A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws. Accordingly, these securities may not be offered or sold within the United States (as such term is used in Regulation S under the 1933 Act) except in compliance with exemptions from the registration requirements of the 1933 Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from our Corporate Secretary at 100 - 1370 Sony Place, Winnipeg, Manitoba, R3T 1N5, telephone: 204-480-7070, and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue October 19, 2009

IMRIS INC.

$18,004,000

3,215,000 COMMON SHARES

This short form prospectus qualifies the distribution (the "Offering") of 3,215,000 common shares (the "Offered Shares") of IMRIS Inc. at a price of $5.60 per Offered Share. The Offered Shares will be sold pursuant to the terms and conditions of an underwriting agreement dated October 19, 2009 between the Corporation and RBC Dominion Securities Inc., GMP Securities L.P., Canaccord Capital Corporation, Cormark Securities Inc. and Dundee Securities Corporation. The offering price of the Offered Shares has been determined by negotiation between us and the underwriters.

Our outstanding common shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "IM". On October 9, 2009 (the last trading day prior to the announcement of the Offering), the closing price of our common shares on the TSX was $5.65. We have applied to list the Offered Shares and Additional Shares (as defined herein), if any, distributed under this short form prospectus on the TSX. Listing will be subject to us fulfilling all the listing requirements of the TSX.

PRICE: $5.60 PER COMMON SHARE

	Price to the Public	Underwriters' Fee [1]	Net Proceeds to IMRIS[2]
Per Offered Share	$5.60	$0.28	$5.32
Total [3]	$18,004,000	$900,200	$17,103,800

(1) We have agreed to pay to the underwriters a cash commission equal to 5% of the gross proceeds of the Offering, including the sale of any Additional Shares sold pursuant to the exercise of the over-allotment option (the "Over-Allotment Option"). See "Plan of Distribution".

(2) Before deducting expenses of the Offering, estimated to be $350,000, which, together with the underwriters' fee, will be paid from the proceeds of the Offering.

(3) We have granted to the underwriters an option, exercisable for a period of 30 days from the closing of the Offering, to purchase up to 482,250 additional common shares (the "Additional Shares"), on the same terms as the Offering, to cover over-allotments, if any, for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to IMRIS" will be $20,704,600, $1,035,230 and $19,669,370, respectively. This short form prospectus qualifies the distribution of the Over-Allotment Option and the Additional Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Additional Shares forming part of the underwriters' over-allocation position acquires those Additional Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless specifically stated otherwise, the term "Offered Shares" when used in this short form prospectus includes the Additional Shares. See "Plan of Distribution".

An investment in the Offered Shares is subject to certain risks. Prospective investors should carefully consider the risk factors incorporated by reference in this short form prospectus and included under the heading "Risk Factors" in this short form prospectus.

The underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by us and accepted by the underwriters in accordance with the conditions contained in the underwriting agreement referred to under the Plan of Distribution, and subject to the approval of certain legal matters on our behalf by LaBarge Weinstein Professional Corporation and on behalf of the underwriters by Osler, Hoskin & Harcourt LLP. See "Plan of Distribution".

If any of our common shares remain unsold after the underwriters have made a reasonable effort to sell all of the Offered Shares at the price specified, the underwriters may subsequently reduce the selling price to investors from time to time in order to sell the Offered Shares remaining unsold. Any such reduction will not affect the proceeds received by us. **See "Plan of Distribution".**

The following table sets forth the number of options that have been issued or may be issued by us to the underwriters in connection with the Offering:

Underwriters' Position	Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	482,250 Additional Shares	Up to 30 days following the Closing Date	$5.60 per Additional Share

Subject to applicable laws, the underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the common shares at levels other than that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about November 2, 2009, or such other date as we may agree with the underwriters, but in any event no later than November 9, 2009. On the closing date, the Offered Shares will be available for delivery in book-based form through CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS. Purchasers of Offered Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Offered Shares are purchased.

Investors should rely only on the information contained or incorporated by reference in this short form prospectus. We have not authorized any person to provide different information. The Offered Shares may be sold only in those jurisdictions where offers and sales are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Shares in any jurisdiction where it is unlawful. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares, except in the case of documents incorporated or deemed to be incorporated by reference into the short form prospectus subsequent to the date hereof.

Our head and registered office are located at 100 - 1370 Sony Place, Winnipeg, Manitoba, R3T 1N5, and our telephone number is 204-480-7070.

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ELIGIBILITY FOR INVESTMENT

In the opinion of our counsel, LaBarge Weinstein Professional Corporation, and counsel to the underwriters, Osler, Hoskin & Harcourt LLP, the Offered Shares would, if issued on the date hereof, be a qualified investment under the *Income Tax Act* (Canada) (the "Tax Act") and the regulations thereunder for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan or a tax-free savings account. Provided that the holder of a tax-free savings account does not hold a "significant interest" (as defined in the Tax Act) in us or any corporation, partnership or trust that does not deal at arm's length with us, and provided that such holder deals at arm's length with us, the Offered Shares will not be a prohibited investment for a trust governed by a tax-free savings account.

GENERAL MATTERS

In this short form prospectus, unless otherwise indicated or the context otherwise requires, the terms "IMRIS", the "Company", "we", "us", and "our" are used to refer to IMRIS Inc. and our subsidiaries, unless the context otherwise requires. Our trademarks are "IMRIS", "IMRISneuro", "IMRIScardio" and "IMRISmatrix". This prospectus contains company names, product names, trade names, trademarks and service marks of other organizations, all of which are the property of their respective owners.

Information contained on our website is not part of this short form prospectus and is not incorporated herein by reference and may not be relied upon by prospective purchasers for the purposes of determining whether to invest in our common shares.

Unless otherwise specified, in this short form prospectus all dollar amounts are stated in Canadian dollars and all references to "dollars" or "$" are to Canadian dollars.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, the market and industry data contained or incorporated by reference in this short form prospectus is based upon information of publicly available sources and management's knowledge of, and experience in, the markets in which it operates. Although we believe that these sources are generally reliable, market and industry data is subject to variation and cannot

be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey. Neither we nor the underwriters have independently verified any of the data from third party sources referred to in this prospectus. Similarly, internal company surveys and reports, including estimates of market size and information regarding our competitors, which we believe to be reliable based upon management's knowledge of the industry, have not been verified by any independent sources.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from our Corporate Secretary at 100 - 1370 Sony Place, Winnipeg, Manitoba, R3T 1N5, telephone: 204-480-7070. These documents are also available through the Internet on SEDAR which can be accessed at www.sedar.com.

The following documents of the Corporation, which have been filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

(a) our annual information form dated March 27, 2009 for the fiscal year ended December 31, 2008;

(b) our audited consolidated financial statements as at and for the years ended December 31, 2008 and December 31, 2007 and the auditors' report thereon;

(c) management's discussion and analysis of the financial condition and results of operations of the Corporation for the fiscal year ended December 31, 2008;

(d) our unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2009 and June 30, 2008;

(e) management's discussion and analysis of the financial condition and results of operations of the Corporation for the three and six months ended June 30, 2009;

(f) our management information circular dated March 27, 2009 prepared in connection with the annual meeting of the shareholders of the Corporation held on May 5, 2009;

(g) our material change report dated January 9, 2009 relating to the appointments of the Executive Vice President, Operations, the Executive Vice President, Customer Solutions, and the Executive Vice President, Finance and Administration and Chief Financial Officer; and

(h) our material change report dated August 25, 2009 relating to the appointment of the Executive Vice President, Finance and Administration and Chief Financial Officer.

