



**Unaudited Condensed Consolidated Interim Financial Statements of
InMed Pharmaceuticals Inc.**

For the Three Months Ended September 30, 2020



InMed Pharmaceuticals Inc.
(Expressed in Canadian Dollars)
September 30, 2020

INDEX

Page

Financial Statements (Unaudited)

•	Condensed Consolidated Interim Statements of Financial Position	3
•	Condensed Consolidated Interim Statements of Operations and Comprehensive Loss	4
•	Condensed Consolidated Interim Statements of Changes in Equity	5
•	Condensed Consolidated Interim Statements of Cash Flows	6
•	Notes to the Condensed Consolidated Interim Financial Statements	7-22

InMed Pharmaceuticals Inc.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)**

As at September 30, 2020 and June 30, 2020

Expressed in Canadian Dollars

	Note	September 30, 2020	June 30, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 5,998,943	\$ 7,912,156
Short-term investments	15	57,574	57,761
Accounts receivable		69,193	61,794
Prepays and other assets		699,225	570,905
Total current assets		6,824,935	8,602,616
Non-Current			
Property and equipment	4	512,923	549,869
Intangible assets	5	1,068,981	1,091,642
Other assets		18,659	-
Total Assets		\$ 8,425,498	\$ 10,244,127
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payables and accrued liabilities		\$ 2,404,526	\$ 2,190,432
Current portion of lease obligations	12	95,243	93,986
Total current liabilities		2,499,769	2,284,418
Non-current			
Lease obligations	12	314,264	337,989
		2,814,033	2,622,407
SHAREHOLDERS' EQUITY			
Share capital	6	68,579,890	68,579,890
Contributed surplus		15,599,115	15,468,817
Accumulated deficit		(78,567,540)	(76,426,987)
		5,611,465	7,621,720
		\$ 8,425,498	\$ 10,244,127

Commitments and Contingencies (Note 15)
Subsequent Event (Note 18)

Approved on behalf of the Board of Directors by:

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

/s/ Adam Cutler
Adam Cutler, Director

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

InMed Pharmaceuticals Inc.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
(unaudited)

For the three months ended September 30, 2020 and September 30, 2019

Expressed in Canadian Dollars

	Note	2020	2019
Operating Expenses			
Research and development	8	\$ 1,163,721	\$ 2,331,788
General and administrative	9	740,929	958,331
Amortization and depreciation	4, 5	59,607	43,284
Share-based payments	7	130,298	151,567
Total operating expenses		2,094,555	3,484,970
Finance Costs and Other Income (Loss)			
Interest income		6,618	77,119
Foreign exchange (loss) gain		(52,616)	21,036
Total net loss and comprehensive loss for the period		\$ (2,140,553)	\$ (3,386,815)
Basic and diluted loss per share for the period	11	\$ (0.41)	\$ (0.65)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

InMed Pharmaceuticals Inc.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (unaudited)**

For the three months ended September 30, 2020 and September 30, 2019

Expressed in Canadian Dollars

	Note	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2019		\$68,579,890	\$14,216,224	(\$64,570,114)	\$18,226,000
Net loss for the period		-	-	(3,386,815)	(3,386,815)
Share-based payments	7	-	151,567	-	151,567
Balance September 30, 2019		\$68,579,890	\$14,367,791	(\$67,956,929)	\$14,990,752

	Note	Share Capital	Contributed Surplus	Accumulated Deficit	Total
Balance June 30, 2020		\$68,579,890	\$15,468,817	(\$76,426,987)	\$7,621,720
Net loss for the period		-	-	(2,140,553)	(2,140,553)
Share-based payments	7	-	130,298	-	130,298
Balance September 30, 2020		\$68,579,890	\$15,599,115	(\$78,567,540)	\$5,611,465

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

InMed Pharmaceuticals Inc.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (unaudited)**

