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Dear Shareholders, Colleagues and Business Partners,

InMed had a very exciting 2019, advancing each of our therapeutic programs and biosynthesis platform, strengthening our core team with several impressive additions and bolstering our patent position for the therapeutic application of rare cannabinoids. I'd like to take a few moments to highlight these achievements from the past year.

Eric A. Adams, President & CEO of InMed

InMed Advances INM-755 into Phase 1 Clinical Trial in Lead Program, Epidermolysis Bullosa ('EB')

In 2019, we hit a major milestone in our INM-755 program: initiating human clinical studies. The start of our Phase 1 clinical trial of INM-755 marked a pioneering event. Not only does this milestone advance us into a pivotal stage of the Company's development, it also demonstrates our lead role in the research and development of rare cannabinoids.

Earlier in the year, we completed the formulation work and supporting preclinical toxicology studies needed to design the study protocols to advance INM-755 into the clinic. This resulted in the submission of InMed's first Clinical Trial Application ('CTA') in November of this year.

Following CTA approval, on December 9th, 2019 we initiated a healthy volunteer clinical trial with INM-755 in the Netherlands. This trial is a randomized, double-blind, vehicle-controlled, Phase 1 study designed to evaluate the local and systemic safety, tolerability, and pharmacokinetics of INM-755 cannabinol-based cream applied daily on intact skin in healthy volunteers. Two strengths of INM-755 cream will be evaluated in 22 healthy adult subjects over a 14-day treatment period. We anticipate top-line results by the end of 1Q20; positive results will enable us to proceed directly into the second planned healthy volunteer trial. This second trial is similar to the first, with one significant change in that we will test INM-755 on wounded skin.

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Advancing our program into human clinical trials is an important achievement – moving us from a preclinical to a clinical-stage company. We are looking forward to further validating the safety of INM-755 cream through these human clinical trials, that we demonstrated in our extensive preclinical studies.

Biosynthesis Platform Development: Maximizing Production Yield & Strengthening Patent Portfolio

We continued to make significant advancements with our biosynthesis platform technology throughout 2019 and hit several important milestones. While there is a high demand for cannabinoids, there is a lack of education on, and access to, the many different types of cannabinoids, particularly the cannabinoids considered rare and more difficult to extract from the plant. This provides a significant opportunity for InMed in the cannabinoid manufacturing space.

In addition to meeting our own manufacturing requirements, InMed has the potential to become the go-to partner for companies looking to develop a wide variety of individual cannabinoids, the uses of which we are on the forefront of discovering. As this research continues, and as pharmaceutical demand grows, biosynthetic production of cannabinoids will be an important method to provide a reliable, consistent, scalable supply. The variability and complexity associated with plant extraction and purification of cannabinoids, including the required agricultural space, chemicals and quality control challenges, further drive the need for alternative production methods. Our biosynthesis process may offer a cost-efficient, scalable solution to cannabinoid manufacturing.

Early 2019, we validated the underlying ability of a bacterial system to successfully convert precursor substrates (starting materials) into a specific cannabinoid. This research was validated by two leading research organizations, the University of British Columbia and the National Research Council. This bacterial construct is an important distinguishing factor for InMed as it has specific advantages compared to those focused on yeast or algae-based systems.

In addition, we filed the first in a series of pending patent applications encompassing our technology for the biosynthetic manufacture of pharmaceutical-grade cannabinoids. Titled 'METABOLIC ENGINEERING OF E. COLI FOR THE BIOSYNTHESIS OF CANNABINOID PRODUCTS', the patent application addresses the enablement and maximization of cannabinoid production through optimization of the precursor substrates (starting materials) needed to support specific cannabinoid synthesis. This application, and more recently filed U.S. provisional patent applications, covers various elements required to enable functional cannabinoid enzyme production in a bacterial system.

