ORGANIGRAM HOLDINGS INC.

Consolidated Financial Statements

As at August 31, 2014

Consolidated Financial Statements **Page**

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December 23, 2014

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of OrganiGram Holdings Inc. have been prepared by the Company's management in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurances that assets are safeguarded and financial information is reliable.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements and the accompanying management discussion and analysis. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors. It meets with the Company's management and auditors and reviews internal control and financial reporting matters to ensure that management is properly discharging its responsibilities before submitting the financial statements to the Board of Directors for approval.

Ernst & Young LLP, appointed as the Company's auditors by the directors, has audited these consolidated financial statements for the six-month period ended August 31, 2014 and year ended February 28, 2014. Their report follows.

(signed) 'Denis Arsenault'

Chief Executive Officer

Moncton, New Brunswick

(signed) 'Scott Franklin, CFP, CA'

Chief Financial Officer

Mississauga, Ontario

Independent Auditors' Report

To the Shareholders of OrganiGram Holdings Inc.

We have audited the accompanying consolidated financial statements of OrganiGram Holdings Inc., which comprise the consolidated statements of financial position as at August 31, 2014 and February 28, 2014 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the six-month period ended August 31, 2014 and the year ended February 28, 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OrganiGram Holdings Inc. as at August 31, 2014 and February 28, 2014 and its financial performance and its cash flows for the six-month period ended August 31, 2014 and the year ended February 28, 2014 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Dieppe, New Brunswick
December 23, 2014

Chartered Professional Accountants

OrganiGram Holdings Inc.
Consolidated Statements of Financial Position
As at August 31, 2014 and February 28, 2014

	August 31, 2014	February 28, 2014
Assets		
Current assets		
Cash (Note 4)	$ 5,726,674	$ 78,014
Accounts receivable (Note 5)	245,201	143,176
Biological assets (Note 6)	115,768	-
Inventories (Note 6)	36,152	-
Other current assets (Note 7)	64,298	8,883
	6,188,093	230,073
Property, plant and equipment (Note 8)	2,477,486	1,316,168
	$ 8,665,579	$ 1,546,241
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 1,091,956	$ 975,795
Shareholders' Equity		
Share capital (Note 11)	15,477,518	735,983
Reserve for options and warrants (Notes 11(iv) and 11 (v))	530,923	-
Accumulated deficit	(8,434,818)	(165,537)
	7,573,623	570,446
	$ 8,665,579	$ 1,546,241

The accompanying notes are an integral part of these consolidated financial statements

OrganiGram Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Six-month Period Ended August 31, 2014 and Year Ended February 28, 2014

	Six-months Ended August	Year Ended February
Revenue		
Sales	$ -	$ -
Cost of sales	-	-
Gross margin	-	-
Expenses		
Indirect production	274,905	-
Sales and marketing	169,551	11,892
General and administrative	549,131	153,645
Share-based compensation	473,222	-
Financing costs (Note 10)	21,600	-
Gain on disposal of vehicle	(858)	-
	1,487,551	165,537
Net loss before listing expenses	(1,487,551)	(165,537)
Listing expenses (Note 2)	6,781,730	-
Net loss and comprehensive loss for the period	$ (8,269,281)	$ (165,537)
Weighted-average number of common shares	31,716,488	8,703,589
Loss per common share, basic and diluted	$ (0.261)	$ (0.019)

The accompanying notes are an integral part of these consolidated financial statements

OrganiGram Holdings Inc.
Consolidated Statements of Changes in Equity
For the Six-month Period Ended August 31, 2014 and Year Ended February 28, 2014