For the three months ended September 30, 2020 and September 30, 2019

Expressed in Canadian Dollars

	Note	2020	2019
OPERATING ACTIVITIES			
Cash Flows From Operating Activities			
Net loss for the period		\$ (2,140,553)	\$ (3,386,815)
Adjustments to reconcile loss to net cash used in operating activities			
Amortization and depreciation	4, 5	59,607	43,284
Share-based payments	7	130,298	151,567
Loss on sale of assets		-	1,070
Other		(830)	-
Changes in non-cash working capital balances:			
Prepays and other assets		(42,202)	111,053
Interest income accrued on short-term investments		187	107,168
Other non-current assets		(18,659)	-
Accounts receivable		(7,399)	44,899
Accounts payable and accrued liabilities		214,094	(194,997)
Total cash used in operating activities		(1,805,457)	(3,122,771)
Cash Flows From Investing Activities			
Maturity of short-term investments		-	5,034,500
Purchase of short-term investments		-	(34,500)
Purchase of property and equipment	4	-	(42,953)
Proceeds on disposal of property and equipment		-	726
Total cash provided by investing activities		-	4,957,773
Cash Flows From Financing Activities			
Payments on lease obligations	12	(21,639)	-
Deferred financing costs		(86,117)	-
Total cash used in financing activities		(107,756)	-
Decrease in cash during the period		(1,913,213)	1,835,002
Cash and cash equivalents beginning of the period		7,912,156	12,873,961
Cash and cash equivalents end of the period		\$ 5,998,943	\$ 14,708,963

See note 14 for Non-Cash Transactions

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

INMED PHARMACEUTICALS INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

1. CORPORATION INFORMATION

InMed Pharmaceuticals Inc. (“InMed” or the “Company”) was incorporated in the Province of British Columbia on May 19, 1981 under the *Business Corporations Act* of British Columbia. InMed is a clinical stage pharmaceutical company specializing in the research and development of novel, cannabinoid-based therapies and an integrated system for the manufacturing of pharmaceutical-grade cannabinoids.

The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the trading symbol “IN”, and under the trading symbol “INM” on the Nasdaq Capital Market (“Nasdaq”).

InMed’s corporate office and principal place of business is located at #310 – 815 West Hastings Street, Vancouver, B.C., Canada, V6C 1B4.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements for the three-month period ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s June 30, 2020 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s 2020 annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 12, 2020.

These condensed consolidated interim financial statements have been prepared on the historical cost basis as modified, when applicable, by the revaluation of financial assets recorded at fair value, if any.

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

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

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, including inactive subsidiaries: Biogen Sciences Inc., Sweetnam Consulting Inc., and InMed Pharmaceutical Ltd. The Company’s former inactive subsidiary, Meridex Network Corporation, was wound up into InMed effective April 17, 2019. A subsidiary is an entity that the Company controls, either directly or indirectly, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company transactions and balances including unrealized income and expenses arising from intercompany transactions are eliminated in preparing these condensed consolidated interim financial statements.

Continuing Operations

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its commitments, realize its assets and discharge its liabilities. The Company has a history of operating losses and negative cash flows from operations and has no current sources of revenue. The Company's ability to continue its operations on a going concern basis over the next twelve months after the period end date is supported by its available cash and cash equivalents to meet its obligations. Until such time as the Company can generate substantial product revenue and achieve profitable operations, continuing operations are dependent upon its ability to raise additional financing through issuing equity or debt and ultimately achieving profitable operations.

Through September 30, 2020, the Company has funded its operations primarily with proceeds from the sale of common stock. The Company has incurred recurring losses and negative cash flows from operations since its inception, including net losses of \$2.1 million and \$3.4 million for the three month periods ended September 30, 2020 and 2019, respectively. In addition, the Company had an accumulated deficit of \$78.6 million as of September 30, 2020. The Company expects to continue to generate operating losses for the foreseeable future.

As of the issuance date of these condensed consolidated interim financial statements, the Company expects its cash and cash equivalents of \$6.0 million as of September 30, 2020 will be sufficient to fund its operating expenses and capital expenditure requirements into the first quarter of fiscal 2022. The future viability of the Company beyond that point is dependent on its ability to raise additional capital to finance its operations. These factors may cast significant doubt about the Company's ability to continue as a going concern for the future, which the Company defines as within one year from the reporting date of these condensed consolidated interim financial statements.

On November 12, 2020, the Company announced it had entered into an underwriting agreement (the "Underwriting Agreement") with respect to an offering for gross proceeds of US\$8 million which is expected to close on November 16, 2020, subject to customary closing conditions. The Company expects in the future to seek additional funding through equity financings, debt financings or other capital sources, including collaborations with other companies, government contracts or other strategic transactions. The Company may not be able to obtain financing on acceptable terms, or at all.

These condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to continue as a going concern, which adjustments could be material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Application of going concern assumption

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

Estimate of useful life of intangible assets

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

Assets' impairment

Management uses judgment to determine if there has been a triggering event, indicating a potential impairment of intangible assets. In the determination of potential impairment charges, management looks at the higher of value in use or fair value less costs to sell in the case of assets and at significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Share-based payments and warrants

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

Research and development costs

Research and development costs is a critical accounting estimate due to the magnitude of and the assumptions that are required to calculate third-party accrued and prepaid research and development expenses. Research and development costs are charged to expense as incurred and include, but are not limited to, personnel compensation, including salaries and benefits, services provided by contract research organizations that conduct preclinical studies, costs of filing and prosecuting patent applications, and lab supplies.

The amount of expenses recognized in a period related to service agreements is based on estimates of the work performed using an accrual basis of accounting. These estimates are based on services provided and goods delivered, contractual terms and experience with similar contracts. We monitor these factors and adjust our estimates accordingly.

COVID-19 impacts

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time. Management uses judgment to assess the impact of the pandemic on the Company's ability to obtain debt and equity financing in the future, and impairment in the value of its long-lived assets.

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

	Equipment	Leasehold Improvements	Right of Use Asset	Total
Cost				
Balance at June 30, 2019	\$ 74,385	\$ 51,468	\$ -	\$ 125,853
Disposition of assets	(6,070)	(36,561)	-	(42,631)
Assets acquired	17,341	39,822	-	57,163
Adoption of IFRS 16	-	-	568,840	568,840
Balance at June 30, 2020	\$ 85,656	\$ 54,729	\$ 568,840	\$ 709,225
Balance, September 30, 2020	\$ 85,656	\$ 54,729	\$ 568,840	\$ 709,225
Depreciation and impairment losses				
Balance at June 30, 2019	\$ 36,564	\$ 33,460	\$ -	\$ 70,024
Disposition of assets	(2,247)	(36,561)	-	(38,808)
Depreciation for the period	21,111	12,222	94,807	128,140
Balance at June 30, 2020	\$ 55,428	\$ 9,121	\$ 94,807	\$ 159,356
Depreciation for the period	5,768	2,736	28,442	36,946
Balance, September 30, 2020	\$ 61,196	\$ 11,857	\$ 123,249	\$ 196,302
Carrying amounts				
Carrying value at June 30, 2020	\$ 30,228	\$ 45,608	\$ 474,033	\$ 549,869
Carrying value at September 30, 2020	\$ 24,460	\$ 42,872	\$ 445,591	\$ 512,923

5. INTANGIBLE ASSETS

	Intellectual Property
Costs	
Balance at June 30, 2019 and 2020	\$ 1,636,000
Balance, September 30, 2020	\$ 1,636,000
Accumulated amortization	
Balance at June 30, 2019	\$ 451,280
Amortization	93,078
Balance at June 30, 2020	\$ 544,358
Amortization	22,661
Balance, September 30, 2020	\$ 567,019
Carrying amounts	
Carrying value at June 30, 2020	\$ 1,091,642
Carrying value at September 30, 2020	\$ 1,068,981

The acquired intellectual property is recorded at cost and is amortized on a straight-line basis over an estimated useful life of 18 years net of any accumulated impairment losses. At September 30, 2020, the acquired intellectual property has an estimated remaining useful life of approximately 12 years.

6. SHARE CAPITAL AND RESERVES

On June 30, 2020, the Company effected a one-for-33 reverse stock split of its issued and outstanding common shares. Accordingly, all common share, stock option, per common share and warrant amounts for all periods presented in the condensed consolidated financial statements and notes thereto have been adjusted retrospectively to reflect this reverse stock split.

a) Authorized

As at September 30, 2020, the Company's authorized share structure consisted of: (i) an unlimited number of common shares without par value; and (ii) unlimited number of preferred shares without par value.

b) Common Shares

	Number	Issue Price	Total
Balance at June 30, 2019 and June 30, 2020	5,220,707	\$ -	\$ 68,579,890
Balance at September 30, 2020	5,220,707	\$ -	\$ 68,579,890

c) Share Purchase Warrants

On July 1, 2019, there were 910,297 share purchase warrants outstanding with a weighted average share price of \$41.25. All share purchase warrants expired on June 21, 2020. Each warrant entitled the holders thereof the right to purchase one common share.

d) Agents' Warrants

On July 1, 2019, there were 46,665 agents' warrants outstanding with a weighted average share price of \$36.63. All agents' warrants expired on June 21, 2020. Each warrant entitled the holders thereof the right to purchase one common share.

