

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States except in compliance with exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of InMed Pharmaceuticals Inc., Suite 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2, Telephone (604) 669-7202, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

May 24, 2017



### INMED PHARMACEUTICALS INC.

**\$5,004,000**  
**11,120,000 Units**  
**Price: \$0.45 per Unit**

This short form prospectus qualifies the distribution, or the Offering, of 11,120,000 units of InMed Pharmaceuticals Inc., or the Company or InMed, as well as the units of the Company issuable under the Over-Allotment Option (as defined below), or collectively the Units, at a price of \$0.45 per Unit, or the Offering Price, pursuant to an underwriting agreement dated May 23, 2017, or the Underwriting Agreement, among the Company and Canaccord Genuity Corp., Eight Capital and Roth Capital Partners, LLC or collectively the Underwriters. Roth Capital Partners, LLC, is not registered as an investment dealer in any Canadian jurisdiction and, accordingly, will only sell Units into the United States and will not, directly or indirectly, solicit offers to purchase or sell the Units in Canada.

Each Unit is comprised of one common share of the Company, or a Unit Share, and one-half of one common share purchase warrant of the Company, each whole common share purchase warrant, a Warrant. Each Warrant is exercisable into one common share of the Company, or a Warrant Share, at an exercise price of \$0.65 per Warrant Share at any time prior to 5:00 p.m. (Vancouver time) on the date that is 24 months following the closing of the Offering, or the Warrant Expiry Date, subject to adjustment in certain events. The Warrants will only be 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 Canadian Securities Exchange ending on the date immediately preceding the date of exercise. The Warrants will be governed by a warrant indenture, or the Warrant Indenture, to be entered into on the closing date for the Offering between the Company and Computershare Trust Company of Canada, as agent for the holders of the Warrants, or the Warrant Agent. The Units will immediately separate into Unit Shares and Warrants upon issuance. See "Description of Securities Being Distributed".

	<u>Price to Public<sup>(1)</sup></u>	<u>Underwriters' Fee<sup>(2)(3)</sup></u>	<u>Net Proceeds to the Company<sup>(4)</sup></u>
Per Unit	\$0.45	\$0.0315	\$0.4185
Total .....	\$5,004,000	\$350,280	\$4,653,720

<sup>(1)</sup> The Offering Price of the Units was determined by negotiation between the Underwriters and the Company with reference to the prevailing market price of the common shares of the Company.

- (2) Pursuant to the terms of the Underwriting Agreement, the Company has agreed to: (i) pay the Underwriters a cash commission equal to 7.0% of the gross proceeds of the Offering, other than in respect of gross proceeds from the sale of Units to current officers, directors, employees, consultants and other insiders of the Company, their families and other investors, in each case, identified by the Company to Canaccord Genuity Corp., in its capacity as Lead Underwriter for the Offering, at least three business days prior to the closing date for the Offering, collectively the President's List, in respect of which the Company has agreed to pay the Underwriters a cash commission equal to 3.5% of the gross proceeds, collectively the Underwriters' Fee; and (ii) issue to the Underwriters warrants, or Broker Warrants, entitling the Underwriters to acquire that number of common shares of the Company equal to 5% of the number of Units sold under the Offering, including any Units sold upon the exercise of the Over-Allotment Option but excluding any Units sold to persons on the President's List. Each Broker Warrant is exercisable into one common share of the Company, or Broker Warrant Share, at a price of \$0.45 for a period of 12 months after the closing of the Offering, or the Closing. The issuance of the Broker Warrants and each Broker Warrant Share issuable upon the due exercise thereof is qualified by this short form prospectus. The Company and the Underwriters have agreed that the Company shall be permitted to issue and sell up to an aggregate of 556,000 Units to persons on the President's List, such number of Units representing 5% of the number of Units to be issued and sold in the Offering (excluding any Units issued and sold pursuant to the exercise of the Over-Allotment Option). The Underwriters' Fee set forth in the table above assumes that no Units will be sold to persons on the President's List. See "*Plan of Distribution*".
- (3) The Company has granted to the Underwriters an over-allotment option, exercisable in whole or in part for a period of 30 days from the Closing to purchase up to an additional 1,668,000 Units of the Company on the same terms as set out above to cover over-allotments, if any, and for market stabilization purposes, or the Over-Allotment Option. For greater clarity, a maximum of 15% of the aggregate number of Units sold at Closing may be issued in pursuant to the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total aggregate "Price to Public", "Underwriters' Fee" and "Net Proceeds to the Company" (before deducting expenses of the Offering) will be \$5,754,600, \$402,822, and \$5,351,778, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".
- (4) Before deducting expenses of the Offering which are estimated to be \$400,000. The Company will pay these expenses and the Underwriters' Fee from the proceeds of the Offering. See "*Use of Proceeds*".

The following table sets out the Over-Allotment Option and the Broker Warrants to be issued to the Underwriters in connection with the Offering:

<u>Underwriters' Position</u>	<u>Maximum Number of Securities Available<sup>(1)</sup></u>	<u>Exercise Period / Acquisition Date</u>	<u>Exercise Price</u>
Over-Allotment Option	1,668,000 Units	30 days after Closing	\$0.45 per Unit
Broker Warrants	556,000 Broker Warrants <sup>(2)</sup>	12 months after Closing	\$0.45 per Broker Warrant Share

(1) The maximum number of securities available set forth in the table above assumes that no Units will be sold to persons on the President's List.

(2) This amount assumes no exercise of the Over-Allotment Option. If the Over-Allotment Option were exercised in full and no Units are sold to persons on the President's List, the number of Broker Warrants issued would be 639,400.

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to approval of certain legal matters on behalf of the Company by Farris, Vaughan, Wills & Murphy LLP and as to certain legal matters on behalf of the Underwriters by Bennett Jones LLP. The Company has been advised by the Underwriters that, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the common shares at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*". **The Underwriters may offer the Units at price lower than the Offering Price. See "*Plan of Distribution*".**

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Other than Warrants comprising part of the Units resold pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended, or the U.S. Securities Act, which will be represented by definitive certificates in fully registered form, the Unit Shares and Warrants comprising the Units will be issued electronically through the non-certificated inventory system of, and held by, or on behalf of, CDS Clearing and Depository Services Inc. or its successor, collectively the Depository, as custodian for the direct and indirect participants of the Depository. Purchasers of Units will receive only a customer confirmation from a registered dealer that is a participant in the Depository's service and from or through which the Units are purchased. See "*Description of the Securities Being Distributed – Book-Entry, Delivery and Form*" and "*Plan of Distribution*".

The Closing is expected to take place on or about May 30, 2017 or such other date as InMed and the Underwriters may agree but in any event, no later than June 1, 2017.

**An investment in the securities of the Company being offered hereunder is speculative and involves a high degree of risk and is appropriate only for investors who have the capacity to absorb a loss of all of their investment. The risk factors identified under the heading “*Risk Factors*” in this short form prospectus and in other documents incorporated herein by reference should be carefully reviewed and evaluated by prospective investors before purchasing the securities being offered hereunder. Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess legal, tax and other aspects of an investment in the securities being offered hereunder.**

**The Warrants will not be listed for trading on any exchange and as a result, there is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation. See “*Risk Factors*”.**

The outstanding common shares of the Company are traded on the Canadian Securities Exchange under the symbol “IN”. The Company has applied to list the Unit Shares to be distributed under this short form prospectus and the Warrant Shares and Broker Warrant Shares issuable upon the exercise of the Warrants and the Broker Warrants, respectively, on the Canadian Securities Exchange. Listing is subject to the Company fulfilling all of the requirements of the Canadian Securities Exchange. On April 20, 2017, the last business day prior to the announcement of the Offering, the closing price of the common shares of the Company on the Canadian Securities Exchange was \$0.81 per share, and on May 23, 2017, the business day of the announcement of the pricing of the Offering and last business day prior to the filing of this short form prospectus, the price of the common shares of the Company on the Canadian Securities Exchange at the time trading was halted was \$0.60 per share.

**Prospective investors should rely only on the information contained in this short form prospectus and in the documents incorporated by reference herein. No person is authorized by the Company to provide any information or to make any representation other than as contained in this short form prospectus in connection with the issue and sale of the securities offered hereunder. Subject to the Company’s obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus (or in the case of information contained in a document incorporated by reference herein, as of the date of such document), regardless of the time of delivery of this short form prospectus or any sale of the Units.**

Each of Martin Bott, Adam Cutler, William Garner and Andrew Hull: (i) is a director of the Company; (ii) resides outside of Canada; and (iii) has appointed the Company as its agent for service of process in Canada at the Company’s head office at Suite 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company was incorporated under the laws of British Columbia. The head office of the Company is located at Suite 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2, and the registered office of the Company is located at 25<sup>th</sup> Floor, 700 West Georgia St., Vancouver, British Columbia V7Y 1B3.

Unless otherwise indicated, references in this short form prospectus to “\$” or “dollars” are to Canadian dollars.

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## **RISK FACTORS**

**An investment in the Unit Shares and Warrants comprising the Units involves a number of risks. Prior to making an investment in the Units, investors should carefully consider the risks described at pages 4 – 12 under the heading “Risk Factors” of the annual information form of the Company dated March 24, 2017 for the period ended June 30, 2016 which is incorporated by reference herein, the risks identified elsewhere in this short form prospectus and the other documents incorporated by reference herein and the risk factors set forth below. The risks described above and below are not the only risks that affect the Company. Other risks and uncertainties that the Company does not presently consider to be material, or of which the Company is not presently aware, may become important factors that affect the Company’s future business prospectus, financial condition and results of operations.**

### **Loss of Entire Investment**

An investment in the Unit Shares and Warrants comprising the Units is speculative and involves a high degree of risk and is appropriate only for investors who have the capacity to absorb a loss of all of their investment.