Any annual information form, annual or interim financial statements and related management's discussion and analysis, material change report (other than a confidential material change report), business acquisition report, information circular or disclosure document filed by us with any securities commission or similar regulatory authority in Canada subsequent to the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus, as well as any other document so filed by us which expressly states it to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes that statement. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light

of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute part of this short form prospectus; rather only such statement as so modified or superseded shall be considered to constitute part of this short form prospectus.

FORWARD-LOOKING STATEMENTS

This short form prospectus, including the documents incorporated by reference herein, contains certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to our management. In some cases, forward-looking statements can be identified by terminology such as “may”, “would”, “could”, “will”, “should”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding our future operating results, economic performance and product development efforts are or involve forward-looking statements, including statements in respect of our ability to successfully deliver completed IMRIS systems to all customers from whom we have received orders to date.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors, including the risks outlined under “Risk Factors” in this short form prospectus and the documents incorporated by reference herein, which may cause actual events, performance or results to differ materially from any forward-looking statement. Although the forward-looking statements contained in this short form prospectus and in the documents incorporated by reference are based on what our management considers to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this short form prospectus and we do not intend, and do not assume any obligation, to update or revise them to reflect new events or circumstances.

THE CORPORATION

IMRIS was incorporated under the *Canada Business Corporations Act* on May 18, 2005. On May 20, 2005, we acquired all of the assets and assumed all of the liabilities of Innovative Magnetic Resonance Imaging Systems Inc., hereinafter referred to as "Innovative". On November 18, 2005, we acquired control of Innovative and we amalgamated with Innovative on December 31, 2005. On October 26, 2007, our articles of amalgamation were amended to, among other things, create a class of preferred shares, unlimited in number and which may be issued from time to time in one or more series. Consequently, we are authorized to issue an unlimited number of common shares and an unlimited number of preferred shares.

We own, directly or indirectly, all of the outstanding shares of our subsidiaries: IMRIS, Inc. (incorporated under the laws of Delaware, USA); IMRIS (Europe) SPRL, (incorporated in Belgium); IMRIS India Private Limited (incorporated in India); and IMRIS KK (incorporated in Japan).

Our principal office is located at 100-1370 Sony Place, Winnipeg, Manitoba, R3T 1N5.

BUSINESS OF THE CORPORATION

IMRIS provides fully integrated imaging solutions that deliver timely information to clinicians during surgical or interventional procedures. IMRIS systems incorporate multiple imaging modalities including magnetic resonance imaging ("MRI" or "MR imaging") and fluoroscopy into fully integrated imaging suites. Our systems use a variety of patented technologies, including the capability of moving an MRI scanner to the patient, rather than having to move the patient to the scanner, while the surgery or interventional procedure is in progress.

IMRISneuro is our flagship product, providing surgeons with high resolution magnetic resonance ("MR") images during neurosurgical procedures. Due to the invasive nature of brain surgery and the importance of minimizing disturbance to healthy brain tissue, neurosurgical procedures may benefit from MRI's unique ability to distinguish between diseased and healthy brain tissue. IMRISneuro allows surgeons to make adjustments to the procedure while the procedure is in progress, which may lead to improved patient outcomes and reduce the likelihood that repeat surgeries will be needed. As of June 30, 2009, we had sold 30 IMRISneuro systems, 16 of which are installed and 14 of which are currently in the delivery phase. Of the 30 IMRISneuro systems sold, 21 have been sold in the United States, 5 have been sold in Canada and 4 have been sold in Asia Pacific.

Bringing new application-specific solutions to market is a priority for IMRIS. Through a program of continuous innovation that leverages our technology platforms and core competencies, we recently introduced two new applications that are targeted at the cardiovascular and neurovascular markets, IMRIScardio and IMRIS$_{NV}$.

IMRIScardio provides clinicians with enhanced images for visualizing the cardiovascular system before, during and after an intervention. Cardiovascular interventions demand a high level of accuracy in the diagnosis of patients and in the assessment of treatments. The IMRIScardio suite includes a wide-bore 1.5 Tesla MRI scanner and a single-plane or bi-plane angiography system providing the ability to alternate between imaging modalities and immediately assess treatment.

IMRIS$_{NV}$ sequentially employs MRI and fluoroscopy in an integrated suite that provides interventional clinicians with imaging for the rapid assessment and post procedure evaluation of neurovascular conditions including stroke, where speed of treatment is a major determinant in the success of patient outcomes. The IMRIS$_{NV}$ suite features a wide-bore 3 Tesla MRI scanner and a bi-plane angiography system completely integrated into a single suite that permits the patient to transition quickly and seamlessly between MR imaging and intervention without transporting the patient between modalities.

Our integrated imaging solutions are based on three fundamental principles:

Patient Safety – The patient is never moved during the course of a surgical or interventional procedure in an IMRIS integrated suite. Unlike conventional imaging solutions where the patient is moved for imaging, our solutions move the imaging system to the patient at the right moment in the procedure. This avoids any potential risks associated with having to move the patient to the scanner, and maintains optimum patient positioning during the procedure.

Clinical Efficiency – All aspects of IMRIS systems are designed to enhance the workflow of the clinical team. Imaging information is captured rapidly and presented to maximize efficiency and effectiveness for clinicians. In addition, because the imaging system is moved to the patient during use, when not in use, clinicians are afforded unrestricted access to the patient

and do not require special MR-compatible instruments for the procedures.

Financial Utility – IMRIS systems provide customers with both intraoperative interventional and diagnostic MR imaging capabilities. When not in use during a surgery or interventional procedure, the MRI scanner is located in an adjacent room and is available for diagnostic imaging, thereby ensuring that the hospital obtains maximum utility from its equipment.

In addition to leveraging our technology platform by developing and launching other clinical applications such as IMRIScardio and IMRISNV, we intend to grow the Company by expanding our efforts to market our IMRISneuro system into all neurosurgical markets. We also intend to sell additional products and services to our new and existing customers, including proprietary product offerings and expanded integration services. This will be complemented by our efforts to seek further opportunities for strategic partnerships and relationships to augment our existing supply and sales partnership with Siemens AG, who supplies the MRI scanner to us under a global re-sale agreement and with whom we already work closely on sales and customer service.

RECENT DEVELOPMENTS

In September 2009, we received 510(k) clearance from the US Food and Drug Administration (FDA), permitting us to market IMRISNV and IMRIScardio in the United States. This followed European CE Mark approval of the two systems in April 2009. Our IMRISneuro system received regulatory approval in Japan earlier in May 2009.

In October 2009, we announced our first sale of the IMRIScardio and IMRISNV systems under a comprehensive agreement with Brigham and Women's Hospital ("BWH"). Under the agreement, IMRIScardio and IMRISNV will be installed in BWH's Advanced Multimodality Image Guided Operating Suite. The fully integrated IMRIS system will include an MR diagnostic center and interventional theatre, incorporating a Siemens wide-bore 3 Tesla MRI scanner and single-plane angiography system. The system will permit rapid and seamless transitions between MR imaging and intervention without transporting the patient between modalities. MR images can be taken before and during procedures to assess tissue health, and can also be used in conjunction with the fluoroscopic images during interventional procedures. On completion of the procedure, new images can be taken to evaluate the intervention.

