FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: InMed Pharmaceuticals Inc. (the "Issuer").

Trading Symbol: IN

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the three and six months ended December 31, 2017.

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

All securities issued and options granted/cancelled have been disclosed in the notes to the financial statements for the three and six months ended December 31, 2017

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

A summary of the securities has been provided in the financial statements for the three and six months ended December 31, 2017

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Position Held
Eric A. Adams	Director, President and CEO
William J. Garner	Director
Adam Cutler	Director
Andrew Hull	Director
Martin Bott	Director
Alexandra D J Mancini	Sr. VP Clinical/Regulatory Affairs
Sazzad Hossain	Chief Scientific Officer
Jeff Charpentier	Chief Financial Officer

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

See Management's Discussion & Analysis attached.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated February 22, 2018.

Jeff Charpentier
Name of Director or Senior Officer

"Jeff Charpentier"

Signature
CFO
Official Capacity

Issuer Details Name of Issuer InMed Pharmaceuticals Inc.	For Quarter Ended December 31/17	Date of Report YY/MM/D 18/02/22
Issuer Address 340-200 Granville Street		
City/Province/Postal Code Vancouver, BC V6C 1S4	Issuer Fax No. (604)683-2506	Issuer Telephone No. (604) 669-7207
Contact Name Jeff Charpentier	Contact Position CFO	Contact Telephone No. 604.669.7207
Contact Email Address jeff@inmedpharma.com	Web Site Address www.inmedpharma.com	

Schedule “A”

Financial Statements

[inserted as following pages]

Un-audited Condensed Consolidated Interim Financial Statements of

InMed Pharmaceuticals Inc.

For the Three and Six Months Ended December 31, 2017

Suite 340 – 200 Granville Street
Vancouver, BC, V6C 1S4
Tel: 604-669-7207

InMed Pharmaceuticals Inc.
(Expressed in Canadian Dollars)
December 31, 2017

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Financial Statements

InMed Pharmaceuticals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (un-audited)

As at December 31, 2017 and June 30, 2017

Expressed in Canadian Dollars

	Note	December 31 2017	June 30 2017
ASSETS			
Current			
Cash and cash equivalents	4	$ 12,968,914	$ 6,707,796
Taxes recoverable	5	19,276	59,148
Prepaids and advances	21	316,411	177,577
Total current assets		13,304,601	6,944,521
Non-Current			
Property and equipment	6	56,126	27,049
Intangible assets	7	1,318,740	1,364,558
Total Assets		$ 14,679,467	$ 8,336,128
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade payables	8	296,478	369,674
SHAREHOLDERS' EQUITY			
Share capital	9	45,024,494	43,153,871
Share subscriptions	9, 21	7,673,734	-
Contributed surplus	9, 10	7,842,676	7,606,735
Accumulated deficit		(46,157,915)	(42,794,152)
		14,382,989	7,966,454
		$ 14,679,467	$ 8,336,128

Commitments (Note 18)
Subsequent Events (Note 21)

Approved on behalf of the Board of Directors by:

/s/ Eric A. Adams
Eric A. Adams, Director

/s/ Adam Cutler
Adam Cutler, Director

InMed Pharmaceuticals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (un-audited)

For the three and six months ended December 31, 2017 and December 31, 2016

Expressed in Canadian Dollars

	Note	Three Months Ended December 31		Six Months Ended December 31	
		2017	2016	2017	2016
Expenses					
General and administrative	11	$ 735,294	555,240	$ 1,576,634	$ 685,770
Research and development	12	418,317	169,576	795,433	193,057
Amortization and depreciation	6, 7	30,409	22,530	57,035	45,059
Foreign exchange (gain) loss		(1,528)	(877)	2,996	(3,350)
Share-based payments	10	362,824	192,762	933,372	436,711
Total expenses		1,545,316	939,231	3,365,470	1,357,247
Interest income		1,707	-	1,707	-
Total comprehensive loss for the period		$ (1,543,609)	$ (939,231)	$ (3,363,763)	$ (1,357,247)
Basic and diluted loss per share for the period	14	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.02)

InMed Pharmaceuticals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (un-audited)

For the six months ended December 31, 2017 and December 31, 2016

Expressed in Canadian Dollars

	Note	Share Capital	Obligation to issue Shares	Shares Subscribed	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2016		$32,777,875	$70,000	$131,400	$6,402,550	($38,320,303)	$1,061,522
Loss for the period		-	-	-	-	(1,357,247)	(1,357,247)
Shares subscribed for	9	-	-	32,100	-	-	32,100
Share-based payments for services	9	40,375	-	-	-	-	40,375
Share-based payments	10	-	-	-	436,711	-	436,711
Shares for debt	9	108,169	-	-	-	-	108,169
Shares issed for cash	9	1,877,950	-	(131,400)	-	-	1,746,550
Fair value of agents' warrants	9	-	-	-	527	-	527
Share issue costs	9	(43,718)	-	-	-	-	(43,718)
Balance December 31, 2016		$34,760,651	$70,000	$32,100	$6,839,788	($39,677,550)	$2,024,989

	Note	Share Capital	Obligation to issue Shares	Shares & Warrants Subscribed	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2017		$43,153,871	$0	$0	$7,606,735	($42,794,152)	$7,966,454
Loss for the period		-	-	-	-	(3,363,763)	(3,363,763)
Shares and warrants subscribed for	9, 21			7,673,734			7,673,734
Share-based payments	10	-	-	-	933,372	-	933,372
Shares issued on exercise of warrants	9	592,066	-	-	-	-	592,066
Fair value of agents' warrants exercised	9	59,776			(59,776)		-
Shares issued on exercise of stock options	10	1,218,781	-	-	(637,656)	-	581,125
Balance December 31, 2017		**$45,024,494**	**$0**	**$7,673,734**	**$7,842,676**	**($46,157,915)**	**$ $14,382,989**

InMed Pharmaceuticals Inc.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (un-audited)

For the six months ended December 31, 2017 and December 31, 2016

Expressed in Canadian Dollars

	Note	2017	2016
OPERATING ACTIVITIES			
Cash flows from operating activities			
Loss for the period		$ (3,363,763)	$ (1,357,247)
Adjustments to reconcile loss to net cash used in operating activities			
Amortization and depreciation	6, 7	57,035	45,059
Share-based payments	10	933,372	436,711
Shares issued for services	9	-	40,375
Changes in non-cash working capital balances:			
Prepaids and advances	21	40,567	37,465
Taxes recoverable	5	39,872	(16,278)
Trade payables	8	(73,194)	(266,969)
Total cash outflows from operating activities		(2,366,111)	(1,080,884)
Cash Flows From Investing Activities			
Purchase of property and equipment	6	(40,295)	-
Total cash outflows from investing activities		(40,295)	-
Cash Flows From Financing Activities			
Subscriptions received	9	7,673,734	32,100
Shares issued for cash	9	1,173,191	1,746,550
Share issue costs	9, 21	(179,401)	(43,191)
Cash provided by financing activities		8,667,524	1,735,459
Increase in cash during the period		6,261,118	654,575
Cash and cash equivalents beginning of the period		6,707,796	54,241
Cash and cash equivalents end of the period		$ 12,968,914	$ 708,816

See note 17 for Non-Cash Transactions

1. CORPORATION INFORMATION

InMed Pharmaceuticals Inc. ("InMed" or the "Company") was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia.

The Company's shares are listed on the Canadian Securities Exchange ("CSE" or "Exchange") under the trading symbol "IN", and under the trading symbol "IMLFF" on the OTCQB.

InMed is a pre-clinical stage biopharmaceutical company specializing in the research and development of novel, cannabinoid-based therapies combined with innovative drug delivery systems.

InMed's corporate office and principal place of business is located at #340 – 200 Granville Street, Vancouver, B.C., Canada, V6C 1S4.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the three and six month periods ended December 31, 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's June 30, 2017 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's 2017 annual financial statements except for new standards, interpretations and amendments mandatorily effective for the first time from July 1, 2017 and income tax expense which is expected for the full financial year.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 22, 2018.

These condensed consolidated interim financial statements have been prepared on the historical cost basis as modified by the revaluation of available-for-sale financial assets when applicable.

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is also the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Basis of Consolidation

These consolidated financial statements include the accounts of the inactive subsidiaries: Biogen Sciences Inc. ("BSI"), Meridex Network Corporation, Savicon Inc., Meridex USA and Sweetnam Consulting Inc.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing consolidated financial statements.

Continuing Operations

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities. The Company has a history of operating losses and negative cash flows from operations. The Company's ability to continue its operations on a going concern basis is dependent upon receiving continued support from its suppliers, its ability to raise additional financing through issuing equity or debt, and ultimately achieving profitable operations. There is no assurance that the Company will be successful in these efforts. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern and such adjustments could be material.

Future Accounting Pronouncements

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 Financial Instruments

Issued by IASB July, 2014
Effective for annual periods beginning on or after January 1, 2018

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives. The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Future Accounting Pronouncements (cont'd)

IFRS 9 Financial Instruments (cont'd)

- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).
- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 16 Leases

Issued by IASB January, 2016
Effective for annual periods beginning on or after January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income (loss) in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial period are discussed below:

Estimate of useful life of intangible assets

In the determination of the estimated useful life for intangible assets, which include the Company's Bioinformatics Assessment Tool and certain patents, management assesses a variety of internal and external factors such as the expected usage of the intangible assets by the Company, technical or commercial obsolescence and expected actions by competitors or potential competitors.