### **Fluctuations in Operating Cash Flow**

For the year ended June 30, 2016 and the nine months ended March 31, 2017, the Company had negative cash flows from operating activities of \$499,492 and \$2,055,102, respectively. If the Company has negative cash flow from operating activities in future periods, it may need to use existing working capital or seek additional debt or equity financing. There can be no assurance that debt or equity financing, if required, will be available to the Company or, if available, will be on terms acceptable to the Company.

### **Unpredictability and Volatility of Share Prices**

The common shares of the Company have been and could continue to be subject to significant fluctuations in market price and trading volumes. In addition, industry specific fluctuations in the stock market may adversely affect the market price of the common shares of the Company regardless of the Company’s operating performance. There can be no assurance that the price of the common shares of the Company will remain at current levels. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the common shares of the Company, and the market price of the Company’s common shares may decline below the Offering Price.

### **Unlisted Warrants**

The Warrants are not listed on any exchange and the Company does not intend to list the Warrants on any exchange. Investors may be unable to sell the Warrants at the prices desired or at all. There is no existing trading market for the Warrants and there can be no assurance that a liquid market will develop or be maintained for the Warrants, or that an investor will be able to sell any of the Warrants at a particular time (if at all). The liquidity of the trading market in the Warrants and the sale price, if any, for the Warrants, may be adversely affected by, among other things:

- changes in the overall market for the Warrants;
- changes in the Company’s financial performance or prospects;
- changes or perceived changes in the Company’s creditworthiness;
- the prospects for companies in the industry generally;
- the number of holders of the Warrants; and
- the interest of securities dealers in making a market for the Warrants.

### **Dilution of Existing Shareholders**

The Company is authorized to issue an unlimited number of common shares for such consideration and on those terms and conditions as shall be established by the board of directors of the Company without the approval of any shareholders. The shareholders have no pre-emptive rights in connection with such further issues. Additional common shares may be issued by the Company on the exercise of stock options and upon the exercise of previously

issued share purchase warrants as well as upon the exercise of the Warrants or the Broker Warrants. The Company may also make future acquisitions or enter into financing or other transactions involving the issuance of the Company's securities which may be dilutive to shareholders.

### **Investment Eligibility**

The Company will endeavour to ensure that its common shares continue to be a qualified investment under the *Income Tax Act* (Canada), including the regulations enacted thereunder, or collectively, the Tax Act, for trusts governed by registered retirement savings plans, or RRSPs, registered education savings plans, registered retirement income funds, or RRIFs, deferred profit sharing plans, registered disability savings plans and tax-free savings accounts, or TFSAs, although there is no assurance that the conditions prescribed for such qualified investments will be adhered to at any particular time. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments.

### **Use of Proceeds**

The Company intends to use the net proceeds from the Offering as set out under "*Use of Proceeds*" in this short form prospectus. The use of proceeds as set out herein are based on the current expectations of management of the Company; however, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as determined at the discretion of the Company, and there can be no assurance as of the date of this short form prospectus as to how those funds may be reallocated.

### **Completion of the Offering**

There can be no certainty that the Offering will be completed. If the Offering is not completed, the Company may not be able to raise the funds required for the purposes contemplated under "*Use of Proceeds*" from other sources on commercially reasonable terms or at all.

## **DOCUMENTS INCORPORATED BY REFERENCE**

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at Suite 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2 or by accessing such documents under the Company's profile on the System for Electronic Document Analysis and Retrieval, or SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

The following documents of the Company, filed with the securities commissions or similar authorities in each of the Provinces of British Columbia, Alberta and Ontario, are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) the annual information form of the Company dated March 24, 2017 for the year ended June 30, 2016;
- (b) the audited consolidated financial statements of the Company as at and for the years ended June 30, 2016 and June 30, 2015, together with the auditors' report thereon and the notes thereto;
- (c) management's discussion and analysis dated October 7, 2016 for the year ended June 30, 2016;
- (d) the un-audited condensed consolidated interim financial statements of the Company as at and for the three and nine months ended March 31, 2017, together with the notes thereto;
- (e) the management's discussion and analysis dated May 22, 2017 for the three and nine months ended March 31, 2017;
- (f) the material change report of the Company dated May 24, 2017, with respect to the Company entering into the Underwriting Agreement;
- (g) the material change report of the Company dated January 18, 2017, with respect to the Company completing a private placement for 8,283,334 common shares at a price of \$0.18 per common share for gross proceeds of \$1,491,000;

- (h) the material change report of the Company dated January 13, 2017, with respect to the appointment of Martin Bott to the Company's Board of Directors and the resignation of Craig Schneider from the Company's Board of Directors;
- (i) the material change report of the Company dated October 27, 2016, with respect to the Company completing a non-brokered private placement for 18,750,000 common shares at a price of \$0.08 per common share for gross proceeds of \$1,500,000;
- (j) the material change report of the Company dated September 13, 2016, with respect to the appointment of Andrew Hull to the Company's Board of Directors and the resignations of Chris Bogart and Dr. Sazzad Hossain from the Company's Board of Directors;
- (k) the material change report of the Company dated July 28, 2016 with respect to the Company completing a non-brokered private placement for 4,350,000 units, at a price of \$0.07 per unit for gross proceeds of \$304,500;
- (l) the information circular of the Company dated February 22, 2017 issued in connection with the special meeting of the shareholders held on March 24, 2017;
- (m) the information circular of the Company dated September 26, 2016 issued in connection with the annual general meeting of the Shareholders held on November 3, 2016;
- (n) the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of the term sheet for the Offering originally dated and filed April 20, 2017 and subsequently updated and re-filed on May 23, 2017, or the Term Sheet;
- (o) the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) of the corporate presentation of the Company originally dated and filed on April 24, 2017 and subsequently updated and re-filed on May 1, 2017 and May 4, 2017, or the Corporate Presentation; and

Any material change reports (excluding confidential material change reports), business acquisition reports, annual information forms, interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual financial statements, management information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference herein) and all other documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators, which are filed by the Company with a securities commission or similar authority in any of the provinces of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

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

**Neither the Company nor the Underwriters have provided, or otherwise authorized any other person to provide, investors with information other than as contained or incorporated by reference in this short form prospectus. If an investor is provided with different or inconsistent information, he or she should not rely on it.**

## MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing material that has been, or will be, filed on SEDAR before termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this short form prospectus. The marketing materials can be viewed under the Company’s profile on [www.sedar.com](http://www.sedar.com).

Statements and figures included in the Corporate Presentation were modified to clarify certain statements included in the Corporate Presentation, to update certain footnotes and figures and to correct certain minor typographical errors. Statements and figures in the Term Sheet were modified to reflect the final agreed terms of the Offering.

The Company has prepared and filed a revised copy of each of the Corporate Presentation and the Term Sheet, which have been blacklined against the original versions thereof to show the modified statements. The foregoing summary of modifications to the Corporate Presentation and Term Sheet are not exhaustive and are qualified by the information contained in the revised Corporate Presentation and revised Term Sheet and the respective blacklined versions thereof, each of which has been filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## FORWARD-LOOKING STATEMENTS

Certain statements in this short form prospectus, including documents incorporated by reference herein, may constitute “forward-looking” information within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “project”, “will”, “would”, and similar terms and phrases, including references to assumptions. Such information may involve, but is not limited to, comments with respect to strategies, expectations, planned operations or future actions. Forward-looking information in this short form prospectus includes, without limitation, statements with respect to: the anticipated closing of the Offering, including the date therefor; the anticipated use of net proceeds of the Offering; that the Company will enter into the Warrant Indenture at the Closing Date and that Computershare Trust Company of Canada will be the Warrant Agent; the expected terms of the Warrant Indenture; the goals and milestones the Company intends to achieve through the use of the net proceeds of the Offering and the key steps to reaching those goals and milestones and estimated costs thereof; the expected Canadian federal income tax treatment of an investment in the Unit Shares and the Warrants; the listing of the Unit Shares, Warrant Shares and Broker Warrant Shares on the Canadian Securities Exchange; the potential for InMed’s patent application for INM-085 to provide intellectual property protection for InMed; InMed developing a vehicle for controlled delivery of ophthalmic drugs into the eye; the potential of INM-085 to assist in reducing the high rate of non-adherence with current glaucoma therapies; the potential to out-license InMed’s delivery vehicle to other companies with ophthalmic drugs; the ability to re-invigorate the commercial potential of off-patent products; initiating discussions with potential partners; the outlook of the Company’s business and the global economic and geopolitical conditions; the competitive environment in which the Company and its business units operate; continuing to outsource the majority of the Company’s research and development activities through scientific collaboration agreements and fee for service arrangements with various scientific collaborators, academic institutions and their personnel; positioning the Company to achieve value-driving, near-term milestones for its product candidates with limited investment; completing formulation development for INM-750 in the second and third quarters of 2017, respectively; initiating toxicology studies on INM-750 in the third quarter of 2017; establishing the manufacturing process for clinical trial materials for INM-750 by the fourth quarter of 2017; engaging with regulatory authorities in the fourth quarter of 2017 with respect to INM-750; completing development of the formulation, the manufacturing process, clinical-trial-enabling toxicology studies and Phase 1 and Phase 2a clinical trials for INM-750 within 24 months of the closing of the Offering; estimated development costs; beginning Phase 3 clinical trials for INM-750 in 2020; completing further research and development in order to finalize its once-a-day Hydrogel formulation for INM-085 in the third quarter of 2017; completing additional animal studies with INM-085 with respect to reduction in intraocular pressure in the third quarter of 2017; commencing partnering initiatives for the advancement of INM-085 in the fourth quarter of 2017; pursuing potential partnership and spin-out opportunities for INM-085; scaling-up the

Company's cannabinoid biosynthesis manufacturing process to a 50 litre reaction vessel with the aim to be commercially viable within 24 months of the closing of the Offering, and the estimated costs to do so; continuing pre-clinical research for the Company's INM-400 Series product candidates in 2017; pursuing potential partnership and spin-out opportunities for the INM-400 Series; completion of product formulation and additional preclinical work for INM-405 in 2018 with clinical trials aimed for commencement in 2019 or 2020; completing multiple patent filings for its product candidates in 2017 and beyond; the Company's ability to execute its business strategy; critical accounting estimates; management's assessment of future plans and operations. Actual events or results may differ materially.