	Common Shares	Share Capital	Reserve for Options and Warrants	Deficit	Total
Balance - March 1, 2013	-	$ -	$ -	$ -	$ -
Comprehensive loss for the period	-	-	-	(165,537)	(165,537)
Shares issued as a private company (Note 11(iii)(a))	11,041,600	758,000			758,000
Share issue costs	-	(22,017)	-	-	(22,017)
Balance - February 28, 2014	11,041,600	$ 735,983	$ -	$ (165,537)	$ 570,446
Balance - March 1, 2014	11,041,600	$ 735,983	$ -	$ (165,537)	$ 570,446
Comprehensive loss for the period	-	-	-	(8,269,281)	(8,269,281)
Compensation options issued (Note 11(v))	-	-	473,222	-	473,222
Shares issued as a private company (Note (iii)(b))	7,636,896	1,484,850	-	-	1,484,850
Private company issue costs (Note 11(iii)(b))		(19,994)	-	-	(19,994)
Share restructuring (Note 11(iii)(c))	15,821,502	-	-	-	-
Shares issued for acquisition of Inform Exploration Corp. (Note 2)	7,327,203	6,228,122	-	-	6,228,122
RTO finder fees (Note 2)	325,000	276,250	-	-	276,250
Shares issued in the private placement (Note 11(iii)(f))	8,863,989	7,534,391	-	-	7,534,391
Private placement issue costs (Notes 11(iii)(f) and 11(iv))	-	(762,084)	57,701	-	(704,383)
Balance - August 31, 2014	51,016,190	$ 15,477,518	$ 530,923	$ (8,434,818)	$ 7,573,623

The accompanying notes are an integral part of these consolidated financial statements

OrganiGram Holdings Inc.
Consolidated Statements of Cash Flows
For the Six-month Period Ended August 31, 2014 and Year Ended February 28, 2014

	Six-months Ended August	Year Ended February
Cash provided by (used in)		
Operating activities		
Net loss for the period	$ (8,269,281)	$ (165,537)
Changes not involving cash		
Listing expenses (Note 2)	6,512,690	-
Share-based compensation	473,222	-
Gain on disposal of vehicle	(858)	
Depreciation	51,997	8,932
	(1,232,230)	(156,605)
Financing costs to financing activities	21,600	-
Net change in accounts receivable	(75,900)	(143,176)
Net change in biological assets and inventories	(151,920)	-
Net change in accounts payable and accrued liabilities	296,776	288,379
Net change in other working capital balances	(55,415)	(8,883)
	(1,197,089)	(20,285)
Financing activities		
Shares issued as a private company	1,484,850	758,000
Shares issued in the private placement	7,534,391	-
Share issue costs	(724,377)	(22,017)
Financing Costs	(21,600)	-
	8,273,264	735,983
Investing activities		
Cash acquired in the RTO	15,171	-
Proceeds on disposal of vehicle	9,000	
Acquisition of property, plant and equipment	(1,451,686)	(637,684)
	(1,427,515)	(637,684)
Net increase in cash	5,648,660	78,014
Cash, beginning of period	78,014	-
Cash, end of period	$ 5,726,674	$ 78,014

The accompanying notes are an integral part of these consolidated financial statements

1. Nature of Operations

OrganiGram Holdings Inc. (“OHI” or the "Company"), formerly Inform Exploration Corp. (“Inform”), was formed by a reverse take-over (“RTO”), pursuant to Policy 5.2 of the Toronto Venture Exchange, of Inform, on August 22, 2014, by the shareholders of OrganiGram Inc. (“OGI” or the “Licensed Producer”). On August 31, 2014, OHI was constituted under the laws of the Province of British Columbia, Canada (Note 19(viii)).

The address of the registered office of OHI and its wholly owned subsidiary, Organigram Inc., is located at 35 English Drive, Moncton, New Brunswick, Canada, E1E 3X3. OGI is a Licensed Medical Marijuana Producer as regulated by Health Canada under the Marihuana Medical Access Regulations **(“**MMAR”**)** of the Government of Canada. OGI was incorporated, under the laws of the Province of New Brunswick, Canada, on March 1, 2013.

Subsequent to the RTO of Inform, by OrganiGram Inc., Inform changed its name to Organigram Holdings Inc. and continued as a Tier II issuer on the TSX-V, with its common shares trading under the symbol “OGI-V”. Formerly, the common shares of Inform Explorations Corp. traded under the symbol “IX-V”.

