Intellipharmaceutics International Inc.
Form F-1/A
August 03, 2018

As filed with the Securities and Exchange Commission on August 3, 2018
Registration No. 333-226239

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Pre-Effective Amendment No. 2

to

FORM F-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
INTELLIPHARMACEUTICS
INTERNATIONAL INC.
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

| Canada | 2834 | Not Applicable |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

Intellipharmaceutics
International Inc.
30 Worcester Road
Toronto, Ontario
Canada, M9W 5X2
(416) 798-3001
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Corporation Service Company
1090 Vermont Avenue N.W.
Washington, D.C. 20005
(800) 927-9800
(Name, address, and telephone number of agent for service)

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With copies to:

| | |
|---|---|
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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act.

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a) of the Securities Act, may determine.

The information in this prospectus is not complete and may be changed. The selling shareholders may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated August 3, 2018

PRELIMINARY PROSPECTUS

INTELLIPHARMACEUTICS INTERNATIONAL INC.

6,858,334 Common Shares

We are registering an aggregate of 6,858,334 Common Shares for resale by certain of our shareholders identified in this prospectus. The 6,858,334 Common Shares consist of (i) 4,416,667 Common Shares underlying outstanding warrants having an initial exercise price of $0.60 per share (subject to customary adjustments for share splits and dividends), (ii) 1,818,182 Common Shares underlying outstanding warrants having an initial exercise price of $1.25 per share (subject to customary adjustments for share splits and dividends) (iii) 441,667 Common Shares underlying outstanding warrants having an initial exercise price of $0.75 per share (subject to customary adjustments for share splits and dividends) and (iv) 181,818 Common Shares underlying outstanding warrants having an initial exercise price of $1.375 per share (subject to customary adjustments for share splits and dividends). We will not receive any proceeds from the resale of the Common Shares by the selling shareholders. Any proceeds received by us from the exercise of the warrants will be used for general corporate purposes, which may include working capital, R&D, accounts payable, and other commercial expenditures. The selling shareholders will bear all commissions and discounts, if any, attributable to the sale of the Common Shares. We will pay for the expenses of this offering, which are estimated to be $145,570.

The selling shareholders may offer our Common Shares from time to time in a number of different methods and at varying prices. For more information on possible methods of offer and sale by the selling shareholders, please see the section entitled “Plan of Distribution” beginning on page 34 of this prospectus.

Our Common Shares are listed for trading on the Toronto Stock Exchange (the “TSX”), and on the Nasdaq Capital Market (“Nasdaq”), under the symbol “IPCI.” On August 1, 2018, the closing sale price of our Common Shares as reported by the TSX and Nasdaq was Cdn$0.43 and $0.33, respectively. We are seeking approval from our shareholders to grant our Board of Directors the discretion to implement a reverse stock split of our Common Shares (the “reverse split”) if then necessary to attempt to meet the minimum bid price continued listing requirement of Nasdaq. If the trading price of our Common Shares increases before a reverse split is effected, the reverse split may not be necessary. No decision has been made yet by our Board of Directors to implement a reverse split.

You should rely only on the information contained herein or incorporated by reference in this prospectus. Neither we nor any selling shareholder has authorized any other person to provide you with different information.

Investing in our securities involves risks. See "Risk Factors" beginning on page 9 of this prospectus and in the documents incorporated by reference into this prospectus for a discussion of risks that should be considered in connection with an investment in our securities.

The Company's registered office and head office is located at 30 Worcester Road, Toronto, Ontario, Canada, M9W 5X2.

We are a foreign private issuer under United States ("U.S.") securities laws. The financial statements incorporated herein by reference have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Company is incorporated under the laws of Canada, that all of its officers and directors are residents of Canada, that some or all of the experts named in the registration statement are residents of a foreign country, and that a substantial portion of the assets of the Company and said persons are located outside the United States.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY STATE SECURITIES COMMISSION OR CANADIAN SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is , 2018

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ABOUT THIS PROSPECTUS

This prospectus relates to the resale by the selling shareholders identified in this prospectus under the caption “Selling Shareholders,” from time to time, of up to an aggregate of 6,858,334 Common Shares issuable upon exercise of certain outstanding warrants. As described below under “Prospectus Summary—Equity Offerings,” the Common Shares registered by this prospectus are issuable upon exercise of warrants to purchase up to 1,818,182 Common Shares for an initial exercise price of $1.25 per share issued in October 2017, warrants to purchase up to 181,818 Common Shares for an initial exercise price of $1.375 per share issued in October 2017, warrants to purchase up to 4,416,667 Common Shares for an initial exercise price of $0.60 per share issued in March 2018, and warrants to purchase up to 441,667 Common Shares for an initial exercise price of $0.75 per share issued in March 2018. All of the warrants issued in October 2017 are exercisable by the selling shareholders; the warrants issued in March 2018 are not yet exercisable. We are not selling any Common Shares under this prospectus, and we will not receive any proceeds from the sale of Common Shares offered hereby by the selling shareholders.

The registration statement we filed with the SEC includes exhibits that provide more detail of the matters discussed in this prospectus. You should read this prospectus, the related exhibits filed with the SEC, and the documents incorporated by reference herein before making your investment decision. You should rely only on the information provided in this prospectus and the documents incorporated by reference herein or any amendment thereto. In addition, this prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the heading “Where You Can Find More Information: Incorporation by Reference.” Information contained in later-dated documents incorporated by reference will automatically supplement, modify or supersede, as applicable, the information contained in this prospectus or in earlier-dated documents incorporated by reference.

We have not, and the selling shareholders have not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus, the documents incorporated by reference herein or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the securities offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The information contained in this prospectus, the documents incorporated by reference herein or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of our securities. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: We have not, and the selling shareholders have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside the United States.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference into this prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreement, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

References to "$," "U.S. $" or "dollars" are to U.S. dollars, and all references to "Cdn $" are to the lawful currency of Canada. In this prospectus, where applicable, and unless otherwise indicated, amounts are converted from U.S. dollars to Canadian dollars and vice versa by applying the closing rate of exchange of the Bank of Canada on August 1, 2018. See "Exchange Rate Information." Except as otherwise indicated, our consolidated financial statements and other information are presented in U.S. dollars.

Any reference in this prospectus to our "products" includes a reference to our product candidates and future products we may develop.

Whenever we refer to any of our current product candidates (including additional product strengths of products we are currently marketing) and future products we may develop, no assurances can be given that we, or any of our strategic partners, will successfully commercialize or complete the development of any of such product candidates or future products under development or proposed for development, that regulatory approvals will be granted for any such product candidate or future product, or that any approved product will be produced in commercial quantities or sold profitably.

In this prospectus, any prospectus supplement, and/or the documents incorporated by reference herein or therein, we refer to information regarding potential markets for our products, product candidates and other industry data. We believe that all such information has been obtained from reliable sources that are customarily relied upon by companies in our industry. However, we have not independently verified any such information.

Unless the context otherwise requires, references in this prospectus to our Common Shares, including prices per Common Share, do not reflect the implementation of a proposed reverse split to be considered at our 2018 Special Meeting of Shareholders scheduled to be held on August 15, 2018.