7. SHARE-BASED PAYMENTS

a) Option Plan Details

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

As at September 30, 2020, there was 487,326 (June 30, 2020 – 455,508) options available for future allocation pursuant to the terms of the Plan. The option price under each option shall be not be less than the closing price on the day prior to the date of grant. All options vest upon terms as set by the Board of Directors, either over time, typically 12 to 36 months, and/or upon the achievement of certain corporate milestones.

INMED PHARMACEUTICALS INC.**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019****(Expressed in Canadian Dollars)**

The following is a summary of changes in outstanding options from July 1, 2019 to September 30, 2020:

	Number	Weighted Average Exercise Price
Balance as at June 30, 2019	599,090	\$17.64
Granted	52,728	\$8.78
Expired/Forfeited	(63,183)	\$37.39
Balance as at June 30, 2020	588,635	\$14.73
Expired/Forfeited	(31,818)	\$8.19
Balance as at September 30, 2020	556,817	\$14.96

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

The following is a summary of changes in options from July 1, 2020 to September 30, 2020:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired/ Forfeited	Closing Balance	Vested and Exercisable	Unvested
25-Aug-15	25-Aug-20	\$6.930	1,515	-	-	(1,515)	-	-	-
23-Nov-15	23-Nov-20	\$4.785	6,061	-	-	-	6,061	6,061	-
27-Nov-15	27-Nov-20	\$4.620	1,515	-	-	-	1,515	1,515	-
16-May-16	16-May-21	\$2.640	60,606	-	-	-	60,606	60,606	-
10-Jun-16	10-Jun-21	\$4.290	24,242	-	-	-	24,242	24,242	-
15-Jun-16	15-Jun-21	\$3.630	60,606	-	-	-	60,606	60,606	-
26-Jul-16	26-Jul-21	\$3.630	22,727	-	-	-	22,727	22,727	-
12-Sep-16	12-Sep-21	\$3.630	30,303	-	-	-	30,303	30,303	-
28-Oct-16	28-Oct-21	\$6.435	12,121	-	-	-	12,121	12,121	-
12-Dec-16	12-Dec-21	\$4.620	4,848	-	-	-	4,848	4,848	-
13-Jan-17	13-Jan-22	\$8.250	30,303	-	-	(30,303)	-	-	-
20-Feb-17	20-Feb-22	\$12.210	3,030	-	-	-	3,030	3,030	-
22-Feb-17	22-Feb-22	\$13.530	1,515	-	-	-	1,515	1,515	-
2-Jun-17	2-Jun-22	\$14.850	21,667	-	-	-	21,667	21,667	-
10-Jul-17	10-Jul-22	\$10.890	10,758	-	-	-	10,758	10,758	-
8-Mar-18	8-Mar-23	\$51.150	36,363	-	-	-	36,363	36,363	-
16-May-18	16-May-23	\$33.660	77,728	-	-	-	77,728	77,728	-
31-Aug-18	31-Aug-23	\$27.060	8,182	-	-	-	8,182	8,182	-
20-Sep-18	20-Sep-23	\$26.400	4,545	-	-	-	4,545	4,545	-
5-Dec-18	5-Dec-23	\$14.850	21,212	-	-	-	21,212	15,909	5,303
14-Jan-19	14-Jan-24	\$16.500	3,183	-	-	-	3,183	3,183	-
21-Jan-19	21-Jan-24	\$16.830	3,030	-	-	-	3,030	2,272	758
4-Feb-19	4-Feb-24	\$26.070	4,545	-	-	-	4,545	3,409	1,136
4-Mar-19	4-Mar-24	\$19.800	10,757	-	-	-	10,757	8,067	2,690
27-May-19	27-May-24	\$14.355	74,545	-	-	-	74,545	37,272	37,273
1-Jul-19	1-Jul-24	\$10.890	3,030	-	-	-	3,030	1,180	1,850
9-Aug-19	9-Aug-24	\$8.910	30,303	-	-	-	30,303	7,576	22,727
3-Dec-19	3-Dec-24	\$8.250	9,091	-	-	-	9,091	-	9,091
12-Jan-20	11-Jan-25	\$8.250	10,304	-	-	-	10,304	758	9,546
			588,635	-	-	(31,818)	556,817	466,443	90,374
Weighted Average Exercise Price			\$ 14.73	\$ -	\$ -	\$ 8.19	\$ 14.96	\$ 15.70	\$ 12.01
Weighted Average Life Remaining			2.32	-	-	-	2.12	1.80	3.79