Application of going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period.

Assets' impairment

In the determination of potential impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

4. CASH

Cash consists of cash at banks and guaranteed investment certificates and earns interest at floating and fixed rates based on daily deposit rates. Cash equivalents of $28,750 (June 30, 2017: $28,750) is held in a guaranteed investment certificate that is pledged as security for a corporate credit card.

(Expressed in Canadian Dollars)

5. RECEIVABLES

		December 31 2017		June 30 2017
Taxes recoverable	$	19,276	$	59,148
	$	19,276	$	59,148

Taxes recoverable represents input tax credits arising from sales tax levied on the supply of goods purchased or services received in Canada.

Management considers that the fair values of these receivables, which are expected to be recovered quarterly, are not materially different from their carrying amounts because these amounts have short maturity periods on inception.

6. PROPERTY AND EQUIPMENT

		Equipment		Leasehold Improvements		Total
Cost						
Balance at June 30, 2016	$	9,330	$	—	$	9,330
Assets acquired		25,393		—		25,393
Balance at June 30, 2017	$	34,723	$	—	$	34,723
Assets acquired		3,734		36,561		40,295
Balance December 31, 2017	**$**	**38,457**	**$**	**36,561**	**$**	**75,018**
Depreciation and impairment losses						
Balance at June 30, 2016	$	4,604	$	—	$	4,604
Depreciation for the period		3,070		—		3,070
Balance at June 30, 2017	$	7,674	$	—	$	7,674
Depreciation for the period		5,653		5,565		11,218
Balance December 31, 2017	**$**	**13,327**	**$**	**5,565**	**$**	**18,892**
Carrying amounts						
Carrying value at June 30, 2017	$	27,049	$	—	$	27,049
Carrying value at December 31, 2017	**$**	**25,130**	**$**	**30,996**	**$**	**56,126**

(Expressed in Canadian Dollars)

7. INTANGIBLE ASSETS

	Intellectual Property
Costs	
Balance at June 30, 2016	$1,636,000
Balance at June 30, 2017	$1,636,000
Balance at December 31, 2017	**$1,636,000**
Accumulated amortization and impairment losses	
Balance at June 30, 2016	$176,689
Amortization	94,753
Balance at June 30, 2017	$271,442
Amortization	45,818
Balance at December 31, 2017	**$317,260**
Carrying amounts	
Carrying value at June 30, 2017	$1,364,558
Carrying value at December 31, 2017	**$1,318,740**

The acquired intellectual property, which consists of the Company's Bioinformatics Assessment Tool and certain patents, is recorded at cost and is amortized on a straight line basis over an estimated useful life of 18 years net of any accumulated impairment losses.

Acquisitions

On October 28, 2015, the Company entered into a purchase agreement with Dr. Sazzad Hossain, the Company's Chief Scientific Officer, to acquire certain patents from Dr. Hossain, in return for the obligation of the Company to issue 1,000,000 common shares to Dr. Hossain. The 1,000,000 common shares have an aggregate recorded value at $140,000, or $0.14 per share, as determined by the closing price of the shares on the CSE on October 28, 2015. As at June 30, 2016, 500,000 of such common shares had been issued to Dr. Hossain; accordingly, the Company had an obligation to issue a further 500,000 common shares valued at $70,000 to Dr. Hossain under the terms of the purchase agreement between the parties dated October 28, 2015. These 500,000 common shares were issued on May 5, 2017 (Note 9).

On May 10, 2014, the Company entered into a Share Purchase Agreement ("SPA") to acquire Biogen Sciences Inc. ("BSI"), a privately held British Columbia biopharmaceutical company focused on drug discovery and development of the therapeutic science of cannabinoids.

On May 21, 2014, pursuant to the terms of the SPA the Company acquired 100% of the outstanding common shares of BSI. The aggregate purchase price included the issuance of 4,000,000 common shares of the Company to the vendors with a recorded value of $1,360,000 (issue price of $0.34, as determined by the closing price of the shares on the CSE on May 21, 2014) and the issuance of 400,000 common shares of the Company as finders' fees with a recorded value of $136,000 (issue price of $0.34, as determined by the closing price of the shares on the CSE on May 21, 2014).

The Company determined the acquisition of BSI did not meet the definition of a business pursuant to IFRS and accordingly the purchase has been accounted for as an asset acquisition, with the primary assets acquired being the intellectual property which includes the Bioinformatics Assessment Tool and a pending patent application. Pursuant to the completion of the acquisition, BSI became a wholly owned subsidiary of InMed.

(Expressed in Canadian Dollars)

8. TRADE PAYABLES

		December 31 2017		June 30 2017
Trade payables	$	296,478	$	369,674
Total	$	296,478	$	369,674

9. SHARE CAPITAL AND RESERVES

a) Authorized

As at December 31, 2017, the Company's authorized share structure consisted of: (i) an unlimited number of common shares without par value; and (ii) unlimited number of preferred shares without par value.

b) Common Shares

	Number	Issue Price	Total
Balance at June 30, 2016	68,232,862		$32,777,875
Issued shares for debt	983,355	$0.11	108,169
Issued for private placement	31,383,334	$0.07 - $0.18	3,295,500
Issued for public placement	12,788,000	$0.45	5,754,599
Issued for intangible assets	500,000	$0.14	70,000
Issued for services	641,165	$0.17 - $0.415	206,646
Issued for exercise of warrants	12,325,750	$0.13 - $0.30	1,678,458
Grant date fair value of agents' warrants exercised	—	—	111,288
Issued for exercise of stock options	875,000	$0.14 - $0.345	152,625
Grant date fair value of stock options exercised	—	—	137,633
Cancellation of escrow shares	(80,000)	—	—
Share issue costs			(1,138,922)
Balance at June 30, 2017	127,649,466	—	$43,153,871
Issued for exercise of warrants	3,879,309	$0.15 - $0.65	592,066
Grant date fair value of agents' warrants exercised	—	—	59,776
Issued for exercise of stock options	2,760,295	$0.14 - $0.345	581,125
Grant date fair value of stock options exercised	—	—	637,656
Balance at December 31, 2017	**134,289,070**	—	**$45,024,494**

During the six months ended December 31, 2017, the Company completed the following:

i) The Company issued an aggregate 3,879,309 common shares pursuant to the exercise of 5,199,535 share purchase warrants at a weighted average exercise price of $0.34 per share. Included in the total number of share purchase warrants exercised were 3,354,035 share purchase warrants, with a weighted average exercise price of $0.18 each, that were exercised for cash and 1,845,500 share purchase warrants with an exercise price of $0.65 each that, pursuant to the terms of a May 31, 2017 financing, were exercised on a net cashless basis, based on the five-day volume-weighted average trading price of the common shares of the Company on the CSE ending on the date immediately preceding the date of exercise. The exercise of these 1,845,500 share purchase warrants resulted in the issuance

9. SHARE CAPITAL AND RESERVES (cont'd)

b) Common Shares (cont'd)

of 525,274 common shares but, as they were exercised on a net cashless basis, no cash was received.

ii) The Company issued an aggregate 2,760,295 common shares pursuant to the exercise of 2,875,000 stock options at a weighted average exercise price of $0.22 per share. Included in the total number of stock options exercised were 300,000 stock options with an exercise price of $0.195 per share that, pursuant to the terms of a settlement agreement with the stock option holder, were exercised on a net cashless basis, based on the $0.51 per common share closing price of the Company on the CSE on the date immediately preceding the date of exercise. The exercise of these 300,000 stock options resulted in the issuance of 185,295 common shares.

iii) As at December 31, 2017, the Company had received cash of $7,673,734 as share subscriptions for a financing that closed on January 3, 2018 (Note 21).

During the year ended June 30, 2017, the Company completed the following:

iv) On July 6, 2016, the Company issued an aggregate 983,355 common shares pursuant to the settlement of trade payable debt in the amount of $108,169 at an issue price of $0.11 per common share.

v) On July 28, 2016, the Company completed a non-brokered private placement ("July-2016 Financing") for 4,350,000 units ("Units"), at a price of $0.07 per Unit for gross proceeds of $304,500 (which includes subscriptions of $131,400 received as at June 30, 2016). Each Unit consists of one common share and one non-transferable share purchase warrant (a "July-2016 Warrant"). Each July-2016 Warrant is exercisable by the holder to acquire one additional common share at a price of $0.15 for a period of twelve (12) months expiring on July 28, 2017.

Finders' fees of 7.0% on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to the July-2016 Financing included cash of $2,706, and 28,000 warrants ("July-2016 Agent Warrants"). Each July-2016 Agent Warrant is exercisable in whole or in part at an exercise price of $0.15 for a period of 12 months expiring on July 28, 2017.

vi) On October 27, 2016, the Company completed a non-brokered private placement (the "October-2016 Financing") for 18,750,000 common shares, at a price of $0.08 per share for gross proceeds of $1,500,000.

Finders' fees of 7.5% on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to the October-16 Financing included cash of $637, and 237,500 compensation shares valued at $0.17 per share.

vii) On January 18, 2017, the Company completed a non-brokered private placement (the "January-2017 Financing") for 8,283,334 common shares, at a price of $0.18 per share for gross proceeds of $1,491,000.