Earlier this year we announced the promotion of Pablo Batista, Vice President, Production, to the position of Executive Vice President, Operations. In August 2009, Kelly McNeill was appointed Executive Vice President, Finance and Administration and Chief Financial Officer.

USE OF PROCEEDS

The estimated net proceeds of the Offering, assuming no exercise of the Over-Allotment Option, after deducting the underwriters' fee and certain other expenses of the Offering, estimated to be $350,000, will be $16,753,800. The net proceeds of the Offering are expected to be used for a combination of working capital and general corporate and administrative purposes. Pending use of the net proceeds of the Offering, we will invest the funds in guaranteed investment certificates or other high-quality short-term investments, at the discretion of management. We will retain broad discretion in allocating the net proceeds of the Offering based on budgets approved by our board of directors and consistent with established internal control guidelines. There may, however, be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary and our actual use of such net proceeds may vary depending on our operating and capital needs from time to time.

CONSOLIDATED CAPITALIZATION

Since June 30, 2009, there have been no material changes in our share or loan capital. As at October 16, 2009, we had 27,371,627 common shares issued and outstanding. After giving effect to the Offering, there will be an aggregate of 30,586,627 common shares issued and outstanding (34,368,420 common shares on a fully-diluted basis), or 31,068,877 common shares issued and outstanding if the Over-Allotment Option is exercised in full (34,850,670 common shares on a fully-diluted basis).

DESCRIPTION OF COMMON SHARES

Our authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As of October 16, 2009, there were 27,371,627 common shares and no preferred shares issued and outstanding.

The holders of the common shares will be entitled to receive notice of and to attend all annual and special meetings of our shareholders and to one vote in respect of each common share held at all such meetings. The holders of the common shares will be entitled, at the discretion of our board of directors, to receive out of any or all profits or surplus of IMRIS properly available for the payment of dividends, any dividend declared by the board of directors and payable by IMRIS on the common shares. The holders of the common shares will participate ratably in any distribution of the assets of IMRIS upon its liquidation, dissolution or winding-up or other distribution of its assets among its shareholders for the purpose of winding up its affairs.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated October 19, 2009, we have agreed to sell and RBC Dominion Securities Inc., GMP Securities L.P., Canaccord Capital Corporation, Cormark Securities Inc. and Dundee Securities Corporation have severally agreed in the proportions set out in the underwriting agreement to purchase, on or about November 2, 2009 or on such later date as may be agreed between the parties, but in any event not later than November 9, 2009, an aggregate of 3,215,000 common shares at a purchase price of $5.60 per common share, for total gross proceeds of $18,004,000.

The obligations of the underwriters under the underwriting agreement may be terminated at their discretion upon the occurrence of certain stated events, including a major financial occurrence that in their opinion adversely affects the financial markets. The underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the underwriting agreement. The offering price of the Offered Shares was determined by negotiation between us and the underwriters. The obligations of the underwriters under the underwriting agreement are several and not joint. If an underwriter fails to purchase the Offered Shares which it has agreed to purchase, the other underwriters may, but are not obligated to, purchase such Offered Shares.

We have also granted to the underwriters the Over-Allotment Option to purchase up to 482,250 Additional Shares on the same terms as set out above. The Over-Allotment Option is exercisable in whole or in part for a period of up to 30 days following the closing date to cover over-allotments, if any, for market stabilization purposes. A purchaser who acquires Additional Shares forming part of the underwriters' over-allocation position acquires those Additional Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. This short form prospectus qualifies the distribution of the Over-Allotment Option to the underwriters and the Additional Shares issuable upon the exercise thereof.

We will pay to the underwriters a fee of $0.28 per Offered Share, including any Additional Shares sold pursuant to the exercise of the Over-Allotment Option, representing 5.0% of the gross proceeds from the Offering, for their services in connection with the distribution of the Offered Shares offered under this short form prospectus.

If any of the Offered Shares remain unsold after the underwriters have made a reasonable effort to sell all of the Offered Shares at the price specified, the underwriters may subsequently reduce and thereafter change, from time to time, to an amount not greater than the initial offering price, the selling price at which the Offered Shares may be offered under this short form prospectus. Any such reduction will not affect the proceeds received by us, however, the underwriters' compensation will decrease by the amount by which the aggregate price paid for the Offered Shares by the purchasers is less than the aggregate price paid to us by the underwriters.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offered Shares are to be taken up by the underwriters, if at all, on or before November 9, 2009. On the closing date of the Offering, the Offered Shares will be available for delivery in book-based form through CDS or its nominee and will be deposited with CDS. Purchasers of Offered Shares will receive only a customer confirmation from the registered dealer that is a CDS participant and from or through which the Offered Shares are purchased.

Pursuant to the policies of certain Canadian securities regulators, the underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase common shares of the Company. The foregoing restriction is subject to certain exemptions. The underwriters may rely on such exemptions on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the common shares of the Company. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the offer was not solicited during the period of distribution.

In connection with the Offering, the underwriters may over-allot or effect transactions that stabilize or maintain the market price of our common shares at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the common shares while the Offering is in progress. These transactions may also include making short sales of common shares, which involve the sale by the underwriters of a greater number of Offered Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing our common shares in the open market. In making this determination, the underwriters will consider, among other things, the price of common shares available for purchase in the open market compared to the price at which they may purchase Offered Shares through the Over-Allotment Option. The underwriters must close out any naked short position by purchasing common shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market that could adversely affect investors who purchase in the Offering.

As a result of these activities, the price of the common shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

The Offered Shares offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The underwriting agreement permits the underwriters, through certain of their qualified U.S. broker-dealer affiliates, to offer and resell the Offered Shares that they have acquired pursuant to the underwriting agreement to certain qualified institutional buyers in the United States, provided such offers and sales are made in accordance with Rule 144A under the 1933 Act and applicable state securities laws. Moreover, the underwriting agreement provides that the underwriters may offer and sell the Offered Shares outside the United States only in accordance with Rule 903 of Regulation S under the 1933 Act. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares offered under the Offering in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made other than in accordance with an exemption from such registration requirements.

We have agreed to severally indemnify each of the underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the underwriters may be required to make in respect thereof.

We have agreed that, subject to certain exceptions, the Company will not offer or issue, or enter into an agreement to offer or issue, common shares or any securities convertible or exchangeable into common shares for a period of 90 days subsequent to the closing date, without the consent of RBC Dominion Securities Inc., on behalf of the underwriters, which consent may not be unreasonably withheld or delayed.

We have applied to list the Offered Shares and Additional Shares, if any, distributed under this short form prospectus on the TSX. Listing will be subject to us fulfilling all of the listing requirements of the TSX.

PRIOR SALES

Common Shares

During the 12-month period prior to the date of this short form prospectus, we issued the following common shares. Unless otherwise indicated, we issued the common shares set forth below upon the exercise of outstanding stock options.