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

The following is a summary of changes in options from July 1, 2019 to June 30, 2020:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Expired/ Forfeited	Closing Balance	Vested and Exercisable	Unvested
4-Mar-15	4-Mar-20	\$11.880	6,061	-	-	(6,061)	-	-	-
25-Aug-15	25-Aug-20	\$6.930	1,515	-	-	-	1,515	1,515	-
23-Nov-15	23-Nov-20	\$4.785	6,061	-	-	-	6,061	6,061	-
27-Nov-15	27-Nov-20	\$4.620	1,515	-	-	-	1,515	1,515	-
16-May-16	16-May-21	\$2.640	60,606	-	-	-	60,606	60,606	-
10-Jun-16	10-Jun-21	\$4.290	24,242	-	-	-	24,242	24,242	-
15-Jun-16	15-Jun-21	\$3.630	60,606	-	-	-	60,606	60,606	-
21-Jul-16	26-Jul-21	\$3.630	22,727	-	-	-	22,727	22,727	-
12-Sep-16	12-Sep-21	\$3.630	30,303	-	-	-	30,303	30,303	-
28-Oct-16	28-Oct-21	\$6.435	12,121	-	-	-	12,121	12,121	-
12-Dec-16	12-Dec-21	\$4.620	4,848	-	-	-	4,848	4,848	-
13-Jan-17	13-Jan-22	\$8.250	30,303	-	-	-	30,303	30,303	-
20-Feb-17	20-Feb-22	\$12.210	3,030	-	-	-	3,030	3,030	-
22-Feb-17	22-Feb-22	\$13.530	1,515	-	-	-	1,515	1,515	-
2-Jun-17	2-Jun-22	\$14.850	21,667	-	-	-	21,667	21,667	-
10-Jul-17	10-Jul-22	\$10.890	10,758	-	-	-	10,758	10,758	-
8-Mar-18	8-Mar-23	\$51.150	74,242	-	-	(37,879)	36,363	36,363	-
16-May-18	16-May-23	\$33.660	81,516	-	-	(3,788)	77,728	77,728	-
31-Aug-18	31-Aug-23	\$27.060	8,182	-	-	-	8,182	6,137	2,045
20-Sep-18	20-Sep-23	\$26.400	4,545	-	-	-	4,545	3,409	1,136
5-Dec-18	5-Dec-23	\$14.850	23,485	-	-	(2,273)	21,212	15,909	5,303
14-Jan-19	14-Jan-24	\$16.500	4,244	-	-	(1,061)	3,183	3,183	-
21-Jan-19	21-Jan-24	\$16.830	3,030	-	-	-	3,030	1,515	1,515
4-Feb-19	4-Feb-24	\$26.070	4,545	-	-	-	4,545	2,272	2,273
4-Mar-19	4-Mar-24	\$19.800	10,757	-	-	-	10,757	5,378	5,379
27-May-19	27-May-24	\$14.355	86,666	-	-	(12,121)	74,545	37,272	37,273
1-Jul-19	1-Jul-24	\$10.890	-	3,030	-	-	3,030	926	2,104
9-Aug-19	9-Aug-24	\$8.910	-	30,303	-	-	30,303	-	30,303
3-Dec-19	3-Dec-24	\$8.250	-	9,091	-	-	9,091	-	9,091
12-Jan-20	11-Jan-25	\$8.250	-	10,304	-	-	10,304	-	10,304
			599,090	52,728	-	(63,183)	588,635	481,909	106,726
Weighted Average Exercise Price			\$ 17.64	\$ 8.78	\$ -	\$ 37.39	\$ 14.73	\$ 15.20	\$ 12.59
Weighted Average Life Remaining			3.19	4.24	-	-	2.32	1.95	4.01

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

b) Fair Value of Options Issued During the Period

- i) There were no options granted during the three months ended September 30, 2020.

