

InMed Pharmaceuticals
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January 29, 2019

Dear Shareholders, Colleagues and Business Partners,

InMed achieved several key milestones in 2018 including many scientific advancements, strengthening of our executive and scientific team, and fortification of our financial position. I sincerely believe that the numerous achievements in 2018 have laid the foundation for a transformational 2019 for InMed. Accordingly, we have set high yet achievable goals for your Company in the coming year.

Let me highlight a few key accomplishments that I believe are key to our corporate mission of unlocking the potential of cannabinoid medicines to treat serious diseases with high unmet medical need.

1. Developing our proprietary biosynthesis platform technology

During the second half of 2018, InMed executed a handful of strategic contract manufacturing agreements designed to advance our biosynthesis program to the next level, which is to scale-up the existing process and to identify and address potential challenges associated with commercial manufacturing of cannabinoids via biosynthesis. These collaborations include (1) continuing our partnership with UBC to broaden our design of gene sequencing to enable and maximize cannabinoid production in a bacterial system; (2) launching a development program with the National Research Council of Canada to utilize their extensive biofermentation expertise to optimize conditions for fermentation process scale-up ('up-stream biofermentation'); and, (3) engaging a GMP-ready pharmaceutical manufacturing contractor to identify and optimize the appropriate down-stream purification processes that lead to the final individual cannabinoid drug ingredients ('down-stream purification'). Once these components have been individually optimized, we will combine them into one complete manufacturing process.

It's important to note that completing this 'trifecta' of collaboration agreements was a primary goal for the biosynthesis program in 2018 and, thanks to the diligence of our dedicated and exceptionally talented staff, we executed on time and on budget.



Eric A. Adams, President & CEO of InMed

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Our proprietary biosynthesis platform technology will benefit InMed’s drug candidate pipeline, as well as other pharmaceutical companies seeking pharmaceutical-grade cannabinoids for their specific R&D purposes. Further commercial potential arises from non-pharmaceutical companies looking to source high-quality cannabinoids for their products, such as Over-The-Counter (i.e., non-prescription) medications and, potentially, recreational-oriented products. This biosynthesis technology has the potential to open up significant revenue opportunities ahead of our clinical development candidates.

2. Laying the foundation to transition to a clinical stage company with INM-750 for the treatment of Epidermolysis Bullosa

We had many key accomplishments during 2018 with our INM-750 program that set the stage for a clinical program commencing in the second half of 2019. Importantly, we demonstrated that the cannabinoid components of INM-750 each play important – albeit independent – roles for various target effects, including anti-inflammation and keratin up-regulation. We also conducted in vitro drug permeation studies on several formulation variations. In these studies, with our selected formulation, we demonstrated effective drug penetration, as well as suitable target drug concentrations in the epidermis, which is our target tissue for INM-750. We also completed two types of genotoxicity studies, which demonstrated no mutagenicity with the cannabinoid components. In addition, we completed four seven-day, dose-range finding and pharmacokinetic studies for assessment of dermal and systemic toxicity.

On the heels of these accomplishments, we remain on track to initiate discussions of our clinical development plans with regulatory authorities in the first half of 2019, which, we believe, will be followed with regulatory filing/initiation of clinical trials for INM-750 in the second half of 2019.

We plan to conduct our Phase I study(ies) in Canada under the authority of Health Canada; this process requires the submission of a Clinical Trial Application. In parallel, we will also seek guidance from the US FDA to support subsequent global clinical studies in EB patients. To support the INM-750 clinical trials, we will be selecting a contract manufacturer for our clinical drug product, as well as initiating process development and stability studies for our clinical trial materials. Finally, we have already selected a clinical Contract Research Organization to conduct the Phase I study(ies) and will begin to ramp up those activities in early 2019.

3. Building a championship team

We made a number of key executive-level hires in 2018. Most recently, we added Michael Woudenberg as Vice President, Chemistry, Manufacturing & Controls. Mike joins us with 20+ years of leadership in process engineering, GMP manufacturing and scale-up experience in the development, technology transfer and commercialization of active drug products. This is a critical function at InMed as we advance towards

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commercial-scale manufacturing of biosynthetic cannabinoids. In addition, Eric Hsu, Ph.D., joined us as Vice President, Pre-Clinical Research & Development. Dr. Hsu has gained a plethora of leadership experience in the areas of benchtop research, R&D expansion, formulation development and manufacturing process development, as well as patent prosecution. He serves a critical role in both our biosynthesis and R&D programs. Last, Josh Blacher came on board as Chief Business Officer, where he oversees our business development, strategic finance and investor relations functions within InMed. Collectively, these new hires add invaluable experience and skill sets to an already stellar team of professionals.