TRADEMARKS

Intellipharmaceutics™, Hypermatrix™, Drug Delivery Engine™, IntelliFoam™, IntelliGITransporter™, IntelliMatrix™, IntelliOsmotics™, IntelliPaste™, IntelliPellets™, IntelliShuttle™, Rexista™, nPODDDS™ , PODRAS™ and Regabatin™ are trademarks. These trademarks are important to our business. Although we may have omitted the "TM" trademark designation for such trademarks in this prospectus or in any prospectus supplement, all rights to such trademarks are nevertheless reserved. Unless otherwise noted, other trademarks used in this prospectus are the property of their respective holders.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference herein. This summary is not complete and may not contain all of the information that you should consider before deciding whether or not you should purchase the securities offered hereunder. You should read this entire prospectus carefully, including the section entitled "Risk Factors" beginning on page 9 of this prospectus and the section entitled "Risks Factors" in our annual report on Form 20-F for the fiscal year ended November 30, 2017, and all other information included or incorporated herein by reference in this prospectus before you decide whether to purchase our securities.

Our Company

We are a pharmaceutical company specializing in the research, development and manufacture of novel and generic controlled-release and targeted-release oral solid dosage drugs. Our patented Hypermatrix™ technology is a multidimensional controlled-release drug delivery platform that can be applied to the efficient development of a wide range of existing and new pharmaceuticals. Based on this technology platform, we have developed several drug delivery systems and a pipeline of products (some of which have received U.S. Food and Drug Administration, or FDA, approval) and product candidates in various stages of development, including abbreviated new drug applications, or ANDAs, filed with the FDA (and one Abbreviated New Drug Submission, or ANDS, filed with Health Canada) in therapeutic areas that include neurology, cardiovascular, gastrointestinal tract, or GIT, diabetes and pain.

We also have new drug application, or NDA, 505(b)(2) specialty drug product candidates in our development pipeline. These include our oxycodone hydrochloride extended-release tablets (previously referred to as Rexista™), or Oxycodone ER, an abuse deterrent oxycodone based on our proprietary nPODDDS™ novel Point Of Divergence Drug Delivery System (for which an NDA has been filed with the FDA), and Regabatin™ XR (pregabalin extended-release capsules). The NDA 505(b)(2) pathway (which relies in part upon the approving agency's findings for a previously approved drug) both accelerates development timelines and reduces costs in comparison to NDAs for new chemical entities. An advantage of our strategy for development of NDA 505(b)(2) drugs is that our product candidates can, if approved for sale by the FDA, potentially enjoy an exclusivity period which may provide for greater commercial opportunity relative to the generic ANDA route.

Equity Offerings

Pursuant to a placement agent agreement dated October 10, 2017 between the Company and H.C. Wainwright & Co., LLC, or H.C. Wainwright, in October 2017, we completed a registered direct offering of 3,636,364 Common Shares at a price of $1.10 per share for gross proceeds of approximately $4 million. We also issued to the investors unregistered warrants to purchase an aggregate of 1,818,182 Common Shares at an initial exercise price of $1.25 per share. The warrants became exercisable six months following the October 13, 2017 closing date and will expire 30 months after the date they became exercisable. The Common Shares (but not the warrants or the Common Shares underlying the warrants) were offered by us through a prospectus supplement pursuant to our Shelf Registration Statement (as defined below) on Form F-3 as previously filed and declared effective by the SEC and the base prospectus contained therein (Registration Statement No. 333-218297). We also issued to the placement agents 181,818 warrants to purchase Common Shares at an initial exercise price of $1.375 per share. The total net proceeds from the offering were $3.5 million, after deducting offering expenses.

Pursuant to a placement agent agreement dated March 12, 2018 between the Company and H.C. Wainwright, on March 16, 2018, we completed a registered direct offering of 5,833,334 Common Shares at a price of $0.60 per share for gross proceeds of approximately $3.5 million. We also issued to the investors unregistered warrants to purchase an aggregate of 2,916,667 Common Shares at an initial exercise price of $0.60 per share. The warrants are exercisable six months following the March 16, 2018 closing date and will expire 30 months after the date they become exercisable. The Common Shares (but not the warrants or the Common Shares underlying the warrants) were offered by us through a prospectus supplement pursuant to our Shelf Registration Statement. We also issued to the placement agent 291,667 warrants to purchase Common Shares at an initial exercise price of $0.75 per share. The total net proceeds from the offering were approximately $3 million, after deducting offering expenses.

Pursuant to a placement agent agreement dated March 18, 2018 between the Company and H.C. Wainwright, on March 21, 2018, we completed a registered direct offering of 3,000,000 Common Shares at a price of $0.60 per share for gross proceeds of approximately $1.8 million. We also issued to the investors unregistered warrants to purchase an aggregate of 1,500,000 Common Shares at an initial exercise price of $0.60 per share. The warrants are exercisable six months following the March 21, 2018 closing date and will expire 30 months after the date they become exercisable. The Common Shares (but not the warrants or the Common Shares underlying the warrants) were offered by us through a prospectus supplement pursuant to our Shelf Registration Statement. We also issued to the placement agent 150,000 warrants to purchase Common Shares at an initial exercise price of $0.75 per share. The total net proceeds from the offering were approximately $1.6 million, after deducting offering expenses.

The warrants described above were offered in private placements under Section 4(a)(2) of the U.S. Securities Act of 1933, as amended (the U.S. Securities Act"), and Regulation D promulgated thereunder and, along with the Common Shares underlying the warrants, were not registered under the U.S. Securities Act, or applicable state securities laws. All of such warrants contain certain ownership limitations that may restrict their exercise, as described under the caption "Selling Shareholders" in this prospectus. In addition, all such warrants are exercisable on a cashless basis if at the time of exercise there is no effective registration statement registering, or the prospectus contained therein is not available for, the resale of Common Shares for which the warrants are exercisable.

We have filed a registration statement on Form F-1, of which this prospectus is a part, to provide for the resale, by the holders of all of the unregistered warrants we issued in the offerings described above, of all of the Common Shares issuable upon exercise of such warrants, totaling an aggregate of up to 6,858,334 Common Shares. The registration statement of which this prospectus is a part does not register the offer or sale of any of the warrants.

Recent Developments

Proposed Reverse Stock Split

As more fully described below (under "Nasdaq Notices and Nasdaq Hearings Panel Grant of Request for Continued Listing"), in order to qualify for continued listing on Nasdaq, we have to meet certain continued listing criteria, including a closing bid price of at least $1.00 for a minimum of 10 consecutive business days. In connection with the minimum bid price requirement, we are seeking approval from our shareholders to grant our Board of Directors discretionary authority to implement a reverse split. If the trading price of our Common Shares increases before a reverse split is effected, the reverse split may not be necessary. No decision has been made yet by our Board of Directors to implement a reverse split. Because we do not know if a reverse split will be implemented, or the ratio at which the shares would be consolidated, all information in this prospectus is presented on a pre-reverse split basis.

Nasdaq Notices and Nasdaq Hearings Panel Grant of Request for Continued Listing

While we are currently not in compliance with the requirements for the continued listing of our Common Shares on the Nasdaq Capital Market, as described below, we have until September 28, 2018 to satisfy those requirements. The proposed reverse split is an important part of our plan to regain compliance with Nasdaq's requirements for the continued listing of our Common Shares.