Forward-looking information contained in this short form prospectus is based on certain key expectations and assumptions made by the Company, including, without limitation, expectations and assumptions respecting: the stability of the economy in Canada and the United States; growth in demand for the products and services of the Company's business; the successful completion of the Offering; the ongoing availability of capital to the Company; the success of the Company's preclinical research; the success and timeliness of regulatory and patent approvals for the Company's product candidates; and the satisfactory timing and receipt of regulatory approval with respect to the Offering. Although the forward-looking information contained in this short form prospectus is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Undue reliance should not be placed on the forward-looking information since no assurance can be given that it will prove to be correct.

Forward-looking information reflects current expectations of the Company's management regarding future events and operating performance as of the date of this short form prospectus. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information including, without limitation: failure to close the Offering; the Company's reliance on key personnel; the unpredictability and volatility of prices for the Company's common shares; dilution of existing shareholders of the Company; investment eligibility; current economic conditions; failure to access financing; financial health of the Company's business and cash flows; regulatory risk; regulatory filing and licensing requirements; patent applications may not be approved; product candidates may not produce the desired results; sensitivity to general economic conditions and levels of economic activity; financing constraints; supply disruptions; employee relations; dependence on information systems and technology; insurance coverage; competition; discontinuation of tax incentives and change in provincial tax structure; foreign exchange; import product restrictions; and volatility of industry conditions. Readers are cautioned that the foregoing list is not exhaustive. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under the section "*Risk Factors*" and elsewhere in this short form prospectus. The information contained in this short form prospectus, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Company. Prospective investors are urged to carefully consider those factors.

Readers are cautioned that the preparation of financial statements in accordance with International Financial Reporting Standards in Canada requires management of the Company to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. The forward-looking information is made as of the date of this short form prospectus (or in the case of information contained in a document incorporated by reference herein, as of the date of such document), and the Company assumes no obligation to publicly update or revise such forward-looking information to reflect new information, subsequent or otherwise, except as may be required by applicable securities law.

### **THIRD PARTY INFORMATION**

This short form prospectus, including documents incorporated by reference herein, includes industry and market data and forecasts obtained from independent publications, market research and analyst reports, surveys and other publicly available sources. Although InMed and the Underwriters believe these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. InMed and the Underwriters have not independently verified any of the data from third party

sources referred to in this short form prospectus, including documents incorporated by reference herein, nor ascertained the underlying assumptions relied upon by such sources.

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Company, and in the opinion of Bennett Jones LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and specific proposals to amend the Tax Act publically announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, or collectively the Proposed Amendments, and subject to the provisions of any particular trust, provided that, at the date hereof (i) the common shares of the Company are listed on a “designated stock exchange” (as defined in the Tax Act and which currently includes the Canadian National Stock Exchange (operating as the Canadian Securities Exchange)) or the Company is otherwise a “public corporation” (as defined in the Tax Act), and (ii) in the case of the Warrants, each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, such Registered Plans (as defined herein) deals at arm’s length with the Company and is not the Company itself, the Unit Shares, Warrants and Warrant Shares will, if issued on the date hereof, be a “qualified investment” under the Tax Act for a trust governed by a registered retirement savings plan, or RRSP, a registered retirement income fund, or RRIF, a registered education savings plan, or RESP, a registered disability savings plan, or RDSP, or a tax free savings account, or TFSA (each as defined in the Tax Act), or collectively the Registered Plans, or a deferred profit sharing plan.

Notwithstanding the foregoing, if the Unit Shares, Warrants or Warrant Shares are a “prohibited investment” (as defined in the Tax Act) for a particular Registered Plan, the annuitant of the RRSP or RRIF, the subscriber of the RESP or the holder of the RDSP or TFSA, as the case may be, will be subject to a penalty tax under the Tax Act. The Unit Shares, Warrants and Warrant Shares generally will not be a prohibited investment for these purposes provided that the annuitant of the RRSP or RRIF, the subscriber of the RESP or the holder of the RDSP or TFSA, as the case may be, (i) deals at arm’s length with the Company for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Company. In addition, the Unit Shares and Warrant Shares generally will not be a “prohibited investment” for a RRSP, RRIF, RESP, RDSP or TFSA if the Unit Shares or Warrant Shares, as applicable, are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules). Prospective investors who intend to hold the Unit Shares, Warrants or Warrant Shares in a RRSP, RRIF, RESP, RDSP or TFSA should consult their own tax advisors as to whether the Unit Shares, Warrants and Warrant Shares would constitute a prohibited investment in their particular circumstances.

#### **INMED PHARMACEUTICALS INC.**

##### **Corporate Information**

InMed was incorporated on May 19, 1981 under the *Company Act* (British Columbia), which legislation has since been repealed and replaced by the *Business Corporations Act* (British Columbia), under the name Kadrey Energy Corporation. InMed has undergone a number of corporate name changes since its incorporation, most recently changing its name from Cannabis Technologies Inc. to InMed Pharmaceuticals Inc. on October 6, 2014. InMed’s head office is located at Suite 350 – 409 Granville Street, Vancouver, British Columbia V6C 1T2 and its registered office is located at 25<sup>th</sup> Floor, 700 West Georgia St., Vancouver, British Columbia V7Y 1B3.

InMed’s strategic focus on the development of prescription-based pharmaceuticals derived from the cannabis plant commenced on May 21, 2014 upon the acquisition by Meridex Software Corporation (as InMed then was) pursuant to a share purchase agreement, or the Share Purchase Agreement, of all of the outstanding common shares of Biogen Sciences Inc., a privately-held British Columbia biopharmaceutical company focused on the drug discovery and development of cannabinoid compounds. The aggregate purchase price included the issuance of 4,000,000 common shares of the Company to the shareholders of Biogen Sciences Inc. (which included 1,400,000 common shares issued to Dr. Sazzad Hossain, who was a 35% shareholder of Biogen Sciences Inc. at the time of the transaction) with a recorded value of \$1,360,000 (issue price of \$0.34 per Common Share) 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 per common share). Dr. Hossain had no involvement with the Company prior to the Company’s acquisition of Biogen Sciences Inc. and was first appointed as Chief Scientific Officer upon completion of the transaction. The Share Purchase Agreement has been filed on SEDAR, a copy of which can be accessed at [www.sedar.com](http://www.sedar.com). In connection with this transaction, the Company changed its name to Cannabis Technologies Inc. on May 14, 2014.

On October 6, 2014, the Company changed its name from Cannabis Technologies Inc. to InMed Pharmaceuticals to accurately reflect its business strategy focussed on the development of prescription-based pharmaceuticals derived from the cannabis plant.

On March 24, 2017, InMed held a special meeting of its shareholders at which InMed's shareholders approved, among other things, the amendment and restatement of the articles of InMed and the alteration of InMed's authorized share structure to cancel the Class A Preference shares and Class B Preference shares of InMed and to create an unlimited number of preferred shares without par value, none of which is outstanding as of the date of this short form prospectus. InMed's amended and restated articles have been filed under InMed's profile on SEDAR at www.sedar.com. See "*Recent Developments*".

## **Business of the Company**

### *Overview*

InMed is a preclinical stage biopharmaceutical company specializing in the research and development of novel, cannabinoid-based prescription drug therapies utilizing novel drug delivery systems. InMed conducts research, discovery, preclinical, clinical, regulatory, manufacturing and commercial development activities for its product candidates. The three core asset groups of the Company, namely the bioinformatics database assessment tool, the biosynthesis manufacturing process and the drug development programs, are discussed in detail below.

The Company is engaged in researching, developing, manufacturing and commercializing cannabinoid-based biopharmaceutical products to treat diseases with high unmet medical needs. Cannabinoids are a family of over 90 individual chemical components found in the cannabis plant, each of which may have important physiological impacts on the human body. When purified to pharmaceutical grade (>95% purity) and dosed either individually or in combination, cannabinoids can have a therapeutic effect in treating a wide range of diseases, including neurological, cognitive, digestive, inflammatory, ocular and other diseases. In addition to internal development of drug candidates, the Company will also look to sell or license new drug candidates to pharmaceutical companies for further development, commercialization and distribution.

InMed is led by an experienced management team and board of directors capable of building value in biopharmaceuticals. For further details with respect to the Company's management team, investors should refer to pages 52 – 56 under the heading "Directors and Management" of the annual information form of the Company dated March 24, 2017 for the year ended June 30, 2016, which annual information form is specifically incorporated by reference herein.