2. Reverse Take-Over (RTO) of Inform Explorations Corp.

On August 22, 2014 the shareholders of OrganiGram Inc. exchanged each common share they held in that company for common shares of Inform on the basis of receiving 1.847043788 common shares of Inform for each common share of OGI. The RTO was conditional on the terms of a Binding Term Sheet dated May 13, 2014, between Inform, OGI and certain shareholders of OGI representing not less than 67% of OGI’s issued and outstanding common shares, which required that:

a. the shareholders of Inform consolidate their holdings in that company, by receiving 0.883604747 common shares for each common share previously held;

b. all outstanding options of Inform be cancelled;

c. a concurrent financing of Inform be completed, for not less than $3,000,000 in exchange for a total of 3,529,411 common shares of Inform at $0.85 per common share;

d. a bridge loan of $1,000,000 to OGI be arranged by Inform (Note 10), to be funded by May 23, 2014 and bear interest at a rate of 8% per annum, repayable in 180 days except that, on completion of the transaction it was to be converted into common shares of Inform at an issue price of $0.85 per common share; and

e. a finder fee of 225,000 common shares of Inform be paid, in connection with the transaction.

Subsequently, the finder fee was increased to 325,000 common shares.

As a result of the RTO transaction, OGI’s shareholders controlled the Company and Inform’s name was changed to OrganiGram Holdings Inc. Since the mining exploration business of Inform had been suspended and Inform had become a dormant public shell, Inform did not meet the definition of a business and the transaction was accounted for as the purchase of Inform’s net assets by OGI. The net asset purchase price was determined as an equity settled share-based payment, under *IFRS-2, Share-based Payment*, at the fair value of the equity instruments of the Company retained by the shareholders of Inform, based on the market value of the Company’s common shares on the date of closing the RTO.

The transaction costs relating to the RTO plus the aggregate of the fair value of the consideration paid and the net liabilities acquired has been recognized as listing expenses, in the consolidated statement of loss and comprehensive loss. There are no costs pertaining to the former operations of Inform after the date of the RTO and there are no prior operating revenues or costs, of Inform, included in these consolidated financial statements.

Immediately following the RTO, the Company:

a. completed a private placement (Note 11(iii)(f)) of 8,863,968 of its common shares, for gross subscription proceeds of $7,534,390.
b. issued 317,356 broker warrants (note 11(iv)), as partial settlement for the issue costs of the private placement shares.
c. issued 1,565,000 employee options (Note 11(v)), to acquire common shares of the company for $0.85 per share.

2. Reverse Take-Over (RTO) of Inform Explorations Corp. (Continued)

The breakdown of listing expenses, in the consolidated statement of loss and comprehensive loss, is as follows:

Purchase price of equity acquired		
7,327,203 common shares at $0.85 per share (Note 11(iii)(d))	$	6,228,122
325,000 commons shares issued as finder fees (Note 11(iii)(e))		276,250
Total of share-based payments		6,504,372
Cash acquired		(15,171)
Other working capital deficit acquired		23,489
		6,512,690
Other transaction costs		269,040
Listing expenses	$	6,781,730

The fair value of the 7,327,203 common shares, retained by the former Inform shareholders, was determined to be $6,228,122 based on the fair value of the common shares issued through the private placement on August 22, 2014 (Note 11(iii)(d)).

Management of Inform had previously abandoned Inform's mineral assets and the Company has no interest in exploring or developing these assets. As a result, the fair value of mineral assets has been determined to be nil.

3. Significant Accounting Policies

(i) Basis of Presentation

These consolidated financial statements include the accounts of the Company and its subsidiary, OrganiGram Inc., and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies set out below have been consistently applied to all periods presented unless otherwise noted. All intercompany balances, transactions, income and expenses, and losses have been eliminated on consolidation.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on December 19, 2014.

(ii) Basis of Measurement

These consolidated financial statements have been prepared under the historical cost convention. The Company's functional currency is the Canadian dollar.