Finders' fees of 7.5% on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to the January-2017 Financing included cash of $45,237, 153,665 compensation shares valued at $0.415 per share, and 170,364 warrants ("January-2017

9. SHARE CAPITAL AND RESERVES (cont'd)

b) Common Shares (cont'd)

Agent Warrants"). Each January-2017 Agent Warrant is exercisable in whole or in part at an exercise price of $0.18 for a period of 12 months expiring on January 18, 2018.

viii) Pursuant to a February 21, 2017 agreement with a consultant to the Company, on March 1, 2017 the Company issued 250,000 common shares at a value of $0.41 per common share, being the closing price of the shares on February 21, 2017 on the CSE, as partial payment for services.

ix) On May 1, 2017, the Company cancelled and returned to treasury 80,000 common shares of the Company which had been held in escrow since February 9, 2000 pursuant to an escrow agreement between the Company, Montreal Trust Company of Canada (now part of Computershare Investor Services Inc.), and two shareholders. These 80,000 common shares were originally issued upon the closing of a reverse takeover transaction on February 9, 2000 as performance shares and were placed into escrow on closing. Under the terms of the Escrow Agreement, any such performance shares not released by February 9, 2010 were to be cancelled. As none of the performance criteria were achieved, none of these common shares were ever released from escrow prior to their cancellation on May 1, 2017.

x) On May 5, 2017, the Company issued the remaining 500,000 common shares, valued at $70,000, due to the Company's Chief Scientific Officer, pursuant to an October 28, 2015 purchase agreement to acquire certain patents from Dr. Hossain.

xi) On May 31, 2017, the Company completed a public placement ("May-2017 Financing") of 12,788,000 units ("Units"), at a price of $0.45 per Unit for gross proceeds of $5,754,601. Each Unit consists of one common share and one-half non-transferable share purchase warrant (a "May-2017 Warrant"), or an aggregate of 6,394,000 full May-2017 Warrants. Each full May-2017 Warrant is exercisable by the holder to acquire one additional common share at a price of $0.65 for a period of twenty-four (24) months expiring on May 31, 2019. The May-2017 Warrants are only exercisable on a net cashless basis, based on the five-day volume-weighted average trading price of the common shares of the Company on the CSE ending on the date immediately preceding the date of exercise.

Underwriters' commissions of up to 7.0% on the gross proceeds received by the Company from the sale of Units sold pursuant to the May-2017 Financing included cash of $370,132 and 535,620 warrants ("Agent Warrants"). Each Agent Warrant is exercisable in whole or in part at an exercise price of $0.45 for a period of 12 months expiring on May 31, 2018.

xii) During the year ending June 30, 2017, the Company issued an aggregate 12,325,750 common shares pursuant to the exercise of share purchase warrants at a weighted average exercise price of $0.14 per share.

xiii) During the year ending June 30, 2017, the Company issued an aggregate 875,000 common shares pursuant to the exercise of stock options at a weighted average exercise price of $0.17 per share.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (cont'd)

c) Share Purchase Warrants

The following is a summary of changes in share purchase warrants from July 1, 2016 to December 31, 2017:

	Number	Weighted Average Share Price
Balance as at June 30, 2016	11,504,998	$0.15
Granted	10,744,000	$0.45
Exercised	(11,715,000)	$0.14
Expired	(1,099,998)	$0.30
Balance as at June 30, 2017	9,434,000	$0.49
Exercised	(4,885,500)	$0.34
Balance as at December 31, 2017	**4,548,500**	**$0.65**

Included in the total number of share purchase warrants exercised were 3,354,035 share purchase warrants, with a weighted average exercise price of $0.18 each, that were exercised for cash and 1,845,500 share purchase warrants that, pursuant to the terms of a May 31, 2017 financing, were exercised on a net cashless basis, based on the five-day volume-weighted average trading price of the common shares of the Company on the CSE ending on the date immediately preceding the date of exercise. The exercise of these 1,845,500 share purchase warrants resulted in the issuance of 525,274 common shares but, as they were exercised on a net cashless basis, no cash was received.

At December 31, 2017, 4,548,500 share purchase warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

	Number	Exercise Price	Expiry Date
	4,548,500	$0.65	May 31-19
Balance as at December 31, 2017	**4,548,500**		

The weighted average remaining contractual life of the share purchase warrants at December 31, 2017 was 1.41 years.

d) Agents Warrants

The following is a summary of changes in agents' warrants from July 1, 2016 to December 31, 2017:

	Number	Weighted Average Share Price
Balance as at June 30, 2016	581,450	$0.14
Granted	733,984	$0.38
Expired	(610,750)	$0.13
Exercised	(33,700)	$0.29
Balance as at June 30, 2017	670,984	$0.40
Exercised	(314,035)	$0.43
Balance as at December 31, 2017	**356,949**	**$0.36**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL AND RESERVES (cont'd)

d) Agents Warrants (cont'd)

At December 31, 2017, 356,949 Agent Warrants were outstanding. Each warrant entitles the holders thereof the right to purchase one common share as follows:

	Number	Exercise Price	Expiry Date
	115,920	$0.18	January 18-18
	241,029	$0.45	May 31-18
Balance as at December 31, 2017	**356,949**		

The weighted average remaining contractual life of the Agents' Warrants at December 31, 2017 was 0.30 years.

e) Contributed Surplus

Contributed surplus consists of the grant date fair value of stock options and agent warrants granted since inception, less amounts transferred to share capital for exercised stock options and agent warrants. If granted options vest and then subsequently expire or are forfeited, no reversal of contributed surplus is recognized.

f) Nature and Purpose of Equity Reserves

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and agents' warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

10. SHARE-BASED PAYMENTS

a) Option Plan Details

On March 24, 2017, the Company held a special meeting of its shareholders at which the Company's shareholders approved: (i) the adoption of a new stock option plan (the "Plan") pursuant to which the board of directors may, from time to time, in its discretion and in accordance with the requirements of the CSE, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed twenty percent (20%) of the issued and outstanding common shares at the date the options are granted (on a non-diluted and rolling basis); (ii) the application of the new stock option plan to all outstanding stock options of the Company that were granted prior to March 24, 2017 under the terms of the Company's previous stock option plan.

As at December 31, 2017, there was 10,782,814 (June 30, 2017 – 9,329,893) options available for future allocation. The option price under each option shall be not be less than the closing price on the day prior to the date of grant. All options vest upon terms as set by the Board of Directors. Starting in May 2016, the Board of Directors adopted a practice of having options vest over time, typically 18 to 24 months, and/or upon the achievement of certain corporate milestones.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

The following is a summary of changes in options from July 1, 2017 to December 31, 2017:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled	Closing Balance	Vested and Exercisable	Unvested
4-Apr-14	4-Apr-19	$0.255	250,000	-	(125,000)	-	125,000	125,000	-
5-Jun-14	5-Jun-19	$0.18	50,000	-	(50,000)	-	-	-	-
31-Jul-14	31-Jul-19	$0.18	50,000	-	(50,000)	-	-	-	-
25-Nov-14	25-Nov-19	$0.180	50,000	-	(50,000)	-	-	-	-
2-Mar-15	2-Mar-20	$0.345	150,000	-	(50,000)	-	100,000	100,000	-
4-Mar-15	4-Mar-20	$0.360	200,000	-	-	-	200,000	200,000	-
25-Aug-15	25-Aug-20	$0.210	150,000	-	-	-	150,000	150,000	-
23-Nov-15	23-Nov-20	$0.145	200,000	-	-	-	200,000	200,000	-
27-Nov-15	27-Nov-20	$0.140	1,300,000	-	(250,000)	-	1,050,000	1,050,000	-
16-May-16	16-May-21	$0.080	2,000,000	-	-	-	2,000,000	2,000,000	-
10-Jun-16	10-Jun-21	$0.130	1,000,000	-	-	-	1,000,000	800,000	200,000
15-Jun-16	15-Jun-21	$0.110	2,000,000	-	-	-	2,000,000	2,000,000	
26-Jul-16	26-Jul-21	$0.11	1,750,000	-	-	-	1,750,000	1,400,000	350,000
12-Sep-16	12-Sep-21	$0.11	1,000,000	-	-	-	1,000,000	600,000	400,000
28-Oct-16	28-Oct-21	$0.195	2,700,000	-	(1,300,000)	-	1,400,000	1,000,000	400,000
15-Nov-16	15-Nov-21	$0.165	750,000	-	-	-	750,000	500,000	250,000
12-Dec-16	12-Dec-21	$0.14	300,000	-	-	-	300,000	200,000	100,000
13-Jan-17	13-Jan-22	$0.25	1,000,000	-	-	-	1,000,000	400,000	600,000
20-Feb-17	20-Feb-22	$0.37	100,000	-	-	-	100,000	40,000	60,000
22-Feb-17	22-Feb-22	$0.41	50,000	-	-	-	50,000	50,000	-
2-Jun-17	2-Jun-22	$0.45	1,150,000	-	-	-	1,150,000	306,250	843,750
15-Jul-17	15-Jul-22	$0.33	-	400,000	-	-	400,000	-	400,000
14-Aug-17	14-Aug-22	$0.275	-	1,350,000	(1,000,000)	-	350,000	-	350,000
12-Sep-17	12-Sep-22	$0.425	-	1,000,000	-	-	1,000,000	-	1,000,000
			16,200,000	2,750,000	(2,875,000)	-	16,075,000	11,121,250	4,953,750
Weighted Average Exercise Price			$0.17	$0.34	$0.19	-	$0.19	$0.15	$0.29
Weighted Average Life remaining			4.04	4.89	-	-	3.67	3.44	4.21

