our Dependence on Third Parties

We rely and expect to continue to rely heavily on third parties to conduct our preclinical studies and clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such studies and trials.

We do not have in-house research facilities and, as a consequence, we must currently rely on third parties to conduct our clinical trials. We expect to continue to rely heavily on third parties, such as contract research organizations, clinical data management organizations, medical institutions, clinical investigators and others to conduct our clinical trials. Our agreements with these third parties generally allow the third party to terminate our agreement with them at any time. If we are required to enter into alternative arrangements because of any such termination, the introduction of our product candidates to market could be delayed.

Our reliance on third parties for research and development will reduce our control over such activities but will not relieve us of our responsibilities. Likewise, our reliance on third parties whom we do not control does not relieve us of our responsibility to comply with regulatory requirements to use Current Good Clinical Practice standards when conducting, recording and reporting the results of clinical trials in order to ensure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We are also required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database of regulatory agencies within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

The third parties on whom we rely may also have relationships with other entities, some of whom may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with the requirements of a regulatory agency or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

Collaboration agreements that we may enter into in the future may not be successful, which could adversely affect our ability to develop and commercialize our diagnostics and therapeutic product candidates.

We may enter into collaboration agreements with pharmaceutical companies and biotechnology institutions for the development or commercialization of our cannabinoid-based diagnostics and therapeutic product candidates, which agreements may contain provisions based upon, among other things, the merits of retaining certain rights. We will face significant competition in seeking appropriate collaborators and in negotiating agreements at acceptable terms, if at all. We may not be successful in our efforts to enter, implement and maintain collaboration agreements. Disagreements stemming from collaboration agreements concerning development, intellectual property, regulatory or commercialization matters can lead to delays and, in some cases, termination of our collaboration agreements or otherwise result in the potentially significant costs and fees in seeking to enforce or protect our rights, if any. Any such disagreements can be difficult if, in fact, neither of the parties has final decision making authority. The resulting outcome of any disputes or disagreements would in all likelihood adversely affect our business.

Data provided by collaborators and others upon which we rely that has not been independently verified could turn out to be false, misleading, or incomplete.

We rely on third-party vendors, scientists, and collaborators to provide us with significant data and other information related to our projects, clinical trials, and our business. If such third parties provide inaccurate, misleading, or incomplete data, our business, prospects, and results of operations could be materially adversely affected.

Our business model is substantially dependent on third party licensees to market and sell our products, which will subject us to a number of risks.

We depend on third party licensees to sell, market, and service our products and current and future products in our intended markets. We are subject to a number of risks associated with reliance upon third party licensees, including:

- lack of day-to-day control over the activities of licensees;
- third party licensees may not commit the necessary resources to market and sell our current and future products to our level of expectations;
- third party licensees may terminate their arrangements with us on limited or no notice or may change the terms of these arrangements in a manner unfavorable to us; and
- disagreements with our future licensees could result in costly and time-consuming litigation or arbitration which we could be required to conduct in jurisdictions with which we are not familiar.

If we fail to establish and maintain satisfactory relationships with our future third party licensees, our revenue and market share may not grow as anticipated, and we could be subject to unexpected costs which could harm our results of operations and financial condition.

Risks Related To Operating In Israel

Failure to secure the necessary Israeli licenses to use cannabis for medical research could limit our ability to execute our research and development activities, delay the launch of our products and adversely affect the results of our business operations.

To date, we have only conducted our research in Israel and, in fact, have limited our operations to Israel. The biotechnologies that we are developing contain cannabis, a "controlled substance" as defined in the Israeli Dangerous Drugs Ordinance [New Version], 5733 - 1973. In Israel, licenses to cultivate, possess and to use cannabis for medical research are granted by the Ministry of Health, Israel Medical Cannabis Unit ("IMCU"), on an *ad hoc* basis. We have obtained all IMCU licenses that are necessary for us to carry out our research. Even though we have an established track record of successfully obtaining the requisite licenses as required, there can be no assurance that we will continue to be able to secure licenses in the future. If we fail to comply with Israeli rules and regulations related to the licensing of cannabis, we may not be able to research and develop our product candidates as we intend or at all.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our Israeli employees in the course of their employment for us. Under the Israeli Patent Law, 5727-1967 (the "Israeli Patent Law"), inventions conceived of by an employee during the term and as part of the scope of his or her employment with a company are regarded as "service inventions," which belong to the employer, absent a specific agreement between the employee and employer giving the employee service invention rights. The Israeli Patent Law also provides that if there is no such agreement between an employer and an employee, the Israeli Compensation and Royalties Committee (the "C&R Committee"), a body constituted under the Israeli Patent Law, shall determine whether the employee is entitled to remuneration for his or her inventions. The C&R Committee (decisions of which have been upheld by the Israeli Supreme Court) has held that employees may be entitled to remuneration for their service inventions despite having specifically waived any such rights. Further, the C&R Committee has not yet set specific guidelines regarding the method for calculating this remuneration or the criteria or circumstances under which an employee's waiver of his or her right to remuneration will be disregarded. We generally enter into intellectual property assignment agreements with our employees pursuant to which such employees assign to us all rights to any inventions created in the scope of their employment or engagement with us. Although our employees have agreed to assign to us service invention rights and have specifically waived their right to receive any special remuneration for such assignment beyond their regular salary and benefits, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current or former employees, or be forced to litigate such claims, which could negatively affect our business.

We expect that our results of operations will be subject to fluctuations in currency exchange rates because a substantial portion of our anticipated revenue will be generated in U.S. dollars and Euros while a significant portion of our expenses will be incurred in New Israeli Shekels.

We expect a substantial portion of our revenue will be generated in U.S. dollars and Euros, while a significant portion of our expenses, principally salaries and related personnel expenses, is paid in New Israeli Shekels, or NIS. As a result, we are exposed to the risk that the rate of inflation in Israel will exceed the rate of devaluation of the NIS in relation to the Euro or the U.S. dollar, or that the timing of this devaluation will lag behind inflation in Israel. Because inflation has the effect of increasing the U.S. dollar and Euro costs of our operations, it would therefore have an adverse effect on our dollar-measured results of operations. The value of the NIS, against the Euro, the U.S. dollar, and other currencies may fluctuate and is affected by, among other things, changes in Israel's political and economic conditions. Any significant revaluation of the NIS may materially and adversely affect our cash flows, revenues and financial condition. Fluctuations in the NIS exchange rate, or even the appearance of instability in such exchange rate, could adversely affect our ability to operate our business.

We may not be able to enforce covenants not-to-compete under current Israeli law.

We have non-competition agreements with most of our employees, all of which are governed by Israeli law. These agreements generally prohibit our employees from competing with us or working for our competitors for a specified period following termination of their employment. However, Israeli courts are reluctant to enforce non-compete undertakings of former employees and tend, if at all, to enforce those provisions for relatively brief periods of time in restricted geographical areas and only when the employee has unique value specific to that employer's business and not just regarding the professional development of the employee. Any such inability to enforce non-compete covenants may cause us to lose any competitive advantage arising from confidential information known to such former employees.

It may be difficult for investors in the United States to enforce any judgments obtained against us or some of our directors or officers.

The majority of our assets are located outside the United States. In addition, certain of our officers are nationals or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against us or any of our non-U.S. officers, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. It may also be difficult to assert claims under United States securities law in actions originally instituted outside of the United States. Moreover, Israeli courts may refuse to hear a United States securities law claim because Israeli courts may not be the most appropriate forums in which to bring such a claim. Even if an Israeli court agrees to hear a claim, it may determine that Israeli law, and not U.S. law, is applicable to the claim. Further, if U.S. law is found to be applicable, certain content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process, and certain matters of procedure would still be governed by Israeli law. Consequently, our investors may be effectively prevented from pursuing remedies under U.S. federal and state securities laws against us or any of our non-U.S. directors or officers.

If there are significant shifts in the political, economic and military conditions in Israel and its neighbors, it could have a material adverse effect on our business relationships and profitability.