(iii) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its sole subsidiary on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

3. Significant Accounting Policies (Continued)

(iv) Changes in Accounting Policy

On March 1, 2014 the Company adopted the following new IFRS accounting standards or amendments thereto retrospectively:

(1) IAS 16 and 41– Bearer Plants Amendments to Property, Plant and Equipment
(2) IAS 36 – Impairment of Assets amendments
(3) IFRIC 21 - Levies

Prior to March 1, 2014 the Company did not have any biological assets and, thus, the implementation of the bearer plants amendments to IAS 16 and 41 had no retroactive impact on its consolidated financial statements. These amendments require an entity to classify bearer plant assets as property, plant and equipment, rather than inventory, and are effective January 1, 2016, with earlier adoption permitted. The Company has chosen to early-adopt these amendments (Notes 3(ix) and 3(x)).

The implementation of the amendments to IAS 36 which relate to the circumstances where the disclosure of recoverable amount is required and IFRIC 21 which relates to the timing of recognition of levies imposed by governments had no material impact on the Company's consolidated financial statements.

(v) Use of judgments, estimates and assumptions

In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Estimates, including underlying assumptions and judgments, are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key estimate, assumption and/ or judgment uncertainties that are significant for the six-months ended August 31, 2014 and/or the year ended February 28, 2014:

(1) Valuation of the purchase price of Inform Exploration Corp. (Note 2)
(2) Determination of the fair value less costs to sell of biological assets and agricultural produce (Note 6)
(3) Impairment of property, plant and equipment (Note 8)
(4) Valuation of the broker warrants and share-based compensation (Notes 11(iv) and 11(v))
(5) The determination of whether or not it is probable that the benefit of income tax losses will flow to the Company (Note 12)

(vi) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are examined at the end of each reporting period to determine whether there is any impairment. An impairment loss is charged to profit or loss whenever the carrying amount of an asset (or its cash-generating unit) exceeds its recoverable amount. An asset's recoverable amount is the greater of its fair value less costs to sell and its value-in-use (calculated as the present value of expected future cash flows). Impairment losses may be reversed if there has been a change in the estimates used to determine the recoverable amount.

3. Significant Accounting Policies (Continued)

(vii) Financial Instruments

Financial instruments consist of financial assets and liabilities and are initially measured at fair value. Financial assets and liabilities are recognized on the consolidated statements of financial position when the Company has become party to the contractual provision of the instruments. The accounting policies for financial instruments are described below and the composition of the Company's financial instruments and related risks are disclosed in Notes 16 and 17.

(1) Financial Assets

The Company classifies each financial asset into one of four categories depending on the purpose for which the asset was acquired.

(a) Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

Assets in this category are derivatives or other assets classified as held-for-trading (i.e. acquired or incurred principally for the purpose of selling or repurchasing in the near term) or designated as FVTPL upon initial recognition subject to meeting certain conditions. After initial recognition, such assets are measured at fair value with changes therein being recognized in profit or loss. The Company has no derivative financial instruments. The Company has no assets that are held-for-trading financial assets.

(b) Available For Sale

Assets in this category are non-derivative financial assets that are either designated as available-for-sale or do not fit into one of the other categories. After initial recognition, available-for-sale assets are measured at fair value with changes therein (excluding those attributable to impairment) being recognized directly in other comprehensive income (loss). The Company has no assets that are available-for-sale financial assets.

(c) Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in profit or loss. The Company has cash and accounts receivables which are designated under loans and receivables.

(d) Held-to-Maturity

Assets in this category are financial assets with known payments and a fixed maturity date. In addition, the Company has the positive intention and ability to hold the financial asset to maturity, other than those initially designated as held-for-trading, available-for-sale, or loans and receivables as explained above. After initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method. The Company has no held-to-maturity financial assets.

(2) Financial Liabilities

The Company classifies each financial liability into one of two categories depending on the purpose for which the liability was incurred.

(a) Financial Liabilities at FVTPL

Liabilities in this category are derivatives or liabilities classified as held-for-trading or designated as FVTPL upon initial recognition subject to meeting certain conditions. After initial recognition, such liabilities are measured at fair value with changes in fair value being recognized in profit or loss. The Company has no financial liabilities at FVTPL.