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (cont'd)

a) Option Plan Details (cont'd)

The following is a summary of changes in options from July 1, 2016 to June 30, 2017:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Cancelled	Closing Balance	Vested and Exercisable	Unvested
4-Apr-14	4-Apr-19	$0.255	375,000	-	(125,000)	-	250,000	250,000	-
5-Jun-14	5-Jun-19	$0.18	50,000	-	-	-	50,000	50,000	-
31-Jul-14	31-Jul-19	$0.18	50,000	-	-	-	50,000	50,000	-
25-Nov-14	25-Nov-19	$0.180	100,000	-	(50,000)	-	50,000	50,000	-
2-Mar-15	2-Mar-20	$0.345	200,000	-	(50,000)	-	150,000	150,000	-
4-Mar-15	4-Mar-20	$0.360	200,000	-	-	-	200,000	200,000	-
15-Apr-15	15-Apr-20	$0.295	2,400,000	-	-	(2,400,000)	-	-	-
25-May-15	25-May-20	$0.235	400,000	-	-	(400,000)	-	-	-
25-Aug-15	25-Aug-20	$0.210	200,000	-	(50,000)	-	150,000	150,000	-
23-Nov-15	23-Nov-20	$0.145	200,000	-	-	-	200,000	200,000	-
27-Nov-15	27-Nov-20	$0.140	1,900,000	-	(600,000)	-	1,300,000	1,300,000	-
16-May-16	16-May-21	$0.080	2,000,000	-	-	-	2,000,000	1,100,000	900,000
10-Jun-16	10-Jun-21	$0.130	1,000,000	-	-	-	1,000,000	600,000	400,000
15-Jun-16	15-Jun-21	$0.110	2,000,000	-	-	-	2,000,000	2,000,000	-
26-Jul-16	26-Jul-21	$0.11		1,750,000	-	-	1,750,000	1,200,000	550,000
12-Sep-16	12-Sep-21	$0.11		1,000,000	-	-	1,000,000	400,000	600,000
28-Oct-16	28-Oct-21	$0.195		2,700,000	-	-	2,700,000	1,900,000	800,000
15-Nov-16	15-Nov-21	$0.165		750,000	-	-	750,000	250,000	500,000
12-Dec-16	12-Dec-21	$0.14		300,000	-	-	300,000	100,000	200,000
13-Jan-17	13-Jan-22	$0.25		1,000,000	-	-	1,000,000	200,000	800,000
20-Feb-17	20-Feb-22	$0.37		100,000	-	-	100,000	20,000	80,000
22-Feb-17	22-Feb-22	$0.41		50,000	-	-	50,000	50,000	-
2-Jun-17	2-Jun-22	$0.45		1,150,000	-	-	1,150,000	25,000	1,125,000
			11,075,000	8,800,000	(875,000)	(2,800,000)	16,200,000	10,245,000	5,955,000
Weighted Average Exercise Price			$0.17	$0.21	$0.17	$0.29	$0.17	$0.15	$0.21
Weighted Average Life remaining			4.38	4.38	-	-	4.04	3.86	4.35

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (cont'd)

b) Fair Value of Options Issued During the Period

i) The weighted average fair value at grant date of options granted during the six month period ended December 31, 2017 was $0.33 per option (year ending June 30, 2017 - $0.16). Assumptions used for options granted during this period included a weighted average risk-free interest rate of 1.58% (year ending June 30, 2017 – 0.85%), weighted average expected life of 5 years (year ending June 30, 2017 – 5 years), weighted average volatility factor of 189.71% (year ending June 30, 2017 – 193.45%) and weighted average dividend yield of 0% (year ending June 30, 2017 – 0%) and a 5% forfeiture rate (year ending June 30, 2017 – 5%). The expected price volatility is based on historic volatility of the Company or companies of similar business and nature, based on the expected life of the options, adjusted for any expected changes to future volatility due to publicly available information.

ii) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the six month period ended December 31, 2017 were $933,372 (December 31, 2016 - $436,711).

iii) Weighted average remaining contractual life of stock options

The weighted average remaining contractual life of stock options at December 31, 2017 was 3.67 years (June 30, 2017 – 4.04 years).

11. ADMINISTRATIVE AND GENERAL EXPENSES

	Three Months Ended December 31		Six Months Ended December 31	
	2017	2016	**2017**	2016
Administrative and General Expenses include:				
Accounting and legal	$ **101,610**	$ 32,820	$ **162,225**	$ 44,945
Consulting	**-**	59,854	**-**	85,123
Conferences	**538**	-	**538**	-
Corporate development	**56,250**	47,450	**107,569**	47,450
Investor relations, website development and marketing	**302,288**	257,739	**814,457**	294,706
Office and administration fees	**43,983**	16,177	**93,555**	23,169
Regulatory fees	**5,920**	7,808	**20,797**	12,662
Rent	**27,044**	8,914	**43,587**	11,885
Shareholder communcation	**33,019**	41,147	**36,493**	46,790
Transfer agent fees	**4,379**	9,796	**6,319**	12,685
Travel	**41,828**	20,976	**56,249**	21,565
Salaries and employee benefits	**118,435**	52,559	**234,845**	84,790
	$ **735,294**	$ 555,240	$ **1,576,634**	$ 685,770

12. RESEARCH AND DEVELOPEMENT EXPENSES

	Three Months Ended December 31		Six Months Ended December 31	
	2017	2016	**2017**	2016
Research and Development Expenses include:				
R&D personnel compensation	$ **170,632**	68,929	$ **327,713**	$ 101,160
External contractors	**115,368**	83,891	**243,451**	75,141
Patents	**17,590**	13,106	**66,524**	13,106
Research supplies	**108,817**	-	**148,772**	-
Other	**5,910**	3,650	**8,973**	3,650
	$ **418,317**	$ 169,576	$ **795,433**	$ 193,057

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling our activities as a whole. We have determined that key management personnel consists of the members of the Board of Directors along with senior officers of the Company. The table below presents data for the six month period ending December 31, 2017 as compared to the same period ending December 31, 2016.

	December 31 2017	December 31 2016
Key management personnel compensation comprised :		
Share based payments	$505,401	$247,465
Salaries and consulting fees:	$422,000	$243,812
	$927,401	$491,277

14. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	Six Months Ending		Three Months Ending	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
Loss attributable to ordinary shareholders	($3,363,763)	($1,357,247)	($1,543,609)	$ (939,231)
Weighted average number of common shares	131,730,504	80,239,944	132,555,929	88,243,744
Basic and diluted loss per share	($0.03)	($0.02)	($0.01)	($0.01)

15. INCOME TAXES

As at June 30, 2017, the Company has non-capital loss carry-forwards of approximately $21,533,718 (June 30, 2016 - $18,193,791) available to offset future taxable income in Canada. These non-capital loss carryforwards begin to expire in 2026.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended June 30, 2017 for further details.

16. SEGMENTED INFORMATION

The Company operates in one segment, the biopharmaceutical research and development of novel, cannabinoid-based drug therapies.

17. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the period ended December 31, 2017 and December 31, 2016 the following transactions were excluded from the statements of cash flows:

i) In the three months ending December 31, 2017, 1,845,500 share purchase warrants, with an exercise price of $0.65 each, were exercised. Pursuant to the terms of a May 31, 2017 financing, the share purchase warrants were exercised on a net cashless basis, based on the five-day volume-weighted average trading price of the common shares of the Company on the CSE ending on the date immediately preceding the date of exercise. The exercise of these 1,845,500 share purchase warrants resulted in the issuance of 525,274 common shares;

ii) Included in the total number of stock options exercised in the three months ending December 31, 2017 were 300,000 stock options with an exercise price of $0.195 per share that, pursuant to the terms of a settlement agreement with the stock option holder, were exercised on a net cashless basis, based on the $0.51 per common share closing price of the Company on the CSE on the date immediately preceding the date of exercise. The exercise of these 300,000 stock options resulted in the issuance of 185,295 common shares;

iii) The issuance of 983,355 common shares pursuant to settlement of debt of $108,169 in the six months ended December 31, 2016 (See Note 9); and

iv) The grant of Nil (December 31, 2016 – 28,000) Agents Warrants for recorded value of $Nil (December 31, 2016 – $527) – see Note 9.

18. COMMITMENTS

Pursuant to the terms of agreements with various contract research organizations, the Company is committed for contract research services at a cost of approximately $243,252. All of these expenditures are expected to occur in fiscal 2018.

Pursuant to the terms of a May 31, 2017 Technology Assignment Agreement between the Company and the University of British Columbia ("UBC"), the Company is committed to pay royalties to UBC on certain licensing and royalty revenues received by the Company for biosynthesis of certain drug products that are covered by the agreement.

On June 22, 2017, the Company finalized an agreement to sublet office space with a sub-landlord. Under this agreement, the Company will be leasing 3,868 square feet at an annual cost of approximately $77,500 plus operating costs. The term of the sublease is from September 1, 2017 to August 31, 2019.