Date of Issue	Number of Common Shares Issued	Issuance Price
September 11, 2008	1,500	$2.25
April 15, 2009	4,500	$2.25
June 4, 2009	2,500	$2.25
June 26, 2009	4,687	$0.97
August 18, 2009	4,000	$0.97
September 14, 2009	2,750	$1.71
September 14, 2009	677	$5.00

Options

The following table sets forth details for all stock options that we granted under our stock option plan during the 12-month period prior to the date of this short form prospectus.

Date of Grant	Number of Common Shares Under Options Granted	Exercise Price
November 17, 2008	47,500	$2.40
February 27, 2009	103,109	$2.01
May 6, 2009	39,750	$3.50
July 31, 2009	13,875	$5.41

TRADING PRICE AND VOLUME

Our common shares are listed and posted for trading on the TSX under the symbol "IM". The following table sets forth trading information for the common shares on the TSX during the 12-month period prior to the date of this short form prospectus.

		Price Range ($)[1]		
	Month	High	Low	Trading Volume[2]
2008	October	4.16	2.70	123,400
	November	3.27	1.75	169,500
	December	1.90	1.10	1,856,000
2009	January	2.30	1.75	118,800
	February	2.39	1.65	60,500
	March	3.01	2.01	102,700
	April	3.86	3.00	383,400
	May	4.25	3.37	1,794,000
	June	5.65	3.80	240,600
	July	5.41	4.71	63,400
	August	5.98	4.51	57,800
	September	5.90	4.99	100,400
	October[3]	5.89	5.58	41,800

(1) Includes intra-day high and low prices.
(2) Total volume traded in the relevant month.
(3) To October 16, 2009, the last trading date prior to the date of this short form prospectus.

RISK FACTORS

An investment in the Offered Shares offered hereby involves certain risks. Before investing, prospective purchasers of Offered Shares should carefully consider the factors set out below, as well as the other information contained in this short form prospectus and in the documents incorporated by reference herein, including as set out in our management's discussion and analysis of the financial condition and results of operations of the Corporation for the fiscal year ended December 31, 2008, our management's discussion and analysis of the financial condition and results of operations of the Corporation for the three and six months ended June 30, 2009, and under the heading "Risk Factors" in our annual information form dated March 27, 2009 for the fiscal year ended December 31, 2008 (copies of which may be accessed at www.sedar.com).

The following list of risk factors may not be exhaustive, as we operate in a rapidly changing business, and new risk factors emerge from time to time. We cannot predict such risk factors, nor can we assess the impact, if any, of such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, we do not, nor should our shareholders or potential purchasers of Offered Shares, rely on forward-looking statements as a prediction of actual results. See "Forward Looking Statements".

Risks Related to Our Business

Long sales cycle, high unit price and limited quarterly installations

The high unit price of the IMRISneuro, IMRIScardio and IMRISNV systems, as well as other factors, may contribute to substantial fluctuations in our quarterly operating results and share price. The purchase and installation of an IMRIS system represents a significant capital project for our customers. Due to the relative size and complexity of these projects, our sales process requires that we engage with a number of different stakeholders within and outside the hospital to assist in making a strong clinical and business case for the IMRIS system, including neurosurgeons, radiologists, facilities managers, hospital administrators and other hospital staff. As a result, the sales cycle associated with the marketing of our systems is both complex and lengthy, with an average sales cycle of more than 12 months from initial customer engagement to our receipt of a purchase order.

Because of the high unit price of the IMRIS system and the relatively limited number of units installed each quarter, each installation currently represents a significant component of our revenue for a particular quarter. If we lose a single customer order or if customers defer installation of an IMRIS system for even a short period of time, recognition of a significant amount of revenue may be lost or deferred to a subsequent period.

Because our operating costs are relatively fixed, our inability to recognize revenue in a particular quarter may adversely affect our profitability in that quarter. In addition, while we believe that our backlog of orders provides a better measure at any particular point in time of the long-term performance prospects of our business than our quarterly operating results, investors may attribute significant weight to our quarterly operating results, which may result in substantial fluctuations in our share price.

We expect that revenues from a limited number of new customers will account for a large percentage of total revenues in future quarters. Our ability to attract new customers will depend on a variety of factors, including the capability, safety, efficacy, ease of use, price, quality and reliability of our products and effective sales, support, training and service. The loss or delay of individual orders could have a significant impact on revenues and operating results. Our failure to add new customers that make significant purchases of our products would reduce our future revenues.

If we are unable to fulfill our current purchase orders and other commitments on a timely basis or at all, our ability to generate revenue could be impaired, market acceptance of our products could be adversely affected and hospitals may instead purchase our competitors' products. As at June 30, 2009 we had 14 outstanding purchase orders and other commitments for our IMRISneuro systems. These orders and commitments may be revised, modified or cancelled, either by their express terms, as a result of negotiations or by project changes or delays. The installation process for an IMRISneuro system is long and involves multiple stages, the completion of many of which is outside of our control. If we experience any failures or delays in completing the installation of these systems, our reputation would suffer and we may not be able to sell additional systems. Substantial delays in the installation process also increase the risk that a customer would attempt to cancel a purchase order. This would have a negative effect on our revenues and results of operations.

Limited operating history and accumulated deficit

We acquired all of the assets and assumed all of the liabilities of Innovative in 2005. Accordingly, we have a limited operating history. We have a large accumulated deficit, we expect future losses, and we may not achieve or maintain profitability. We have incurred substantial losses since inception and we may incur additional operating losses. If the time required to generate significant revenues and achieve profitability is longer than anticipated, we may not be able to continue our operations without additional capital. Our prospects must be considered in light of the risks and uncertainties encountered by an early-stage company in the continuously-evolving surgical imaging market, including the risks described throughout this prospectus. If we cannot successfully address these risks, our business and financial condition would suffer.

Lack of product diversity

Currently, our commercially available products are the IMRISneuro, IMRIScardio and IMRISNV systems. Although we expect sales of our new IMRIScardio and IMRISNV systems to increase with market acceptance of these systems, we currently generate substantially all of our revenue from sales of the IMRISneuro system and multiyear service plans for the IMRISneuro system. If we are unable to sustain or grow sales of the IMRISneuro system or grow sales of IMRIScardio and IMRISNV, we may not generate sufficient revenue to support our business. Accordingly, we are currently dependent on our ability to market and sell the IMRISneuro system. Any factor materially and/or adversely affecting our ability to market and sell the IMRISneuro system or pricing and demand for the IMRISneuro system may have a material and adverse effect on our financial condition and results of operations.

Dependence on suppliers

We depend on Siemens to supply the MRI scanner and angiography systems for our IMRIS systems. Our current agreement with Siemens was entered into as of November 2005 for a five-year term with automatic renewal annually thereafter, subject to six months' advance written notice of termination by either party. The agreement may be terminated earlier in the event of default or in the event of insolvency or equivalent proceedings against either party or in the event of a change of control or similar sale transaction affecting IMRIS where the buyer or controlling shareholder is a direct competitor to Siemens. If for any reason we could not obtain MRI scanners and angiography systems from Siemens, there is no certainty that we could find another vendor willing to supply this equipment for the IMRIS systems and a change would require a redesign of the IMRIS systems, which could take a year or more to implement. We are dependant on Siemens to provide support and maintenance services to our customers under contract to IMRIS. If Siemens' services became unavailable, any resulting service issues could disrupt our customer relationships and cause damage to our reputation.