3. Significant Accounting Policies (Continued)

(vii) Financial Instruments (Continued)

(b) Other Financial Liabilities

Liabilities in this category are non-derivative financial liabilities that are not classified as held-for-trading. After initial recognition, such liabilities are measured at amortized cost using the effective interest rate method. The Company has accounts payable and accrued liabilities which are classified as other financial liabilities.

(3) Transaction Costs

For FVTPL financial assets and liabilities, transaction costs on initial recognition, and thereafter, are included directly in profit or loss. For other categories of financial assets and liabilities, transaction costs are capitalized and included in the calculation of the effective interest rate – i.e. amortized through profit or loss over the term of the related instrument.

(4) Fair Value Hierarchy

The three levels of the fair value hierarchy are:
Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly (e.g. broker quotes); and
Level 3 Inputs for assets or liabilities that are not based on observable market data.

(5) Impairment of Financial Assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initially recognizing the financial asset, the present value of estimated future cash flows determined based on the instrument’s original effective interest rate are lower than the asset’s carrying amount. The financial asset’s carrying amount is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are adjusted against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings or loss.

(viii) Cash

Cash includes cash-in-hand or deposits held with banks. The Company does not invest in any asset-backed deposits or investments. The Company has no material banking arrangements for overdrafts or borrowings.

(ix) Biological Assets and Inventory

The Company’s biological assets and inventory includes:

1. Biological assets - marijuana plants that are being cultivated to be harvested for their flowers, which are subsequently dried to produce the finished product. Biological assets include the Company’s harvest-in-process and its mother plants (Note 3 (x)).
2. Agricultural produce – harvested marijuana flowers prior to completion of the drying, grading and testing processes.
3. Finished product – purchased materials and packaged marijuana.

3. Significant Accounting Policies (Continued)

(ix) Biological Assets and Inventory (continued)

The value of biological assets is measured, on initial recognition and at the end of each reporting period, at their fair value less costs to sell, unless the Company is unable to reliably measure the fair value thereof as prescribed by IAS 41 (paragraph 30), as amended. The Company is unable to reliably measure the fair value of its biological assets, at the current time, because there is no Canadian market that actively trades these commodities. In addition, as the Company has not yet produced or sold any significant quantities of finished marijuana at the balance sheet date, in management's judgment the inputs to a valuation model that relies on the ultimate finished good selling price to derive a fair value for its biological assets at the balance sheet date (such inputs including the selling price, the current stage of production of the Company's biological assets at the balance sheet date, the costs to complete production, the amount of saleable produce that will be yielded and the margin that a market participant would demand) are all highly uncertain. As such, fair value less costs to sell at August 31, 2014 is not reliably measurable. Consequently, these assets are recorded at cost, determined in accordance with IAS 2 Inventories, as of the date of these consolidated financial statements.

The value of agricultural produce is measured, on initial recognition at its fair value less costs to sell at the point of harvest. The value of finished goods is measured at the lower of cost or net realizable value, wherein the cost of the dried marijuana contained therein includes the value of the agricultural produce at the date of its conversion.

Any write downs of inventories to net realizable value if below cost are recorded in the statement of loss and comprehensive loss at the time they are determined.

(x) Property, Plant and Equipment

Items of property and equipment are recorded at cost, less accumulated depreciation and impairment losses. The Company has not elected the revaluation model for any of its classes of property, plant or equipment.

In the carrying amount of an item of property, plant or equipment, the Company recognizes the cost of replacing part of such an item if the replacement cost can be measured reliably and it is probable that the Company's future economic benefits embodied with the item will exceed the resulting net book value thereof. All other costs are charged to profit or loss as incurred.

IAS 41, as amended, requires companies to record bearer plants as property, plant and equipment. A bearer plant is a living plant used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce except for incidental scrap sales. The Company's mother plants, which are used for cuttings to initiate the marijuana growing process, have a useful life of approximately six months and accordingly are not considered bearer plants. Accordingly, the Company recognizes the mother plants as biological assets (Note 6).