Pursuant to the terms of an agreement with an employee, until July 10, 2019, if at any time its working capital is below $750,000, the Company is committed to place into escrow $125,000 to fund any potential severance amount due under that agreement.

19. CAPITAL MANAGEMENT

The Company considers all components of shareholders' equity as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development of the business. The company is not exposed to any externally imposed capital requirements.

20. FINANCIAL RISK MANAGEMENT

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk. The Company does not currently have significant foreign exchange risk, commodity risk or equity price risk. In the future as the Company's expands its research and development activities outside of Canada there will be an increase in foreign exchange risk.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at December 31, 2017, the Company held fixed rate guaranteed investment certificates, cashable within ninety days of purchase, with face value of $2,500,000 and variable rate guaranteed investment certificates, with one year terms, with face value of $28,750 and the balance of its funds being held in cash. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash is subject to floating interest rates.

The Company, as at December 31, 2017, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. As at December 31, 2017, the Company has cash and cash equivalents of $12,968,914 (June 30, 2017 - $6,707,796), current liabilities of $296,478 (June 30, 2017 - $369,674) and working capital surplus of $13,008,123 (June 30, 2017 - $6,574,847).

21. SUBSEQUENT EVENTS

i) On January 3, 2018, the Company completed a non-brokered private placement for 13,428,571 units ("Units"), at a price of $0.70 per Unit for gross proceeds of $9,400,000 (which includes subscriptions of $7,673,734 received as at December 31, 2017). Each Unit consists of one common share and one non-transferable share purchase warrant (a "January-2018 Warrant"). Each January-2018 Warrant is exercisable by the holder to acquire one additional common share at a price of $1.25 for a period of eighteen (18) months expiring on July 3, 2019.

Finders' fees on a portion of the gross proceeds received by the Company from the sale of Units sold pursuant to this financing included cash of $388,364 and 433,556 warrants ("January-2018 Agent Warrants"). The January-2018 Agent Warrants have identical terms as the January-2018 Warrants described above. In addition, included in prepaids and advances as at December 31, 2017 are $179,401 in deferred share issue costs related to this financing. For the finders' fees payable in cash, $41,790 was settled on February 9, 2018 via the issuance of 35,718 common shares at the $1.17 closing price on the date of issuance of these shares.

ii) Subsequent to December 31, 2017, the Company issued a total of 115,920 common shares pursuant to the exercise of share purchase warrants at an exercise price of $0.18 per share for aggregate cash proceeds of $20,866. In addition, the Company issued an additional 1,650,862 common shares pursuant to the exercise of 2,659,511 share purchase warrants on a net cashless basis.

iii) Subsequent to December 31, 2017, the Company issued 2,715,000 common shares pursuant to the exercise of stock options at a weighted average exercise price of $0.16 per share for aggregate proceeds of $439,100.

InMed Pharmaceuticals Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Three and Six Months Ended

December 31, 2017

Suite 340 – 200 Granville Street
Vancouver, BC, V6C 1S4
Tel: 604-669-7207

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in the financial condition and results of operations of InMed Pharmaceuticals Inc. ("InMed" or the "Company") as at December 31, 2017 and for the three and six months then ended in comparison to the same periods ended December 31, 2016. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended December 31, 2017 and December 31, 2016 and related notes.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is February 22, 2018.

Throughout the report we refer to InMed as the "Company", "we", "us", "our" or "its". All these terms are used in respect of InMed Pharmaceuticals Inc. Additional information on the Company can be found on the Company's website www.inmedpharma.com and SEDAR at http://www.sedar.com.

Cautionary Statement on Forward-Looking Information

This discussion may contain forward-looking statements within the meaning of the Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and forward looking information within the meaning of Canadian securities laws (collectively, "forward-looking statements"). When used in this MD&A, the words *"plan," "expect," "believe," "intend,"* and similar expressions generally identify forward-looking statements. These statements reflect the Company's current expectations and estimates about the markets in which the Company operates and management's beliefs and assumptions regarding these markets. Investors are cautioned that all forward-looking statements involve risks and uncertainties. Forward-looking statements in this report include, without limitation, the potential impact of INM-750 on the symptoms of Epidermolysis Bullosa ("EB") and the underlying disease; access to additional funding in fiscal 2018; optimizing the final formulation for INM-750; conducting key pre-clinical toxicology (safety) studies; discussing our clinical development plans with regulatory bodies in mid 2018; identifying clinical sites for the initial human clinical trial(s) in the second half of 2018; the Company's ability to successfully scale up its biosynthesis manufacturing process for cannabinoids; the potential for INM-085 to assist in reducing the high rate of non-adherence with current glaucoma therapies; filing several patents and publishing our data in fiscal 2018; the potential for the Company's novel, proprietary delivery system for ophthalmic drugs to play an important role in enabling other companies' proprietary ophthalmic drug candidates or re-invigorating the commercial potential of off-patent products that would benefit from a once-a-day dosing regimen and InMed plans to initiate discussion with potential partners to this end; the potential of peripheral application of certain cannabinoid compounds, alone or in combination, such as INM-405 to be effective in the treatment of craniofacial pain disorders; and securing the ongoing necessary funding required to develop therapies, patent applications, and pre-clinical studies.

The material factors and assumptions used to develop the forward-looking statements contained in this MD&A are based on numerous assumptions regarding, among other things: the continued results of the Company's research and development; favourable regulatory reviews; establishing demand for the Company's products; the ability to find suitable financing and strategic partners; and management's ability to maintain the Company as a going concern to further develop prescription drug therapies through research and development into the pharmacology of cannabinoids. While we consider these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Our actual results could differ materially from those discussed in the forward-looking statements as a result of a number of important factors. In light of the many risks and uncertainties as described in this report, readers should understand that InMed cannot offer assurance that the forward-looking statements contained in this analysis will be realized. Additional information on these and other potential risk factors that could affect the Company's financial results are included in this MD&A, including under the heading "Risks and Uncertainties", and in documents filed from time to time with the provincial securities commissions in Canada, including in our Annual Information Form under the heading "Risk Factors", copies of which are available on SEDAR at http://www.sedar.com.

All forward-looking statements herein are qualified in their entirety by this cautionary statement, and we explicitly disclaim any obligation to revise or update any such forward-looking statements or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

Overall Performance and Operations

InMed was incorporated in the Province of British Columbia on May 19, 1981, under the *Business Corporations Act* of British Columbia under the name Kadrey Energy Corporation. The Company has undergone a number of corporate name changes since its incorporation. In May 2014, the Company, then named Cannabis Technologies Inc. and since October 6, 2014 named InMed, began to specialize in cannabinoid pharmaceutical product development.

The Company's shares are listed on the Canadian Securities Exchange ("CSE" or "Exchange") under the trading symbol "IN", and under the trading symbol "IMLFF" on the OTCQB.

InMed's corporate office and principal place of business is located at suite 340 – 200 Granville Street, Vancouver, B.C. V6C 1S4.

Research and Development

As previously reported in the Company's MD&A reports for the year ending June 30, 2017, and filed on SEDAR, InMed is a pre-clinical stage biopharmaceutical company specializing in the research and development of novel, cannabinoid-based therapies combined with innovative drug delivery systems. InMed continues to work on the development of several new cannabinoid-based treatments for multiple diseases including Dermatology, Ocular, Pain, Inflammation, and Cancer disease areas, among others.

Highlights during the quarter ended December 31, 2017, and as the date hereof include:

Progress continued during the quarter for the Company's lead product, INM-750, which is being developed as a treatment for the rare disease Epidermolysis Bullosa (EB), a serious and severe genetic skin disorder. EB causes the skin to be very fragile and to blister easily. One form of EB, EB Simplex, is a result of a defect in anchoring between the epidermis and the dermis, resulting in severe skin fragility that can range from mild to lethal. There is no cure or approved treatments for EB. Wound care, pain management and preventative bandaging are currently the only treatment options available.

INM-750 is a proprietary, topical cannabinoid product candidate targeted as a therapy in EB and other potential dermatological and wound-healing applications. It has been specifically designed to: (i) modify the underlying cause of the disease in certain patients with Epidermolysis Bullosa Simplex (EBS, the most common form of EB), and (ii) to treat the major symptoms of the disease in all patients with EB.

Preclinical data generated previously demonstrates that INM-750 may have a significant impact on the symptoms of EB (including enabling accelerated wound healing and a reduction in inflammation, pain and itch, and act as an anti-bacterial agent). These disease hallmarks are key therapeutic targets for the effective treatment of EB as well as several other dermatological conditions. Additionally, our data indicate that INM-750 may have an impact on the underlying disease by increasing certain keratin production in the skin.

During the three months ended December 31, 2017, the Company continued working with Pharmaseed Ltd, Israel's largest GLP-certified preclinical contract research organization, to develop a final formulation for INM-750 for continued R&D including IND-enabling pharmacology and toxicology studies and subsequent clinical studies. Also included under the scope of the contract with Pharmaseed is the development of assay methods for manufacturing, stability, quality assurance and other analytical methods. It is anticipated that InMed will be discussing its clinical development plans with regulatory

bodies in mid-2018 with the expectation of filing the requisite regulatory documents for initiating human clinical trials by the end of 2018.