We purchase certain other critical components of our system from outside vendors, including radio-frequency shielding systems (which are required to protect the MRI scanner from radio interference), certain hardware components for our IMRISmatrix, and operating room booms and lights. For the majority of our other critical system components, we do not have long-term supply contracts with the suppliers. However, we have established dual sourcing for some of these other components of our system and we believe that we would be able to establish additional alternative sources for these components, subject to any regulatory qualifications, as may be required. It is possible that a disruption of the supply of key components could result in increased costs and delays in deliveries of IMRIS systems, which could adversely affect our reputation and results of operations. Additionally, any transition to alternate manufacturers or suppliers would likely result in operational problems and increased expenses and could delay the shipment of, or limit our ability to provide, our products. We cannot assure you that we would be able to enter into agreements with new manufacturers or suppliers on commercially reasonable terms or at all. As a result, we may be unable to meet the demand for the IMRIS systems, or face increased costs and delays in deliveries of IMRIS systems, either of which could harm our ability to generate revenue and damage our reputation. In addition, any delay in receiving components might cause us to have insufficient spare parts to service existing installed systems, which could lead to customer dissatisfaction.

We believe it may be necessary to find alternative manufacturers for key components of the IMRIS systems over time as our quantity and quality demands evolve, but we may not be able to identify an alternative manufacturer in a timely fashion. Any transition to alternate manufacturers or suppliers would likely result in operational problems and increased expenses and could delay the shipment of, or limit our ability to provide, our products. Furthermore, we will need to verify that any new manufacturer meets our technical specifications and maintains facilities, procedures and operations that comply with our quality requirements. We will also have to assess any new manufacturer's compliance with all applicable regulations and guidelines, which could further impede our ability to manufacture our products in a timely manner. If the change in manufacturer results in a significant change to the product, a

new 510(k) clearance from the U.S. Food and Drug Administration, or FDA, or similar foreign clearance may be necessary, which would likely cause substantial delays. The occurrence of any of these events could harm our ability to meet the demand for the IMRIS systems in a timely manner or within budget.

Development of new products

To date, the primary application for our surgical MR imaging system has been neurosurgical procedures. In addition to developing new neurological applications and products, we have leveraged the IMRISneuro technology platform to create our IMRIScardio and IMRISNV systems for interventional cardiovascular and neurovascular procedures. In addition, we believe our products and related technologies can be applied in different medical practices and we will continue to assess other applications for our MRI system platform. We have limited financial and managerial resources and therefore may be required to focus on selected products and applications and to forego efforts with regard to other products and applications. We may fail to focus on the most profitable areas or our decisions may not produce viable commercial products and may divert our resources from more profitable market opportunities. Moreover, we may devote resources to developing products in these additional areas but may be unable to justify the value proposition or otherwise develop a commercial market such products. In that case, the return on investment in these additional areas may be limited, which could negatively affect our results of operations.

Reliance on key personnel

We are dependent on certain of our key employees. In particular, we are highly dependent on the members of our senior management, operations and research and development staff. The loss of one or more of these individuals could adversely affect our business. Recruiting and retaining key personnel in the future will be critical to our success. Although we have done so in the past and expect to be able to do so in the future, we cannot assure you that we will be able to attract and retain skilled and experienced personnel. Competition for qualified personnel in the medical device industry is intense and finding and retaining qualified personnel with experience in our industry is very difficult. We believe there are only a limited number of individuals with the requisite skills to serve in many of our key positions and we compete for key personnel with other medical equipment and software manufacturers and technology companies, as well as universities and research institutions. It can be difficult to hire and retain these persons, and we may be unable to replace key persons if they leave or fill new positions requiring key persons with appropriate experience. A significant portion of our compensation to our key employees is in the form of stock option grants. A prolonged depression in our share price could make it difficult for us to retain our employees and recruit additional qualified personnel. We do not maintain, and do not intend to obtain, key employee life insurance on any of our personnel. If we fail to hire and retain personnel in key positions, we may be unable to grow our business successfully.

Lack of supporting clinical data

The effectiveness of procedures performed using IMRIS systems are not yet supported by long-term clinical data and the medical community has not yet developed a large body of peer-reviewed literature that supports the safety and efficacy of IMRIS systems. Although we believe that IMRIS systems have advantages over competing products and technologies, because they are relatively new, we do not have sufficient clinical data demonstrating these advantages for all applications. If future studies call into question the safety or efficacy of our products, our business, financial condition or results of operations could be adversely affected.

Market competition and technological advances

The medical device industry in general, and the field of surgical imaging in particular, is subject to intense and increasing competition and rapidly evolving technologies. Radiation therapy, chemotherapy and other drugs offer existing means of treating the diseases that are dealt with using surgical imaging. In addition, many government, academic and business entities are investing substantial resources in research and development of treatments and new products that may render surgical imaging obsolete, including radiation treatment, new drug treatments and gene therapy. Successful developments that result in new approaches for treatments could reduce the attractiveness of our products or render them obsolete. MRI competes with other surgical imaging technologies such as CT, fluoroscopy and ultrasound for market share in the overall surgical imaging market.

Because our products often have long development and government approval cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to continue to demonstrate the advantages of our products and technologies over well-established alternative procedures, products and technologies, and convince neurosurgeons, cardiovascular interventionists, radiologists, facilities managers, hospital administrators

and other hospital staff at various stages and other healthcare decision makers of the advantages of our products and technologies.

Our current competitors or other companies may at any time develop new imaging solutions. If we are unable to develop products that compete effectively against the products of existing or future competitors, our net revenue could decline. Some of our competitors may compete by changing their pricing model or by lowering the price of their imaging solutions or ancillary supplies. If these competitors' pricing techniques are effective, it could result in downward pressure on the price of our products. If we are unable to maintain or increase our selling prices in the face of competition, we may not improve our gross margins.

Moreover, many of our competitors are large medical systems suppliers and have considerably greater resources at their disposal than we do in terms of technology, manufacturing, product development, marketing, distribution, sales, commercialization, capital resources and human resources and have established relationships with hospitals. Many competitors have more experience in obtaining domestic and foreign regulatory approvals. Therefore, we cannot assure you that we can successfully compete with present or potential competitors or that such intense competition will not have a materially adverse effect on our business, financial condition or results of operations.

In addition to the competition that we face from technologies performing similar functions to our IMRIS systems, competition also exists for the limited capital expenditure budgets of our customers. A potential purchaser may be forced to choose between two items of capital equipment. Our ability to compete may also be adversely affected when purchase decisions are based largely upon price, since the IMRIS systems are premium-priced systems due to their greater functionality compared to traditional systems. If we are unable to market the IMRIS systems more effectively than competing products, which could be purchased as an alternative to the our systems using the same budget at comparable or lower prices, we may be unable to maintain our current growth rate.