All of our research facilities and certain of our key personnel are located in Israel. Our business is directly affected by the political, economic and military conditions in Israel and its neighbors. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. A state of hostility, varying in degree and intensity, has caused security and economic problems in Israel. Although Israel has entered into peace treaties with Egypt and Jordan, and various agreements with the Palestinian Authority, there has been a marked increase in violence, civil unrest and hostility, including armed clashes, between the State of Israel and the Palestinians since September 2000. The establishment in 2006 of a government in the Gaza Strip by representatives of the Hamas militant group has created heightened unrest and uncertainty in the region. In mid-2006, Israel engaged in an armed conflict with Hezbollah, a Shiite Islamist militia group based in Lebanon, and in June 2007, there was an escalation in violence in the Gaza Strip. From December 2008 through January 2009 and again in November and December 2012, Israel engaged in an armed conflict with Hamas, which involved missile strikes against civilian targets in various parts of Israel and negatively affected business conditions in Israel. In July 2014, Israel launched an additional operation against Hamas operatives in the Gaza strip in response to Palestinian groups launching rockets at Israel. Recent political uprisings and social unrest in Syria are affecting its political stability, which has led to the deterioration of the political relationship between Syria and Israel and have raised new concerns regarding security in the region and the potential for armed conflict. Similar civil unrest and political turbulence is currently ongoing in many countries in the region. The continued political instability and hostilities between Israel and its neighbors and any future armed conflict, terrorist activity or political instability in the region could adversely affect our operations in Israel and adversely affect the market price of our shares of common stock. In addition, several countries restrict doing business with Israel and Israeli companies have been and are today subjected to economic boycotts. The interruption or curtailment of trade between Israel and its present trading partners could adversely affect our business, financial condition and results of operations.

Risks Related To Our Stock

There can be no assurance of an active, liquid and orderly trading market for our common stock or that investors will be able to sell their shares of common stock.

At present, our common stock is quoted on the OTCQB tier of the marketplace maintained by OTC Markets Group Inc., under the symbol "CNBX." There is only a limited, liquid public trading market for our common stock. There can be no assurance that a liquid market for our common stock will continue. Market liquidity will depend on the perception of our business and any steps that our management might take to bring public awareness of our business to the investing public within the parameters of the federal securities laws. There is no assurance that any such awareness will be generated or sustained. Therefore, investors may not be able to liquidate their investment or liquidate it at a price paid by investors equal to or greater than their initial investment in our common stock. Moreover, holders of our common stock may not find purchasers for their shares should they to decide to sell the common stock held by them at any particular time if ever. Our common stock should be purchased only by investors who have no immediate need for liquidity in their investment and who can hold our common stock, possibly for a prolonged period of time.

The price of our common stock is volatile, and the value of your investment could decline.

The market price of our common stock has been highly volatile. Between September 1, 2016, and February 28, 2017, the sales price of our stock on the OTCQB ranged from a low of $0.04 per share to a high of $7.60 per share. Accordingly, it is difficult to forecast the future performance of our common stock. The market price of our common stock may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include the following:

- technological innovations or new products and services by us or our competitors;
- regulatory developments at the federal, state or local level;
- additions or departures of key personnel;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- industry developments;
- economic, political and other external factors; and
- period-to-period fluctuations in our financial results.

The stock market generally and in particular, the market for stocks of biotechnology companies with lower market capitalizations, like us, have from time to time experienced, and likely will again experience significant price and volume fluctuations that are unrelated to the operating performance of a particular company. The trading price of our common stock might decline in reaction to events that affect other companies in our industry, even if these events do not directly affect us.

Periods of volatility in the market price of a company's securities have often been followed by securities class action litigation against that company. If our stock price continues to be volatile, we may become the target of securities litigation, which could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, operating results and financial condition.

We may never pay any dividends to our shareholders.

We currently intend to retain any future earnings for use in the operation and expansion of our business. Accordingly, we do not expect to pay any dividends in the foreseeable future, but will review this policy as circumstances dictate. The declaration and payment of all future dividends, if any, will be at the sole discretion of our board of directors, which retains the right to change our dividend policy at any time. Consequently, our stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

As at August 31, 2016, Cannabics Inc., a Delaware corporation, owns 82% of our common stock. Our Chief Executive Officer and our Chief Technical Officer, who are both also directors, collectively own 39.35% of Cannabics Inc., and therefore have substantial influence over it. Accordingly, the Company (and our management) may be able to control the outcome of stockholder votes, including votes concerning the election of directors, amendment of our organizational documents, approval of mergers, sales of assets and other significant corporate transactions. This concentration of ownership in Cannabics Inc. (and our management) may have the effect of delaying or preventing a change in our management and voting control of Cannabics Inc., including preventing or discouraging unsolicited acquisition proposals or offers for our common stock that some of our stockholders may believe is in their best interest.

We may issue shares of preferred stock with greater rights than our common stock, which may entrench management and result in dilution of our stockholders' investment.

Our Articles of Incorporation authorize the issuance of up to 100 million shares of preferred stock, par value $0.0001 per share. The authorized but unissued preferred stock may be issued by our board of directors from time to time on any number of occasions, without stockholder approval, as one or more separate series of shares comprised of any number of the authorized but unissued shares of preferred stock, designated by resolution of our board of directors stating the name and number of shares of each series and setting forth separately for such series the relative rights, privileges and preferences thereof, including, if any, the: (i) rate of dividends payable thereon; (ii) price, terms and conditions of redemption; (iii) voluntary and involuntary liquidation preferences; (iv) provisions of a sinking fund for redemption or repurchase; (v) terms of conversion to common stock, including conversion price, and (vi) voting rights. Such preferred stock may enable our board of directors to hinder or discourage any attempt to gain control of the Company by a merger, tender offer at a control premium price, proxy contest or otherwise. Consequently, the preferred stock could entrench our management. The market price of our common stock could be depressed by the existence of the preferred stock.

Nevada law and certain provisions of our Articles of Incorporation and bylaws may discourage mergers and other transactions.

Provisions of Nevada law, such as its business combination statute, and certain provisions of our Articles of Incorporation and by-laws could make it more difficult for someone to acquire control of the Company and limit the price that certain investors might be willing to pay for shares of our common stock. These provisions may make it more difficult for stockholders to take certain corporate actions and could delay or prevent someone from acquiring our business. The provisions could be beneficial to our management and the board of directors in a hostile tender offer, and could have an adverse impact on stockholders who might want to participate in such tender offer, or who might want to replace some or all of the members of the board of directors.

Our common stock may be subject to penny stock rules, which may make it more difficult for our investors to sell their common stock.

Our common stock is presently considered to be a "penny stock" and is subject to SEC rules and regulations that impose limitations upon the manner in which such shares may be publicly traded, and regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules which may increase the difficulty investors may experience in attempting to liquidate such securities. These requirements could also hamper our ability to raise funds in the primary market for our shares of common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our executive offices are located in Bethesda, Maryland and are sufficient for the time being. These offices are let to us by our attorney free of charge.

Item 3. Legal Proceedings

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market For Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information.

We have one class of securities, Common Voting Equity Shares ("Common Stock"). The holders of our common stock have equal ratable rights to dividends from funds legally available if and when declared by our Board of Directors and are entitled to share pro-rata in all of our available assets for distribution to holders of common stock upon liquidation, dissolution or winding up of our affairs; there are no preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights.

Our common stock is quoted on the NASDAQ OTC Bulletin Board (“OTCBB”) under the symbol "CNBX". As of November 28th, 2016, the Company’s common stock was held by 69 shareholders of record, which does not include shares that are held in street or nominee name.

The closing share prices presented below represent prices between broker-dealers and do not include retail mark-ups and mark-downs or any commission to the dealer.

QUARTER ENDED	HIGH	LOW
August 31, 2016	$ 0.05	$ 0.04
May 31, 2016	$ 0.06	$ 0.06
February 28, 2016	$ 0.12	$ 0.08
November 30, 2015	$ 0.05	$ 0.04
August 31, 2015	$ 0.18	$ 0.12

Shareholders

Our shares of common stock are issued in registered form. The registrar and transfer agent for our shares of common stock is ClearTrust LLC, 16540 Pointe Village Dr. Suite 210, Lutz, FL 33558; (813) 235-4490.