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Lastly, we continue to optimize fermentation parameters to maximize production yield, along with cost optimization, to develop a downstream purification process ('DSP') with world-leading contract development manufacturing organizations ('CDMOs'). In the coming weeks, we expect to have a clear indication as to the commercial yield and cost structure of our current biosynthesis process. In addition, throughout 2019, we continued to work on an "alternative" biosynthetic manufacturing process with one of our CDMOs. These efforts have resulted in the filing of an additional provisional patent application for an enzyme which could be applied to both our current as well as enhanced "alternative" biosynthesis process. The advantages of this "alternative" approach are centered on maximizing yield, minimizing the number of steps required for manufacturing and utilizing low-cost starting materials, all of which are targeted to high-purity, cost-efficient and pharmaceutical-grade cannabinoid manufacturing.

INM-088 Program for the Treatment of Glaucoma: Potential Blockbuster

Throughout 2019, we continued to advance our INM-088 candidate for the potential treatment of glaucoma. InMed moved to secure its intellectual property position for INM-088 with the filing of a provisional patent application focused on the unique attributes and mechanisms of action of our selected cannabinoid in ocular disease. Advanced preclinical pharmacology testing of INM-088, as well as the testing of several eye delivery technologies (including our proprietary hydrogel), are underway and we aim to complete these activities in early 2020. Subject to positive outcomes in these studies, we plan to conduct early meetings with regulatory authorities in mid-2020, as appropriate, and will commence clinical trial-enabling toxicology studies in the second half of the year.

Early studies demonstrate that INM-088 may increase drainage of fluid in the eye and may also play a neuroprotective role. We believe this indication is a potential blockbuster for InMed and are continuing to dedicate significant time and resources to this program.

Personnel Updates: Several Impressive Additions

During 2019, we made several key additions to our team. Our Scientific Advisory Board was strengthened with the addition of Dr. Steven M. Dinh. He brings more than 30 years of pharmaceutical and biotech leadership to InMed and has successfully developed and commercialized nine products to serve unmet medical needs.

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In July of this year, Catherine Sazdanoff, JD, joined our Board of Directors. Ms. Sazdanoff brings more than 35 years of experience in the healthcare industry, having held roles at Takeda Pharmaceuticals and Abbott Laboratories. Throughout her time at both companies, she completed numerous collaborations and transformational M&A transactions, including the acquisition by Takeda of both Millennium Pharmaceuticals and Nycomed.

Lastly, we appointed Bruce Colwill, CPA, as Chief Financial Officer. Mr. Colwill joined our team with 25+ years of experience in financial leadership roles at General Fusion Inc, Entrée Resources Inc, and Neuromed Pharmaceuticals, among other companies. He has successfully executed an IPO as well as multiple equity and debt financings across Canadian and US-based exchanges.

Financial Updates: Maintaining a Strong Cash Position

During calendar 2019, we continued to execute on our development strategy while exercising strict financial controls. As of September 30th, 2019, our cash, cash equivalents, and short-term investments stood at CAD $14.77 million. The capital raised in 2018 provided us with the runway to complete clinical trial-enabling preclinical safety pharmacology and toxicology studies and advance INM-755 into human clinical trials, as well as the aggressive development plans for INM-088, biosynthesis, and preclinical research of additional indications for both therapeutic programs.

Shift in FDA Policy Around Use of Cannabinoids Creates Setbacks for Non-Pharmaceutical Competition

InMed chose a traditional pharmaceutical regulatory path to investigate and validate its therapeutic candidates. While the regulatory path is rigorous, time-consuming and expensive, it ensures that any resulting marketed product that we develop has proven to be safe and effective for patients.

The broader industry is going through a rapid evolution in regulation which can lead to an unstable environment. Recently, the U.S. Food and Drug Administration (‘FDA’) sent warnings to a number of firms for the illegal selling of various cannabidiol (‘CBD’) products over concerns that they were making therapeutic claims that are unsubstantiated by well-controlled clinical trials. The FDA is continuing to evolve its regulatory approach for CBD (and other cannabinoid) products. This positive development has major implications for companies that have started to sell cannabinoids, or intend to sell cannabinoids, without going through rigorous scientific research and approval processes. While anticipated FDA policy changes do not impact InMed, they may present major setbacks for other companies.