In September 2017, we were notified by Nasdaq that we were not in compliance with the minimum market value of listed securities required for continued listing on Nasdaq. Nasdaq Listing Rule 5550(b) requires listed securities to maintain a minimum market value of $35.0 million, among other alternatives, including minimum stockholders' equity of $2.5 million. A failure to meet the minimum market value requirement exists if the deficiency continues for a period of 30 consecutive business days. Based on the market value of our Common Shares for the 30 consecutive business days from August 8, 2017, we did not satisfy the minimum market value of listed securities requirement. By rule, we were provided 180 calendar days, or until March 19, 2018, to regain compliance with that requirement. To regain compliance, our Common Shares were required to have a market value of at least $35.0 million for a minimum of 10 consecutive business days prior to March 19, 2018, which they did not. In the alternative, if the minimum market value requirement for continued listing is not met, an issuer may maintain continued listing under Nasdaq Listing Rule 5550(b) if it has stockholders' equity of at least $2.5 million.

On April 20, 2018, we received notice that the Nasdaq Listings Qualification staff (the "Nasdaq Staff") had determined to delist our Common Shares as a result of our failure to meet either the minimum market value of listed securities requirement or the minimum stockholders' equity requirement for continued listing. However, any delisting action by the Nasdaq Staff was stayed pending the ultimate conclusion of the Company's hearing before a Nasdaq Hearings Panel (the "Panel").

In addition to not meeting the minimum market value of listed securities or minimum stockholders' equity requirements, we were separately notified in December 2017 that our Common Shares no longer satisfied the minimum $1.00 per share bid requirement under Nasdaq Listing Rule 5550(a)(2).

We attended a hearing before the Panel on May 17, 2018, and subsequently received formal notice that the Panel had granted our request for continued listing until September 28, 2018, by which date we are required to evidence compliance with the requirements for continued listing on Nasdaq. Specifically, on or before September 28, 2018, the Panel has required that: (i) our common shares evidence a closing bid price of at least $1.00 per share for a minimum of ten consecutive business days, (ii) we evidence stockholders' equity of at least $2.5 million, and (iii) we provide the Panel with updated financial projections demonstrating our ability to maintain compliance with the minimum stockholders' equity requirement over the following 12 months.

There is no assurance that we will be able to regain or maintain compliance with the Nasdaq listing requirements or, if we do regain compliance, that we will be able to maintain such compliance over the long term. If we are unable to do so, our Common Shares may be delisted from Nasdaq and the liquidity and market price of our Common Shares may be adversely impacted as a result. If our Common Shares are delisted from Nasdaq, they may trade in the over-the-counter system, which may be a less liquid market. In such case, our shareholders' ability to trade, or obtain quotations of the market value of, our Common Shares could be severely limited because of lower trading volumes and transaction delays. See "—Risk Factors--Our Common Shares will be delisted from the Nasdaq Capital Market if we do not satisfy certain requirements of the Nasdaq Hearing Panel by September 28, 2018."

FDA Meeting

In February 2018, we and the FDA discussed a previously-announced Complete Response Letter for Oxycodone ER, including issues related to the blue dye in the product candidate. Based on the meeting, the product candidate will no longer include the blue dye. The blue dye was intended to act as an additional deterrent if Oxycodone ER is abused and serve as an early warning mechanism to flag potential misuse or abuse. The FDA confirmed that the removal of the blue dye is unlikely to have any impact on formulation quality and performance. As a result, we will not be required to repeat in vivo bioequivalence studies and pharmacokinetic studies submitted in the Oxycodone ER NDA. The FDA also indicated that, from an abuse liability perspective, Category 1 studies will not have to be repeated on Oxycodone ER with the blue dye removed.

In May 2018, we announced that we had commenced our Category 2 and 3 human abuse liability studies for our Oxycodone ER product candidate to support its abuse-deterrent label claims for the intranasal route of administration. We also announced that planned studies to support abuse-deterrent label claims for the oral route of abuse were scheduled to commence. Both studies are now underway.

There can be no assurance that our products will be successfully commercialized or produce significant revenues for us. Also, there can be no assurance that we will not be required to conduct further studies for our Oxycodone ER product candidate, that the FDA will approve any of our requested abuse-deterrence label claims or that the FDA will ultimately approve the NDA for the sale of our Oxycodone ER product in the U.S. market, or that it will ever be successfully commercialized, that we will be successful in submitting any additional ANDAs or NDAs with the FDA or ANDSs with Health Canada, that the FDA or Health Canada will approve any of our current or future product candidates for sale in the U.S. market and Canadian market, or that they will ever be successfully commercialized and produce significant revenue for us.

At-The-Market Termination

On March 13, 2018, we terminated the continuous offering by us under the prospectus supplement dated July 18, 2017 and prospectus dated July 17, 2017 in respect of our at-the-market program. If we seek to offer and sell Common Shares under our at-the-market program, we will file another prospectus supplement prior to making such additional offers and sales. We are not required to sell shares under the equity distribution agreement. There can be no assurance that any additional shares will be sold under our at-the-market program. For further information regarding the at-the-market program and sales thereunder, see "—Risk Factors--Sales of a significant number of our Common Shares in the public markets, or the perception that such sales could occur, could depress the market price of the Common Shares."

For more information about these offerings, see the documents we have filed with the SEC in connection with such offerings. See "Where You Can Find More Information; Incorporation by Reference" in this prospectus.

Our Corporate Information

We were formed under the Canada Business Corporations Act (the "CBCA") by certificate and articles of arrangement dated October 22, 2009. Our registered principal office is located at 30 Worcester Road, Toronto, Ontario, Canada M9W 5X2. Our telephone number is (416) 798-3001 and our facsimile number is (416) 798-3007. Our website address is http://www.intellipharmaceutics.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus. Our Common Shares are listed for trading on the TSX and on Nasdaq under the symbol "IPCI."

THE OFFERING

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| Common Shares being offered by the selling shareholders: | 6,858,334 Common Shares issuable upon exercise of certain outstanding warrants |
| Common Shares outstanding before this offering: | 43,537,850 Common Shares |
| Common Shares to be outstanding after this offering (assuming full exercise of the warrants that are exercisable for the shares offered hereby): | 50,396,184 Common Shares |
| Use of Proceeds: | All proceeds from the sale of Common Shares offered hereby will be for the account of the selling shareholders. We will not receive any proceeds from the sale of Common Shares offered pursuant to this prospectus. We will receive proceeds upon cash exercises of the warrants to purchase the Common Shares offered hereby, if any. See "Use of Proceeds" in this prospectus. |
| Nasdaq and TSX symbol/listing: | Our Common Shares are listed under the symbol "IPCI." There is no established trading market for the warrants that are exercisable for the Common Shares offered hereby, and we do not intend to list the warrants on any securities exchange or other trading system. See "Recent Developments" above for important information about the listing of our Common Shares on Nasdaq. |
| Risk Factors: | Investing in our securities involves substantial risks. You should carefully review and consider the "Risk Factors" section of this prospectus for a discussion of factors to consider before deciding to invest in our securities. |

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The number of Common Shares shown above to be outstanding after this offering is based on 43,537,850 shares outstanding as of August 1, 2018 and excludes, as of that date:

an aggregate of 5,613,169 Common Shares issuable upon the exercise of outstanding options, with a weighted average exercise price of U.S. $ 3.15 per Common Share;

up to 1,504,556 additional Common Shares that have been reserved for issuance in connection with future grants under our stock option plan;

an aggregate of 1,389,361 Common Shares issuable upon the exercise of outstanding Common Share purchase warrants, with a weighted average exercise price of U.S. $1.93 per Common Share (excluding, only for purposes of the number of shares outstanding immediately before this offering, the Common Shares subject to the warrants that are exercisable for the Common Shares offered hereby);

an aggregate of 102,791 deferred share units granted to non-management directors (to defer receipt of all or a portion of their board fees until termination of the board service and to receive such fees in the form of Common Shares at that time); and

an aggregate of 450,000 Common Shares issuable upon the conversion of a Debenture (as defined below) held by Drs. Isa and Amina Odidi, who are directors, executive officers and principal stockholders of our company.