On November 28th, 2016, the shareholders' list of our shares of common stock showed 69 registered holders of our shares of common stock and 107,221,903 shares of common stock outstanding. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of shares of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies.

Dividend Policy

Our board of directors may declare and pay dividends on outstanding shares of common stock out of funds legally available there for in our sole discretion; however, to date no dividends have been declared or paid on common stock.

Indemnification of Directors and Officers

Nevada Corporation Law allows for the indemnification of officers, directors, and any corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for liabilities, including reimbursement for expenses, incurred arising under the 1933 Act. The Bylaws of the Company provide that the Company will indemnify its directors and officers to the fullest extent authorized or permitted by law and such right to indemnification will continue as to a person who has ceased to be a director or officer of the Company and will inure to the benefit of his or her heirs, executors and Consultants; provided, however, that, except for proceedings to enforce rights to indemnification, the Company will not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred will include the right to be paid by the Company the expenses (including attorney’s fees) incurred in defending any such proceeding in advance of its final disposition.

The Company may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Company similar to those conferred to directors and officers of the Company. The rights to indemnification and to the advancement of expenses are subject to the requirements of the 1940 Act to the extent applicable.

Furthermore, the Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Company or another company against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Nevada General Corporation Law.

Recent Sales of Unregistered Securities

During the year ended August 31, 2016, the Company issued 3,133,332 shares to 11 people at $.03 per share for a total of $94,000.

During the year ended August 31, 2016, the Company issued 1,290,000 shares of its common stock to 6 consultants for services rendered at a fair value of 47,550 or an average of $0.037 per share .

These securities were not registered under the Securities Act of 1933, as amended (the "Securities Act"), but were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act as a transaction by an issuer not involving a public offering.

Penny Stock Regulation

Our shares must comply with the Penny Stock Reform Act of 1990, which may potentially decrease our shareholders' ability to easily transfer their shares. Broker-dealer practices in connection with transactions in "penny stocks" are regulated. Penny stocks generally are equity securities with a price of less than $5.00. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock, the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that must comply with the penny stock rules. Since our shares must comply with such penny stock rules, our shareholders will in all likelihood find it more difficult to sell their securities.

Item 6. Selected Financial Data

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH OUR AUDITED FINANCIAL STATEMENTS AND THE RELATED NOTES THAT APPEAR ELSEWHERE IN THIS ANNUAL REPORT. THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT REFLECT OUR PLANS, ESTIMATES AND BELIEFS. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE THOSE DISCUSSED BELOW AND ELSEWHERE IN THIS ANNUAL REPORT.

FORWARD-LOOKING STATEMENTS

Certain statements made in this report may constitute "forward-looking statements on our current expectations and projections about future events". These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases you can identify forward-looking statements by terminology such as "may," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," and similar expressions. These statements are based on our current beliefs, expectations, and assumptions and are subject to a number of risks and uncertainties. Although we believe that the expectations reflected-in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These forward-looking statements are made as of the date of this report, and we assume no obligation to update these forward-looking statements whether as a result of new information, future events, or otherwise, other than as required by law. In light of these assumptions, risks, and uncertainties, the forward-looking events discussed in this report might not occur and actual results and events may vary significantly from those discussed in the forward-looking statements.

Overview

The Company was incorporated in the State of Nevada, on September 15, 2004, as Thrust Energy Corp. On May 5, 2011, the Company changed its name to American Mining Company. Our principal offices are in Bethesda, Maryland. On May 21st, 2014 the Company changed its name to its current Cannabics Pharmaceuticals Inc.

The Company was originally engaged in the exploration, development and production of oil and gas projects within North America, but was unable to operate profitably. In May 2011, the Company suspended its oil and gas operations and changed its business to toll milling and refining and mine development. As of April 2014, the Company has changed its course of business to Biotechnology Pharmaceutical development. As such, the Company has divested itself of its former mining properties.

Financing

We will require additional financing to implement our business plan, which may include joint venture projects and debt or equity financings. The nature of this enterprise and lack of positive cash flow places debt financing beyond the credit-worthiness required by most banks or typical investors of corporate debt until such time as an economically viable profits and losses can be demonstrated. Therefore any debt financing of our activities may be costly and result in substantial dilution to our stockholders.

Future financing through equity investments is likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, and the issuance of warrants or other derivative securities, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and financing, including investment banking fees, legal fees, accounting fees, and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition.

Our ability to obtain needed financing may be impaired by such factors as the capital markets, both generally and specifically in the bio-pharma industry, and the fact that we have not been profitable to date, which could impact the availability or cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenue from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

There is no assurance that we will be able to obtain financing on terms satisfactory to us, or at all. We do not have any arrangements in place for any future financing. If we are unable to secure additional funding, we may cease or suspend operations. We have no plans, arrangements or contingencies in place in the event that we cease operations.

Results of Operations

Year ended August 31, 2016 compared to the year ended August 31, 2015

Revenues

The revenues for the year ended August 31, 2016 totaled to $112,500.

In March 2016, we received a $50,000 deposit and in May 2016 received an additional $50,000 deposit from a potential strategic investor as an option agreement towards a final licensing agreement for certain of its technologies. The deposits were forfeited under the terms of the agreement.

The Company received $12,500 as IP fees.

Operating and Other Expenses

For the year ended August 31, 2016 our total operating expenses were $393,177 compared to $536,500 for the year ended August 31, 2015. The decrease is attributable mainly to, general and administrative expenses of $119,737, marketing expenses of $61,755, offset by an increase in research and development expenditures of $38,169. The decrease in the operating expenses attributed to reduction as a result of cash storage.

The net loss for the year ended August 31, 2016 was $307,181 compared to $541,387 for the year ended August 31, 2015.

Liquidity and Capital Resources

Overview

For the years ended August 31, 2016, as well as August 31, 2015, we funded our operations through issuance of common stock and advances from our majority shareholder. Our principal use of funds during the year ended August 31, 2016 has been for laboratory and clinical research relating to our proprietary materials normative corporate operating expenses.

Liquidity and Capital Resources during the year ended August 31, 2016 compared to the year ended August 31, 2015

As of August 31, 2016, we had $19,127 compared to $25,229 as of August 31,2015. The Company used cash in operations of $120,103 for the year ended August 31, 2016 compared to cash used in operations of $179,055 for the year ended August 31, 2015.

During the year ended August 31, 2016, the Company received $20,000 in proceeds from a promissory note as well as $94,000 from the issuance of common stock, compared to $108,556 in the year ended August 31, 2015.

Going Concern

Our independent auditors included an explanatory paragraph in their report on the accompanying consolidated financial statements regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

Our financial statements have been prepared on a going concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. Our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/ or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they become due. The outcome of these matters cannot be predicted with any certainty at this time and raise substantial doubt that we will be able to continue as a going concern. Our financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

There is no assurance that our operations will be profitable. The Company has conducted private placements of its common stock, which have generated funds to satisfy the initial cash requirements of its planned Nevada exploration ventures. Our continued existence and plans for future growth depend on our ability to obtain the additional capital necessary to operate either through the generation of revenue or the issuance of additional debt or equity.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 8. Financial Statements and Supplementary Data.

