InMed Pharmaceuticals Inc.

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

Three Months Ended

September 30, 2017

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

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in the financial condition and results of operations of InMed Pharmaceuticals Inc. ("InMed" or the "Company") as at September 30, 2017 and for the three months then ended in comparison to the same period ended September 30, 2016. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended September 30, 2017 and September 30, 2016 and related notes.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. The effective date of this MD&A is November 20, 2017.

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

Cautionary Statement on Forward-Looking Information

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

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

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

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

Overall Performance and Operations

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

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

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

Research and Development

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

Highlights during the quarter ended September 30, 2017, and as the date hereof include:

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

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

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

During the three months ended September 30, 2017, the Company continued working with Pharmaseed Ltd, Israel's largest GLP-certified preclinical contract research organization, to develop a final formulation for INM-750 for continued R&D including IND-enabling pharmacology and toxicology studies and subsequent clinical studies. Also included under the scope of the contract with Pharmaseed is the development of assay methods for manufacturing, stability, quality assurance and other analytical methods. It is anticipated that InMed will be discussing its clinical development plans with regulatory

bodies in mid-2018 and identifying clinical sites for the initial human clinical trial(s), which are currently expected to begin in the second half of 2018.

On July 10, 2017, the Company announced it had entered into a research and development collaboration with ATERA SAS of France, a leading tissue engineering company specializing in the development of advanced human tissue models. Under the terms of the agreement, ATERA will develop 3D human skin models of EB to evaluate the *in vitro* drug efficacy of INM-750. ATERA will also investigate the beneficial effects of topically applied INM-750 at ultra-structural cellular and molecular levels on *in vitro* 3D reconstructed human full thickness (dermis-epidermis) skin models composed of both normal and EB-derived skin cells.

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

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

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

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

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

Subsequent to this, on October 3, 2017, the Company announced the filing of a provisional patent application entitled "Methods and Composition for Treatment of Pain with Cannabinoids", in the United States (PCT62/562,166) for INM-405, a combination of non-THC cannabinoids, and other unique compositions as cannabinoid-based topical therapies for the treatment of pain, which is an important step in protecting the company's intellectual and commercial property. On October 17, 2017, InMed announced additional pre-clinical results in the development of INM-405 for the treatment of pain. In recent pre-clinical testing, InMed employed several methods to verify the effects of individual, non-THC (tetrahydrocannabinol, the primary psychoactive ingredient in cannabis) cannabinoids, as well as a matrix of cannabinoid combinations, delivered to treat peripheral pain. Results from these studies suggest that peripheral application of certain cannabinoid compounds, alone or in combination, is effective in the treatment of craniofacial muscle pain disorders, without any observed central nervous system side effects, and may be a more desirable strategy than systemic pain-relief administration.

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

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

Also during the quarter, on September 25, 2017, InMed announced that it has successfully demonstrated an ability to selectively produce various "gateway" cannabinoids using genetically engineered microorganisms. These molecules can be functionalized further to produce any of the 90+ "downstream" cannabinoids found naturally in the cannabis plant. The Company is actively employing this production chassis to synthesize compounds for certain pharmaceutical research programs. InMed's biosynthesis program has resulted in two significant 'firsts': (1) new metabolic pathway for manufacturing the terpenoid family of cannabinoid precursors that is much more robust than other microbial expression systems tested by InMed; and (2) first ever production of any fully assembled 'downstream' cannabinoids in *E. coli,* beginning with genetic material to produce precursors, enzymes, and synthases.

In addition, on September 19, 2017, the Company announced retaining the consulting services of Ben Paterson, P.E., to assist in defining the pathway for the scale-up, purification, and manufacturing strategies for InMed's cannabinoid biosynthesis program. Mr. Paterson has nearly four decades of experience in developing pharmaceutical manufacturing and purification processes. He was previously

a Senior Engineering Advisor with Eli Lilly and Company, where he spent 37 years, including 24 years in their biosynthesis division. His expertise includes first defining processes in the lab, then scaling up to pilot and commercial scale. Mr. Paterson has conducted design, construction, operation, optimization, and troubleshooting of both large and small molecule drug facilities including the *E. coli* biosynthesis of numerous products. He brings experience in the seamless integration of biochemistry, equipment, and process control to successfully define a "process" at scale.

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

Financings

During the quarter ending September 30, 2017, the Company issued an aggregate 3,040,000 common shares pursuant to the exercise of share purchase warrants and agents' warrants at a weighted average exercise price of $0.15 per share for proceeds of $456,000.