### *Bioinformatics Database Assessment Tool*

The Company specializes in identifying cannabinoid drug candidates to treat specific diseases via its first core asset, a proprietary bioinformatics database assessment tool that enables the analysis of individual cannabinoid compounds and their ability, individually or in combination with other compounds, to have a meaningful physiologic impact on diseases and medical conditions. This bioinformatics tool analyses the structure of cannabinoids and searches for potential sites of pharmacological effect based on the structures and efficacy of existing drugs, disease etiology and scientifically proven genomic, proteomic and metabolomics pathways. The Company expects that the bioinformatics database assessment tool, a proprietary asset protected as internal know-how, will be utilized for the discovery process to generate further intellectual property for the Company.

### *Biosynthesis Manufacturing Process for Cannabinoids*

A second component of InMed's core business is the metabolic engineering/manufacturing, also referred to as biosynthesis, of cannabinoid drug compounds. Metabolic engineering is the modification of a cell's metabolic network for increased production of a specific molecule. Metabolic engineering re-creates the plant pathway in a microbial host, allowing industrial-scale exploitation of the pathway for production of natural products (as an example, millions of diabetics worldwide use synthetic insulin produced via E.coli biosynthesis). Many pitfalls associated with the traditional cannabis plant growing, harvesting, processing, extraction and purification techniques can be avoided by using biosynthesis. Unlike plant extraction, metabolic engineering allows manipulation of the natural pathway to optimize the final composition of the products. Not only is biosynthesis a higher-yielding and more resource-efficient manufacturing process, but the process and resulting products may face less regulatory obstacles than agriculturally-sourced cannabinoids. InMed has been approached by another company with an

alternative *in vitro* production approach, but InMed has elected to pursue its own proprietary *in vivo* approach. On June 1, 2016, InMed filed a provisional patent application (USPTO No. 62/344,248) covering its inventions in the *in vivo* enzymatic biosynthesis of cannabinoids.

### *Drug Development Programs*

The third and most important component of InMed's core assets is its drug development programs. The Company has identified two potential clinical candidates, which are currently at various stages of preclinical development, through its bioinformatics database assessment tool:

- INM-750, our lead product in development for epidermolysis bullosa, or EB, a severe genetic skin disorder (according to analyst reports there are an estimated 50,000 EB patients in North America, Europe and Japan and potential global market revenues of US\$1 billion for EB related drugs/treatments); and
- INM-085, a product in development for glaucoma, the second leading cause of blindness in the developed world (according to a February 2015 article published by Toni Clarke with Reuters, there is a global market of more than US\$5 billion for glaucoma related drugs/treatments).

InMed is developing cannabinoid-based therapies and drugs to treat a multitude of illnesses and has conducted preliminary and/or advanced preclinical research in the following areas: dermatology (INM-750), ocular disease (INM-085), pain and inflammation (INM-400 Series), pulmonary disease (INM-300 Series), neurodegenerative disease (INM-100 Series) and oncology (INM-200 Series).

For a more detailed description of the business of the Company, investors should refer to pages 25 – 47 under the heading “Business of InMed” of the annual information form of the Company dated March 24, 2017 for the year ended June 30, 2016, which annual information form is specifically incorporated by reference herein.

### *Cannabinoid Pharmaceuticals Industry Participants and Transactions*

Cannabinoid-based pharmaceutical research is a relatively new biotech field operating within the established pharmaceutical industry. This subset of the pharmaceutical industry has seen institutional investment from Canadian and U.S. investment banks such as Goldman Sachs Group, Inc., Bank of America, N.A. and each of the Underwriters, as well as participation by established pharmaceutical companies such as Bayer AG, Novartis International, AbbVie Inc. and Otsuka Pharmaceutical Co., Ltd. Public companies focussing on cannabinoid-based pharmaceutical products and related research and development include, without limitation: GW Pharmaceuticals (NASDAQ: GWPH; market capitalization of approximately \$3.9 billion); Axim Biotechnologies Inc. (OTCQB: AXIM; market capitalization of approximately \$853 million); Cara Therapeutics, Inc. (NASDAQ: CARA; market capitalization of approximately \$613 million); and Zynerva Pharmaceuticals, Inc. (NASDAQ: ZYNE; market capitalization of approximately \$406 million). The aforementioned market capitalizations are as of April 24, 2017 and have been converted to Canadian dollars based on the noon rate of exchange of United States dollars to Canadian dollars posted by the Bank of Canada for April 24, 2017 of US\$1 = Cdn\$1.3516.

In September 2015, Amicus Therapeutics, Inc., or Amicus, completed the acquisition of Scioderm, Inc., or Scioderm, for total consideration of approximately US\$847 million, consisting of US\$229 million in upfront payments of cash and stock, US\$361 million upon the achievement of certain clinical and regulatory milestones and US\$257 million upon the achievement of certain sales milestones. Scioderm's sole clinical asset at the time of the transaction was Zorblisa™ a Phase 3 clinical product in development for the treatment of EB. The acquisition was based on results from 42 patients in a Phase 2b clinical study. In September 2015, two equity research analysts in the United States estimated peak annual sales of Zorblisa™ to be US\$900 million – US\$1.2 billion.

In February 2013, Shire plc acquired Lotus Tissue Repair, Inc., or Lotus, for total consideration of approximately US\$174 million, consisting of US\$49 million in upfront consideration and contingent consideration of US\$125 million. At the time of the transaction, Lotus had a preclinical program developing recombinant human collagen Type VII as a protein replacement therapy for Dystrophic EB, a subset of EB (approximately 30% of EB cases).

## RECENT DEVELOPMENTS

### Changes to the Board and Management

On September 13, 2016, Andrew Hull was appointed to the Board of Directors of the Company and Chris Bogart and Dr. Sazzad Hossain resigned from the Board of Directors of the Company to focus on their roles as senior executives of InMed. Mr. Hull's career has spanned over 30 years as a corporate executive in the global healthcare and biotechnology industries, including the last fourteen years at Takeda Pharmaceuticals, one of the 20 largest pharmaceutical companies in the world, where he currently serves as the Vice President of Global Alliances. Mr. Hull has substantial experience in the pharmaceutical industry, with a focus on strategic partnerships and commercialization of prescription drugs.

On October 31, 2016, InMed appointed Alexandra Mancini as Senior Vice President, Clinical and Regulatory Affairs of the Company. Ms. Mancini has over 30 years of global biopharmaceutical R&D experience with a particular emphasis on clinical development and regulatory affairs. Ms. Mancini has led several regulatory filings and subsequent approvals for drugs around the world with authorities including the US Food and Drug Administration, Health Canada and the European Medical Authority, among others.

On December 15, 2016, InMed appointed Jeff Charpentier as Chief Financial Officer of the Company. Mr. Charpentier is a veteran of the biopharmaceutical industry with over 25 years of experience. Mr. Charpentier has held a series of senior financial roles at several public and private companies in the pharmaceutical and technology sectors where he led multiple equity financings, raising in excess of \$150 million and concluded a number of corporate partnering/product sale transactions.

On January 13, 2017, Martin Bott was appointed to the Board of Directors of the Company. Mr. Bott has established a significant leadership position in financial and business expertise with Eli Lilly and Company, one of the world's leading pharmaceutical companies, where he currently serves as VP of Corporate Finance and Investment Banking. He has held positions of increasing responsibility with Lilly since 1988, including most recently CFO of both the Diabetes Business and the Global Manufacturing and Quality organization. Concurrently with the appointment of Mr. Bott, Craig Schneider resigned from the Board of Directors of the Company and continues to serve the company as an independent consultant.

### Recent Financings

On July 28, 2016, InMed completed a non-brokered private placement financing of 4,350,000 units at a price of \$0.07 per unit for gross proceeds of \$304,500. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant exercisable by the holder to acquire one additional common share of the Company at a price of \$0.15 per share for a period of 12 months. The Company paid finders' fees of \$1,960 in cash and the issuance of 28,000 additional warrants, which warrants had the same terms as those issued to subscribers in the private placement.

On October 27, 2016, InMed completed a non-brokered private placement financing of 18,750,000 common shares of the Company at a price of \$0.08 per share for gross proceeds of \$1,500,000. The Company paid finders' fees through the issuance of 237,000 compensation shares.

On January 18, 2017, InMed completed a non-brokered private placement financing of 8,283,334 common shares of the Company at a price of \$0.18 per share for gross proceeds of \$1,491,000. The Company paid finders' fees of \$45,137 in cash and issued 153,665 compensation shares and 170,364 agent's warrants, with each agent's warrant being exercisable by the holder to acquire one additional common share of the Company at a price of \$0.18 per share for a period of 12 months.

### Patent Filings

In the Company's annual information form dated March 24, 2017, the Company disclosed that on February 9, 2017 the Company filed an application with the United States Patent and Trademark Office, or the USPTO, as a Patent Cooperation Treaty, or PCT, patent application, Serial No. PCT/US2017/017184 titled, "A Cannabinoid-Based Topical Therapy for Epidermolysis Bullosa Simplex". On May 4, 2017, the Company filed a request to

withdraw this application and filed a new application with the USPTO, as a PCT patent application, titled “A Cannabinoid-Based Topical Therapy for Diseases and Conditions Associated with Intermediate Filament Dysfunction”. This new PCT patent application covers EB as well as other disease conditions that have an underlying common association with intermediate filament dysfunction, whereas the previous PCT patent application only covered EB.

On May 10, 2017, InMed filed a provisional patent application in the United States for a stimulus-responsive, nanoparticle-laden vehicle for controlled delivery of ophthalmic drugs into the aqueous humor of the eye. This patent filing is an important step in providing intellectual and commercial protection 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 ophthalmic drugs may also 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. InMed plans to initiate discussion with potential partners to this end.

## DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

### Common Shares

InMed's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at the date of this short form prospectus, InMed has 114,726,466 common shares issued and outstanding and no preferred shares issued and outstanding.

Each common share entitles the holder thereof to one vote at all meetings of shareholders. The shareholders are entitled to receive dividends, as and when declared by the board of directors of InMed, subject to the rights, privileges and restrictions attaching to the securities of InMed, which may be paid in money, property or by the issue of fully paid shares in the capital of InMed.

In the event of the liquidation, dissolution or winding-up of InMed, whether voluntary or involuntary, or other distribution of assets of InMed among shareholders for the purpose of winding up its affairs, subject to the rights, privileges and restrictions attaching to the securities of the Company, the shareholders shall be entitled to receive the remaining property of InMed. In the event of an insufficiency of property and assets to pay in full the amounts which the shareholders are entitled to receive upon such liquidation, dissolution or winding-up, the shareholders shall participate rateably among themselves in accordance with the amounts to which they are respectively entitled upon such liquidation, dissolution or winding-up.

All common shares are of the same class with equal rights and privileges. The Company's common shares are not subject to future calls or assessments. The Company may issue additional common shares and options therefor from time to time on terms and conditions acceptable to the directors of the Company.

### Warrants

**The Warrants issued under the Offering will be governed by the Warrant Indenture to be entered into between the Company and Computershare Trust Company of Canada, as Warrant Agent. The following is a brief summary of the material attributes and characteristics of the Warrants and certain principal provisions which will be incorporated into the Warrant Indenture. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Warrant Indenture, which will be filed with the Canadian securities regulatory authorities of each of the provinces of British Columbia, Alberta and Ontario and will be available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

The Unit Shares and the Warrants will separate immediately following the Closing. Each whole Warrant will entitle the holder to acquire one Warrant Share at an exercise price of \$0.65 until 5:00 p.m. (Vancouver Time) on the date that is 24 months following the Closing Date, subject to adjustment in certain events, after which time the Warrant will be void and of no value. Warrants will only be 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 Canadian Securities Exchange ending on the date immediately preceding the date of exercise. Specifically, a warrant holder who duly

exercises their Warrants shall be entitled to receive that number of Warrant shares equal to the quotient obtained by dividing  $(A-B)*X$  by A, where:

A = the volume weighted average trading price of the Company's common shares on the Canadian Securities Exchange, for the five consecutive trading days immediately preceding the time of delivery of the exercise form giving rise to the applicable cashless exercise;

B = the exercise price of the Warrant, as may be adjusted pursuant to the terms of the Warrant Indenture; and

X = the number of Warrant Shares that would be issuable upon exercise of the Warrant in accordance with the terms of such Warrant if such exercise were completed by means of a cash exercise rather than a cashless exercise.

For greater certainty, all Warrants, including the Warrants issued pursuant to, or in connection with, the Over-Allotment Option, will expire on the same expiry date 24 months from the Closing Date. The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants may not be exercised unless an exemption or exclusion from such registration is available and documentation to that effect is provided in accordance with the terms of the Warrant Indenture.

Other than Warrants comprising part of the Units resold pursuant to Rule 144A under the U.S. Securities Act, which will be represented by definitive certificates in fully registered form, the Warrants may be issued in uncertificated form. Any Warrants issued in certificated form shall be evidenced by a warrant certificate in the form attached to the Warrant Indenture. All Warrants issued in the name of CDS & Co. may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book-entry position on the register of warrant holders to be maintained by the Warrant Agent at its principal offices in Vancouver, British Columbia.

The Warrant Indenture will provide that the share ratio and exercise price of the Warrants will be subject to adjustment in the event of a subdivision or consolidation of the common shares of the Company. The Warrant Indenture will also provide that if there is (a) a reclassification or change of the common shares of the Company, (b) any consolidation, amalgamation, arrangement or other business combination of the Company resulting in any reclassification, or change of its common shares into other shares, or (c) any sale, lease, exchange or transfer of the Company's assets as an entity or substantially as an entirety to another entity, then each holder of a Warrant which is thereafter exercised shall receive, in lieu of common shares of the Company, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Warrants prior to the event.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a common share of the Company, as the case may be.

The Warrant Indenture will also provide that, during the period in which the Warrants are exercisable, the Company will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such events.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than 66 2/3% of the aggregate number of all then outstanding Warrants.

**No fractional Warrants will be issued and no fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of common shares of the Company would have.**

#### **Book-Entry, Delivery and Form**

Other than Warrants comprising part of the Units resold pursuant to Rule 144A under the U.S. Securities Act, which will be represented by definitive certificates in fully registered form, the Unit Shares and Warrants comprising the Units will be issued electronically through the non-certificated inventory, or NCI, system and held by, or on behalf of the Depository, as custodian for its Participants (defined below). The following paragraph does not apply to Warrants resold pursuant to Rule 144A under the U.S. Securities Act.

All Unit Shares and Warrants comprising the Units will be registered in the name of the Depository or its nominee through the NCI system. Purchasers of Units will not receive certificates evidencing the Units. Rather, the Unit Shares and Warrants comprising the Units will be represented only in “book-entry only” form (unless the Company, in its sole discretion, elects to prepare and deliver certificates evidencing the Unit Shares and Warrants comprising the Units). Beneficial interests in the Unit Shares and Warrants comprising the Units will be represented through book-entry accounts of institutions (including the Underwriters) acting on behalf of beneficial owners, as direct and indirect participants of the Depository, each, a Participant. Each purchaser of a Unit will receive a customer confirmation of purchase from the Underwriter or registered dealer from whom the Unit is purchased in accordance with the practices and procedures of the selling Underwriter or registered dealer. The practices of registered dealers may vary but, generally, customer confirmations are issued promptly after execution of a customer order. The Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in Unit Shares and Warrants comprising the Units. If the Depository notifies the Company that it is unwilling or unable to continue as depository, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Company is unable to locate a qualified successor, beneficial owners of Unit Shares and Warrants holding through the NCI system at such time will receive certificates evidencing the Unit Shares and Warrants.

#### **Broker Warrants**

The Company will issue to the Underwriters, on Closing, the Broker Warrants entitling the Underwriters to acquire that number of Broker Warrant Shares equal to 5% of the number of Units sold under the Offering, including any Units sold upon the exercise of the Over-Allotment Option but excluding any Units sold to persons on the President’s List. Each Broker Warrant is exercisable into one Broker Warrant Share at a price of \$0.45 for a period of 12 months after the Closing Date. The terms governing the Broker Warrants will be set out in the certificates representing the Broker Warrants and will include, among other things, customary provisions for the appropriate adjustment of the class and number of the Broker Warrant Shares issuable pursuant to any exercise of the Broker Warrants upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the common shares of the Company, any capital reorganization of the Company, or any merger, consolidation or amalgamation of the Company with another corporation or entity, as well as customary amendment provisions. The Broker Warrants will be non-transferable. The Underwriters, as holders of the Broker Warrants, will not as such have any voting right or other right attached to common shares of the Company until the Broker Warrants are duly exercised as provided for in the certificates representing the Broker Warrants.

**PRIOR SALES**

In the 12-month period preceding the date of this short form prospectus, the Company has issued common shares and securities convertible into common shares as follows:

**Common Shares**

The following table sets out the common shares issued by InMed since April 1, 2016:

<u>Date of Issuance</u>	<u>Number of Shares</u>	<u>Issue Price</u>	<u>Transaction Type</u>
June 9, 2016	6,109,590	\$0.07	Settlement of trade payable debt for shares
June 16, 2016	1,000,000	\$0.12	Issued as signing bonus to executive
July 6, 2016	983,355	\$0.11	Settlement of trade payable debt for shares
July 28, 2016	4,350,000	\$0.07	Private placement
October 27, 2016	18,750,000	\$0.08	Private placement
October 27, 2016	237,500	\$0.17	Compensation Shares issued as payment for finder's fees
January 18, 2017	8,283,334	\$0.18	Private placement
January 18, 2017	153,665	\$0.415	Compensation Shares issued as payment for finder's fees
March 1, 2017	250,000	\$0.41	Compensation shares issued as payment for consulting services
May 5, 2017	500,000	\$0.14	Partial compensation for patents purchased from Dr. Sazzad Hossain, pursuant to the Patent Purchase Agreement

Since April 1, 2016, an aggregate of 775,000 options have been exercised at exercise prices ranging from \$0.14 per share to \$0.35 per share, resulting in the issuance of 775,000 common shares of the Company.

Since April 1, 2016, an aggregate of 11,715,000 warrants have been exercised at exercise prices ranging from \$0.13 per share to \$0.30 per share, resulting in the issuance of 11,715,000 common shares of the Company.

Since April 1, 2016, an aggregate of 575,750 agent's warrants have been exercised at exercise prices ranging from \$0.13 per share to \$0.15 per share, resulting in the issuance of 575,750 common shares of the Company.