The weighted average fair value at grant date of options granted during the three months ended September 30, 2019 was \$9.24 per option. Assumptions used for options granted during the three months ended September 30, 2019 included a weighted average risk-free interest rate of 1.20%, weighted average expected life of 5 years, weighted average volatility factor of 107.85%, weighted average dividend yield of 0% and a 5% forfeiture rate.

- ii) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the three months ended September 30, 2020 were \$130,298 (September 30, 2019 - \$151,567) which is net of reversals for a reserve for anticipated forfeitures totaling \$6,858. For the three months ended September 30, 2019, expenses arising from share-based payment transactions is net of reversals for actual forfeitures of \$500,000 and a reserve for anticipated forfeitures totaling \$34,403.

- iii) Weighted average remaining contractual life of stock options

The weighted average remaining contractual life of stock options at September 30, 2020 was 2.12 years (June 30, 2020 – 2.32 years).

8. RESEARCH AND DEVELOPMENT EXPENSES

	Three Months Ended	
	September 30,	
	2020	2019
External contractors	\$ 720,764	\$ 1,590,151
Other	1,051	5,259
Patents	56,373	64,258
Research supplies	12,828	267,507
Salaries & benefits	428,293	442,292
Gross research and development expenses	1,219,309	2,369,467
Less research grant revenue	(55,588)	(37,679)
Net Research and Development Expenses	\$ 1,163,721	\$ 2,331,788

Effective November 1, 2018, the Company entered into a contribution agreement with the National Research Council Canada Industrial Research Assistance Program ("NRC IRAP") to receive funding of up to \$500,000 to support its ongoing R&D efforts in cannabinoid biosynthesis. It is expected that this funding will be earned over the period commencing November 1, 2018 through the end of calendar 2020. Research grant revenue is recognized as a recovery of research and development expenditures when earned.

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

9. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended September 30,	
	2020	2019
Accounting and legal	\$ 141,424	\$ 254,179
Consulting	36,682	1,250
Investor relations and marketing	88,248	101,639
Office and administration fees	48,743	83,865
Regulatory fees	20,789	20,880
Rent	19,746	37,118
Salaries & benefits	368,823	405,833
Shareholder communication	4,731	28,202
Transfer agent fees	11,743	2,708
Travel and conferences	-	22,657
Total General and Administrative Expenses	\$ 740,929	\$ 958,331

10. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling our activities as a whole. We have determined that key management personnel consists of the members of the Board of Directors along with senior officers of the Company. The table below presents data for the three months ending September 30, 2020 as compared to the same period ending September 30, 2019.

	Three Months Ended September 30,	
	2020	2019
Key management personnel compensation comprised :		
Share based payments	\$ 94,173	\$ (18,303)
Salaries and consulting fees	576,373	666,483
	\$ 670,546	\$ 648,180

11. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period. As the outstanding warrants and stock options are all anti-dilutive, they are excluded from the weighted average number of common shares in the table below.

	Three Months Ended September 30,	
	2020	2019
Loss attributable to common shareholders	(\$2,140,553)	(\$3,386,815)
Weighted average number of common shares	5,220,707	5,220,707
Basic and diluted loss per share	(\$0.41)	(\$0.65)

INMED PHARMACEUTICALS INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in Canadian Dollars)

12. LEASE OBLIGATIONS

Effective July 1, 2019, the Company adopted IFRS 16 Leases using the modified retrospective approach.

The following table lists the Company's operating lease obligations recognized on commencement of the lease for the Company's new office premises at July 1, 2019.

Lease obligations recognized as at July 1, 2019	\$503,924
Discounted using the incremental borrowing rate at July 1, 2019	8%
Estimated annual variable lease payments not included in lease obligations	\$78,500

The Company is committed to minimum lease payments as follows:

Maturity Analysis	September 30, 2020
Less than one year	119,014
One to five years	365,622
More than five years	-
Total undiscounted lease liabilities ⁽¹⁾	484,635

⁽¹⁾ Excludes estimated variable operating costs of \$78,500 on an annual basis through to August 31, 2024.

The components of lease expense are as follows:

	September 30, 2020	September 30, 2019
Finance lease expense	\$ 28,442	\$ 9,481
Operating lease expense	15,751	-
Variable lease expense	19,746	6,582
Total lease expense	\$ 63,939	\$ 16,063

13. SEGMENTED INFORMATION

The Company operates in one segment, the pharmaceutical research and development of novel, cannabinoid-based therapies and an integrated system for the manufacturing of pharmaceutical-grade cannabinoids.

14. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. During the three months ended September 30, 2020, the following transaction was excluded from the statements of cash flows:

- i) As at September 30, 2020, the Company has unpaid deferred financing costs of \$171,717.

During the three months ended September 30, 2019, the following transaction was excluded from the statements of cash flows:

- i) On January 14, 2019, the Company executed a lease for new office premises (see Note 12). The term of this new lease is from July 1, 2019 to August 31, 2024. In accordance with IFRS 16 Leases, on commencement of the lease on July 1, 2019, the Company recognized right-of-use assets of \$568,840 and a lease liability of \$503,924.

15. COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of agreements with various contract research organizations, as at September 30, 2020, the Company is committed for contract research services and materials at a cost of approximately \$797,929. A total of \$774,482 of these expenditures are expected to occur in the twelve months following September 30, 2020 and the balance of \$23,447 in the following twelve-month period.

Pursuant to the terms of a May 31, 2017 Technology Assignment Agreement between the Company and the University of British Columbia ("UBC"), the Company is committed to pay royalties to UBC on certain licensing and royalty revenues received by the Company for biosynthesis of certain drug products that are covered by the agreement. To date no payments have been required to be made.

Pursuant to the terms of a December 13, 2018 Collaborative Research Agreement with UBC in which the Company owns all right, title and interest in and to any intellectual property, in addition to funding research at UBC, the Company is committed to making a one-time payment upon filing of any patent application arising from the research. To date no payments have been required to be made.

Pursuant to the terms of a November 1, 2018 Contribution Agreement with National Resource Council Canada, as represented by its Industrial Research Assistance Program (NRC-IRAP), under certain circumstances, contributions received, including the disposition of the underlying intellectual property developed in part with NRC-IRAP contributions, may become repayable.

Short-term investments include guaranteed investment certificates with a face value of \$57,500 (June 30, 2020 - \$57,500) that are pledged as security for a corporate credit card.

In July 2020, in connection with a proposed offering of our common shares in the United States, two inadvertent disclosures of already publicly available information were made that may have exceeded the scope permissible under Rule 134 of the Securities Act of 1933, and thus may not be entitled to the "safe-harbor" provided by Rule 134. As a result, either of the two inadvertent disclosures could be determined to not be in compliance for a registered securities offering under Section 5 of the Securities Act of 1933. If either of the two inadvertent disclosures are determined by a court to be a violation by the Company of the Securities Act of 1933, the recipients of the inadvertent disclosures who purchase our common shares in the Company's planned offering may have a rescission right, which could require the Company to repurchase those shares at their original purchase price with interest or a claim for damages if the purchaser no longer owns the securities, for one year following the date of the violation. The Company could also incur considerable expense if it were to contest any such claims. Consequently, a contingent liability may arise out of this possible violation of the Securities Act of 1933. The likelihood and magnitude of this contingent liability, if any, is not determinable at this time.

The Company has entered into certain agreements in the ordinary course of operations that may include indemnification provisions, which are common in such agreements. In some cases, the maximum amount of potential future indemnification is unlimited; however, the Company currently holds commercial general liability insurance. This insurance limits the Company's liability and may enable the Company to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and it believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations for any period presented.

From time to time, the Company may be subject to various legal proceedings and claims related to matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

16. CAPITAL MANAGEMENT

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

17. FINANCIAL RISK MANAGEMENT

Fair value:

Fair value measurements recognized in the statement of financial position must be categorized in accordance with the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in 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: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

The fair values of short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

The following table summarizes the classification and carrying values of the Company's financial instruments at September 30, 2020 and June 30, 2020:

INMED PHARMACEUTICALS INC.**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

September 30, 2020	Level 1	Level 2	Total
Financial assets			
Cash and cash equivalents	5,998,943	-	5,998,943
Short-term investments	-	57,574	57,574
Accounts receivable	-	69,193	69,193
Total financial assets	5,998,943	126,767	6,125,710
Financial liabilities			
Accounts payable and accrued liabilities	-	2,404,526	2,404,526
Total financial liabilities	-	2,404,526	2,404,526

June 30, 2020	Level 1	Level 2	Total
Financial assets			
Cash and cash equivalents	7,912,156	-	7,912,156
Short-term investments	-	57,761	57,761
Accounts receivable	-	61,794	61,794
Total financial assets	7,912,156	119,555	8,031,711
Financial liabilities			
Accounts payable and accrued liabilities	-	2,190,432	2,190,432
Total financial liabilities	-	2,190,432	2,190,432

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 commodity price risk or equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to changes in foreign exchange rates. Portions of the Company's cash and cash equivalents and accounts payable and accrued liabilities are denominated in US dollars. Accordingly, the Company is exposed to fluctuations in the US and Canadian dollar exchange rates.