RISK FACTORS

Our past experience may not be indicative of future performance, and as noted elsewhere in this prospectus and documents incorporated by reference into this prospectus, we have included forward-looking statements about our business, plans and prospects that are subject to change. In addition to the other risks or uncertainties contained in this prospectus and documents incorporated by reference into this prospectus, the following risks may affect our operating results, financial condition and cash flows. If any of these risks occurs, either alone or in combination with other factors, our business, financial condition or operating results could be adversely affected. Moreover, readers should note this is not an exhaustive list of the risks we face. Some risks are unknown or not quantifiable, and other risks that we currently perceive as immaterial may ultimately prove more significant than expected. Statements about plans, predictions or expectations should not be construed to be assurances of performance or promises to take a given course of action. Before making an investment decision, you should carefully consider these risks, including those set forth below and those described in the “Risk Factors” section of our Annual Report on Form 20-F, as filed with the SEC on March 1, 2018, which is incorporated by reference into this prospectus, as well as any amendment or update to our risk factors reflected in subsequent filings with the SEC, and you should also carefully consider any other information we include or incorporate by reference in this prospectus.

Any of the risks we describe below or in the information incorporated herein by reference in this prospectus could cause our business, financial condition or operating results to suffer. The market price of our Common Shares could decline if one or more of these risks and uncertainties develop into actual events. You could lose all or part of your investment.

Risks Relating to this Offering

Our management will have broad discretion in allocating the net proceeds of this offering, if any, and may use the proceeds in ways with which you disagree.

Our management has significant flexibility in applying the net proceeds, if any, from the exercise of the warrants which are exercisable for the Common Shares offered hereby. Because the net proceeds are not required to be allocated to any specific product, investment or transaction, and therefore you cannot determine at this time the value or propriety of our application of those proceeds, you and other shareholders may not agree with our decisions. In addition, our use of any such proceeds may not yield a significant return or any return at all for our shareholders. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operations or financial condition. See “Use of Proceeds” for a further description of how management intends to apply the proceeds, if any, from the exercise of the warrants which are exercisable for the Common Shares offered hereby.

You may experience future dilution as a result of future equity offerings.

In order to raise additional capital, we intend to offer additional Common Shares or other securities convertible into or exchangeable for our Common Shares. Those Common Shares or other securities may be offered at prices that may not be the same as the price per share paid by the investors in this offering. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this offering, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional Common Shares, or securities convertible or exchangeable into Common Shares, in future transactions may be higher or lower than the price per share paid by investors in this offering.

Future sales of substantial amounts of Common Shares in the public market, or the perception that such sales may occur, could adversely affect the market price of our Common Shares.

If the selling shareholders exercise their warrants for the Common Shares offered hereby, they will not be restricted as to the price or prices at which those shares may be sold. Sales of shares by such holders may depress the market price of our Common Shares since the number of shares which may be sold by them may be relatively large compared to the historical average weekly trading of our Common Shares. Accordingly, if the holders were to sell, or attempt to sell, all or a substantial portion of such shares at once or during a short time period, we believe such transactions could adversely affect the market price of our Common Shares.

In addition, we have registered a substantial number of outstanding Common Shares and Common Shares that are issuable upon the exercise of other warrants. If the holders of our registered Common Shares choose to sell such shares in the public market or if holders of our warrants exercise their purchase rights and sell the underlying Common Shares in the public market, or if holders of currently restricted Common Shares choose to sell such shares in the public market, the prevailing market price of our Common Shares may decline. The sale of shares issued upon the exercise of our warrants (and options) could also further dilute the holdings of our then existing shareholders. In addition, future public sales by holders of our Common Shares could impair our ability to raise capital through equity offerings.

Sales of a significant number of our Common Shares in the public markets, or the perception that such sales could occur, could depress the market price of the Common Shares.

Sales of a substantial number of our Common Shares or securities convertible or exchangeable into Common Shares in the public markets could depress the market price of the Common Shares and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of Common Shares would have on the market price of our Common Shares.

A substantial portion of our Common Shares are currently freely trading without restriction under the U.S. Securities Act, having been registered for resale or held by their holders for over six months and are eligible for sale under Rule 144. If the holders of our registered Common Shares choose to sell such shares in the public market or if holders of our warrants exercise their purchase rights and sell the underlying Common Shares in the public market, or if holders of currently restricted Common Shares choose to sell such shares in the public market, the prevailing market price of our Common Shares may decline. The sale of shares issued upon the exercise of our warrants (and options) could also further dilute the holdings of our then-existing shareholders. In addition, future public sales by holders of our Common Shares could impair our ability to raise capital through equity offerings.

In order to raise additional capital, we intend to offer additional Common Shares or other securities convertible into or exchangeable for our Common Shares. In November 2013, we established an at-the-market equity program pursuant to which we originally could, from time to time, sell up to 5,305,484 of our Common Shares for up to an aggregate of $16.8 million (or such lesser amount as may then be permitted under applicable exchange rules and securities laws and regulations). As of August 1, 2018, we issued and sold an aggregate of 4,740,350 Common Shares for aggregate gross proceeds of $13,872,929 under the at-the-market program. On March 13, 2018, we terminated the continuous offering by us under the prospectus supplement dated July 18, 2017 and prospectus dated July 17, 2017 in respect of our at-the-market program. If we seek to continue to offer and sell Common Shares under our at-the-market program, we will file another prospectus supplement prior to making such additional offers and sales. We are not required to sell shares under the equity distribution agreement.

On July 17, 2017, our most recent shelf registration statement prior to the registration statement of which this prospectus forms a part was declared effective by the SEC (the “Shelf Registration Statement”). The Shelf Registration Statement allows for, subject to securities regulatory requirements and limitations, the potential offering of up to an aggregate of U.S. $100 million (or such lesser amount as may then be permitted under applicable exchange rules and securities laws and regulations) of the Company’s Common Shares, preference shares, warrants, subscription receipts, subscription rights and units, or any combination thereof, from time to time in one or more offerings, and is intended to give the Company the flexibility to take advantage of financing opportunities when, and if, market conditions are favorable to the Company. The specific terms of such future offerings, if any, would be established, subject to the approval of the Company’s board of directors, at the time of such offering and will be described in detail in a prospectus supplement filed at the time of any such offering. To the extent any of our securities are issued under the Shelf Registration Statement, a shareholder’s percentage ownership will be diluted and our stock price could be further adversely affected. As of August 1, 2018, the Company has not sold any securities under the Shelf Registration Statement, other than (i) the sale since July 17, 2017 of 485,239 Common Shares under our at-the-market program, (ii) the sale in October 2017 of 3,636,364 Common Shares in a registered direct offering, (iii) the sale in March 2018 of 5,833,334 Common Shares in a registered direct offering and (iv) the sale in March 2018 of 3,000,000 Common Shares in a registered direct offering, and there can be no assurance that any additional securities will be sold under the Shelf Registration Statement or the shelf prospectus.