## Options

The following table sets out the options issued by InMed since April 1, 2016:

<b>Date of Issuance</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Grant Date Fair Value</b>
May 16, 2016	2,000,000	\$0.08	May 16, 2021	\$0.08
June 10, 2016	1,000,000	\$0.13	June 10, 2021	\$0.12
June 15, 2016	2,000,000	\$0.11	June 15, 2021	\$0.11
July 26, 2016	1,750,000	\$0.11	July 26, 2021	\$0.08
September 12, 2016	1,000,000	\$0.11	September 12, 2021	\$0.10
October 28, 2016	2,700,000	\$0.195	October 28, 2021	\$0.19
November 15, 2016	750,000	\$0.165	November 15, 2021	\$0.165
December 12, 2016	300,000	\$0.14	December 12, 2021	\$0.14
January 12, 2017	1,000,000	\$0.25	January 12, 2022	\$0.25
February 20, 2017	100,000	\$0.37	February 20, 2022	\$0.37
February 22, 2017	50,000	\$0.41	February 22, 2022	\$0.385

## Warrants

The following table sets out the Warrants issued by InMed since April 1, 2016:

<b>Date of Issuance</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Grant Date Fair Value</b>
July 28, 2016	4,350,000	\$0.15	July 28, 2017	\$0.085

## Agent's Warrants

The following table sets out the agent's warrants issued by InMed since April 1, 2016:

<b>Date of Issuance</b>	<b>Number of Agent's Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Grant Date Fair Value</b>
July 28, 2016	28,000	\$0.15	July 28, 2017	\$0.085
January 18, 2017	170,364	\$0.18 <sup>(1)</sup>	January 18, 2018	\$0.415 <sup>(1)</sup>

<sup>(1)</sup> The exercise price for the agent's warrants issued in connection with the closing of the Company's January 2017 private placement was determined at the time the Company filed for price protection for the private placement. The Company's share price increased in the intervening time between filing for price protection and the closing of the private placement. Accordingly, the exercise price for the agent's warrants was below the market price of the Company's common shares at the time of closing.

### TRADING PRICE AND VOLUME

The common shares of the Company trade under the symbol “IN” on the Canadian Securities Exchange. The following table sets out the price range and trading volume of the common shares of the Company for the months set out below, as reported by the Canadian Securities Exchange:

Month	Common Shares Price Range		Total Volume
	High (\$)	Low (\$)	
April 2016	0.14	0.095	2,591,111
May 2016	0.11	0.07	2,130,309
June 2016	0.13	0.07	2,347,413
July 2016	0.095	0.07	1,970,370
August 2016	0.095	0.07	1,189,844
September 2016	0.12	0.075	6,149,923
October 2016	0.215	0.12	17,225,040
November 2016	0.195	0.135	11,884,081
December 2016	0.30	0.12	12,932,656
January 2017	0.56	0.22	26,124,530
February 2017	0.485	0.32	18,305,322
March 2017	0.475	0.325	14,401,172
April 2017	0.96	0.475	35,258,067
May 1 – 23, 2017	0.64	0.50	11,368,682

### ESCROWED SECURITIES

On May 1, 2017 the Company cancelled and returned to treasury the following common shares of the Company which had been held in escrow since February 9, 2000 pursuant to an escrow agreement between Meridex Network Corporation (as the Company then was), Montreal Trust Company of Canada (now part of Computershare Investor Services Inc.), Intoo Software Corporation and David Kotula dated February 9, 2000, or the Escrow Agreement:

Type of Security	Number of Securities Held in Escrow	Percentage of Class
Common shares .....	80,000	0.07%

In connection with the reverse takeover transaction completed on February 9, 2000 between Meridex Network Corporation (as the Company then was) and Intoo Software Corporation, 12,000,000 common shares of the Company (or 80,000 common shares of the Company on a post consolidation basis) were issued as partial consideration to Intoo Software Corporation and the Company’s then chief executive officer David Kotula. These common shares were issued as performance shares and were placed into escrow on closing. Pursuant to the Escrow Agreement, the holders of these performance shares were entitled to an annual release from escrow equal to one performance share for every \$0.84 in consolidated cumulative cash flow, as defined under the former TSX Venture Exchange Local Policy 3-07, based on the audited annual financial statements of the Company. Under the terms of the Escrow Agreement, any such performance shares not released by February 9, 2010 were to be cancelled. None of these common shares were ever released from escrow prior to their cancellation on May 1, 2017.

On October 28, 2015, the Company entered into a purchase agreement, or the Patent 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 of \$140,000, or \$0.14 per share, as determined by the closing price of the shares on the Canadian Securities Exchange on October 28, 2015. All such shares have now been issued, 250,000 of which are subject to a contractual restriction on transfer until May 10, 2018 pursuant to the terms of the Patent Purchase Agreement.

In addition, 250,000 common shares issued to a consultant of InMed pursuant to a consulting agreement dated February 21, 2017, as amended, are subject to a contractual restriction on transfer and become free trading on August 21, 2017.

## USE OF PROCEEDS

The total net proceeds from the sale of the Units under this Offering are estimated to be approximately \$4,253,720 (or approximately \$4,951,778 if the Over-Allotment Option is exercised in full) after deducting the Underwriters' Fees of \$350,280 (or \$402,822 if the Over-Allotment Option is exercised in full) and the expenses of the Offering estimated at \$400,000.

The net proceeds of the Offering are expected to be used: (i) as to approximately \$2,502,500, for research and development expenditures to advance INM-750 towards human clinical trials in EB; (ii) as to approximately \$737,500, for the Company's other research and development programs including its biosynthesis assets; (iii) as to approximately \$962,500, for general and administrative expenses of the Company (consisting mainly of salaries and employee benefits, fees for professional services, investor relations expenses, regulatory fees and cost of office premises); and (iv) as to any balance, to fund working capital.

For the year ended June 30, 2016 and the nine months ended March 31, 2017, 2016, the Company had negative cash flows from operating activities of \$499,492 and \$2,055,102, respectively. To the extent that the Company has negative cash flow from operating activities in future periods, a portion of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities. See "*Risk Factors – Fluctuations in Operating Cash Flows*".

### Research and Development

InMed intends to use the net proceeds of the Offering to advance its research and development programs, specifically to: (i) advance INM-750 towards human clinical trials in EB; (ii) scale-up its cannabinoid biosynthesis manufacturing process to a 50 litre reaction vessel, a key step towards being commercially viable within 24 months of the completion of the Offering; (iii) complete further advanced pre-clinical studies, including studies in animal models, for INM-085 in glaucoma. For a summary of the major components of the research and development work to be funded through the net proceeds of the Offering and the estimated costs thereof, see "*Business Objectives and Milestones*" below. As disclosed in the Company's annual information form dated March 24, 2017, the Company currently outsources the majority of its research and development activities through scientific collaboration agreements and fee for service arrangements with various scientific collaborators, academic institutions and their personnel. The Company expects to continue to conduct its research and development activities on this basis in the near term.

To the extent there are excess funds remaining from the Offering, the Company may deploy such proceeds to fund further preclinical studies for its product candidates within its INM-700 Series (dermatology), INM-400 Series (pain/inflammation), INM-300 series (pulmonary disease), INM 100 (neurodegenerative disease) and/or INM-200 Series (oncology).

### Steps in the Drug Development Pathway

InMed's continued development of INM-750 in EB consists of the following key steps: (i) finalizing the topical formulation for this specific patient population; (ii) establish the method of manufacturing for clinical trial materials and quality control methods; (iii) planning and execution of pre-clinical toxicology studies; (iv) meeting with regulatory authorities to determine the clinical path required for regulatory approval; and (v) planning and execution of each phase of clinical trials.

InMed's continued development of INM-085 in glaucoma consists of the following key steps: (i) finalizing the once-a-day hydrogel formulation; (ii) planning and execution of pre-clinical efficacy/safety studies; (iii) determining as to whether to continue internal development or to partner with an ophthalmology company.

InMed's continued development of the cannabinoid biosynthesis manufacturing process consists of the following key steps: (i) optimizing of the genetic sequencing to maximize cannabinoid expression; (ii) further confirming the systems' capabilities to produce a variety of cannabinoid types; (iii) scaling-up and optimizing of systems/conditions for production in a 50 litre reaction vessel; (iv) obtaining certification of good laboratory practice conditions; (v) determining as to whether to further scale-up biosynthesis operations and build a large-scale good manufacturing practice facility or transfer the Company's process/know-how to a contract manufacturing organization with existing infrastructure to produce for the Company the preclinical, clinical and commercial scale supply of the Company's product candidates.

### **Business Objectives and Milestones**

The Company is positioning itself to achieve value-driving, near-term milestones for its product candidates with limited investment. Certain key milestones are discussed in more detail below.

#### ***INM-750 (EB)***

In 2017, a portion of the net proceeds of the Offering are intended to be used by the Company to: complete formulation development for INM-750 by the third quarter of 2017; initiate toxicology studies on INM-750 in the third quarter of 2017; establish the manufacturing process for clinical trial materials by the fourth quarter of 2017; and engage with regulatory authorities in the fourth quarter of 2017 or first quarter of 2018. The Company is aiming to complete development of the formulation, the manufacturing process, clinical-trial-enabling toxicology studies, and Phase 1 and Phase 2a clinical trials for INM-750 within 24 months of the closing of the Offering. The costs of such activities for the advancement of INM-750 over such periods are estimated to be approximately \$7 to 9 million. Subsequently, and conditional upon receipt of additional funding, Phase 3 clinical trials are currently targeted to commence in 2020.

#### ***INM-085 (Glaucoma)***

In 2017, a portion of the net proceeds of the Offering are intended to be used by the Company to: complete further research and development in order to finalize its once-a-day Hydrogel formulation for INM-085 in the third quarter of 2017; complete additional animal studies with INM-085 with respect to reduction in intraocular pressure in the third quarter of 2017; and commence partnering initiatives for the advancement of INM-085 in the fourth quarter of 2017. After 2017, the Company intends to continue to pursue potential partnership and spin-out opportunities for INM-085. The costs of such activities for the advancement of INM-085 over such periods are estimated to be approximately \$250,000.