Depreciation of property, plant and equipment is provided on a straight-line basis over the assets' estimated useful lives, which management has determined to be: leasehold improvements as the term of the lease, plus the first option period (15 years); growing equipment as 10 years; computer equipment and vehicles as 5 years; and, furniture and fixtures as 10 years.

(xi) Share Capital and Warrants

The Company's common shares are classified as equity.

The Company may issue units to investors consisting of common shares and warrants in non-brokered private placements. Each whole warrant issued entitles the holder to acquire a common share of the Company, at a fixed Canadian dollar price over a specified term. These warrants are not transferable from the original investor to a new investor. The Company's investor warrants are equity instruments and not financial liabilities or financial derivatives. Accordingly, gross investor proceeds received from the issuance of units are accounted for as an increase in share capital. No separate valuation (or bifurcation) of investor warrants is made for accounting purposes at the time of issuance or at any time thereafter.

3. Significant Accounting Policies (Continued)

(xi) Share Capital and Warrants (continued)

Transaction costs directly attributable to the issuance of private placement units (such as legal, finders' and regulatory fees) are recognized as a decrease in share capital net of related income tax effects, if any. Broker warrants issued in a private placement are also included in transaction costs at their estimated fair value on the issue date, as determined using the Black-Scholes option-pricing model. An offsetting credit is recorded in the reserve for options and warrants.

When investor or broker warrants are exercised, the proceeds received are added to share capital. When investor or broker warrants expire unexercised, the related reserve balance is transferred to accumulated deficit.

(xii) Share-based Payments

The Company's accounting policies for share-based payments are outlined below.

Employees - The term "employees" as used in these consolidated financial statements includes all officers, directors and others providing services that are similar to those provided by employees (e.g. consultants).

Equity-settled Transactions occur when the Company enters into an agreement to acquire goods or services in exchange for its shares or other equity instruments. Such transactions are recorded at the fair value of the goods or services received.

Stock options are granted to employees as performance incentives. The fair value of options granted is determined using the Black-Scholes pricing model. This amount is recognized as a compensation expense in profit or loss over the vesting period with offsetting credits recorded to the reserve for options and broker warrants. When options are exercised, a transfer is made from the reserve to share capital and added to the proceeds of issuance. When stock options expire, a transfer is made from the reserve to accumulated deficit.

(xiii) Revenue Recognition

Revenue from the sale of products is recognized when a binding order for the goods has been received and the inventory is shipped.

In addition to revenue from the sale of goods, the Company may experience fair value gains or losses from holding biological assets or measuring agricultural produce at fair value less cost to sell at the time of harvest (Note 3(ix)). As of August 31, 2014, management has determined that the Company is unable to reliably measure the fair value of its biological assets and, accordingly, no fair value adjustments for its biological assets have been recorded.

(xiv) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated in a similar manner, but with adjustments to give effect to all dilutive potential common shares outstanding during the period. The dilutive effect of warrants and options is calculated using the treasury stock method. Anti-dilutive effects of potential conversions of securities are ignored for this calculation. When there is a loss from continuing operations, warrants and options are considered to be anti-dilutive.

3. Significant Accounting Policies (Continued)

(xv) Income Taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Income tax expense (recovery) in profit or loss is the sum of current and deferred tax as explained below.

Current tax is the expected income tax payable (recoverable) on the taxable income (loss) for the period, using tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax expense (recovery) included in profit or loss reflects the current tax for the reporting period, plus adjustments to the current tax of prior periods, less current tax recorded directly in other comprehensive income (loss) or equity.

Deferred Taxes are accounted for under the liability method and are the taxes expected to be payable or recoverable on the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences and unused tax losses and tax credits can be utilized. Deferred tax is calculated on a non-discounted basis, using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amounts of individual deferred tax assets are reviewed at the end of each reporting period but are only recognized for the proportion probable that sufficient taxable profits will be available for such assets to be recovered.