On October 22, 2009, IntelliPharmaCeutics Ltd., or IPC Ltd., and Vasogen Inc., or Vasogen, completed a plan of arrangement and merger (the “IPC Arrangement Agreement”) resulting in the formation of the Company. Our shareholders who received shares under the IPC Arrangement Agreement who were not deemed “affiliates” of either Vasogen, IPC Ltd., or us prior to the IPC Arrangement Agreement were able to resell the Common Shares that they received without restriction under the U.S. Securities Act. The Common Shares received by an “affiliate” after the IPC Arrangement Agreement or who were “affiliates” of either Vasogen, IPC Ltd., or us prior to the IPC Arrangement Agreement are subject to certain restrictions on resale under Rule 144.

As of August 1, 2018, there are currently Common Shares issuable upon the exercise of outstanding options and warrants and deferred share units and the conversion of the outstanding Debenture for an aggregate of approximately 7,555,321 Common Shares, excluding the shares offered hereby. To the extent any of our options and warrants are exercised and the Debenture is converted, a shareholder’s percentage ownership will be diluted and our stock price could be further adversely affected. Moreover, the market price of the shares could drop significantly if the holders of these shares sell them or if the market perceives that the holders intend to sell these shares.

The market price of our Common Shares could decline as a result of sales of Common Shares or securities that are convertible into or exchangeable for, or that represent the right to receive, our Common Shares after this offering or the perception that such sales could occur.

Our Common Shares will be delisted from the Nasdaq Capital Market if we do not satisfy certain requirements of the Nasdaq Hearing Panel by September 28, 2018.

On April 20, 2018, we received notice of the determination of the Nasdaq Staff to delist our Common Shares as a result of the failure to meet either the minimum market value requirement or the minimum stockholders' equity requirement for continued listing. After an appeal before the Nasdaq Hearings Panel, the Panel approved our request for continued listing, subject to our compliance with the following by September 28, 2018:

Our Common Shares having a closing bid price of over $1.00 for ten consecutive trading days;

A stockholders' equity position of over $2.5 million; and

Providing the Panel with updated financial projections demonstrating our ability to maintain compliance with the $2.5 million stockholders equity requirement for the coming year.

There is no assurance that we will be able to satisfy these requirements or that, if we do, we will be able to maintain such compliance with Nasdaq's requirements. If we are unable to do so, our Common Shares will no longer be listed on Nasdaq or another U.S. national securities exchange and the liquidity and market price of our Common Shares may be adversely affected. If our Common Shares are delisted from Nasdaq, they may trade in the U.S. on the over-the-counter market, which is a less liquid market. In such case, our shareholders' ability to trade, or obtain quotations of the market value of, our Common Shares would be severely limited because of lower trading volumes and transaction delays. These factors could contribute to lower prices and larger spreads in the bid and ask prices for our securities.

If our Common Shares are not listed on a national securities exchange, compliance with applicable state securities laws may be required for subsequent offers, transfers and sales of the Common Shares offered hereby.

Because our Common Shares are currently listed on Nasdaq, we are not required to register or qualify in any state the subsequent offer, transfer or sale of the Common Shares. If our Common Shares are delisted from Nasdaq and are not eligible to be listed on another national securities exchange, subsequent transfers of our Common Shares offered hereby by U.S. holders may not be exempt from state securities laws. In such event, it will be the responsibility of the holder of Common Shares to register or qualify the Common Shares for any subsequent offer, transfer or sale in the United States or to determine that any such offer, transfer or sale is exempt under applicable state securities laws.

Risks Associated with a Proposed Reverse Stock Split

We are seeking approval from our shareholders to grant our Board of Directors discretion to implement a reverse split of our Common Shares for the purpose of attempting to meet the minimum bid price continued listing requirement of Nasdaq. However, any reverse split ultimately may not increase our share price.

In order to maintain our continued listing on Nasdaq, we have to meet certain continued listing criteria by September 28, 2018, including a closing bid price of at least $1.00 for a minimum of 10 consecutive trading days. In connection with the minimum bid price requirement, we are seeking approval from our shareholders to grant our Board of Directors discretionary authority to implement the proposed reverse split. We are seeking such shareholder approval pursuant to a notice of special meeting and management information circular filed with the SEC on July 13, 2018 in respect of a special meeting of our shareholders scheduled to be held on August 15, 2018 (the "Special Meeting"). Shareholders of record on June 28, 2018 are entitled to receive notice of, and to vote at, the Special Meeting. We intend to, if approved, implement the reverse split of our Common Shares if then necessary to attempt to meet the minimum bid price continued listing requirement of Nasdaq.

The reverse split could result in a significant devaluation of our market capitalization and trading price of the Common Shares. We expect that the reverse split of the outstanding Common Shares will increase the market price of the Common Shares if and when effected. However, we cannot be certain whether the reverse split would lead to a sustained increase in the trading price or the trading market for our Common Shares. The history of similar stock split combinations for companies in like circumstances is varied. Accordingly, there is no assurance that the market price per share of our Common Shares after the reverse split will rise in proportion to the reduction in the number of pre-split Common Shares outstanding before the reverse split, or that the market price per share post reverse split will remain in excess of the $1.00 minimum closing bid price as required by the Nasdaq Marketplace Rules or that we would otherwise meet the requirements of Nasdaq for continued inclusion for trading on The Nasdaq Capital Market.

The market price of the Common Shares will also be based on our performance and other factors, some of which are unrelated to the number of shares outstanding. If the reverse split is consummated and the trading price of our Common Shares declines, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of the reverse split. Furthermore, the liquidity of the Common Shares could be adversely affected by the reduced number of shares that would be outstanding after the reverse split and this could have an adverse effect on the market price of the Common Shares. If the market price of the Common Shares declines subsequent to the effectiveness of the reverse split, this will detrimentally impact our market capitalization and the market value of our public float. The reverse split may result in some shareholders owning "odd lots" that may be more difficult to sell or require greater transaction costs per share to sell. The reverse split may result in some shareholders owning "odd lots" of less than 100 Common Shares on a post-split basis. These odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "round lots" of even multiples of 100 shares. Depending on the reverse split ratio, certain shareholders may no longer have any equity interest in us and therefore would not participate in our future earnings or growth, if any. The reverse split may not help generate additional investor interest. There can be no assurance that the reverse split will result in a per share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of our Common Shares may not necessarily improve.

Risks Relating to our Company

Our business is capital intensive and requires significant investment to conduct R&D, clinical and regulatory activities necessary to bring our products to market, which capital may not be available in amounts or on terms acceptable to us, if at all.

Our business requires substantial capital investment in order to conduct the research and development ("R&D"), clinical and regulatory activities necessary and to defend against patent litigation claims in order to bring our products to market and to establish commercial manufacturing, marketing and sales capabilities. As of November 30, 2017, we had a cash balance of $1.9 million. As of August 1, 2018, our cash balance was $0.2 million. While we expect to satisfy certain short term capital needs from cash on hand and profit transfer payments from our commercial partners, we need to obtain additional funding as we further the development of our product candidates. Potential sources of capital may include payments from licensing agreements, cost savings associated with managing operating expense levels, other equity and/or debt financings, and/or new strategic partnership agreements which fund some or all costs of product development. We intend to utilize the equity markets to bridge any funding shortfall and to provide capital to continue to advance our most promising product candidates. Our future operations are highly dependent upon our ability to source additional capital to support advancing our product pipeline through continued R&D activities and to fund any significant expansion of our operations. Our ultimate success will depend on whether our product candidates receive the approval of the FDA or Health Canada and whether we are able to successfully market approved products. We cannot be certain that we will be able to receive FDA or Health Canada approval for any of our current or future product candidates, that we will reach the level of sales and revenues necessary to achieve and sustain profitability or that we can secure other capital sources on terms or in amounts sufficient to meet our needs, or at all. Our cash requirements for R&D during any period depend on the number and extent of the R&D activities we focus on. At present, we are working principally on our Oxycodone ER 505(b)(2), PODRAS™ technology, additional 505(b)(2) product candidates for development in various indication areas, and selected generic product candidate development projects. Our development of Oxycodone ER will require significant expenditures, including costs to defend against the Purdue litigation (as defined below). For our Regabatin™ XR 505(b)(2) product candidate, Phase III clinical trials can be capital intensive, and will only be undertaken consistent with the availability of funds and a prudent cash management strategy. We anticipate some investment in fixed assets and equipment over the next several months, the extent of which will depend on cash availability.