On September 21, 2017, InMed announced that it has been included in the CSE25 Index. InMed qualified for the index as one of the twenty-five largest companies in the CSE Composite Index. The CSE25 Index is a subgroup of the CSE Composite Index. The composite index launched in 2015 and includes almost half of the exchange's listed companies and, according to the CSE, covers over 75% of the trading activity on the exchange. The new index includes the top twenty-five securities by market capitalization contained in the composite index. According to the CSE, these companies account for over 50% of the weighting in the larger index and are typically stocks that attract considerable trading volume.

Outlook

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

Results of Operations

Financial Results for the three months ended September 30, 2017 and September 30, 2016:

During the three month period ended September 30, 2017, the Company reported a comprehensive loss of $1,820,154 and loss per share of $0.01 compared to a comprehensive loss of $418,016 and loss per share of $0.01 reported in the comparative period ended September 30, 2016. The largest components of the loss for the current period were attributed to general and administration expenses of $841,340 (September 30, 2016 - $130,530) and non-cash, share-based payments in connection with the grant of stock options of $570,548 (September 30, 2016 - $243,949). The increase in general and administration expenses year over year was primarily due to an increase in investor relations activities and personnel costs. The Company also recorded research and development costs of $377,116 (September 30, 2016 - $23,481).

The increase in comprehensive loss for the quarter ended September 30, 2017 from the comparative period was primarily the result of an increase in non-cash, share-based payments in connection with the grant of stock options and, as described herein below, both general and administrative expenses and research and development costs.

The summary of variances in the general and administrative expenditures for the quarters ending September 30th were as follows:

	2017	2016	Change	
General & Administration Expenses	**$**	$	$	%
Accounting and legal	**60,615**	12,125	48,490	400%
Consulting	**0**	25,269	(25,269)	-100%
Corporate development	**51,319**	-	51,319	n/a
Investor relations, website development and marketing	**512,169**	36,967	475,202	1285%
Office and administration fees	**49,572**	6,992	42,580	609%
Regulatory fees	**14,877**	4,854	10,023	206%
Rent	**16,543**	2,971	13,572	457%
Shareholder communication	**3,474**	5,643	(2,169)	-38%
Transfer agent fees	**1,940**	2,889	(949)	-33%
Travel	**14,421**	589	13,832	2348%
Salaries and employee benefits	**116,410**	32,231	84,179	261%
Total General & Administration	**841,340**	**130,530**	**710,810**	545%

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

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

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

Corporate development – Increase in expenditures is due to the fact that, as the Company had minimal cash balances in the comparable quarter ending September 30, 2016, it could not provide cash compensation to individuals providing these services last year while this year cash compensation is being provided for the same services.

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

Office and administration fees - Increase in office and administration was the result of higher insurance costs for increased levels of coverage, higher office operating expenses, and increased IT support costs.

Regulatory fees – Increase was the result of security commission filing fees for which there was no comparable filing in the comparable quarter in fiscal 2016.

Rent – Increase in rent was result of a co-tenant charging the Company full rent for shared office space in the current quarter while a much reduced rent was charged in the comparable quarter due to InMed's lower cash balances at that time.

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

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

The summary of variances in the research and development expenditures for the quarters ending September 30th were as follows:

	2017	2016	Variance	
Research & Development Expenses	**$**	$	$	%
R&D personnel compensation	**157,081**	**32,231**	124,849	387%
External contractors	**128,083**	**(8,750)**	136,833	-1564%
Patents	**48,934**	**-**	48,934	n/a
Lab supplies	**39,955**	**-**	39,955	n/a
Other	**3,063**	**-**	3,063	n/a
Total Research & Development	**377,116**	23,481	353,635	1506%

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

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

Patents – The Company incurred $48,934 of patent related expenses in the current period, compared to nil in the prior period, as it seeks to obtain intellectual property protection for its previous research findings.

Lab supplies – Related to the general increase in R&D activity in the current quarter versus the comparable quarter in the prior year, the Company incurred expenditures for lab supplies used in research incurred in the current quarter.