REPORT OF REGISTERED INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
of Cannabics Pharmaceuticals Inc.:

We have audited the accompanying consolidated balance sheets of Cannabics Pharmaceuticals Inc. as of August 31, 2016 and 2015 and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cannabics Pharmaceuticals Inc. as of August 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred an operating loss since inception. Further, as of August 31, 2016, the cash resources of the Company were insufficient to meet its planned business objectives. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding these matters is also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Respectfully submitted,

/s/ Weinberg & Baer LLC

Weinberg & Baer LLC
Baltimore, Maryland
December 7, 2016

CANNABICS PHARMACEUTICALS INC.
Consolidated Balance Sheets

	August 31, 2016	August 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,127	$ 25,229
Prepaid expenses and other receivables	2,966	274
Total current assets	**22,093**	**25,503**
Equipment, net	**1,623**	**3,201**
Total assets	**$ 23,716**	**$ 28,704**
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 265,325	$ 113,847
Derivative liability	1,356	–
Due to a related party	224,483	224,483
Total current liabilities	**491,164**	**338,330**
Stockholders' equity (deficit):		
Preferred stock, $.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding	–	–
Common stock, $.0001 par value, 900,000,000 shares authorized, 107,221,903 and 101,503,333 shares issued and outstanding at August 31, 2016 and August 31, 2015, respectively	10,722	10,150
Additional paid-in capital	1,108,148	959,362
Accumulated deficit	(1,586,319)	(1,279,138)
Total stockholders' equity (deficit)	**(467,449)**	**(309,626)**
Total liabilities and stockholders' equity	**$ 23,716**	**$ 28,704**

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

CANNABICS PHARMACEUTICALS INC.
Consolidated Statements of Operations

	For the Year Ended August 31,	
	2016	**2015**
Net revenue	$ 112,500	$ –
Gross profit	112,500	–
Operating expenses:		
Research and development expenses	177,607	139,438
Sales and marketing expenses	960	62,715
General and administrative expenses	214,610	334,347
Total operating expenses	**393,177**	**536,500**
Loss from operations	(280,677)	(536,500)
Other income (expense):		
Foreign exchange gain (loss)	1,386	(1,861)
Financial Loss	(27,890)	(3,026)
Net loss	**$ (307,181)**	**$ (541,387)**
Net loss per share - basic and diluted:	**$ (0.003)**	**$ (0.01)**
Weighted average number of shares outstanding - Basic and Diluted	103,258,456	100,706,876

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

CANNABICS PHARMACEUTICALS INC.
Consolidated Statements of Cash Flows

	For The Year ended at August 31,	
	Aug 31, 2016	**Aug 31, 2015**
Cash flows from operating activities:		
Net Loss	$ (307,181)	$ (541,387)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation	1,577	1,304
Stock issued for services	19,850	83,123
Change in fair value of derivative liability	(712)	–
Amortization of discount	20,000	–
Changes in operating assets and liabilities:		
Accounts Receivable and pre paid expenses	(2,692)	13,715
Accounts payable and accrued liabilities	149,055	88,507
Amount due to subsidiary held for sale	–	–
Due to related party	–	175,683
Net cash used in operating activities	**(120,103)**	**(179,055)**
Cash flows from investing activities:		
Acquisition of equipment	–	(3,040)
Net cash used in investing activities	**–**	**(3,040)**
Cash flows from financing activities:		
Proceeds from Promissory note.	20,000	–
Proceeds from sale of common stock	94,000	108,556
Net cash provided by financing activities	**114,000**	**108,556**
Net Decrease in cash	(6,103)	(73,539)
Cash and cash equivalents at beginning of year	25,229	98,768
Cash and cash equivalents at end of the year	**$ 19,126**	**$ 25,229**

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

CANNABICS PHARMACEUTICALS INC.
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity (deficit)
	Shares	Amount			
Balance, August 31, 2014	**100,250,000**	**$ 10,025**	**$ 767,808**	**$ (737,751)**	**$ 40,082**
Issuance of shares of common stock for services	540,000	54	83,069	–	83,123
Issuance of common stock and warrants for cash	713,333	71	108,485	–	108,556
Net loss for the year ended August 31, 2015	–	–	–	(541,387)	(541,387)
Balance,August 31, 2015	**101,503,333**	**$ 10,150**	**$ 959,361**	**$ (1,279,138)**	**$ (309,626)**
Issuance of shares of common stock	195,238	20	(20)		–
Issuance of shares of common stock and warrants for cash	3,133,332	313	107,179	–	107,492
Issuance of common stock for services	1,290,000	129	19,805	–	19,934
Promissory Note conversion into shares	1,100,000	110	21,823	–	21,933
Net loss for the year ended August 31, 2016			–	(307,181)	– (307,181)
Balance, August 31, 2016	**107,221,903**	**$ 10,723**	**$ 1,108,148**	**$ (1,586,319)**	**$ (467,448)**

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

Note 1 – Nature of Business, Presentation and Going Concern

Organization

Cannabics Pharmaceuticals Inc. (the "Company"), was incorporated in the State of Nevada, on September 15, 2004, under the name of Thrust Energy Corp. The Company was originally engaged in the exploration, exploitation, development and production of oil and gas projects within North America, but was unable to operate profitably.

In May 2011, the Company changed its name to American Mining Corporation, suspending its oil and gas operations and changing its business to toll milling and refining, mineral exploration and mine development.

On April 25, 2014, the Company experienced a change in control. Cannabics, Inc. ("Cannabics") acquired a majority of the issued and outstanding common stock of the Company in accordance with stock purchase agreements by and between Cannabics and Thomas Mills ("Mills"). On the closing date, April 25, 2014, pursuant to the terms of the Stock Purchase Agreement, Cannabics purchased from Mills 41,000,000 shares of the Company's outstanding restricted common stock for $198,000, representing 51%.

On May 21, 2014, the Company changed its name, via merger in the state of Nevada, to Cannabics Pharmaceuticals Inc. The Company's principle offices are in Bethesda, Maryland. As of May 21, 2014, the Company has changed its course of business to laboratory research and development.

On August 25, 2014, the Company organized G.R.I.N. Ultra Ltd. ("GRIN"), an Israeli corporation, as a wholly-owned subsidiary. GRIN will provide research and development activities for the Company's products in Israel.

Stock Split

On June 3, 2014, the Company's Board of Directors declared a two-to-one forward stock split of all outstanding shares of common stock. The stock split was approved by FINRA on June 25, 2014. The effect of the stock split increased the number of shares of common stock outstanding from 40,880,203 to 81,760,406. All common share and per common share data in these financial statements and related notes hereto have been retroactively adjusted to account for the effect of the stock split for all periods presented prior to June 3, 2014. The total number of authorized common shares and the par value thereof was not changed by the split.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission ("SEC").

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred a net loss of $307,181 for the year ended August 31, 2016 and has incurred cumulative losses since inception of $1,586,319. These conditions raise substantial doubt about the ability of the Company to continue as a going concern.

The Company's continuation as a going concern is dependent upon its ability to generate revenues, its ability to continue to raise investment capital, and implementing its business plan. No assurance can be given that the Company will be successful in these efforts.

Note 1 – Nature of Business, Presentation and Going Concern (Continued)

Going Concern (Continued)

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern. No assurance can be given that the Company will be successful in these efforts.

Note 2 – Summary of Significant Accounting Policies

Functional currency

The currency of the primary economic environment in which the operations of the Company and its Subsidiary are conducted is the U.S. dollar ("$" or "dollar"). Therefore, the functional currency of the Company and its Subsidiary is the dollar.

Transactions and balances denominated in dollars are presented at their original amounts. Non-dollar transactions and balances have been re-measured to dollars in accordance with the provisions of ASC 830-10 (formerly Statement of Financial Accounting Standard 52), "Foreign Currency Translation". All transaction gains and losses from re-measurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statement of operations as financial income or expenses, as appropriate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements include the amortization period for intangible assets, impairment valuation of intangible assets, valuation of share-based payments and the valuation allowance on deferred tax assets.

Principles of Consolidation

The consolidated financial statements include the accounts of Cannabics Pharmaceutical Inc. and its wholly-owned subsidiary, G.R.I.N. Ultra Ltd. All significant inter-company balances and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. At August 31, 2016 and 2015, cash equivalents consisted of bank accounts held at financial institutions.

Concentration of Credit Risk

The Company places its cash and cash equivalents with high credit quality financial institutions. There is Federal Deposit Insurance on the Company's U.S. bank accounts.

Equipment, net

Equipment at August 31, 2016 consists of computer equipment and is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by the straight-line method (after taking into account their respective estimated residual values) over the assets estimated useful lives of 3 years. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the consolidated statements of operations.

Depreciation expense was $1,577 and $1,304 for the years ended August 31, 2016 and 2015, respectively.