Effective September 28, 2017, the maturity date for the Debenture was extended to October 1, 2018. The Company currently expects to repay the current outstanding principal amount of $1,350,000 on or about October 1, 2018, if the Company then has cash available.

The availability of equity or debt financing will be affected by, among other things, the results of our R&D, our ability to obtain regulatory approvals, our success in commercializing approved products with our commercial partners and the market acceptance of our products, the state of the capital markets generally, strategic alliance agreements and other relevant commercial considerations. In addition, if we raise additional funds by issuing equity securities, our then-existing security holders will likely experience dilution, and the incurring of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would restrict our operations. In the event that we do not obtain sufficient additional capital, it will raise substantial doubt about our ability to continue as a going concern, realize our assets, and pay our liabilities as they become due. Our cash outflows are expected to consist primarily of internal and external R&D, legal and consulting expenditures to advance our product pipeline and selling, general and administrative expenses to support our commercialization efforts. Depending upon the results of our R&D programs, the impact of the Purdue litigation (as defined below) and the availability of financial resources, we could decide to accelerate, terminate, or reduce certain projects, or commence new ones. Any failure on our part to successfully commercialize approved products or raise additional funds on terms favorable to us, or at all, may require us to significantly change or curtail our current or planned operations in order to conserve cash until such time, if ever, that sufficient proceeds from operations are generated, and could result in us not taking advantage of business opportunities, in the termination or delay of clinical trials or us not taking any necessary actions required by the FDA or Health Canada for one or more of our product candidates, in curtailment of our product development programs designed to identify new product candidates, in the sale or assignment of rights to our technologies, products or product candidates, and/or our inability to file ANDAs, ANDSs or NDAs, at all or in time to competitively market our products or product candidates.

We have a history of operating losses, which may continue in the foreseeable future.

We have incurred net losses from inception through May 31, 2018 and had an accumulated deficit of $77,882,323 as of such date and have incurred additional losses since such date. As we engage in the development of products in our pipeline, we may continue to incur further losses. There can be no assurance that we will ever be able to achieve or sustain profitability or positive cash flow. In addition to the other factors described in this prospectus, our ultimate success will depend on how many of our product candidates receive the approval of the FDA or Health Canada and whether we are able to successfully market approved products. We cannot be certain that we will be able to receive FDA or Health Canada approval for any of our current or future product candidates, or that we will reach the level of sales and revenues necessary to achieve and sustain profitability.

Approvals for our product candidates may be delayed or become more difficult to obtain if the FDA changes its approval requirements.

The FDA may institute changes to its ANDA approval requirements, which may make it more difficult or expensive for us to obtain approval for our new generic products. For instance, in July 2012, the Generic Drug User Fee Amendments of 2012, or GDUFA, were enacted into law. The GDUFA legislation implemented substantial fees for new ANDAs, Drug Master Files, product and establishment fees. In return, the program is intended to provide faster and more predictable ANDA reviews by the FDA and more timely inspections of drug facilities. For the FDA’s fiscal year 2018, the user fee rate is $171,823 for new ANDAs. For the FDA’s fiscal year 2018, the FDA will also charge an annual facility user fee of $226,087 plus a new general program fee of $159,079. Under GDUFA, generic product companies face significant penalties for failure to pay the new user fees, including rendering an ANDA not “substantially complete” until the fee is paid. It is currently uncertain the effect the new fees will have on our ANDA process and business. However, any failure by us or our suppliers to pay the fees or to comply with the other provisions of GDUFA may adversely impact or delay our ability to file ANDAs, obtain approvals for new generic products, generate revenues and thus may have a material adverse effect on our business, results of operations and financial condition.

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We operate in a highly litigious environment.

From time to time, we may be exposed to claims and legal actions in the normal course of business. As of the date of this prospectus, we are not aware of any pending or threatened material litigation claims against us, other than as described below and under the caption “Legal Proceedings” in this prospectus. Litigation to which we are, or may be, subject could relate to, among other things, our patent and other intellectual property rights or such rights of others, business or licensing arrangements with other persons, product liability or financing activities. Such litigation could include an injunction against the manufacture or sale of one or more of our products or potential products or a significant monetary judgment, including a possible punitive damages award, or a judgment that certain of our patent or other intellectual property rights are invalid or unenforceable or infringe the intellectual property rights of others. If such litigation is commenced, our business, results of operations, financial condition and cash flows could be materially adversely affected.

There has been substantial litigation in the pharmaceutical industry concerning the manufacture, use and sale of new products that are the subject of conflicting patent rights. When we file an ANDA or 505(b)(2) NDA for a bioequivalent version of a drug, we may, in some circumstances, be required to certify to the FDA that any patent which has been listed with the FDA as covering the branded product has expired, the date any such patent will expire, or that any such patent is invalid or will not be infringed by the manufacture, sale or use of the new drug for which the application is submitted. Approval of an ANDA is not effective until each listed patent expires, unless the applicant certifies that the patents at issue are not infringed or are invalid and so notifies the patent holder and the holder of the branded product. A patent holder may challenge a notice of non-infringement or invalidity by suing for patent infringement within 45 days of receiving notice. Such a challenge prevents FDA approval for a period which ends 30 months after the receipt of notice, or sooner if an appropriate court rules that the patent is invalid or not infringed. From time to time, in the ordinary course of business, we face and have faced such challenges and may continue to do so in the future.

In April 2017, the Purdue litigation plaintiffs (as defined below) commenced the Purdue litigation (as defined below) against us in the U.S. District Court for the District of Delaware (docket number 17-392) in respect of our NDA filing for our Oxycodone ER product candidate (abuse-deterrent oxycodone hydrochloride extended-release tablets), alleging that it infringes the OxyContin® patents, listed in the Orange Book (as defined below). In our NDA filed in November 2016 for Oxycodone ER, we relied on the 505(b)(2) regulatory pathway, which allowed us to reference data from Purdue Pharma L.P.’s file for its OxyContin® extended-release oxycodone hydrochloride. Our Oxycodone ER application was accepted by the FDA for further review in February 2017. We certified to the FDA that we believed that our Oxycodone ER product candidate would not infringe any of the OxyContin® patents, or that such patents are invalid, and so notified Purdue Pharma L.P. and the other owners of the subject patents listed in the Orange Book (as defined below) of such certification. The complaint seeks injunctive relief as well as attorneys’ fees and costs and such other and further relief as the Court may deem just and proper. An answer and counterclaim have been filed.