Additional assets such as our glaucoma and pain drug development programs and other new potential drug/disease targets continue to advance in accordance with our plans. Together with several external collaborators, we are exploring every avenue to expedite the advancement of these key assets. We expect that several patents will be filed in fiscal 2018, at which time we can begin to publish our data and further validate to the scientific community and investor public the importance of our technologies.

Glaucoma is a group of eye diseases which result in damage to the optic nerve and vision loss. Worldwide, it is the second-leading cause of blindness, and the current global market for drug therapies to treat glaucoma exceeds US$5 billion. Risk factors for glaucoma include increased pressure in the eye, a family history of the condition, migraines, high blood pressure, and obesity. Investigators studying patient adherence to glaucoma medications have identified multiple factors related to poor adherence, including more frequent and complex dosing regimens.

InMed is developing a stimulus-responsive, nanoparticle-laden vehicle for controlled delivery of ophthalmic drugs into the aqueous humor of the eye. On October 24, 2017, InMed announced the completion of a pre-clinical animal study co-sponsored by InMed (Dr. Sazzad Hossain, Chief Scientific Officer) and University of British Columbia (laboratories of Profs. Vikramaditya Yadav and Ujendra Kumar). The InMed-UBC study is the first ever to report hydrogel-mediated cannabinoid nanoparticle delivery into the eye, resulting in enhanced drug uptake via the cornea and lens. This study further validates the Company's capacity to conduct a wide spectrum of drug development activities, including: (i) biosynthesis of a cannabinoid using a proprietary *E. coli*-based system; (ii) packaging the cannabinoid as a nanoparticle; (iii) formulation of a cannabinoid drug candidate into a novel, tissue specific delivery vehicle; and (iv) confirmation of drug delivery and diffusion into a target tissue.

The first application of this delivery vehicle will be for INM-085 as a cannabinoid-based topical therapy to reduce the intraocular pressure associated with glaucoma. INM-085 is intended for application as a once-per-day eye drop administered immediately prior to the patient's bedtime, intending to assist in reducing the high rate of non-adherence with current glaucoma therapies. Additionally, this novel, proprietary delivery system for ocular drugs may also play an important role in enabling other companies' proprietary ocular drug candidates or re-invigorating the commercial potential of off-patent products that would benefit from a once-a-day dosing regimen. InMed plans to initiate discussion with potential partners to this end.

There is a need to find alternatives to treat chronic and severe pain that are non-addictive and have limited side effects. InMed continues to research the potential of non-THC cannabinoids to treat pain using a topical formulation. In the previous quarter on July 27, 2017, InMed announced the publication of Company-sponsored research in the European Journal of Pain. The article presents results from a study co-sponsored by InMed and the MITACS Elevate Postdoctoral Fellowship program. The study was conducted by Dr. Hayes Wong and Prof. Brian Cairns at UBC and was co-authored by Dr. Sazzad Hossain, Chief Scientific Officer of InMed. The study results suggest that peripheral application of cannabinoids targeting the natural endocannabinoid receptor system may provide a valuable approach in treating severe pain. The model utilized in this study mimics muscle pain reported by sufferers of temporomandibular disorders (TMD) that affect the jaw muscles and joint.

On October 3, 2017, the Company announced the filing of a provisional patent application entitled "Methods and Composition for Treatment of Pain with Cannabinoids", in the United States (PCT62/562,166) for INM-405, a combination of non-THC cannabinoids, and other unique compositions as cannabinoid-based topical therapies for the treatment of pain, which is an important step in protecting the company's intellectual and commercial property. On October 17, 2017, InMed announced additional pre-clinical results in the development of INM-405 for the treatment of pain. In recent pre-clinical testing, InMed employed several methods to verify the effects of individual, non-THC (tetrahydrocannabinol, the primary psychoactive ingredient in cannabis) cannabinoids, as well as a matrix of cannabinoid combinations, delivered to treat peripheral pain. Results from these studies

suggest that peripheral application of certain cannabinoid compounds, alone or in combination, is effective in the treatment of craniofacial muscle pain disorders, without any observed central nervous system side effects, and may be a more desirable strategy than systemic pain-relief administration.

Manufacturing of pharmaceutical grade cannabinoids remains a challenge, especially those that are found in only trace amounts in the cannabis plant (but nevertheless may hold very important physiological benefits in humans). InMed recognized that having a reliable source of pure, pharmaceutical-grade starting materials for its products would be a critical success factor for its drug development strategy. On May 21, 2015, the Company commenced the development of a biosynthesis process for the manufacturing of cannabinoids through a research collaboration with Dr. Vikramaditya Yadav from the Department of Biological and Chemical Engineering at UBC. InMed continues to collaborate with Dr. Yadav to develop this biosynthesis process for potential manufacturing of all 90+ naturally-occurring cannabinoids. We believe this process is unique in that the end product is bio-identical to plant-sourced cannabinoids, but benefits from the convenience, control and quality of a laboratory-based manufacturing process without the risk and high-resource requirements of agriculture growing operations. The Company believes that the approach InMed is developing is robust and will result in high-yields of cannabinoids. Pursuant to the terms of a May 31, 2017 Technology Assignment Agreement between the Company and UBC, UBC has assigned to InMed all technology from the research collaboration and any future improvements in return for the Company committing to pay royalties to UBC on certain licensing and royalty revenues received by the Company for biosynthesis of certain drug products that are covered by the agreement.

Related to this technology, in the prior quarter on September 12, 2017, InMed announced the filing of a provisional patent application entitled, "Metabolic Engineering of *E. coli* for the Biosynthesis of Cannabinoid Products" (PCT62/554,494) pertaining to the Company's proprietary biosynthesis program for the manufacture of cannabinoids that are identical to those found in nature. We expect that this patent application, once converted into an international Patent Cooperation Treaty (PCT) application and pursued in key jurisdictions throughout the world, will provide significant commercial protection for InMed's *E. coli*-based expression system to manufacture any of the 90+ cannabinoid compounds that may have a medical impact on important human diseases. This is the first in a series of patent applications directed to various aspects of the Company's biosynthesis program.

On October 10, 2017, InMed announced the addition of Dr. Mauro Maccarrone to its Scientific Advisory Board. Dr. Mauro Maccarrone is Professor and Chair of Biochemistry and Molecular Biology at Campus Bio-Medico, University of Rome. He also serves as Director of the Laboratory of Lipid Neurochemistry of the European Center for Brain Research-IRCCS Santa Lucia Foundation in Rome. Prof. Maccarrone served as the President of the International Cannabinoid Research Society and was the recipient of their 2016 Mechoulam Award. He also served as Chair of the 2015 Gordon Research Conference on Cannabinoid Function in the CNS, and is a founding member of the European Cannabinoid Research Alliance. In addition to having authored over 460 published papers. Dr. Maccarrone serves as referee or on the editorial boards to numerous scientific journals, including *Science*, *Nature Medicine*, *JAMA*, *PNAS*, *Blood*, *Brain*, *Journal of Neuroscience*, *Frontiers in Molecular Neuroscience*, *Cannabinoids and Cannabinoid Research*. He is also Editor of Biochemistry for the *Encyclopedia of Life Sciences*.

Financings

Subsequent to the quarter end, on January 3, 2018, the Company completed a non-brokered private placement for 13,428,571 Units, at a price of $0.70 per Unit for gross proceeds of $9,400,000 (which included subscriptions of $7,673,734 received as at December 31, 2017). Each Unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable by the holder to acquire one additional common share at a price of $1.25 for a period of eighteen (18) months expiring on July 3, 2019.

In addition, during the quarter ending December 31, 2017, the Company issued an aggregate 314,035 common shares pursuant to the exercise of agents' warrants at a weighted average exercise price of

$0.43 per share for cash proceeds of $136,066. Also, a total of 1,845,500 share purchase warrants with an exercise price, pursuant to the terms of a May 31, 2017 financing, of $0.65 each were exercised during the quarter on a net cashless basis. Using the five-day volume-weighted average trading price of the common shares of the Company on the CSE ending on the date immediately preceding the date of exercise, the exercise of these 1,845,500 share purchase warrants resulted in the issuance of 525,274 common shares but, as they were exercised on a net cashless basis, no cash was received.

Outlook

The Company continues to focus its efforts on research and development in the biotech sector, with its primary attention to further advance its current drug therapies from the current preclinical stage into clinical studies as well as the successful completion of its patent applications as described hereinabove. Additionally, the Company will continue its efforts to secure the ongoing necessary funding required to develop its drug therapies and its biosynthesis process for the manufacturing of cannabinoids and related patent applications.

Results of Operations

Financial Results for the three and six months ended December 31, 2017 and December 31, 2016:

Three Months

During the three months ended December 31, 2017, the Company reported a comprehensive loss of $1,543,609 and loss per share of $0.01 compared to a comprehensive loss of $939,231 and loss per share of $0.01 reported in the comparative period ended December 31, 2016. The largest component of the loss for the current period was attributed to general and administration expenses of $735,294 (December 31, 2016 - $555,240). The increase in general and administration expenses year over year was primarily due to an increase in investor relations activities in the quarter ending December 31, 2017. The Company also recorded research and development costs of $418,317 (December 31, 2016 - $169,576) and $362,824 (December 31, 2016 - $192,762) in non-cash, share-based payments in connection with the grant of stock options.