Summary of Quarterly Results

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

Three months ended:	Q1-18 Sept. 30 2017 $	Q4-17 June 30 2017 $	Q3-17 Mar.31 2017 $	Q2-17 Dec. 31 2016 $	Q1-17 Sept. 30 2016 $	Q4-16 June 30 2016 $	Q3-16 Mar. 31 2016 $	Q2-16 Dec.31 2015 $
Revenue	—	—	—	—	—	—	—	—
Loss before other items	(1,820,154)	(1,875,654)	(1,240,948)	(939,231)	(418,016)	(526,413)	(382,462)	(775,120)
Comprehensive Loss	(1,820,154)	(1,875,654)	(1,240,948)	(939,231)	(418,016)	(526,413)	(382,462)	(775,120)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

Liquidity and Capital Resources

As at September 30, 2017, the Company had a working capital surplus of $6,003,813 (June 30, 2017 – $6,574,847), which consisted of: cash $6,032,762 (June 30, 2017 - $6,707,796), taxes receivable of $23,968 (June 30, 2017 - $59,148) and prepaids and advances of $136,634 (June 30, 2017 – $177,577) offset by trade payables of $189,551 (June 30, 2017 - $369,674). The decrease in shareholders' equity was due to the loss for the quarter net of both share-based payments in connection with the grant of stock options and cash proceeds from the exercise of share purchase warrants and stock options.

Financial position:	Sept 30 2017	June 30 2017
Cash and cash equivalents	**$6,032,762**	$6,707,796
Working capital	**$6,003,813**	$6,574,847
Property, plant and equipment	**$50,387**	$27,049
Intangible assets	**$1,341,649**	$1,364,558
Total Assets	**$7,585,400**	$8,336,128
Shareholders' equity	**$7,395,849**	$7,966,454

The Company's only source of cash inflows for the current period were the financings described earlier in this MD&A. As at September 30, 2017, the Company had no material ongoing contractual or other commitments other than in the normal course of business.

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

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

Off-Balance Sheet Arrangements

As at September 30, 2017, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

Payments for the three months ending:

	Sept. 30 2017	Sept. 30 2016
Key management personnel compensation comprised :		
Share based payments	$237,562	$185,041
Salaries and consulting fees:	$205,000	$69,244
	$442,562	$254,285

i) Salaries of $70,000 (September 30, 2016 - $30,000) were paid or accrued to Eric A. Adams, the Chief Executive Officer and President of the Company;
ii) Salaries of $40,000 (September 30, 2016 - $Nil) were paid or accrued to Jeff Charpentier ("Charpentier"), the Chief Financial Officer and Secretary of the Company *(Charpentier was appointed effective December 12, 2016)*;
iii) Consulting fees of $Nil (September 30, 2016 - $9,244) were paid or accrued to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman ("Gieselman"), the former Chief Financial Officer and Secretary of the Company *(Gieselman resigned effective December 12, 2016)*;
iv) Salaries of $55,000 (September 30, 2016 - $30,000) were paid to Dr. Sazzad Hossain ("Dr. Hossain"), the Company's Chief Scientific Officer;
v) Salaries of $40,000 (September 30, 2016 - $Nil) were paid to Alexandra Mancini ("Mancini"), the Company's Senior Vice President, Clinical & Regulatory Affairs *(Mancini was appointed effective October 31, 2016)*; and
vi) Share-based payments are the fair value of options granted to key management personnel as described in Note 10 to the condensed consolidated interim financial statements.

Critical Accounting Estimates

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

Changes in Accounting Policies including Initial Adoption

Standards, Amendments and Interpretations Not Yet Effective

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

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

IFRS 9 Financial Instruments

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

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

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

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

IFRS 16 Leases

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

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

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

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

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

Financial Instruments and Risk Management

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

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

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

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

General Objectives, Policies and Processes:

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

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

Market Risk

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

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at September 30, 2017, the Company held guaranteed investment certificates with face value of $28,750 and the balance of its funds being held in cash. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Cash is subject to floating interest rates.

The Company, as at September 30, 2017, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Credit Risk:

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

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

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. As at September 30, 2017, the Company has cash and cash equivalents of $6,032,762 (June 30, 2017 - $6,707,796), current liabilities of $189,551 (June 30, 2017 - $369,674) and working capital surplus of $6,003,813 (June 30, 2017 - $6,574,847).

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

September 30, 2017		June 30, 2017	
Due Date	Accounts payable and accrued liabilities	Due Date	Accounts payable and accrued liabilities
0 – 90 days	$189,551	0 – 90 days	$369,674
90 – 365	—	90 – 365	—
More than 1 year	—	More than 1 year	—

Determination of Fair Value:

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

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

Fair Value Hierarchy:

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash of $6,032,762 (June 30, 2017 - $6,707,796) is classified as loans and receivables and recorded at amortized costs.