Subsequent to the above-noted filing of lawsuit, 4 further such patents were listed and published in the Orange Book. We then similarly certified to the FDA concerning such further patents. On March 16, 2018, we received notice that the Purdue litigation plaintiffs (as defined below) had commenced further such patent infringement proceedings against us adding the 4 further patents. This lawsuit is also in the District of Delaware federal court under docket number 18-404.

As a result of the commencement of the first of these legal proceedings, the FDA is stayed for 30 months from granting final approval to our Oxycodone ER product candidate. That time period commenced on February 24, 2017, when the Purdue litigation plaintiffs received notice of our certification concerning the patents, and will expire on August 24, 2019, unless the stay is earlier terminated by a final declaration of the courts that the patents are invalid, or are not infringed, or the matter is otherwise settled among the parties. A trial date for the Purdue litigation (as defined below) has been set for October 22, 2018. We are confident that we do not infringe the subject patents, and will vigorously defend against these claims.

Brand-name pharmaceutical manufacturers routinely bring patent infringement litigation against ANDA applicants seeking FDA approval to manufacture and market generic forms of their branded products. We are routinely subject to patent litigation that can delay or prevent our commercialization of products, force us to incur substantial expense to defend, and expose us to substantial liability.

In July 2017, three complaints were filed in the U.S. District Court for the Southern District of New York asserting claims under the federal securities laws against us and two of our executive officers on behalf of a putative class of purchasers of our securities. In a subsequent order, the Court consolidated the three actions under the caption Shanawaz v. Intellipharmaceutics Int'l Inc., et al., No. 1:17-cv-05761 (S.D.N.Y.), appointed lead plaintiffs in the consolidated action, and approved lead plaintiffs' selection of counsel. Lead plaintiffs filed a consolidated amended complaint on January 29, 2018. In the amended complaint, lead plaintiffs purport to assert claims on behalf of a putative class consisting of purchasers of our securities between May 21, 2015 and July 26, 2017. The amended complaint alleges that the defendants violated Sections 10(b) and 20(a) of the United States Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act, and Rule 10b-5 promulgated thereunder by making allegedly false and misleading statements or failing to disclose certain information regarding our NDA for Oxycodone ER abuse-deterrent oxycodone hydrochloride extended-release tablets. The complaint seeks, among other remedies, unspecified damages, attorneys' fees and other costs, equitable and/or injunctive relief, and such other relief as the court may find just and proper. On March 30, 2018, we filed a motion to dismiss in response to the claim. A response by the plaintiffs was filed May 31, 2018. A reply in support of the motion to dismiss was filed by the Company on June 29, 2018. We intend to vigorously defend against the claims asserted in the consolidated action.

We may be subject to intellectual property claims that could be costly and could disrupt our business.

Third parties may claim we have infringed their patents, trademarks, copyrights or other rights. We may be unsuccessful in defending against such claims, which could result in the inability to protect our intellectual property rights or liability in the form of substantial damages, fines or other penalties such as injunctions precluding our manufacture, importation or sales of products. The resolution of a claim could also require us to change how we do business or enter into burdensome royalty or license agreements. Insurance coverage may be denied or may not be adequate to cover every claim that third parties could assert against us. Even unsuccessful claims could result in significant legal fees and other expenses, diversion of management's time and disruptions in our business. Any of these claims could also harm our reputation.

We are a defendant in litigation and are at risk of additional similar litigation in the future that could divert management's attention and adversely affect our business and could subject us to significant liabilities.

We are a defendant in the litigation matters described under the heading "Legal Proceedings." The defense of such litigation may increase our expenses and divert our management's attention and resources, and any unfavorable outcome could have a material adverse effect on our business and results of operations. Any adverse determination in such litigation, or any amounts paid to settle such litigation matters could require that we make significant payments. In addition, we may be the target of other litigation in the future. See "Legal Proceedings."

Our significant shareholders have the ability to exercise significant influence over certain corporate actions.

Our principal shareholders, Drs. Amina and Isa Odidi, our President and Chief Operating Officer and our Chairman and Chief Executive Officer, respectively, and Odidi Holdings Inc., a privately-held company controlled by Drs. Amina and Isa Odidi, owned in the aggregate approximately 13.28% of our issued and outstanding Common Shares as of August 1, 2018 (and collectively beneficially owned in the aggregate approximately 20.8% of our Common Shares, including Common Shares issuable upon the exercise of outstanding options and the conversion of the Debenture in respect of the loan to us in the original principal amount of $1,500,000 by Drs. Isa and Amina Odidi, of which $1,350,000 remains outstanding, that are exercisable or convertible within 60 days of the date hereof). As a result, the principal shareholders have the ability to exercise significant influence over all matters submitted to our shareholders for approval.

We may be classified as a “passive foreign investment company” or PFIC for U.S. income tax purposes, which could have significant and adverse tax consequences to U.S. investors.

The possible classification of our company as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes could have significant and adverse tax consequences for U.S. Holders (as defined below) of our Common Shares. It may be possible for U.S. Holders of Common Shares to mitigate certain of these consequences by making an election to treat us as a “qualified electing fund” or “QEF” under Section 1295 of the Code, or a QEF Election, or a mark-to-market election under Section 1296 of the Code. A non-U.S. corporation generally will be a PFIC if, for a taxable year (a) 75% or more of the gross income of such corporation for such taxable year consists of specified types of passive income or (b) on average, 50% or more of the assets held by such corporation either produce passive income or are held for the production of passive income, based on the fair market value of such assets (or on the adjusted tax basis of such assets, if such non-U.S. corporation is not publicly traded and either is a “controlled foreign corporation” under Section 957(a) of the Code, or makes an election to determine whether it is a PFIC based on the adjusted basis of the assets).

The determination of whether we are, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to various interpretations. Although the matter is not free from doubt, we believe that we were not a PFIC during our 2017 taxable year and will not likely be a PFIC during our 2018 taxable year. Because PFIC status is based on our income, assets and activities for the entire taxable year, and our market capitalization, it is not possible to determine whether we will be characterized as a PFIC for the 2018 taxable year until after the close of the taxable year. The tests for determining PFIC status are subject to a number of uncertainties. These tests are applied annually, and it is difficult to accurately predict future income, assets and activities relevant to this determination. In addition, because the market price of our Common Shares is likely to fluctuate, the market price may affect the determination of whether we will be considered a PFIC. There can be no assurance that we will not be considered a PFIC for any taxable year (including our 2018 taxable year). Absent one of the elections described above, if we are a PFIC for any taxable year during which a U.S. Holder holds our Common Shares, we generally will continue to be treated as a PFIC regardless of whether we cease to meet the PFIC tests in one or more subsequent years. Accordingly, no assurance can be given that we will not constitute a PFIC in the current (or any future) tax year or that the Internal Revenue Service (the “IRS”) will not challenge any determination made by us concerning our PFIC status.

If we are a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of our Common Shares will depend on whether such U.S. Holder makes a QEF or mark-to-market election. Unless otherwise provided by the IRS, a U.S. holder of our Common Shares is generally required to file an informational return annually to report its ownership interest in the Company during any year in which we are a PFIC.