#### ***Biosynthesis***

The Company intends to use a portion of the net proceeds of the Offering to scale-up its cannabinoid biosynthesis manufacturing process to a 50 litre reaction vessel with the aim to be commercially viable within 24 months of the closing of the Offering. The costs of the scale-up of the Company's cannabinoid biosynthesis manufacturing process over such period are estimated to be approximately \$500,000.

#### ***Other***

In 2017, the Company intends to continue pre-clinical research for its INM-400 Series (pain and inflammation) product candidates. Over the longer term and in parallel with the continued preclinical and clinical development, the Company intends to pursue potential partnership and spin-out opportunities for this series of product candidates. The Company is currently targeting completion of product formulation and additional preclinical work for INM-405 in 2018 with clinical trials aimed for commencement in 2019 or 2020.

The Company intends to complete multiple patent filings for its product candidates in 2017 and beyond.

The foregoing timelines and expected costs for the development of the Company's product candidates are the Company's best estimate as of the date hereof. The actual costs and timing of the Company's development of its product candidates may differ materially from what is disclosed in this short form prospectus and are subject to among other things, the availability of capital. See "Risk Factors".

## Use of Proceeds from the Over-Allotment Option

It is the Company's current intention to use the net proceeds received by the Company on the exercise of the Over-Allotment Option, if exercised, for general working capital purposes.

## Retaining Broad Discretion

The Company will retain broad discretion in allocating (based on sound business principles) the net proceeds not applied in the manner set out above and the Company's actual use of the net proceeds may vary depending on its operating and capital needs from time to time and may be used, without limitation, to further the Company's business objectives. Any unallocated funds of the Company will be initially added to its general working capital. See "Risk Factors – Use of Proceeds".

## CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets out the consolidated capitalization of the Company as at March 31, 2017 and April 30, 2017, both before and after giving effect to the Offering:

<u>Designation</u>	<u>As at March 31, 2017</u>	<u>As at April 30, 2017</u>	<u>As at April 30, 2017 after giving effect to the Offering<sup>(1)</sup></u>
<b>Share Capital</b>			
Common Shares .....	\$37,882,721	\$37,953,221 <sup>(2)(3)</sup>	\$42,206,941 <sup>(2)(3)</sup>
Common Shares .....	113,836,466	114,306,466 <sup>(2)(3)</sup>	125,426,466 <sup>(2)(3)</sup>
Stock Options.....	15,150,000	15,150,000	15,150,000
Warrants.....	3,510,000	3,040,000	8,600,000
Agent's Warrants .....	170,364	170,364	726,364 <sup>(4)</sup>
<b>Loan Capital</b>			
Outstanding Loans .....	–	–	–

<sup>(1)</sup> Assuming completion of the Offering and no exercise of the Over-Allotment Option.

<sup>(2)</sup> This amount does not account for the 80,000 common shares of the Company previously held in escrow that were cancelled on May 1, 2017. See "Escrowed Securities".

<sup>(3)</sup> This amount excludes the 500,000 common shares of the Company issued to Dr. Sazzad Hossain on May 5, 2017 pursuant to the Patent Purchase Agreement at a value of \$0.14 per common share, being the closing price of the shares as of October 28, 2015 on the Canadian Securities Exchange (being the date the Patent Purchase Agreement was entered into).

<sup>(4)</sup> This amount includes the issuance of 556,000 Broker Warrants to the Underwriters, assuming completion of the Offering and no exercise of the Over-Allotment Option.

The Company had cash and working capital of approximately \$2.7 million as of March 31, 2017.

Except as disclosed below, there has been no material change in the share and loan capital of the Company since March 31, 2017:

- Subsequent to March 31, 2017, the Company has issued an aggregate of 470,000 common shares pursuant to the exercise of share purchase warrants at an exercise price of \$0.15 per share for aggregate proceeds of \$70,500.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to issue and sell, and the Underwriters have agreed to purchase on the Closing Date, subject to prior sale, if, as and when issued by the Company, 11,120,000 Units at the Offering Price for total gross consideration of \$5,004,000, payable in cash to the Company against delivery of the Units on the Closing Date, subject to the terms and conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Company by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Underwriters by Bennett Jones LLP. The Offering Price was determined by negotiation between the Underwriters and the Company with reference to the prevailing market price of the common shares of the Company.

The Company has agreed to: (i) pay the Underwriters a cash commission equal to 7.0% of the gross proceeds of the Offering, other than in respect of gross proceeds from the sale of Units to persons on the President's List, in respect of which the Company has agreed to pay the Underwriters a cash commission equal to 3.5% of the gross proceeds; and (ii) issue the Broker Warrants entitling the Underwriters to acquire that number of common shares of the Company equal to 5% of the number of Units sold under the Offering, including any Units sold upon the exercise of the Over-Allotment Option but excluding any Units sold to persons on the President's List. Each Broker Warrant is exercisable into one Broker Warrant Share at a price of \$0.45 for a period of 12 months after the closing of the Offering. The issuance of the Broker Warrants and each Broker Warrant Share issuable upon the due exercise thereof is qualified by this short form prospectus. The Company and the Underwriters have agreed that the Company shall be permitted to issue and sell up to an aggregate of 556,000 Units to persons on the President's List, such number of Units representing 5% of the number of Units to be issued and sold in the Offering (excluding any Units issued and sold pursuant to the exercise of the Over-Allotment Option).

The Company has granted the Over-Allotment Option to the Underwriters, exercisable in whole or in part for a period of 30 days following the Closing, to purchase up to 1,668,000 additional Units at the Offering Price payable in immediately available funds against delivery of such additional Units, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised, the Underwriters will receive a fee of \$0.0315 per additional Unit purchased and sold pursuant to such Unit. For greater clarity, a maximum of 15% of the aggregate number of Units sold at Closing may be issued in pursuant to the Over-Allotment Option.

The Underwriters propose to offer the Units to the public in each of the provinces of British Columbia, Alberta and Ontario, initially at the Offering Price. Without affecting the firm obligation of the Underwriters to purchase the Units in accordance with the Underwriting Agreement, the Underwriters may decrease the price of the Units which they sell under this short form prospectus after they have made a reasonable effort to sell all such Units at the Offering Price. The sale by the Underwriters of Units at a price less than the Offering Price will have the effect of reducing the compensation realised by the Underwriters by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company for the Units. The Underwriters will inform the Company if the price of the Units is decreased below the Offering Price.

This short form prospectus qualifies the distribution of the Units (including the Unit Shares and the Warrants comprising the Units), the grant of the Over-Allotment Option, the distribution of the Units issuable upon the exercise of the Over-Allotment Option (including the Unit Shares and the Warrants comprising such Units), the issuance of the Broker Warrants and the issuance of the Broker Warrant Shares. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at the discretion of the Underwriters upon the occurrence of certain stated events, including, without limitation, any material adverse change in the business or financial condition of the Company. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

The Company has agreed to indemnify the Underwriters and each of their shareholders, directors, officers, employees, partners, affiliates, agents and each other person, if any, controlling the Underwriters against certain liabilities including, without limitation, civil liabilities under Canadian provincial securities legislation and to contribute to any payments the Underwriters may be required to make in respect thereof. In addition, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering.

The Company has agreed with the Underwriters that the Company will not issue or sell any common shares of the Company or any securities convertible into or exchangeable for or exercisable to acquire common shares of the Company for a period ending 90 days after the Closing Date without the prior written consent of the Lead Underwriter, not to be unreasonably withheld or delayed, except in conjunction with: (i) the grant or exercise of incentive securities pursuant to existing incentive plans, including, without limitation, the Company's stock option plan; (ii) outstanding convertible securities; (iii) any transaction with an arm's length third party whereby the Company directly or indirectly acquires shares or assets of a business; or (iv) the issuance of securities to a strategic investor in connection with a private placement. In addition, the Company has agreed that it will use reasonable efforts to restrict its officers and directors from selling any securities in the Company until the Closing Date without the prior written consent of Underwriter, which such consent is not to be unreasonably withheld or delayed.

Pursuant to policy statements of the securities regulatory authority in Ontario, the Underwriters may not, throughout the period of distribution, bid for or purchase common shares of the Company. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the common shares. These exceptions include a bid or purchase permitted under the rules of the applicable regulatory authorities relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the common shares at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The Company has applied to list the Unit Shares to be distributed under this short form prospectus and the Warrant Shares and Broker Warrant Shares issuable upon the exercise of the Warrants and the Broker Warrants, respectively, on the Canadian Securities Exchange. Listing is subject to the Company fulfilling all of the requirements of the Canadian Securities Exchange. The Warrants and the Broker Warrants will not be listed for trading on any exchange. See “*Risk Factors*”.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Unit Shares and Warrants comprising the Units will be issued electronically through the non-certificated inventory system of, and held by, or on behalf of, the Depository, as custodian for the direct and indirect participants of the Depository. Purchasers of Units will receive only a customer confirmation from a registered dealer that is a participant in the Depository’s service and from or through which the Units are purchased. See “*Description of the Securities Being Distributed – Book Entry, Delivery and Form*”.

The Closing is expected to take place on or about May 30, 2017 or such other date as InMed and the Underwriters may agree, but in any event no later than June 1, 2017.

This Offering is being made concurrently in each of the Provinces of British Columbia, Alberta and Ontario. Units may also be sold to qualified purchasers on a private placement basis outside of Canada without the filing of a prospectus, registration statement or other similar disclosure document pursuant to applicable and available statutory exemptions.