As at September 30, 2020, the Company has a net excess of US dollar denominated cash and cash equivalents in excess of US dollar denominated accounts payable and accrued liabilities of US\$250,293, which is equivalent to \$333,866 at the September 30, 2020 exchange rate. The US dollar financial assets generally result from holding US dollar cash to settle anticipated near-term accounts payable and accrued liabilities denominated in US dollars. The US dollar financial liabilities generally result from purchases of supplies and services from suppliers from outside of Canada.

INMED PHARMACEUTICALS INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

Each change of 1% in the US dollar in relation to the Canadian dollar results in a gain or loss, with a corresponding effect on cash flows, of \$3,339 based on the September 30, 2020 net US dollar assets (liabilities) position. During the three months ended September 30, 2020, the Company recorded a foreign exchange loss of \$103,892 (September 30, 2019 –foreign exchange gain of \$21,036) related to US dollars.

As at September 30, 2020, the Company has a net excess of Euros denominated accounts payable and accrued liabilities in excess of Euros denominated cash and cash equivalents of €23,746, which is equivalent to \$37,117 at the September 30, 2020 exchange rate. The Euros financial assets generally result from holding Euros to settle anticipated near-term accounts payable and accrued liabilities denominated in Euros dollars. The Euros financial liabilities generally result from purchases of supplies and services from suppliers from outside of Canada.

Each change of 1% in the Euro in relation to the Canadian dollar results in a gain or loss, with a corresponding effect on cash flows, of \$371 based on the September 30, 2020 net Euro assets (liabilities) position. During the three months ended September 30, 2020, the Company recorded a foreign exchange gain of \$51,276 (September 30, 2019 – \$Nil) related to Euros.

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, 2020, holdings of cash and cash equivalents of \$4,777,516 (June 30, 2020 - \$5,870,134) are subject to floating interest rates. The balance of the Company's cash holdings of \$1,221,427 (June 30, 2020 - \$2,042,022) are non-interest bearing.

As at September 30, 2020, the Company held short-term investments in the form of variable rate guaranteed investment certificates, with one year terms, with face value of \$57,500 (June 30, 2020 - \$57,500).

The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks or credit unions with comparable credit ratings. The Company regularly monitors compliance to its cash management policy.

The Company, as at September 30, 2020, does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents and short-term investments 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 and cash equivalents and short-term investments. Cash and cash equivalents and short-term investments are 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 and cash equivalents and short-term investments with high-credit quality financial institutions and management considers this risk to be minimal for all cash and cash equivalents and short-term investments assets based on changes that are reasonably possible at each reporting date.

INMED PHARMACEUTICALS INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Canadian Dollars)

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 has sufficient cash 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. A key risk in managing liquidity is the degree of uncertainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. As at September 30, 2020, the Company has cash and cash equivalents and short-term investments of \$6,056,517 (June 30, 2020 - \$7,969,917), current liabilities of \$2,499,769 (June 30, 2020 - \$2,284,418), and a working capital surplus of \$4,325,166 (June 30, 2020 - \$6,318,198). (See Note 18).

18. SUBSEQUENT EVENT

On November 12, 2020, the Company announced that its common shares commenced trading on the Nasdaq under the symbol "INM" and that it had entered into the Underwriting Agreement with respect to an offering. In accordance with the terms of the Underwriting Agreement, the Company has agreed to sell, and certain underwriters have agreed to purchase, an aggregate of 1,780,000 common shares, together with accompanying warrants to purchase up to an aggregate of 1,780,000 common shares, at a public offering price of US\$4.50 per share and accompanying warrant. Each common share will be sold in the offering with one warrant to purchase one common share. The warrants have an exercise price of US\$5.11 per share. The offering is expected to close on November 16, 2020, subject to customary closing conditions. The underwriters have also been granted an option to purchase an additional 267,000 common shares and additional warrants to purchase up to an aggregate of 267,000 common shares for a period of 45 days.