Patent protection and trade secrets

Our success depends, in part, on our ability to maintain or obtain and enforce patent and other intellectual property protections for our processes and technologies, to preserve our trade secrets and to operate without infringing upon the proprietary rights of third parties or having third parties circumvent the rights that we own or license. We have obtained patents and filed applications in the United States, Canada, and internationally and may, in the future, seek additional patents or file patent applications. Significant aspects of our technology are currently protected as trade secrets, for which we may or may not file patent applications when appropriate. There can be no assurance that patents owned or licensed by IMRIS will be valid and we may not be able to successfully obtain and enforce patents and maintain trade secret protection for our technology. We cannot assure you that any of our pending patent applications will issue with commercially useful claims or that the inventions when built will perform as required, or that the patents granted to us will be commercially useful. Setbacks in these areas could negatively affect our ability to compete and materially and adversely affect our business, financial condition and results of operations.

Patents may provide some degree of protection for our intellectual property; however, patent protection involves complex legal and factual determinations and is therefore uncertain. We cannot assure you that our patents or patent applications will be valid or will issue over prior art, or that patents will issue from the patent applications we have filed or will file. Additionally, we cannot assure you that the scope of any claims granted in any patent will provide us with adequate protection for the processes used by us currently or in the future. We cannot be certain that the creators of our technology were the first inventors of inventions and processes covered by our patents and patent applications or that they were the first to file. Accordingly, we cannot assure you that our patents will be valid or will afford us with protection against competitors with similar technology or processes. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our proprietary information. Monitoring unauthorized use of our confidential information is difficult and we cannot be certain that the steps we take to prevent unauthorized use of our confidential information will be effective. In addition, the laws governing patent protection continue to evolve and are different from one country to the next, all of which causes further uncertainty in the usefulness of a patent. In addition, our issued patents or patents licensed to us may be successfully challenged, invalidated, circumvented or unenforceable so that our patent rights would not create an effective competitive barrier. Moreover, the laws of some countries may not protect our proprietary rights to the same extent as do the laws of the United States and Canada. Although we have attempted to obtain patent coverage for our technology where available and appropriate, there are aspects of the technology for which patent coverage was never sought or never received. There are also countries in which we sell or intend to sell our products, but have no patents or pending patent applications. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which we have no patent protection. If we are not able to adequately protect our intellectual property and proprietary technology, our competitive position, future business prospects and financial performance will be adversely affected.

Unpatented trade secrets, technological innovation and confidential know-how are also important to our success. Although we seek to protect our proprietary information through confidentiality agreements and other appropriate means, these measures may not effectively prevent disclosure of our proprietary information, and, in any event, we cannot assure you that others will not independently develop the same or similar information or gain access to the same or similar information. In view of these factors, our intellectual property positions have a degree of uncertainty.

Intellectual property litigation

Patents issued or licensed to us may be infringed by the products or processes of others. The cost of enforcing patent rights against infringers, if such enforcement is required, could be significant, and the time demands could interfere with our normal operations. There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the medical technology industry. We may become a party to patent litigation and other proceedings. The cost to us of any patent litigation, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation more effectively than we can because of their substantially greater financial resources. Litigation may also absorb significant time and could divert our management's attention from our core business. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us.

Furthermore, it is possible that patents issued or licensed to us may be challenged successfully by third parties in patent litigation. Patent applications which relate to or affect our business may have been filed by others and may conflict with our technologies or patent applications. This could reduce the scope of patent protection which we could otherwise obtain or even lead to refusal of our patent applications. It is also possible for others to develop products which have the same effect as our products on an independent basis or to design around the technology protected by our patents. In any event, if we are unable to secure or to continue to maintain a preferred position, our products could become subject to competition from the sale of similar or equivalent products. We could also become involved in interference proceedings in connection with one or more of our patents or patent applications to determine priority of invention.

We cannot be certain that we are the creator of inventions covered by pending patent applications or that we were the first to file patent applications for any such inventions. We cannot assure you that our patents, once issued, would be declared by a court to be valid or enforceable, or that a competitor's technology or product would be found to infringe our products. In the event that a court was to find that we were infringing upon a valid patent of a third party, we could be required to pay a substantial damage award, develop non-infringing technology, enter into royalty-bearing licensing agreements or stop selling our products. We cannot assure you that we could enter into licensing arrangements at a reasonable cost, or at all, or develop or obtain alternative technology in respect of patents issued to third parties that incidentally cover our products. Any inability to secure licenses or alternative technology could result in delays in the introduction of some of our products or even lead to prohibition of the development, manufacture or sale of certain of our products.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers. As is common in the medical device industry, we employ individuals who were previously employed at other medical equipment companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Ability to manage growth

Our future financial performance, our ability to commercialize the IMRIS systems and to compete effectively will depend, in part, on our ability to manage future growth effectively. In our latest quarter ended June 30, 2009, we reported a 20% growth in sales over the prior year comparative period and a 109% year-over-year growth in our order backlog. Our ability to manage growth will require us to continue to implement and improve our administrative, accounting and management systems and to recruit, integrate and train new employees, including additional management, administrative, distribution, sales and marketing personnel. Our manufacturing, assembly and installation process is complex and we must effectively scale this entire process to satisfy customer expectations and changes in demand. We cannot be certain that our personnel, systems, procedures and internal controls will be adequate to support our future operations. Any failure to effectively manage our growth could impede our ability to successfully develop, market and sell our products and harm our business.

Foreign exchange fluctuations

As a global provider of integrated imaging solutions, most of our sales are denominated in currencies other than the Canadian dollar. We currently generate a significant portion of our sales in U.S. dollars but many of our expenses are denominated in Canadian dollars. To date, we have not used forward exchange contracts to hedge exposures denominated in U.S. dollars or any other derivative instrument for trading, hedging or speculative purposes. As such, we are exposed to fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar as a result of the translation into Canadian dollars of our balance sheet and income statement items denominated in U.S. dollars. In addition, we are also exposed to fluctuations in the exchange rate between the Canadian dollar and any other foreign currencies in which our sales may be denominated.

Additional financing requirements

We believe that our cash reserves and cash from operations together with the net proceeds of the Offering will be sufficient to meet our anticipated cash needs for working capital and capital expenditures for the foreseeable future. If our estimates of revenue, expenses, or capital or liquidity requirements change or are inaccurate, or if cash generated from operations is insufficient to satisfy our liquidity requirements, we may arrange additional financings. In the future, we may also arrange financings to give us financial flexibility to pursue attractive acquisition or investment opportunities that may arise, although we currently do not have any acquisitions or investments planned. We may pursue future financings through various means, including equity investments, issuance of debt, joint venture projects, licensing arrangements or other means. We cannot be certain that we will be able to obtain additional financing on commercially reasonable terms or at all. Our ability to obtain additional financing may be impaired by such factors as the capital markets, both generally and specifically in the medical device industry and the fact that we are a new enterprise without a proven operating history. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, we may not be able to develop or enhance our products, execute our business and growth plans, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. If any of these events occurs, it could adversely affect our business, financial condition and results of operations.