In January, 2019, we announced that our esteemed scientific founder, Sazzad Hossain, Ph.D., MSc, will assume a position as member of the Scientific Advisory Board and, contemporaneously, retire as our Chief Scientific Officer. Dr. Hossain has provided InMed with several drug development candidates and the fundamental know-how in selecting, validating and developing cannabinoid-based medicines. His contributions to InMed will continue to provide a strong scientific foundation for years to come. We are fortunate to continue to benefit from Dr. Hossain's expertise as a member of our SAB. Our next generation of scientific talent, led by Dr. Hsu and in conjunction with our entire scientific team, will continue to execute on the Company's many development programs.

4. Fortifying our capital war chest

During calendar 2018, we closed two significant financings, which raised InMed CAD \$24.4 million in the aggregate (CAD \$20.9 million on a net basis). As of September 30, 2018, our cash and other current assets stood at CAD \$25.0 million, quite a remarkable increase from where we stood a year earlier (2017) with CAD \$6.2 million. Additionally, in October we announced the signing of a contribution agreement with the National Research Council Canada Industrial Research Assistance Program to receive funding of up to CAD \$500,000 to support InMed's ongoing R&D efforts in cannabinoid biosynthesis. Our current capital position provides us ample means to accomplish our near-term objectives of advancing our biosynthesis manufacturing program to commercial scale, as well as bringing INM-750 into human trials. All told, our existing capital takes us into at least the second half of 2020.

5. Here's the bottom line

InMed has never been in a better position – scientifically, financially, and with our outstanding leadership team – than we are today.

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I would like to take this opportunity to express my gratitude to our incredibly dedicated and diligent in-house team at InMed, as well as our industry partners, for exceptional work on multiple fronts. Without their skills and daily commitment to execution on InMed's programs, we would not be able to share these many achievements of 2018 with you here.

I would also like to express my gratitude to you, our valued shareholders, for your continued support in achieving all that we did in 2018, and I look forward to sharing our next round of successes on the scientific and business goals we have set for 2019. We are delighted to have you as a partner as we continue to establish InMed as a global leader in cannabinoid-based therapeutics. On behalf of the entire InMed team, thank you for your continued support.

Sincerely,

Eric A. Adams

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President and Chief Executive Officer
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Cautionary Note Regarding Forward-Looking Information:

This letter contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Forward-looking information is based on management’s current expectations and beliefs and is subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking information in this letter includes statements about: unlocking the potential of cannabinoid medicines to treat serious diseases with high unmet medical needs; scaling-up the existing biosynthesis process; combining optimizations from strategic collaborations into one complete manufacturing process; the benefits of our biosynthesis platform technology on InMed’s drug candidate pipeline as well as for other pharmaceutical companies; the commercial potential and significant revenue opportunities of our biosynthesis technology; initiating discussions of our INM-750 clinical development plans with regulatory authorities in the first half of 2019, followed by a regulatory filing/initiation of clinical trials in the second half of 2019; conducting Phase I INM-750 study(ies) in Canada under the authority of Health Canada; seeking guidance from the US FDA to support subsequent global clinical studies in EB patients; selecting a contract manufacturer for our clinical drug product, as well as initiating process development and stability studies for our clinical trial materials; Dr. Hossain serving on the Scientific Advisory Board; continued development by a scientific team led by Dr. Hsu; the NRC IRAP funding may not be received over the anticipated schedule, if at all; the NRC IRAP funding may not be applied as currently anticipated; and, existing capital lasting into at least the second half of 2020.

With respect to the forward-looking information contained in this letter, InMed has made numerous assumptions regarding, among other things: continued and timely positive preclinical and clinical efficacy data; the speed of regulatory approvals; the ability to contract with suitable partners; demand for InMed’s products; the availability of key personnel; and continued economic and market stability. While InMed considers these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

Additionally, there are known and unknown risk factors which could cause InMed’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. Known risk factors include, among others: preclinical and clinical testing may not produce the desired results on a timely basis, or at all; regulatory applications may not be approved on a timely basis, or at all; suitable partners may not be located; key personnel may become unavailable; economic or market conditions may worsen; and InMed’s proprietary bioinformatics platform, biosynthesis manufacturing process and drug development programs may not deliver the expected level of results nor become the fundamental value drivers of the Company. A more complete discussion of the risks and uncertainties facing InMed is disclosed in InMed’s most recent Annual Information Form and other continuous disclosure filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and InMed disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

NEITHER THE TORONTO STOCK EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS LETTER