Roth Capital Partners, LLC, is not registered as an investment dealer in any Canadian jurisdiction and, accordingly, will only sell Units into the United States and will not, directly or indirectly, solicit offers to purchase or sell the Units in Canada.

This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The Units, Unit Shares and Warrants have not been and will not be registered under the U.S. Securities Act, or any state securities laws and such securities may not be offered or sold in the United States except in compliance with exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters to offer and resell the Units that they have acquired pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in the United States, provided such offers and sales are made in transactions in accordance with Rule 144A thereunder and applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Units, Unit Shares or Warrants within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer or sale is made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Farris, Vaughan, Wills & Murphy LLP, counsel to the Company, and the opinion of Bennett Jones LLP, counsel to the Underwriters, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to persons who acquire

the Units pursuant to this Offering and who, for purposes of the Tax Act and at all relevant times, beneficially own the Unit Shares and the Warrants comprising such Units, and any Warrant Shares acquired on the exercise of such Warrants, as capital property, deal at arm's length with the Company and the Underwriters, are not affiliated with the Company or the Underwriters, are not exempt from tax under Part I of the Tax Act and are, or are deemed to be, a resident in Canada, each a Holder.

Generally, the Unit Shares and any Warrant Shares, or collectively, the Shares, and the Warrants will be considered to be capital property to a Holder unless the Holder holds such Shares and Warrants in the course of carrying on a business or the Holder has acquired such Shares or Warrants, as the case may be, in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who hold Shares that do not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Shares and any other "Canadian securities" (as defined in the Tax Act) owned by such Holders in the taxation year of the election, and all subsequent taxation years, to be capital property. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and is advisable in their particular circumstances.

This summary is not applicable to a Holder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark to market property" rules; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iv) that has elected to report its "Canadian tax results" in a currency other than Canadian currency pursuant to the "functional currency" reporting rules, as those terms are defined in the Tax Act; (v) that is a corporation resident in Canada or a corporation that does not deal at arm's length (for purposes of the Tax Act) with a corporation resident in Canada, and that is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Shares, a foreign affiliate of a non-resident corporation for purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act; (vi) that is a partnership or trust; or (vii) that has or will enter into a "derivative forward agreement" or "synthetic disposition arrangement", as defined in the Tax Act, in respect of any of the Shares or the Warrants.

This summary does not address the deductibility of interest by a Holder that has borrowed money or otherwise incurred debt in connection with the acquisition of the Shares or the Warrants.

**Persons who acquire Units and who are not residents of Canada for the purposes of the Tax Act should consult with their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of the Shares or the Warrants in any jurisdiction in which they may be subject to tax.**

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all Proposed Amendments and counsels' understanding of the current administrative policies and assessing practices of the Canada Revenue Agency, or the CRA, published in writing and publically available prior to the date hereof. This summary takes into account all Proposed Amendments and assumes that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein, or changes in the administrative policies or assessing practices of the CRA.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the income tax consequences to any Holder are made. The relevant tax considerations applicable to acquiring, holding and disposing of the Shares or the Warrants or the exercise of the Warrants may vary according to the status of the Holder, the jurisdiction in which the Holder resides or carries on business and the Holder's particular circumstances. Accordingly, Holders should consult with their own tax advisors with respect to the income tax consequences to them of acquiring, holding or disposing of the Shares and the Warrants.**

#### **Allocation of Purchase Price of Units**

The total purchase price of a Unit to a Holder must be allocated on a reasonable basis between the Unit Share and the one-half of one Warrant which comprise that Unit to determine the cost of each to the Holder for purposes of the Tax Act.

For its purposes, the Company intends to allocate approximately \$0.449 of the issue price of each Unit as consideration for the issue of each Unit Share and \$0.001 of the issue price of each Unit for the issue of each one-half Warrant. Although the Company believes that such allocation is reasonable, it is not binding on the CRA or the Holder, and counsel express no opinion with respect to such allocation. The Holder's adjusted cost base of the Unit Share comprising a part of each Unit will be determined by averaging the cost allocated to the Unit Share with the adjusted cost base to the Holder of all Common Shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

### **Exercise of Warrants**

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price at which the Warrant Share was acquired. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base to the Holder of all common shares of the Company owned by the Holder as capital property immediately prior to such acquisition.

### **Expiry of Unexercised Warrants**

In the event of the expiry of an unexercised Warrant, a Holder generally will realize a capital loss equal to the Holder's adjusted cost base of such Warrant. See “– Dispositions of Shares and Warrants” for a discussion of the tax treatment of capital gains and capital losses.

### **Dividends**

Dividends received or deemed to be received by a Holder on the Shares in a taxation year are required to be included in computing such Holder's income for that year. In the case of a Holder who is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable in respect of dividends received from “taxable Canadian corporations” (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit applicable to any dividends designated by the Company as “eligible dividends” for purposes of the Tax Act. There may be limitations on the ability of the Company to designate dividends as eligible dividends.

In the case of a Holder that is a corporation, dividends that are included in computing its income will generally be deductible in computing such corporation's taxable income, subject to all relevant restrictions under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

A Holder that is a “private corporation” or a “subject corporation” (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received (or deemed to be received) on the Shares to the extent that such dividends are deductible in computing such Holder's taxable income for the taxation year.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) will also be liable to pay tax, a portion of which may be refundable, on its “aggregate investment income”, which will include any dividends received or deemed to be received on the Shares to the extent that such dividends are not deductible in computing such Holder's taxable income for the taxation year.

### **Dispositions of Shares and Warrants**

A Holder that disposes, or is deemed to dispose, of a Share (other than to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) or a Warrant (other than on the exercise thereof) will generally realize (or incur) a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition in respect of such Share or Warrant, as applicable, exceed (or are exceeded by) the aggregate of the adjusted cost base to the Holder of the Share or the Warrant, as applicable, immediately before the disposition or deemed disposition and any reasonable costs of disposition. A Holder's adjusted cost base of any particular Share will be determined in accordance with certain rules in the Tax Act by averaging the adjusted cost base to the Holder of such Share with the adjusted cost

base of all other Shares and common shares (if any) of the Company held by the Holder as capital property at that time. For the purposes of the Tax Act the Holder's adjusted cost base of the Shares will generally include all amounts paid or payable by the Holder to acquire the Shares, subject to certain adjustments under the Tax Act.

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year on the disposition, or deemed disposition, of any Share or Warrant generally must be included in computing the Holder's income for that year. One-half of any capital loss (an "allowable capital loss") incurred by a Holding in a taxation year on the disposition, or deemed disposition, of any Share or Warrant will generally be deductible by the Holder against taxable capital gains realized in that year. In general, allowable capital losses incurred in a taxation year in excess of taxable capital gains realized in that year may be carried back and deducted in any of the three preceding taxation years, or carried forward indefinitely and deducted in any subsequent taxation year, against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay tax, a portion of which may be refundable, on its "aggregate investment income" (as defined in the Tax Act) for the year which will include an amount in respect of taxable capital gains.

Where a Holder is a corporation, the amount of any capital loss incurred on the disposition of a Share may be reduced by the amount of dividends received or deemed to be received by it on such Share (or on a share for which the Share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly, through a partnership or a trust. Holders to whom these rules may be relevant should consult their own tax advisors.

### **Alternative Minimum Tax**

Taxable capital gains realized and taxable dividends received or deemed to be received by a Holder who is an individual (other than certain specified trusts), may give rise to alternative minimum tax under the Tax Act. Holders should consult with their tax advisors to determine the impact of alternative minimum tax.

### **AUDITORS, WARRANT AGENT, TRANSFER AGENT AND REGISTRAR**

The auditors of the Company are Anton Bryson & Schindler Chartered Professional Accountants LLP, of Vancouver, British Columbia.

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal transfer offices in Vancouver, British Columbia and Toronto, Ontario.

The Warrant Agent in respect of the Warrants is expected to be Computershare Trust Company of Canada at its principal offices in Vancouver, British Columbia.

### **LEGAL PROCEEDINGS**

Management is not aware of any legal proceedings of a material nature to which either the Company or any of its subsidiaries is a party or of which any of their respective property is the subject matter.

### **EXPERTS**

The matters referred to under "*Eligibility for Investment*", "*Certain Canadian Federal Income Tax Considerations*" and certain other legal matters relating to the Units offered by this short form prospectus will be passed upon at Closing on behalf of the Company by Farris, Vaughan, Wills & Murphy LLP and on behalf of the Underwriters by Bennett Jones LLP. As at the date hereof, the partners and associates of Farris, Vaughan, Wills & Murphy LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company. As at the date hereof, the partners and associates of Bennett Jones LLP collectively beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

Anton Bryson & Schindler Chartered Professional Accountants LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or

regulation. In addition, Anton Bryson & Schindler Chartered Professional Accountants LLP does not beneficially own, directly or indirectly, any securities of the Company or any of its subsidiaries.

#### **PURCHASER'S STATUTORY AND CONTRACTUAL RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE COMPANY**

May 24, 2017

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

**INMED PHARMACEUTICALS INC.**

(Signed) ERIC A. ADAMS  
Chief Executive Officer

(Signed) JEFF CHARPENTIER  
Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**

(Signed) ADAM CUTLER  
Director

(Signed) WILLIAM J. GARNER  
Director

**CERTIFICATE OF THE UNDERWRITERS**

May 24, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta and Ontario.

CANACCORD GENUITY CORP.  
(Signed) JAMIE BROWN

EIGHT CAPITAL  
(Signed) JOHN ESTEIREIRO