Capital Management

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

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

Outstanding Share Data

InMed's authorized capital is unlimited common shares without par value. As at the date of this report, 131,889,466 common shares were issued and outstanding. The Company as at the date of this report had the following outstanding options, warrants and convertible securities as follows:

Type of Security	Number	Exercise price	Expiry Date
Stock Options	250,000	$0.255	April-04-19
Stock Options	50,000	$0.18	June-05-19
Stock Options	50,000	$0.18	July 31-19
Stock Options	50,000	$0.18	November-25-19
Stock Options	150,000	$0.345	March-02-20
Stock Options	200,000	$0.36	March-04-20
Stock Options	150,000	$0.21	August-25-20
Stock Options	200,000	$0.145	November-23-20
Stock Options	1,100,000	$0.14	November-27-20
Stock Options	2,000,000	$0.08	May-16-21
Stock Options	1,000,000	$0.13	June-10-21
Stock Options	2,000,000	$0.11	June-15-21
Stock Options	1,750,000	$0.11	July-27-21
Stock Options	1,000,000	$0.11	September-12-21
Stock Options	1,700,000	$0.195	October-28-21
Stock Options	750,000	$0.165	November-15-21
Stock Options	300,000	$0.14	December-12-21
Stock Options	1,000,000	$0.25	January-13-22
Stock Options	100,000	$0.37	February-20-22
Stock Options	50,000	$0.41	February-22-22
Stock Options	1,150,000	$0.45	June-2-22
Stock Options	400,000	$0.33	July-10-22
Stock Options	1,350,000	$0.275	August-14-22
Stock Options	1,000,000	$0.425	September 12,22
Agents Warrants	135,364	$0.18	January-18-18
Share Purchase Warrants	6,394,000	$0.65	May-31-19
Agents Warrants	535,620	$0.45	May-31-18

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

Commitments

Pursuant to the terms of agreements with various contract research organizations, the Company is committed for contract research services at a cost of approximately $288,307. In addition, pursuant to the terms of an agreement with a vendor, the Company is committed to purchase research materials at a cost of approximately $57,516. All of these expenditures are expected to occur in fiscal 2018.

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

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

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

Risks and Uncertainties

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

Risks Related to the Company's Business

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

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

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

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

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

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

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

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

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

The timing and completion of clinical trials may be subject to significant delays relating to various causes, including but not limited to: inability to manufacture or obtain sufficient quantities of materials for use in clinical trials; import/export restrictions for cannabinoid-based pharmaceuticals; delays arising from collaborative partnerships; delays in obtaining regulatory approvals to commence a study, or government intervention to suspend or terminate a study; delays, suspensions or termination of clinical trials by the applicable institutional review board or independent ethics board responsible for overseeing the study to protect research subjects; delays in identifying and reaching agreement on acceptable terms with prospective clinical trial sites; slow rates of patient recruitment and enrollment; uncertain dosing issues; inability or unwillingness of medical investigators to follow clinical protocols; variability in the number and types of subjects available for each study and resulting difficulties in identifying and enrolling subjects who meet trial eligibility criteria; scheduling conflicts; difficulty in maintaining contact with subjects after treatment, resulting in incomplete data; unforeseen safety issues or side effects; lack of efficacy during clinical trials; reliance on clinical research organizations to conduct clinical trials, which may not conduct such trials with good laboratory practices; or other regulatory delays.

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

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

Protection of proprietary technology can be unpredictable and costly.

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

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

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

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

Competition

The planned business to be carried out by the Company will be highly competitive and involve a high degree of risk. There can be no assurance that the licensing or other arrangements respecting the patent-pending cannabinoid-based drug discovery platform and several cannabinoid-based drugs in different disease areas, or applications thereof, sought to be obtained can be secured on favorable terms or otherwise, nor are there any assurances that sales or license revenues, if obtained, will be in sufficient quantities to make the business profitable. In its efforts to achieve its objectives, the Company will compete with other companies that may have greater resources, many of which will not only develop technology but also manufacture and sell similar products on a worldwide basis.

Uninsured or Uninsurable Risk

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

Conflicts of Interest

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

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

Dependence on Key Personnel

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

Financial Liquidity

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

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a 'going concern' basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing

and the continued advancement of its drug candidates. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving business objective set forth internally or externally. Our consolidated financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

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

Share Price Volatility and Speculative Nature of Share Ownership

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

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

Additional Information

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