Note 2 – Summary of Significant Accounting Policies (Continued)

Revenue recognition

Revenue is recognized when delivery has occurred, evidence of an arrangement exists, title and risks and rewards for the products are transferred to the customer, collection is reasonably assured and product returns can be reliably estimated.

Revenue from license agreements is recognized over the periods from which the Company is entitled to the respective payments.

The Company's revenues are concentrated in a small number of customers. For the year ended August 31, 2016 the revenues were for license fees or forfeited deposits on license agreements.

Impairment or Disposal of Long-Lived Assets

The Company accounts for the impairment or disposal of long-lived assets according to the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 360 "Property, Plant and Equipment". ASC 360 clarifies the accounting for the impairment of long-lived assets and for long-lived assets to be disposed of, including the disposal of business segments and major lines of business. Long-lived assets are reviewed when facts and circumstances indicate that the carrying value of the asset may not be recoverable. When necessary, impaired assets are written down to estimated fair value based on the best information available. Estimated fair value is generally based on either appraised value or measured by discounting estimated future cash flows. Considerable management judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could vary significantly from such estimates.

Fair Value of Financial Instruments

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of August 31, 2016 and 2015. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments.

Derivative liabilities fair values were based on level 1.

The Company applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on the Company's financial statements.

As of August 31, 2016 and 2015 the fair values of the Company's financial instruments approximate their historical carrying amount.

Research and development, net

Research and development expenses include costs directly attributable to the conduct of research and development programs, including the cost of salaries, employee benefits, the cost of supplies, the cost of services provided by outside contractors, including services related to the Company's clinical trials, clinical trial expenses and the full cost of manufacturing product for use in research and preclinical development. All costs associated with research and development are expensed as incurred.

Clinical trial costs are a significant component of research and development expenses and include costs associated with third-party contractors. The Company outsources a substantial portion of its clinical trial activities, utilizing external entities such as Contract Research Organizations, independent clinical investigators, and other third-party service providers to assist the Company with the execution of its clinical studies. For each clinical trial that the Company conducts, clinical trial costs are expensed immediately.

Note 2 – Summary of Significant Accounting Policies (Continued)

Stock Based Compensation

The Company accounts for Stock-Based Compensation under ASC 718 “Compensation – Stock Compensation”, which addresses the accounting for transactions in which an entity exchanges its equity instruments for goods or services, with a primary focus on transactions in which an entity obtains employee services in share-based payment transactions. ASC 718-10 requires measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Incremental compensation costs arising from subsequent modifications of awards after the grant date must be recognized.

The Company accounts for stock-based compensation awards to non-employees in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. Under ASC 505-50, the Company determines the fair value of the warrants or stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. Any stock options or warrants issued to non-employees are recorded in expense and additional paid-in capital in shareholders' deficit over the applicable service periods using variable accounting through the vesting dates based on the fair value of the options or warrants at the end of each period.

The Company issues stock to consultants for various services. The costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete. The Company recognized consulting expense and a corresponding increase to additional paid-in-capital related to stock issued for services.

Income Taxes

Income taxes are accounted for under the liability method of accounting for income taxes. Under the liability method, future tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the amounts reported in the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted income tax rates expected to apply when the asset is realized or the liability settled. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets are recognized to the extent that they are considered more likely than not to be realized.

The FASB has issued ASC 740 “Income Taxes”. ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements. This standard requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position.

If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

As a result of the implementation of this standard, the Company performed a review of its material tax positions in accordance with recognition and measurement standards established by ASC 740 and concluded that the tax position of the Company has not met the more-likely-than-not threshold as of August 31, 2016.

Comprehensive Income

The Company adopted ASC 220, *Comprehensive Income* which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. The Company is disclosing this information on its Statement of Stockholders' Equity. Comprehensive income comprises equity except those resulting from investments by owners and distributions to owners. The Company has no elements of “other comprehensive income” for the years ended August 31, 2016 and 2015.

Note 2 – Summary of Significant Accounting Policies (Continued)

Basic and Diluted Loss per Share

The Company computes income (loss) per share in accordance with ASC 260, "Earnings per Share", which requires presentation of both basic and diluted earnings per share ("EPS") on the face of the statement of operations. Basic EPS is computed by dividing income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted EPS gives effect to all dilutive potential shares of common stock outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As of August 31, 2016 and 2015, the potentially dilutive shares were anti-dilutive.

Segment Information

In accordance with the provisions of ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", the Company is required to report financial and descriptive information about its reportable operating segments. The Company does not consider itself to have any operating segments as of August 31, 2016 and 2015.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation.

Note 3 – Recent Accounting Pronouncements

In February 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis", which provides guidance in evaluating entities for inclusion in consolidations. ASU 2015-02 is effective for fiscal years beginning after December 15, 2015. The Company does not believe the adoption of ASU 2015-02 will have a material effect on its consolidated financial statements.

In June 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-10 ("ASU 2014-10"), *Development Stage Entities (Topic 915), Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation.* The objective of the amendments in this Update is to improve financial reporting by reducing the cost and complexity associated with incremental reporting requirements for development stage entities. The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity at risk. The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements of Topic 915 should be applied retrospectively except for the clarification to Topic 275, which shall be applied prospectively. These amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein.

The amendment eliminating the exception to the sufficiency-of-equity-at-risk criterion for development stage entities in paragraph 810-10-15-16 should be applied retrospectively for annual reporting periods beginning after December 15, 2015 and interim periods therein. Early application of each of the amendments is permitted for any annual reporting period or interim period for which the entity's financial statements have not yet been issued. The Company has adopted ASU 2014-10 in the fourth quarter of 2014 and does not expect this adoption to have a material impact on its consolidated financial condition, results of operations or cash flows.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* The objective of the amendments in this Update is to provide guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company is evaluating the impact of ASU 2014-15 on its consolidated financial condition, results of operations and cash flows.

Note 3 – Recent Accounting Pronouncements (continued)

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-16 (ASU 2015-16) "Simplifying the Accounting for Measurement Period Adjustments". ASU 2015-16 require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in ASU 2015-16 require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in ASU 2015-16 require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For public business entities, the amendments in ASU 2015-16 are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in ASU 2015-16 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this update with earlier application permitted for financial statements that have not been issued. For all other entities, the amendments in ASU 2015-16 are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017. The amendments in ASU 2015-16 should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this update with earlier application permitted for financial statements that have not yet been made available for issuance.

Note 4 – Intangible Assets

On July 24, 2014, the Company executed a Collaboration & Exclusivity Agreement with Cannabics, Inc. ("Cannabics"), a Delaware corporation and largest shareholder of the Company. Per the terms of the Agreement, the Company has issued 18,239,594 shares of its common stock to acquire the entire institutional knowledge of Cannabics, Inc., which primarily consists of the human Brain Trust in its team of experts, the cumulative result of their years of scientific knowledge in the fields of Molecular Biology, Cancer and Pharmacology research. Additionally Cannabics tendered $150,000 to the Company specifically earmarked as working funds towards prospective short-term projects of the Company.

Since that time, Management has determined that fair value measurement is not allowable where there are entities under common control and cost should be used based on the carrying book value of the seller's intangible. The only value ascribed to this transaction was the cash received for the transfer of the additional shares to the controlling parent company.

Note 5 – Related Party Transactions

On October 7, 2015, the Company executed an Intellectual Property & Subsidiary Assignment and an Assignment & Assumption of Debt & Liabilities Agreement with Cannabics, Inc., a Delaware Corporation, related party, and majority holder of the Issuer. Said Agreements were executed as part of a restructuring of the Company, whereby the Research and Development components were at that time made separate from the Issuer's continuing business operations.

On February 22, 2016, the Company and Cannabics Inc., a Delaware Corporation, related party, and majority holder of the Issuer did execute a Rescission Agreement, wholly rescinding the previous Agreements noted supra. As such, all Intellectual Property, provisional patents, assigned Debts and the Company's Subsidiary "Grin Ultra Ltd." has been reincorporated as part of the company.