Six Months

During the six months ended December 31, 2017 the Company reported a comprehensive loss of $3,363,763 and loss per share of $0.03 compared to a comprehensive loss of $1,357,247 and loss per share of $0.02 reported in the comparative period ended December 31, 2016. The primary components of the loss for the current period was attributed to general and administration expenses of $1,576,634 (December 31, 2016 - $685,770) and research and development costs of $795,433 (December 31, 2016 - $193,057) and non-cash, share-based payments of $933,372 (December 31, 2016 - $436,711) in connection with stock options.

The increase in comprehensive loss for the six month period ended December 31, 2017 from the comparative period was primarily the result in the decrease in administrative and general expenses and research and development costs as described herein below together with the increase in share-based payments as noted above.

The summary of changes in the general and administrative expenditures for the six months ending December 31st were as follows:

General & Administration Expenses	2017 $	2016 $	Change $	Change %
Accounting and legal	**162,225**	44,945	117,280	261%
Consulting	**0**	85,123	(85,123)	-100%
Conferences	**538**	-	538	n/a
Corporate development	**107,569**	47,450	60,119	127%
Investor relations, website development and marketing	**814,457**	294,706	519,751	176%
Office and administration fees	**93,555**	23,169	70,386	304%
Regulatory fees	**20,797**	12,662	8,135	64%
Rent	**43,587**	11,885	31,702	267%
Shareholder communications	**36,493**	46,790	(10,297)	-22%
Transfer agent fees	**6,319**	12,685	(6,366)	-50%
Travel	**56,249**	21,565	34,684	161%
Salaries and employee benefits	**234,845**	84,790	150,055	177%
Total General & Administration	**1,576,634**	**685,770**	**890,864**	130%

Significant increases/decreases in expenditures to note for general and administration include:

Accounting and Legal – Increase in accounting and legal was primarily due to increase in legal services relating to general corporate matters and increased accruals for accounting fees from the Company's external auditor.

Consulting fees – Decrease in consulting fees was due to the fact that services provided last year from consultants were either discontinued or, in the case of the CFO role, taken over by an employee, the cost for which is reflected in salaries and employee benefits.

Corporate development – Increase in expenditures is due to the fact that, as the Company had minimal cash balances in the comparable six month period ending December 31, 2016, it could not provide cash compensation to individuals providing these services last year while this year cash compensation is being provided for the same services.

Investor relations, website development & marketing - Increase in expenditures was the result of increased activities designed to expand the Company's exposure to a wider investor base across North America. These activities included the hiring of investor relations consultants and public relations firms and the cost of various advertising campaigns.

Office and administration fees - Increase in office and administration was the result of higher insurance costs for increased levels of coverage, higher office operating expenses, and increased IT support costs, all of which reflect the growth in the Company's staffing levels.

Rent – Increase in rent was result of a move to new office premises in the quarter ending December 31, 2017 and a co-tenant charging the Company full rent for shared office space in the quarter ending September 30, 2017 while a much reduced rent was charged in the comparable six month period due to InMed's lower cash balances at that time.

Travel – Increase in travel costs for management is directly related to increase in investor relations activities.

Salaries and employee benefits - Increase is due to higher management compensation levels and increased time commitment for the CFO role. Also, as noted above in "Consulting fees", in the current fiscal period compensation for the CFO is included as "Salaries and employee benefits" while in the comparable period in the prior fiscal period for the former CFO it was included under "Consulting fees".

The summary of changes in the research and development expenditures for the six months ending December 30th were as follows:

Research & Development Expenses	2017 $	2016 $	Variance $	Variance %
R&D personnel compensation	327,713	101,160	226,552	224%
External contractors	243,451	75,141	168,309	224%
Patents	66,524	13,106	53,418	408%
Research supplies	148,772	-	148,772	n/a
Other	8,973	3,650	5,323	146%
Total Research & Development	**795,433**	193,057	602,374	312%

R&D personnel compensation – The increase in expenditures was primarily the result of increase in the number of R&D personnel as well as higher compensation levels for previously existing staff.

External contractors – The Company carries out its R&D activities through the use of external contractors, acting under the direction of internal R&D personnel. As cash became available during the past year from financing activities, the Company was able to increase spending on external research contracts to advance the Company's drug product candidates and the development of its biosynthesis process for the manufacturing of cannabinoids.

Patents – The Company incurred $66,524 of patent related expenses in the current period, compared to $13,106 in the prior period, as it seeks to obtain intellectual property protection for its research findings.

Research supplies – Related to the general increase in R&D activity in the current six month period versus the comparable period in the prior year, the Company incurred expenditures for research supplies used in research incurred in the current period ending December 31, 2017.

Summary of Quarterly Results

The following table summarizes certain selected financial information reported by the Company for the each of the last eight quarters reported. The following quarterly results are prepared in accordance with IFRS.

Three months ended:	Q2-18 Dec. 31 2017 $	Q1-17 Sept. 30 2017 $	Q4-17 June 30 2017 $	Q3-17 Mar. 31 2017 $	Q2-17 Dec. 31 2016 $	Q1-17 Sept. 30 2016 $	Q4-16 June 30 2016 $	Q3-16 Mar.31 2016 $
Revenue	—	—	—	—	—	—	—	—
Loss before other items	(1,543,609)	(1,820,154)	(1,875,654)	(1,240,948)	(939,231)	(418,016)	(526,413)	(382,462)
Comprehensive Loss	(1,543,609)	(1,820,154)	(1,875,654)	(1,240,948)	(939,231)	(418,016)	(526,413)	(382,462)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Liquidity and Capital Resources

As at December 31, 2017, the Company had a working capital surplus of $13,008,123 (June 30, 2017 – $6,574,847), which consisted of: cash $12,968,914 (June 30, 2017 - $6,707,796), taxes receivable of

$19,276 (June 30, 2017 - $59,148) and prepaids and advances of $316,411 (June 30, 2017 – $177,577) offset by trade payables of $296,478 (June 30, 2017 - $369,674). The increase in shareholders' equity was due to the loss for the six month period ending December 31, 2017 net of share-based payments in connection with the grant of stock options and cash proceeds from share subscriptions received in advance of the January 3, 2018 financing and from the exercise of share purchase warrants and stock options.

Financial position:	Dec 31 2017	June 30 2017
Cash and cash equivalents	**$12,968,914**	$6,707,796
Working capital	**$13,008,123**	$6,574,847
Property, plant and equipment	**$56,126**	$27,049
Intangible assets	**$1,318,740**	$1,364,558
Total Assets	**$14,679,467**	$8,336,128
Shareholders' equity	**$14,382,989**	$7,966,454

The Company's only source of cash inflows for the current period were the financings described earlier in this MD&A. As at December 31, 2017, the Company had no material ongoing contractual or other commitments other than in the normal course of business.

The development of pharmaceutical products is a process that requires significant investment. As such, InMed expects to continue to incur losses for the foreseeable future. The Company anticipates a continued increase in research and development costs including for clinical trials of its drug candidates, general and administrative cost related to additions of personnel, and/or infrastructure that may be required.

The Company's continuing operations will be dependent upon obtaining necessary financing in order to further develop its current business plan. The Company expects that it will continue to fund its operations primarily by the issuance of equity or debt securities. The Company's ability to continue its operations on a going concern basis is dependent upon its ability to raise these additional funds. The certainty and outcome of these matters cannot be predicted at this time. See "Risks and Uncertainties" below.

Off-Balance Sheet Arrangements

As at December 31, 2017, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

Payments for the six months ending:

	Dec. 31 2017	Dec. 31 2016
Key management personnel compensation comprised :		
Share based payments	$505,401	$247,464
Salaries and consulting fees:	$422,000	$243,812
	$927,401	$491,277

Critical Accounting Estimates

The full details of InMed's accounting policies are presented in Note 3 of the audited financial statements for the year ended June 30, 2017. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements have been issued by the IASB that are mandatory for future accounting years. The Company has not assessed the impact from adopting these standards.

The standards listed below include only those which the Company reasonably expects may be applicable to the Company at a future date. The Company is currently assessing the impact of the standards on the consolidated financial statements.

IFRS 9 Financial Instruments

Issued by IASB July, 2014
Effective for annual periods beginning on or after January 1, 2018

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities*:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).
- *Derecognition:*
  The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 16 Leases

Issued by IASB January, 2016
Effective for annual periods beginning on or after January 1, 2019

Earlier application permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers.

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.
The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Financial Instruments and Risk Management

The company is exposed through its operations to the following financial risks:

- Market Risk
- Interest Rate Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section of the MD&A describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this section of the MD&A.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets are reviewed periodically by the Board of Directors if and when there are any changes or updates required.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk. The Company does not currently have significant foreign exchange risk, commodity risk or equity price risk. In the future as the Company expands its research and development activities outside of Canada there will be an increase in foreign exchange risk.

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at December 31, 2017, the Company held fixed rate guaranteed investment certificates, cashable within ninety days of purchase, with face value of $2,500,000 and variable rate guaranteed investment certificates, with one year terms, with face value of $28,750 and the balance of its funds being held in cash. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash is subject to floating interest rates.

The Company, as at December 31, 2017, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. As at December 31, 2017, the Company has cash and cash equivalents of $12,968,914 (June 30, 2017 - $6,707,796), current liabilities of $296,478 (June 30, 2017 - $369,674) and working capital surplus of $13,008,123 (June 30, 2017 - $6,574,847).