The foregoing only speaks to the United States federal income tax considerations as to the Code in effect on the date of this prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements included and incorporated by reference in this prospectus constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and/or “forward-looking information” under the Securities Act (Ontario). These statements include, without limitation, statements expressed or implied regarding our expectations regarding the proposed reverse split, our plans, goals and milestones, status of developments or expenditures relating to our business, plans to fund our current activities, and statements concerning our partnering activities, health regulatory submissions, strategy, future operations, future financial position, future sales, revenues and profitability, projected costs, and market penetration. In some cases, you can identify forward-looking statements by terminology such as “appear,” “unlikely,” “target,” “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “confident,” “prospects,” “potential,” “continue,” “intends,” “look forward,” “projected,” “goals”, “set to,” “seeking,” or the negative of such terms or other comparable terminology. We made a number of assumptions in the preparation of our forward-looking statements. You should not place undue reliance on our forward-looking statements, which are subject to a multitude of known and unknown risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those stated in or implied by the forward-looking statements.

Risks, uncertainties and other factors that could affect our actual results include, but are not limited to, the effects of general economic conditions, securing and maintaining corporate alliances, our estimates regarding our capital requirements, and the effect of capital market conditions and other factors, including the current status of our product development programs, on capital availability, the estimated proceeds (and the expected use of any proceeds) we may receive from this or any other offering of our securities, the potential dilutive effects of this or any future financing, potential liability from and costs of defending pending or future litigation, our ability to maintain compliance with the continued listing requirements of the principal markets on which our securities are traded, including risks or uncertainties related to our ability to implement our plan to comply with Nasdaq’s continued listing standards, our programs regarding research, development and commercialization of our product candidates, the timing of such programs, the timing, costs and uncertainties regarding obtaining regulatory approvals to market our product candidates and the difficulty in predicting the timing and results of any product launches, the timing and amount of profit-share payments from our commercial partners, and the timing and amount of any available investment tax credits. Other factors that could cause actual results to differ materially include but are not limited to:

the actual or perceived benefits to users of our drug delivery technologies, products and product candidates as compared to others;

our ability to establish and maintain valid and enforceable intellectual property rights in our drug delivery technologies, products and product candidates;

the scope of protection provided by intellectual property rights for our drug delivery technologies, products and product candidates;

recent and future legal developments in the United States and elsewhere that could make it more difficult and costly for us to obtain regulatory approvals for our product candidates and negatively affect the prices we may charge;

increased public awareness and government scrutiny of the problems associated with the potential for abuse of opioid-based medications,

pursuing growth through international operations could strain our resources;

our limited manufacturing, sales, marketing or distribution capability and our reliance on third parties for such;

the actual size of the potential markets for any of our products and product candidates compared to our market estimates;

our selection and licensing of products and product candidates;

our ability to attract distributors and/or commercial partners with the ability to fund patent litigation and with acceptable product development, regulatory and commercialization expertise and the benefits to be derived from such collaborative efforts;

sources of revenues and anticipated revenues, including contributions from distributors and commercial partners, product sales, license agreements and other collaborative efforts for the development and commercialization of product candidates;

our ability to create an effective direct sales and marketing infrastructure for products we elect to market and sell directly;

the rate and degree of market acceptance of our products;

delays in product approvals that may be caused by changing regulatory requirements;

the difficulty in predicting the timing of regulatory approval and launch of competitive products;

the difficulty in predicting the impact of competitive products on volume, pricing, rebates and other allowances;

the number of competitive product entries, and the nature and extent of any aggressive pricing and rebate activities that may follow;

the inability to forecast wholesaler demand and/or wholesaler buying patterns;

seasonal fluctuations in the number of prescriptions written for our generic Focalin XR® capsules, and our generic Seroquel XR® tablets, which may produce substantial fluctuations in revenue;

the timing and amount of insurance reimbursement regarding our products;

changes in laws and regulations affecting the conditions required by the FDA for approval, testing and labeling of drugs including abuse or overdose deterrent properties, and changes affecting how opioids are regulated and prescribed by physicians;

changes in laws and regulations, including Medicare and Medicaid, affecting among other things, pricing and reimbursement of pharmaceutical products;

the effect of recently-enacted changes in U.S. federal income tax laws, including, but not limited to, limitations on the deductibility of business interest, limitations on the use of net operating losses and application of the base erosion minimum tax, on our U.S. corporate income tax burden;

the success and pricing of other competing therapies that may become available;

our ability to retain and hire qualified employees;

the availability and pricing of third-party sourced products and materials;

challenges related to the development, commercialization, technology transfer, scale-up, and/or process validation of manufacturing processes for our products or product candidates;

the manufacturing capacity of third-party manufacturers that we may use for our products;

potential product liability risks;

the recoverability of the cost of any pre-launch inventory should a planned product launch encounter a denial or delay of approval by regulatory bodies, a delay in commercialization, or other potential issues;

the successful compliance with FDA, Health Canada and other governmental regulations applicable to us and our third-party manufacturers' facilities, products and/or businesses;

our reliance on commercial partners, and any future commercial partners, to market and commercialize our products and, if approved, our product candidates;

difficulties, delays or changes in the FDA approval process or test criteria for ANDAs and NDAs;

challenges in securing final FDA approval for our product candidates, including our Oxycodone ER product candidate in particular, if a patent infringement suit is filed against us with respect to any particular product candidates (such as in the case of Oxycodone ER), which could delay the FDA's final approval of such product candidates;

healthcare reform measures that could hinder or prevent the commercial success of our products and product candidates;

the FDA may not approve requested product labeling for our product candidate(s) having abuse-deterrent properties and targeting common forms of abuse (oral, intra nasal and intravenous);

risks associated with cyber-security and the potential for vulnerability of our digital information or the digital information of a current and/or future drug development or commercialization partner of ours; and

risks arising from the ability and willingness of our third-party commercialization partners to provide documentation that may be required to support information on revenues earned by us from those commercialization partners.

Additional risks and uncertainties relating to us and our business can be found in the "Risk Factors" section of this prospectus, as well as in our other public filings incorporated by reference herein. The forward-looking statements reflect our current views with respect to future events and are based on what we believe are reasonable assumptions as of the date hereof, and we disclaim any intention and have no obligation or responsibility, except as required by law, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Nothing contained in this document should be construed to imply that the results discussed herein will necessarily continue into the future or that any conclusion reached herein will necessarily be indicative of our actual operating results.

## FINANCIAL INFORMATION

The financial statements of the Company incorporated herein by reference are reported in United States dollars and have been prepared in accordance with U.S. GAAP. References to "$," "U.S. $" or "dollars" are to U.S. dollars, and all references to "Cdn $" or "C$" are to the lawful currency of Canada. In this prospectus, where applicable, and unless otherwise indicated, amounts are converted from U.S. dollars to Canadian dollars and vice versa by applying the closing spot rate of exchange of the Bank of Canada on August 1, 2018. See "Exchange Rate Information" below.

## EXCHANGE RATE INFORMATION

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars in effect at the end of each of the following periods; the average rate of exchange for those periods; and the rate of exchange in effect at the end of each of those periods, each based on the closing rate published by the Bank of Canada.

| | Period-End | Average for Period | Low | High |
|---|---|---|---|---|
| | (Cdn dollar per U.S. dollar) | | | |
| Year Ended November 30: | | | | |
| 2013 | 1.0620 | 1.0241 | 0.9837 | 1.0620 |
| 2014 | 1.1440 | 1.0971 | 1.0587 | 1.1440 |
| 2015 | 1.3353 | 1.2603 | 1.1328 | 1.3418 |
| 2016 | 1.3429 | 1.3276 | 1.2536 | 1.4559 |
| 2017 | 1.2888 | 1.3030 | 1.2128 | 1.3743 |
| Month Ended: | | | | |