During the year ended August 31, 2016 and August 31 2015, the Company paid a total of $38,833 and $24,500, respectively, consulting fees and salary to one of its directors.

Cannabics Inc. (the parent company) balance at August 31, 2016 and 2015 was $224,483. The advance is due on demand and bears no interest.

As of August 31, 2016, an officer and director of the Company owes the Company $1,849.

Note 6 – Commitments and Contingencies

The Company signed an agreement with the "Technion Research and Development Foundation" on February 15, 2015 for $130,000 to perform research and development for advanced cannabinoid based therapies. By the fiscal year end of 2016 the company has paid a total $65,000 and additional $10,000 in September 2016, and the full balance in November, 2016, with no balance remaining.

As security for its obligation under a lease agreement the Company's subsidiary provided a bank guarantee in the amount of $5,000.

Note 7 – Stockholders' Equity (Deficit)

Authorized Shares

The Company is authorized to issue up to 900,000,000 shares of common stock par value $0.0001 per share. Each outstanding share of common stock entitles the holder to one vote per share on all matters submitted to a stockholder vote. All shares of common stock are non-assessable and non-cumulative, with no pre-emptive rights. The Company's initial Articled authorized 5,000,000 preferred shares at .0001 par value, no other attributes have been assigned and no such shares have ever been issued.

Common Stock

During the year ended August 31, 2015, the Company issued 713,333 shares of its common stock to 2 investors for cash of $128,333, or an average of $0.18 per share. 313,333 shares were issued to one investor in September and November 2014 and 400,000 were issued to the second investor in August 2015. This 400,000 issuance included 1.6 million warrants.

During the year ended August 31, 2015, the Company issued 540,000 shares of its common stock to 8 consultants for services rendered at a fair value of $83,123, or an average of $0.16 per share.

During the year ended August 31, 2016, the Company issued 3,133,332 shares to 11 people at $.03 per share for a total of $94,000.

During the year ended August 31, 2016, the Company issued 1,290,000 shares of its common stock to 6 consultants for services rendered at a fair value of $47,550 or an average of $0.037 per share. These service fees were accounted for as costs of investments.

In May 2016 the Company issued 1,100,000 Shares in full conversion of a Promissory Note due to a Holder which converted at $0.02 per share per the terms of the Note.

In August 2016 the Company issued 195,238 shares to a previous investor per the terms of his original investment with the Company. The shares are issued as part of the "Ratchet Clause" of the Subscription Agreement. The amount of shares is derived by looking backwards at the 20 day VWAP on the 9 month anniversary of initial funding.

Note 8 – Warrants

As part of the Company's private placements and equity sales the Company issued warrants, as follows:

1. In August 2015, the Company issued 1,600,000 non-transferable Common Stock warrants to an investor. Each Common Stock warrant can be exercised into one share at an exercise price of $0.20 per warrant and is exercisable until August 10, 2016 issuance price. The fair value of the warrants are estimated using the Black Scholes option-pricing model with the following assumptions:

PV of exercise Share price	$0.198
Expected Volatility	100%
Risk Free Interest Rate	0.721%
Expected Term (years)	1.0
Expected Dividend Yield	0%

Note 8 – Warrants (continued)

2. In February 2016, the Company issued 11,974,333 non-transferable Common Stock warrants to investors as part of their Subscription rights. Each Common Stock warrant can be exercised into one share at an exercise price of $0.03 per warrant, and are exercisable until various dates between August 2016 and February 2018. The fair value of the warrants are estimated using the Black Scholes option-pricing model with the following assumptions:

PV of exercise Share price	$0.0387
Expected Volatility	16.56%
Risk Free Interest Rate	0.65%
Expected Term (years)	2.0
Expected Dividend Yield	0%

3. As of August 31, 2016, the Company had outstanding warrants exercisable for 7,974,337 shares of common stock at exercise prices of $0.03 per share and expiring at various dates between February, 2017 and February 2018.

The following table presents the warrant activity for the years ended August 31, 2016 and 2015.

	2016		2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding as of September 1	1,600,000	$ 0.20	–	–
Issued	11,974,333	$ 0.03	1,600,000	$ 0.20
Exercised	–	–	–	–
Expired	(5,599,996)	$ 0.08	–	–
Warrants outstanding as of August 31	7,974,337	$ 0.03	1,600,000	$ 0.20
Warrants exercisable as of August 31	7,974,337	$ 0.03	1,600,000	$ 0.20

4. As of August 31, 2016, 66,667 warrants are accounted for as a derivative liability with a fair value of $1,356. The intrinsic value of these warrants was $1,333 at August 31, 2016. The fair value of the warrants are estimated using the Black Scholes option-pricing model with the following assumptions:

PV of exercise Share price	$0.03
Expected Volatility	16.56%
Risk Free Interest Rate	0.81%
Expected Term (years)	1.4
Expected Dividend Yield	0%

Note 9 – Income Taxes

Taxes on income included in the consolidated statements of operations represent current taxes due to taxable income of the Company and its Subsidiary.

Corporate taxation in the U.S.

The applicable corporate tax rate for the Company is 34%.

No provision for income tax was made for the period from September 15, 2004 (Inception) to August 31, 2016 as the Company had cumulative operating losses. For the years ended August 31, 2016 and 2015, the Company incurred net losses for tax purposes of approximately $162,000 and $412,000, respectively. Under U.S. tax laws, subject to certain limitations, carry forward tax losses expire 20 years after the year in which incurred. In the case of the Company, subject to potential limitations in accordance with the relevant law, the net loss carry forward will expire in the years 2032 through 2036.

Note 9 – Income Taxes (continued)

Corporate taxation in Israel:

The Subsidiary is taxed in accordance with Israeli tax laws. The corporate tax rate applicable to 2016 and 2015 is 25% and 26.5% respectively.

In January 2016, the Law for the Amendment of the Income Tax Ordinance (No. 216) was published, enacting a reduction of corporate tax rate beginning in 2016 and thereafter, from 26.5% to 25%. There is no impact on the financial statements of the Company as a result of the changes in the Israeli corporate tax rate as the Subsidiary is in a loss position for tax purposes.

As of August 31, 2016, the Subsidiary has an accumulated tax loss carry forward of approximately $274,000 (as of August 31, 2015, approximately $130,000). Under the Israeli tax laws, carry forward tax losses have no expiration date.

The income tax expense (benefit) differs from the amount computed by applying the United States Statutory corporate income tax rate as follows:

	For the Year Ended August 31,	
	2016	**2015**
United States statutory corporate income tax rate	34.0%	34.0%
Change in valuation allowance on deferred tax assets	-34.0%	-34.0%
Provision for income tax	-%	-%

Deferred income taxes reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The components of the net deferred income tax assets are approximately as follows:

	August 31,	
	2016	**2015**
US Deferred income tax assets:		
Net operating loss carry forwards benefit	$ 446,024	$ 390,850
Valuation allowance	(446,024)	(390,850)
Net deferred income tax assets	$ –	$ –
Outside US Deferred income tax assets:		
Net operating loss carry forwards benefit	$ 70,564	$ 34,338
Valuation allowance	(70,564)	(34,338)
	$ –	$ –

	August 31,	
	2016	**2015**
Consolidated Deferred income tax assets:		
Net operating loss carry forwards benefit	$ 516,588	$ 425,189
Valuation allowance	(516,588)	(425,189)
Net deferred income tax assets	$ –	$ –

Note 9 – Income Taxes (continued)

The amount taken into income as deferred income tax assets must reflect that portion of the income tax loss carry forwards that is more likely than not to be realized from future operations. The Company has established a full valuation allowance on its net deferred tax assets because of a lack of sufficient positive evidence to support its realization. The valuation allowance increased by $81,908 and $183,940 for the years ended August 31, 2016 and 2015, respectively.

No provision for income taxes has been provided in these financial statements due to the net loss for the years ended August 31, 2016 and 2015. At August 31, 2016, the Company has net operating loss carry forwards of approximately $1,586,319 which expire commencing 2032. The potential tax benefit of these losses may be limited due to certain change in ownership provisions under Section 382 of the Internal Revenue Code ("IRS") and similar state provisions.