Regulatory matters

Products intended for diagnostic and therapeutic use for humans are governed by a wide array of regulatory authorities in various jurisdictions. For most of these products in most jurisdictions, applicable statutes and regulations require testing and government review and approval prior to marketing the product. This procedure can take a number of years and involves the expenditure of substantial resources. Any failure or delay by us to obtain regulatory approvals or clearances could adversely affect the marketing of any products developed by us and our ability to receive product revenue. We cannot assure you that any of our planned products will be approved by any regulatory authority on a timely basis, or at all. Also, in the event that a regulatory authority revokes any approvals granted in respect of our products, our business, financial condition and results of operations could be adversely affected. In addition, regulatory authorities in countries in which we market and sell our products have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture or in some cases, for safety or efficacy concerns. A government mandated recall, or a voluntary recall by us, could occur as a result of component failures, manufacturing errors or design defects, including defects in labelling and user manuals. Any recall could divert management's attention, cause us to incur significant expenses, harm our reputation with customers, negatively affect our future sales and business, require redesign of an IMRIS system, harm our operating results, and result in a decline in our share price. In these circumstances, we may also be subject to significant enforcement action. If any of these events were to occur, our business, financial condition and results of operations could be adversely affected.

Numerous statutes and regulations govern the manufacture and sale of medical devices in the United States, Canada and other countries where we intend to market our products. In addition to the approval of products, such laws and regulations govern, among other things, the approval of manufacturing facilities, testing procedures and controlled research, manufacturing practices, marketing, advertising and labelling of products, record keeping, post-market surveillance and the reporting of adverse events. In addition, we must comply with U.S. federal and state healthcare anti-kickback laws and other healthcare fraud and abuse laws that affect the marketing of medical devices. Failure to comply with statutes and regulations administered could result in warning letters, fines and other civil penalties, unanticipated expenditures, withdrawal of regulatory approval, delays in approving or refusing to approve a product, product recall or seizure, interruption of production, operating restrictions, injunctions, criminal sanctions and exclusion from certain public healthcare programs. We and our suppliers are also subject to numerous federal, state, provincial and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. In addition, advertising and promotional materials relating to medical

devices are, in certain instances, subject to regulation by the Federal Trade Commission in the United States, Health Canada and the Competition Bureau in Canada and equivalent regulators in other jurisdictions. We and our manufacturers and suppliers may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on our business. Our failure or the failure of our manufacturers and suppliers to comply with current or future regulatory requirements may have a material adverse effect on our business, financial condition or results of operations.

Manufacturing and development concerns

Our in-house manufacturing operations are conducted at a single location in Winnipeg, Manitoba and any disruption at our facility could increase our expenses. We do not maintain a backup manufacturing facility and we therefore depend on our current facility for the continued operation of our business. We take precautions to safeguard our facility, including insurance, health and safety protocols, and off-site storage of computer data. However, a natural disaster could cause substantial delays in our manufacturing operations, damage or destroy our manufacturing equipment or inventory, and cause us to incur additional expenses. The insurance we maintain against natural disasters may not be adequate to cover our losses in any particular case. With or without insurance, damage to our manufacturing facility or our other property, or to any of our suppliers, due to a natural disaster or casualty event may have a material adverse effect on our business, financial condition and results of operations.

IMRIS systems are complex, and require the integration of a number of components from several sources of supply. We must manufacture and assemble these complex systems in commercial quantities in compliance with regulatory requirements and at an acceptable cost. We believe that our manufacturing facility is adequate for our expected growth for the foreseeable future. In order to meet our anticipated long term market demand we will need to increase our manufacturing capacity. Increasing the manufacturing capacity of our facilities will require the investment of additional funds and the hiring and retaining of additional management and technical personnel who have the necessary manufacturing experience. We may not successfully complete any required increase in manufacturing capacity on a timely basis or at all. If our manufacturing capacity does not keep pace with product demand, we will not be able to fulfill orders in a timely manner which in turn may have a negative effect on our financial results and overall business. Conversely, if demand for our products decreases, the fixed costs associated with excess manufacturing capacity may adversely affect our financial results.

Reliance on partners

We work with a number of our customers and suppliers in designing, developing and marketing our systems. Currently, our most important strategic relationship is with Siemens, who supplies the superconducting magnet at the core of our system and with whom we work closely in connection with the sales and marketing of our IMRIS systems. Siemens and certain of our other strategic partners are large, global organizations with diverse product lines and interests that may diverge from our interests in commercializing our products. Accordingly, our strategic partners may not devote adequate resources to our product development, or may experience financial difficulties, change their business strategy or undergo a business combination that may affect their willingness or ability to fulfill their obligations to us. The failure of one or more of our key strategic partners could have a material adverse effect on our financial condition, results of operations and cash flow. Furthermore, if we are unable to enter into additional partnerships in the future, or if our current or future partnerships fail, our ability to develop and commercialize products could be impacted negatively and our revenues could be adversely affected. There can be no assurances that we will be able to establish these strategic relationships, or, if established, that the relationships will be maintained, particularly if members of our management team leave our company.

Status of healthcare reimbursement

Medical institutions will typically bill the services performed with our products to various third-party payers, such as government health administration authorities, private health coverage insurers and other organizations. Our ability to commercialize products successfully may depend in part on the extent to which reimbursement for the cost of such products and related treatments will be available. Third-party payers are increasingly challenging the price of medical products and services and instituting cost containment measures to control or significantly influence the purchase of medical products and services. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products and we cannot assure you that adequate third-party coverage will be available to establish price levels sufficient for us to realize an appropriate return on our investment in product development. In the event that our customers are unable to obtain adequate reimbursement for the use of IMRIS systems or other products we may develop, market acceptance of our products would be adversely affected.

Future legislative or regulatory changes to the healthcare system may affect our business. Even if third-party payers provide adequate coverage and reimbursement for procedures using our products, adverse changes in third-party payers' general policies toward reimbursement could preclude market acceptance for our products and materially harm our sales and revenue growth, which could cause our share price to decline. Future legislative or policy initiatives directed at reducing costs could be introduced in the United States, Canada and other countries where we intend to market our products. We cannot predict the impact on our business of any legislation or regulations related to the healthcare system that may be enacted or adopted in the future.

In addition, reimbursement and healthcare payment systems in international markets vary significantly by country and, within some countries, by region. In many international markets, payment systems may control reimbursement for procedures performed using new products as well as procurement of these products. As economies of emerging markets develop, these countries may implement changes in their healthcare delivery and payment systems. Furthermore, healthcare cost containment efforts similar to those underway in the United States are prevalent in many of the other countries in which we intend to sell our products and these efforts are expected to continue. Market acceptance of our products in a particular country may depend on the availability and level of reimbursement in that country.

Research and development risk

A principal component of our business strategy is to expand our product offering to fully exploit the core technologies that we have developed for our IMRIS systems. As such, our organic growth and long-term success is partially dependent on our ability to successfully develop and market new products and we will likely incur significant research and development expenditures. We cannot be certain, however, that any investment in research and development will yield technically feasible or commercially viable products. Product development is subject to regulatory overview and approval at significant costs. Failure to introduce new products, or failure or delays in obtaining regulatory approval could materially and adversely affect our operations and financial condition.

Certain companies have claimed exclusive patent, copyright and other intellectual property rights to technologies in the diagnostics industry. If these technologies relate to our planned products, we would be obliged to either seek licenses to use this technology or obtain opinions of invalidity or non-infringement, or appropriately redesign products. In the event that these alternatives are not possible, we may be precluded from marketing such products, which could adversely impact our revenues and financial condition.