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Looking Ahead: Expecting a Busy 2020

We are well-positioned in an emerging and growing industry that has demonstrated great potential even in its infancy. With our core science and exceptional team, I am confident that we will be able to spur impressive advancements in the cannabinoid pharmaceutical space.

In 2020, our team will be firing on all cylinders with the ongoing INM-755 human clinical trials, INM-088 advanced preclinical and IND-enabling toxicology studies in preparation for an IND filing in 2021, and continued optimization of our biosynthesis platform toward Good Manufacturing Practice ('GMP') supply by year's end. In addition, we will be increasing our attendance at relevant industry and investor conferences in order to keep the scientific, medical and financial communities up to date with our strong progress. We are very excited about the therapeutic potential of our product candidates and are committed to furthering our, and the broader community's, knowledge base around rare cannabinoids and their use through our ongoing research.

I would like to express my ongoing gratitude to our dedicated team at InMed as well as to our industry partners. Their tireless efforts and commitment to the Company are the foundation upon which we continue to grow.

I would also like to thank you, our committed shareholders, for your continued support and engagement throughout InMed's journey. I look forward to updating you in the coming months as we continue to execute on the goals we've set for 2020. The entire InMed team is delighted to have you on board as we work towards establishing ourselves as a global leader in cannabinoid-based therapeutics.

Sincerely,

Eric A. Adams

Eric A. Adams
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 news release includes statements about: demonstrating and validating the safety of INM-755 in healthy volunteers; the availability of top-line results from the first INM-755 Phase 1 clinical trial by the end of 1Q20 and proceeding into a second INM-755 Phase 1 clinical trial testing INM-755 on wounded skin; having a significant opportunity for InMed in the cannabinoid manufacturing space; becoming the go-to partner for companies looking to produce and develop a wide variety of individual cannabinoids; discovering a wide variety of uses for individual cannabinoids; biosynthetic production of cannabinoids becoming an important method to provide a reliable, consistent, scalable supply of cannabinoids; InMed's biosynthesis process offering a cost-efficient scalable solution to cannabinoid manufacturing; continuing the optimization of InMed's biosynthesis process and obtaining a clear indication of its commercial yield and cost structure; developing an alternative approach to biosynthesis with certain advantages; completing advanced preclinical pharmacology testing and testing of several eye delivery technologies of INM-088 in 2020; conducting meetings with regulatory authorities in mid-2020 about INM-088; commencing INM-088 clinical trial-enabling toxicology studies in the second half of 2020; INM-088 potentially increasing drainage of fluid in the eye and providing neuroprotection; INM-088 being a potential blockbuster; continuing to dedicate significant time and resources to INM-088; continued availability of key personnel; anticipated FDA policy changes around cannabinoids not having an impact on InMed, but presenting major setbacks for other companies; an IND filing for INM-088 in 2021; increasing attendance at relevant industry and investor conferences; and establishing ourselves as a global leader in cannabinoid-based therapeutics. While InMed considers these assumptions to be reasonable, these assumptions are inherently subject to significant business, economic, competitive, market and social uncertainties and contingencies.

With respect to the forward-looking information contained in this news release, InMed has made numerous assumptions regarding, among other things: continued and timely positive preclinical and clinical efficacy data; the speed of regulatory approvals; the effectiveness of patent protection; demand for InMed's products; the continued 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 trials may not proceed as expected, or at all; regulatory filings may not be filed or approved on a timely basis, or at all; InMed's biosynthesis process may not produce the desired level of results; product candidates may not achieve their expected level of success; key personnel may become unavailable; and economic, market, or regulatory conditions may worsen. InMed's most recent Annual Information Form and other continuous disclosure filed with Canadian securities regulatory authorities on SEDAR at www.sedar.com contain a more complete description of certain risks and uncertainties facing InMed.

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.