IRS Section 382 places limitations (the "Section 382 Limitation") on the amount of taxable income which can be offset by net operating loss carry forwards after a change in control (generally greater than 50% change in ownership) of a loss corporation. Generally, after a change in control, a loss corporation cannot deduct operating loss carry forwards in excess of the Section 382 Limitation. Due to these "change in ownership" provisions, utilization of the net operating loss and tax credit carry forwards may be subject to an annual limitation regarding their utilization against taxable income in future periods. The Company has not concluded its analysis of Section 382 through August 31, 2016, but believes the provisions will not limit the availability of losses to offset future income.

The Company is subject to income taxes in the U.S. federal jurisdiction and is subject to examination for a period of three years for current filings and indefinitely for any delinquent filings. The tax regulations within each jurisdiction are subject to interpretation of related tax laws and regulations and require significant judgment to apply. The Company estimates that the amount of penalties, if any, will not have a material effect on the results of operations, cash flows or financial position. No provisions have been made in the financial statements for such penalties, if any.

Note 10 – Subsequent Events

On September 20 th , 2016, the Company received $11,000- in the form of a Promissory Note. The terms of the Note are without interest and if not repaid prior to January 1 st , 2017, is convertible at a 50% discount to the then market price of the company's common stock.

The Company has evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. The Company has determined that there are no other such events that warrant disclosure or recognition in the financial statements.

Note 11 – Financial expenses

	For the year Ended August 31, 2016	For the year Ended August 31, 2015
Interest and bank charges	$ 7,178	$ 3,026
Loss from warrants evaluation	712	–
Amortization of discount	20,000	–
Currency exchange differences loss (gain)	(1,386)	1,861
	$ 26,504	$ 4,887

Item 12. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 12a. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this Annual Report, an evaluation was carried out by Cannabics Pharmaceuticals Inc.'s management, with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")) as of August 31, 2016. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were not effective.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of August 31, 2016, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As a result of this assessment, management identified material weaknesses in internal control over financial reporting.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are described below.

Procedures for Control Evaluation. Management has not established with appropriate rigor the procedures for evaluating internal controls over financial reporting. Due to limited resources and lack of segregation of duties, documentation of the limited control structure has not been accomplished.

Lack of Audit Committee. To date, the Company has not established an Audit Committee. It is management's view that such a committee, including a financial expert, is an utmost important entity level control over the financial reporting process.

Insufficient Documentation of Review Procedures We employ policies and procedures for reconciliation of the financial statements and note disclosures, however, these processes are not appropriately documented. The Company has only one individual responsible for the preparation of the financial records.

Insufficient Information Technology Procedures. Management has not established methodical and consistent data back-up procedures to ensure loss of data will not occur.

As a result of the material weaknesses in internal control over financial reporting described above, the Company's management has concluded that, as of August 31, 2016, the Company's internal control over financial reporting was not effective based on the criteria in Internal Control – Integrated Framework issued by COSO.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report.

Changes in Internal Control Over Financial Reporting

As of the end of the period covered by this report, there have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the year ended August 31, 2016, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 13. Directors, Executive Officers, Promoters and Control Persons; Compliance With Section 16(A) of the Exchange Act

The following individuals serves as Directors and Executive Officers of the Company as of the date of this Annual Report. Directors of the Company hold office until the next annual meeting of our shareholders or until their successors have been elected and qualified. Executive officers of the Company are appointed by our board of directors and hold office until their death, resignation or removal from office.

Name	Position	Age	Held Position Since
Dr. Eyal Ballan	Director, CTO	42	April 29, 2014
Itamar Borochov	Director, CEO	57	April 29, 2014
Uri Ben-Or	CFO	44	November 05, 2016

Dr. Eyal Ballan, 42, is a co-founder of Cannabics Inc. and is its CTO. Dr. Ballan holds a Ph.D. in Neurophysiology, EEG, Brain Wave Analysis and Cortical Connectivity. After obtaining his Ph.D. he was an entrepreneur in the field of Biofeedback Studies and developed a Resonating Neuro-Feedback system. Dr. Ballan holds a M.Sc. from Tel-Aviv University - Magna Cum Laude - in anticancer drug development. Dr. Ballan was part of the renowned research team which developed Salirasib (Treatment for Non-Small Cell Lung Cancer). He is an expert in molecular biology, cell cultures and genomics with a focus towards identification of anticancer compounds and delivery systems to tumors and a member of the American Neurology Association.

Itamar Borochov, 57, is a co-founder of Cannabics Inc. and is its Chief Marketing Officer. Mr. Borochov is a known environmentalist with experience as an entrepreneur in the fields of organic agricultural and medical botanicals and brings vast expertise in the areas of market intelligence and organizational branding.

Uri Ben-Or, 46 CPA, MBA - CFO, has More than 15 years of experience as CFO of public and private companies in the life science and Medical Device Industry. Uri has significant expertise in public Life Science companies traded on the TASE and serve as the acting CFO of some of In addition Uri has strong finance, operation, and business development background in both startups and public global companies in the US, Europe, and Israel including developing strategic policy and guidance with respect to corporate structure and fundraising

All directors serve for terms of one year each, and are subject to re-election at Annual Meeting of Shareholders, unless they earlier resign.

There are no material proceedings to which any of our directors, officers or affiliates, any owner of record or beneficially of more than five percent of any class of our voting securities, or any associate of any such director, officer, affiliate, or security holder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

We have attempted and will continue to attempt to insure that any transactions between we and our officers, directors, principal shareholders, or other affiliates have been and will be on terms no less favorable to us than could be obtained from unaffiliated third parties on an arm’s length basis.

Involvement in Certain Legal Proceedings

Except as noted herein or below, during the last ten (10) years none of our directors or officers have:

(1) had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

(2) been convicted in a criminal proceeding or subject to a pending criminal proceeding;

(3) been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or

(4) been found by a court of competent jurisdiction in a civil action, the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

All of these filing requirements were satisfied by the Company's officers, directors, and ten-percent holders.

In making these statements, we have relied on the written representation of our Directors and Officers or copies of the reports that they have filed with the Commission.

Committees of the Board

All proceedings of the board of directors for the fiscal year ended August 31, 2016 were conducted by resolutions consented to in writing by our board of directors and filed with the minutes of the proceedings of our board of directors. Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our board of directors does not believe that it is necessary to have such committees because it believes that the functions of such committees can be adequately performed by the board of directors.

The Company does not have any defined policy or procedure requirements for shareholders to submit recommendations or nominations for directors. The Company's board of directors believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. The Company does not currently have any specific or minimum criteria for the election of nominees to the board of directors and we do not have any specific process or procedure for evaluating such nominees. The board of directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with the Company's board of directors may do so by directing a written request addressed to any of our Directors at the address appearing on the first page of this registration statement.

Audit Committee Financial Expert

We do not have a standing audit committee. Our directors perform the functions usually designated to an audit committee. Our board of directors has determined that we do not have a board member that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5) of Regulation S-K, nor do we have a board member that qualifies as "independent" as the term is used in Item 7(d)(3)(iv)(B) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and as defined by Rule 4200(a)(14) of the NASD Rules.

We believe that our board of directors is capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. Our board of directors does not believe that it is necessary to have an audit committee because management believes that the functions of an audit committees can be adequately performed by the board of directors. In addition, we believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and is not warranted in our circumstances given the stage of our development and the fact that we have not generated positive cash flow to date.

As we generate revenue in the future, we intend to form a standing audit committee and identify and appoint a financial expert to serve on our audit committee.

Code of Ethics

The Company has adopted a Code of Ethics for Senior Financial Officers that is applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

Indemnification

Under our Articles of Incorporation and Bylaws of the corporation, we may indemnify an officer or director who is made a party to any proceeding, including a law suit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Nevada law, we have been advised that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

Item 14. Executive Compensation

We have begun to pay monthly salaries to one of our Directors and Counsel as of August, 2015. For the current year ending August 31, 2016, only one Director received a yearly payment of $38,833 for FY 2016. We have no employment agreements with any of our officers. We do not contemplate entering into any employment agreements until such time as we have positive and stable cash flows.