Potential product liability

Medical products involve an inherent risk of product liability claims and associated adverse publicity. We currently maintain liability insurance coverage in the aggregate amount of $10 million. While we believe such insurance coverage to be adequate, there is no guarantee that future claims based on product liability will not exceed such amounts. In addition, should it prove impossible to obtain this type of insurance at reasonable rates or to otherwise protect us against potential liability proceedings, we could be required to cease the commercialization of products that we have developed or even be prevented from beginning the commercialization of new products. Our obligation to pay indemnities or to withdraw a product following complaints could materially and adversely affect our financial condition, results of operations and cash flow.

Warranty claims

Our costs could substantially increase if we receive a significant number of warranty claims. We typically provide our customers with a one-year material and workmanship warranty on their purchase of an IMRIS system. We have only a limited history of commercial placements from which to judge our rate of warranty claims. If product returns or warranty claims increase, we could incur unanticipated additional expenditures for parts and service. In addition, our reputation and goodwill in the surgical imaging market could be damaged. While we have established reserves for liability associated with product warranties, unforeseen warranty exposure in excess of those reserves could materially and adversely affect our financial condition, results of operations and cash flow.

International operations

We are currently expanding our sales and marketing efforts to markets outside of North America. In the future, we expect international sales of our products to account for a significant portion of our revenue, which exposes us to risks inherent in international operations. To accommodate our international sales, we have and will need to further invest financial and management resources to develop an international infrastructure that will meet the needs of our customers. Accordingly, we will face additional

risks resulting from our international operations including:

- difficulties in enforcing agreements and collecting receivables in a timely manner through the legal systems of many countries outside North America;
- the failure to fulfill foreign regulatory requirements to market our products on a timely basis or at all;
- availability of, and changes in, reimbursement within prevailing foreign healthcare payment systems;
- difficulties in managing foreign relationships and operations, including any relationships that we establish with foreign sales or marketing employees and agents;
- limited protection for intellectual property rights in some countries;
- fluctuations in currency exchange rates;
- the possibility that foreign countries may impose additional withholding taxes or otherwise tax our foreign income, impose tariffs or adopt other restrictions on foreign trade;
- the possibility of any material shipping delays;
- significant changes in the political, regulatory, safety or economic conditions in a country or region;
- protectionist laws and business practices that favor local competitors; and
- trade restrictions, including U.S. prohibitions and restrictions on exports of certain products and technologies to certain nations as well as the imposition of, or significant changes to, the level of tariffs, customs duties and export quotas.

If we fail to overcome the challenges we encounter in our international operations, our business may be materially adversely affected.

Risks Related to the Offering

Price of Offered Shares

Investors who purchase Offered Shares in the Offering may pay more for their common shares than the amounts paid by existing IMRIS shareholders for their common shares. As a result, such investors may incur immediate and substantial dilution.

Volatility of share price

The market price of our common shares has been volatile. Factors that could have a significant effect on the share price of our common shares include, but are not limited to, regulatory developments regarding our products or processes, developments regarding potential or future third-party strategic partners, announcements of technological innovations, new commercial products, patents, the development of proprietary rights by us or by others or any litigation relating to these rights, regulatory actions, general conditions in the medical device industry, our failure to meet analysts' expectations, our financial results, general economic conditions in the United States, Canada or abroad and terrorism. In recent years and particularly in 2008 and 2009, our common shares and the shares of other companies in the medical device and diagnostic industries and stock markets in Canada and the United States have experienced extreme price fluctuations that have been both related and unrelated to the operating performance of IMRIS or the affected companies. We cannot assure you that the market price of the common shares will not experience significant fluctuations in the future.

Influence of significant shareholders

Our executive officers, directors and holders of 10% or more of our common shares, as of September 30, 2009, beneficially owned approximately 58.15% of our common shares. We expect that upon the closing of this Offering, based on the shares outstanding as of September 30, 2009, that same group will continue to hold at least 52.03% of our outstanding common shares. Consequently, even after this Offering, these shareholders are able to influence the composition of our board of directors and retain

the voting power to approve some matters requiring shareholder approval. The interests of these shareholders may be different than the interests of other shareholders on these matters. For example, these shareholders may decide not to enter into a transaction in which our shareholders would receive consideration for their common shares that is much higher than the cost of their investment in our common shares or the then market price of our common shares. This concentration of ownership could also have the effect of delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of our common shares.

Dividends

We have not to date paid dividends on our common shares. Our current intention is to retain earnings to fund the development and growth of our business, and therefore we do not anticipate declaring or paying any cash dividends in the near to medium term. Our board of directors will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of financing, our further growth and our financial position at the relevant time. Until we pay dividends, which we may never do, you will not be able to receive a return on your common shares unless you sell them, which you may only be able to do at less than the price you paid for them.

Future issuances of Common Shares.

The market price of the common shares could decline as a result of our issuances of additional common shares or sales by our shareholders of common shares in the market after the Offering, or the perception that these sales could occur. Sales by our shareholders might also make it more difficult for us to sell equity securities at a time and price that it deems appropriate. Upon completion of the Offering, we will have approximately 30,586,627 common shares issued and outstanding (or 31,068,877 common shares assuming the Over-Allotment Option is exercised in full). All of the common shares offered pursuant to the Offering will be freely tradable without restriction under securities legislations in all provinces and territories of Canada.

Unallocated Proceeds of the Offering

We will have broad discretion concerning the use of the proceeds of this Offering as well as the timing of their expenditure. As a result, investors will be relying on the judgment of management for the effective use of such proceeds. Management may use such proceeds in ways that investors may not consider desirable. The results and the effectiveness of the investment of the proceeds of this Offering are uncertain. If the proceeds are not applied effectively, the results of our operations may suffer.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters in connection with the Offering will be passed upon on our behalf by LaBarge Weinstein Professional Corporation, and on behalf of the underwriters by Osler, Hoskin & Harcourt LLP. As at the date hereof, the partners and associates of LaBarge Weinstein Professional Corporation and the partners and associates of Osler, Hoskin & Harcourt LLP collectively beneficially own, directly or indirectly, less than 1% of our outstanding securities.

Deloitte & Touche LLP are our current auditors and are independent of us within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Manitoba.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of IMRIS Inc. (the "Corporation") dated ●, 2009 qualifying the distribution of 3,215,000 common shares of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2008 and 2007 and the consolidated statements of loss and comprehensive loss and deficit and cash flows for the years then ended. Our report is dated February 20, 2009.

Winnipeg, Manitoba
●, 2009

●
Chartered Accountants

CERTIFICATE OF IMRIS INC.

Dated: October 19, 2009

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) H. DAVID GRAVES
Chairman and Chief Executive Officer

(signed) KELLY MCNEILL
Chief Financial Officer

On behalf of the Board of Directors of IMRIS Inc.

(signed) DAVID LESLIE
Director

(signed) WILLIAM FRASER
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: October 19, 2009

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

By: (signed) RIADH ZINE

GMP SECURITIES L.P.

By: (signed) STEVE OTTAWAY

CANACCORD CAPITAL CORPORATION

By: (signed) STEVE WINOKUR

CORMARK SECURITIES INC.

By: (signed) KELSEN VALLEE

DUNDEE SECURITIES CORPORATION

By: (signed) ANDREW J. SMITIUCH


IMRIS