The amounts listed below are the remaining contractual maturities for the financial liabilities held by the Company:

December 31, 2017		June 30, 2017	
Due Date	Accounts payable and accrued liabilities	Due Date	Accounts payable and accrued liabilities
0 – 90 days	$296,478	0 – 90 days	$369,674
90 – 365	—	90 – 365	—
More than 1 year	—	More than 1 year	—

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash and cash equivalents, other receivables and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the 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).

The Company's cash of $12,968,914 (June 30, 2017 - $6,707,796) is classified as loans and receivables and recorded at amortized costs.

Capital Management

The Company considers all components of shareholders' equity (deficiency) as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

Outstanding Share Data

InMed's authorized capital is unlimited common shares without par value. As at the date of this report, 152,235,141 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise price	Expiry Date
Stock Options	200,000	$0.36	March-04-20
Stock Options	50,000	$0.21	August-25-20
Stock Options	200,000	$0.145	November-23-20
Stock Options	550,000	$0.14	November-27-20
Stock Options	2,000,000	$0.08	May-16-21
Stock Options	1,000,000	$0.13	June-10-21
Stock Options	2,000,000	$0.11	June-15-21
Stock Options	750,000	$0.11	July-27-21
Stock Options	1,000,000	$0.11	September-12-21
Stock Options	1,050,000	$0.195	October-28-21
Stock Options	750,000	$0.165	November-15-21
Stock Options	160,000	$0.14	December-12-21
Stock Options	1,000,000	$0.25	January-13-22
Stock Options	100,000	$0.37	February-20-22
Stock Options	50,000	$0.41	February-22-22
Stock Options	1,125,000	$0.45	June-2-22
Stock Options	375,000	$0.33	July-10-22
Stock Options	1,000,000	$0.425	September 12,22
Share Purchase Warrants	1,888,989	$0.65	May-31-19
Agents Warrants	241,029	$0.45	May-31-18
Share Purchase Warrants	13,428,571	$1.25	July-3-19
Agents Warrants	433,556	$1.25	July-3-19

As at the date of this report there were no common shares held in escrow.

Commitments

Pursuant to the terms of agreements with various contract research organizations, the Company is committed for contract research services at a cost of approximately $243,252. All of these expenditures are expected to occur in fiscal 2018.

Pursuant to the terms of a May 31, 2017 Technology Assignment Agreement between the Company and UBC, the Company is committed to pay royalties to UBC on certain licensing and royalty revenues received by the Company for biosynthesis of certain drug products that are covered by the agreement.

On June 22, 2017, the Company finalized an agreement to sublet office space with a sub-landlord. Under this agreement, the Company will be leasing 3,868 square feet at an annual cost of approximately $77,500 plus operating costs. The term of the sublease is from September 1, 2017 to August 31, 2019.

Pursuant to the terms of an agreement with an employee, until July 10, 2019, if at any time its working capital is below $750,000, the Company is committed to place into escrow $125,000 to fund any potential severance amount due under that agreement.

Risks and Uncertainties

An investment in the Company involves significant risks and must be considered speculative due to the nature of the Company's business. Investors should carefully consider the risks and uncertainties

described below. This list of risks and uncertainties below is not exhaustive. Furthermore, additional risks and uncertainties not presently known to InMed or that InMed believes to be immaterial may also adversely affect InMed's business. In addition to the risks identified elsewhere in this MD&A, investors should carefully consider all of the risk factors associated with the Company and its business, identified in the disclosure under the heading "Risk Factors" in the Company's Annual Information Form dated November 15, 2017 for the year ended June 30, 2017, a copy of which is available on SEDAR at http://www.sedar.com.

Risks Related to the Company's Business

The Company has a history of operating losses and may never achieve profitability in the future.

The Company is involved in research and development to identify and validate new therapies and drug targets that could become marketable. This process takes several years and requires significant financial resources without income. The Company expects these expenses to result in continuing operating losses in the forseeable future.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract the experienced management and know-how to develop new drug candidates and to partner with larger, more established companies in the industry to successfully commercialize its drug candidates. Successfully developing pre-clinical or clinical drug candidates into marketable drugs takes several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

The Company will primarily be in a developing industry and will be subject to all associated regulatory risks.

The Company's business must be evaluated in light of the problems, delays, uncertainties and complications encountered in connection with establishing a cannabinoid-based pharmaceutical business.

There is a possibility that none of the Company's drug candidates under development in the future will be found to be safe and effective, that it will be unable to receive necessary regulatory approvals in order to commercialize them, or that it will obtain regulatory approvals that are too narrow to be commercially viable.

Any failure to successfully develop and obtain regulatory approval for products would have a material adverse effect on the Company's business, financial condition and results of operations.

Clinical trials for potential drug candidates will be expensive and time consuming, and their outcomes uncertain.

Before the Company can obtain regulatory approval for the commercial sale of any drug candidate or attract major pharmaceutical companies with which collaborate, it will be required to complete extensive clinical trials to demonstrate safety and efficacy. Clinical trials are expensive and are difficult to design and implement. The clinical trial process is also time-consuming and can often be subject to unexpected delays.

The timing and completion of clinical trials may be subject to significant delays relating to various causes, including but not limited to: inability to manufacture or obtain sufficient quantities of materials for use in clinical trials; import/export restrictions for cannabinoid-based pharmaceuticals; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of clinical trials by the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites; slow rates of patient recruitment and enrollment;

uncertain dosing issues; inability or unwillingness of medical investigators to follow clinical protocols; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after treatment, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during clinical trials; reliance on clinical research organizations to conduct clinical trials, which may not conduct such trials with good laboratory practices; or other regulatory delays.

The results of pre-clinical studies or initial clinical trials are not necessarily predictive of future favorable results.

Pre-clinical tests and initial clinical trials are primarily designed to test safety and to understand the side effects of drug candidates and to explore efficacy at various doses and schedules. Success in pre-clinical or animal studies and early clinical trials does not ensure that later large-scale efficacy trials will be successful nor does it predict final results. Favorable results in early trials may not be repeated in later ones.

Protection of proprietary technology can be unpredictable and costly.

The Company's success will depend in part on its ability to obtain patents, defend patents, maintain trade secret protection and operate without infringing on the proprietary rights of others. Interpretation and evaluation of pharmaceutical patent claims present complex and often novel legal and factual questions. Accordingly, there is some question as to the extent to which biopharmaceutical discoveries and related products and processes can be effectively protected by patents. As a result, there can be no assurance that:

- patent applications will result in the issuance of patents;
- additional proprietary products developed will be patentable;
- patents issued will provide adequate protection or any competitive advantages;
- patents issued will not be successfully challenged by third parties;
- the patents issued do not infringe the patents or intellectual property of others; or
- that the Company will be able to obtain any extensions of the patent term.

A number of pharmaceutical, biotechnology, medical device companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to the business of the Company. Some of these technologies, applications or patents may conflict with or adversely affect the technologies or intellectual property rights of the Company. Any conflicts with the intellectual property of others could limit the scope of the patents, if any, that the Company may be able to obtain or result in the denial of patent applications altogether. Further, there may be uncertainty as to whether the Company may be able to successfully defend any challenge to its patent portfolio.

In addition, any breach of confidentiality by a third party by premature disclosure may preclude the obtainment of appropriate patent protection, thereby affecting the development and commercial value of the Company's technology and products. The Company may also decide to acquire or in-license certain pending or issued patents but cannot guarantee their approval and/or commercial viability.

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There can be no assurance that the licensing or other arrangements respecting the patent-pending cannabinoid-based drug discovery platform and several cannabinoid-based drugs in different disease areas, or applications thereof, sought to be obtained can be secured on favorable terms or otherwise, nor are there any assurances that sales or license revenues, if obtained, will be in sufficient quantities to make the business profitable. In its efforts to achieve its objectives, the

Company will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis.

Uninsured or Uninsurable Risk

The Company may become subject to risks against which it cannot insure or against which it may elect not to insure. Settling related liabilities would reduce funds available for core business activities. Settlement of uninsured liabilities could have a material adverse effect on our financial position.

Conflicts of Interest

The Company's directors and officers may currently be involved, or become involved, in other business ventures that compete with our platform and services. Business opportunities for the Company may create circumstances in which outside interests of our directors and officers conflict with the interests of the Company. Directors and officers are required to act in good faith and in a manner that benefits the Company.

It is possible, however, that our directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company.

Dependence on Key Personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial Liquidity

The Company is not currently generating any revenue and expects to operate at a loss as it conducts research and development on its drug candidates. We will require additional financing in order to execute our business plan. Our ability to secure required financing will depend in part upon on 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. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a 'going concern' basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing and the continued advancement of its drug candidates. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

As a result of being a publicly listed company, the Company will incur greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity. The Company may also elect to devote greater resources than it otherwise would have on communication and other investor relations activities typically considered important by publicly traded companies.

Share Price Volatility and Speculative Nature of Share Ownership

The Company is listed for trading on the CSE, resulting in many legacy shareholders being able to freely trade their shares. Factors both internal and external to the Company may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of our shares.

Sentiment toward biotechnology stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of our shares. The Company's business is at an early stage of development and is not generating any revenue and the Company does not possess large cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed for the Company's shares.

Additional Information

Additional disclosure of the Company's material change reports, news release and other information can be obtained on SEDAR at http://www.sedar.com.