There are no stock option plans, retirement, pension, or profit sharing plans for the benefit of our officers or directors. We do not have any long-term incentive plans that provide compensation intended to serve as incentive for performance.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	All Other Compensation (2)	Total
Eyal Ballan, Director, CTO	2016	$ 38,833	$ –	$ –	$ –	$ 38,833
Eyal Ballan, Director, CTO	2015	$ 24,500	$ –	$ –	$ –	$ 24,500

The following table sets forth, as of November 28 th , 2016, information concerning ownership of our securities by (i) each director, (ii) each executive officer, (iii) all directors and executive officers as a group; and (iv) each person known to us to be the beneficial owner of more than five percent of each class:

The number and percentage of shares beneficially owned includes any shares as to which the named person has sole or shared voting power or investment power and any shares that the named person has the right to acquire within 60 days.

	Beneficial Ownership	
Name of Beneficial Owner	Common Shares	Percentage of class
Cannabics Inc. *	88,289,594	86.4%

*Our 2 Directors Dr. Eyal Ballan and Itamar Borochov are also Directors of Cannabics, Inc. The mailing address for all directors, executive officers and beneficial owners of more than 5% of our common stock is #3 Bethesda Metro Center, Suite 700, Bethesda, Maryland, 20814.

*The Directors of the Company hold positions in Cannabics, Inc., the majority holder. The relative positions of Cannabics, Inc. are listed below:

Shareholder	Common Stock	% Issued
Eyal Barad	316	26.27%
Eyal Ballan	239	19.84%
Shay Avraham Sarid	235	19.51%
Itamar Borochov	235	19.51%
Seach Sarid Ltd.	40	3.32%
Ariel Kirtchuk	25	2.08%
J Riger Ltd	114	9.49%
Total	**1,205**	**100.00%**

Unless otherwise noted, we believe that all persons or entities named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. For purposes hereof, a person is considered to be the beneficial owner of securities that can be acquired by such person within 60 days from the date hereof.

Item 15. Certain Relationships and Related Transactions, and Director Independence

On June 24, 2013, the Company sold 40,000,000 shares of its common stock for $100,000 through a private placement to Ophion Management Ltd., a Canadian corporation controlled by Thomas Mills, who is also the controlling shareholder of the Company. On June 28, 2013, the private placement was rescinded by agreement and a promissory note for the principal amount of $100,000 (the "Promissory Note") was issued by the Company to Ophion Management Ltd. The Promissory Note was due on demand and accrued simple interest at the rate of 20% per year from June 20, 2013. The Promissory Note was assigned to Mr. Mills on October 7, 2014.

On October 24, 2013, the Company entered into a debt restructuring agreement with Mr. Mills, whereby he agreed to surrender the Promissory Note for cancellation. In exchange for the Promissory Note, the Company agreed to issue a convertible promissory note with a fixed maturity date of December 31, 2018 (the "Convertible Note"). The Convertible Note, accrues simple interest at the rate of 20% per annum from June 20, 2013, and is convertible at any time by the holder of the Convertible Note into shares of the Company's common stock at the rate of one share for each $0.005 of indebtedness secured by the convertible note.

On October 28, 2013, the Promissory Note was cancelled and the Convertible Note was issued.

On November 20, 2013, the Convertible Note was rescinded by mutual agreement and the Company accepted a subscription from Mr. Mills for 40,000,000 shares of its common stock at a price of $0.0025 per share in full consideration of the $100,000 he advanced to the Company on June 20, 2013.

No other material related party transactions between the Company and its officers, directors or control persons occurred during the fiscal years ended August 31, 2016 and 2015.

Item 16. Principal Accounting Fees and Services

Audit Fees

The aggregate fees billed by Weinberg & Baer for professional services rendered for the audit of our annual financial statements included in this Annual Report on Form 10-K for the fiscal year ended August 31, 2016 and 2015 were $13,500 and $7,500, respectively.

Audit Related Fees

For the fiscal years ended August 31, 2015, the aggregate fees billed for assurance and related services by Fruci & Associates II, PLLC relating to our quarterly financial statements which are not reported under the caption "Audit Fees" above, were $20,636.

Tax Fees

For the fiscal years ended August 31, 2016 and 2015, the Company paid fees of $1,000 for tax compliance.

All Other Fees

For the fiscal years ended August 31, 2016 and 2015, the Company did not pay any other fees.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before Weinberg and Bear is engaged by us or our subsidiaries to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee; or
- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

We do not have an audit committee. Our Board of Directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by our Board of Directors either before the respective services were rendered.

PART IV

Item 17. Exhibits

Exhibit 3.1	Amended Articles of Incorporation, Cannabics Pharmaceuticals Inc., Incorporated by reference
Exhibit 3.2	Bylaws of Cannabics Pharmaceuticals, Incorporated by reference.
Exhibit 3.3	Subsidiary – G.R.I.N. Ultra Ltd – Board Resolution Authorizing Creation, Incorporated by reference.
Exhibit 3.4	Subsidiary – G.R.I.N. Ultra Ltd – Official Companies Listing (Israel) Incorporated by reference.
Exhibit 3.5	Material Contract – Collaboration & Exclusivity Agreement with Cannabics, Inc., incorporated by reference from Form 8K filed July 25th, 2014.
Exhibit 3.6	Intellectual Property & Subsidiary Assignment of October 7th, 2015, Incorporated by reference from form 8K of October 8th, 2015.
Exhibit 3.7	Assignment & Assumption of Debt & Liabilities Agreement of October 7th, 2015, Incorporated by reference from form 8K of October 8th, 2015.
Exhibit 3.8	Debt Cancellation Agreement of October 7th, 2015, Incorporated by reference from form 8K of October 8th, 2015.
Exhibit 3.9	IP Licensing Agreement with The CIMA Group LLC, December 17th, 2015.
Exhibit 31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)). *
Exhibit 31.2	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)). *
Exhibit 32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
Exhibit 32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101.INS	XBRL Instance Document **
101.SCH	XBRL Taxonomy Extension Schema Document * *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document * *
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document * *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document * *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document * *

* Filed herewith.
** Previously filed

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 15, 2017

By: */s/ Itamar Borochov*
Itamar Borochov, Director
Chief Executive Officer

/s/ Dr. Eyal Ballan
Dr. Eyal Ballan, Director,
Chief Technical Officer

/s/ Uri Ben-Or
Uri Ben-Or, Chief Financial Officer
Principal Accounting Officer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Itamar Borochov, certify that:

1. I have reviewed this Form 10-K/A of CANNABICS PHARMACEUTICALS INC.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2017

By: */s/ Itamar Borochov*

Itamar Borochov
Director, Chief Executive Officer
CANNABICS PHARMACEUTICALS INC.

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Uri Ben-Or, certify that:

1. I have reviewed this Form 10-K/A of CANNABICS PHARMACEUTICALS INC.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2017

By: */s/ Uri Ben-Or*

Uri Ben-Or
Chief Financial Officer
Principal Accounting Officer
CANNABICS PHARMACEUTICALS INC.

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of CANNABICS PHARMACEUTICALS INC. (the "Company") on Form 10-K/A for the year ending August 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Itamar Borochov, Chief Executive Officer (Principal Executive Officer) of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. Such Annual Report on Form 10-K/A for the year ending August 31, 2016 , fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K/A for the year ending August 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2017

By: */s/ Itamar Borochov*
Itamar Borochov
Director, Chief Executive Officer
CANNABICS PHARMACEUTICALS INC.

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of CANNABICS PHARMACEUTICALS INC. (the "Company") on Form 10-K/A for the year ending August 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Uri Ben-Or, Chief Financial Officer (Principal Financial Officer) of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

1. Such Annual Report on Form 10-K/A for the year ending August 31, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Annual Report on Form 10-K/A for the year ending August 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 15, 2017

By: */s/ Uri Ben-Or*
Uri Ben-Or
Chief Financial Officer
Principal Accounting Officer
CANNABICS PHARMACEUTICALS INC.