Deferred tax is not recognized for temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and, differences arising on the initial recognition of goodwill.

The deferred tax expense (recovery) included in profit or loss reflects the net change in deferred tax assets and liabilities, less deferred tax recorded directly in other comprehensive income (loss) or equity.

(xvi) IFRS Standards Not Yet Adopted

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published and may impact the Company but are only effective for its future accounting periods. The potentially relevant new standards that may impact the Company include:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9) replaces IAS 39 regarding the recognition and measurement of financial assets and financial liabilities. The effective date for IFRS 9 is January 1, 2018, applied retrospectively.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities and includes new requirements related to hedge accounting. Management is currently evaluating the potential impact that the adoption of IFRS 9 will have on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued which covers principles for the reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of reviewing the amendments to determine the impact on the consolidated financial statements.

4. Cash

As at August 31, 2014, the Company's $5,726,674 of cash was deposited in its account at a Canadian Chartered Bank. These funds were obtained on August 22, 2014 from the proceeds of the Private Placement (Notes 2 and 11(iii)(f)). On September 22, 2014, $4,500,000 of these funds were invested in Canadian bank short term investment certificates paying interest at 1.31%.

5. Accounts Receivable

The Company's accounts receivable included the following as of August 31, 2014 and February 28, 2014:

	August	February
Lawyer's trust fund	$ 59,949	$ -
Due from employees and prepayments to suppliers	30,557	4,212
Sales taxes recoverable	154,695	138,964
	$ 245,201	$ 143,176

6. Biological Assets and Inventories

The Company's biological assets include the following as of August 31, 2014 and February 28, 2014:

	August	February
Harvest-in-process	$ 110,664	$ -
Mother plants	5,104	-
	$ 115,768	$ -

The Company's inventories include the following as of August 31, 2014 and February 28, 2014:

	August	February
Agricultural produce	$ 961	$ -
Finished goods	35,191	-
	$ 36,152	$ -

During the six-month period ended August 31, 2014, the Company commenced the process of growing medical marijuana.

7. Other Current Assets

The Company's other current assets include the following as of August 31, 2014 and February 28, 2014:

	August	February
Deposits	$ 35,000	$ -
Prepaid expenses	29,298	8,883
	$ 64,298	$ 8,883

8. Property, Plant and Equipment (Notes 19 (iii) and 19 (v))

	Leasehold Improvements	Growing Equipment	Other	Total
At March 1. 2013				
Net book value	$ -	$ -	$ -	$ -
Year ended February 28, 2014				
Acquisitions	799,715	466,287	59,098	1,325,100
Depreciation	-	-	(8,932)	(8,932)
At February 28, 2014	$ 799,715	$ 466,287	$ 50,166	$ 1,316,168
At March 1, 2014				
Cost	$ 799,715	$ 466,287	$ 59,098	$ 1,325,100
Accumulated depreciation	-	-	(8,932)	(8,932)
Net book value	799,715	466,287	50,166	1,316,168
Period ended August 31, 2014				
Acquisitions	967,044	220,847	33,566	1,221,457
Disposal	-	-	(8,142)	(8,142)
Depreciation	(29,446)	(17,178)	(5,373)	(51,997)
	$ 1,737,313	$ 669,956	$ 70,217	$ 2,477,486
At August 31, 2014				
Cost	1,766,759	687,134	82,044	2,535,937
Accumulated depreciation	(29,446)	(17,178)	(11,827)	(58,451)
Net book value	$ 1,737,313	$ 669,956	$ 70,217	$ 2,477,486

The Company's property, plant and equipment was acquired in the eight months prior to August 31, 2014. These costs are in line with management's business plan expectations, which include an expectation of profitable monthly operations within twelve months, and, consequently, there is no impairment of property, plant and equipment as at August 31, 2014.

9. Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liabilities include the following as of August 31, 2014 and February 28, 2014:

	August	February
Property, plant and equipment costs payable	$ 457,187	$ 687,416
Growing costs payable	29,653	-
Reverse take-over and private placement costs payable	256,150	-
Payroll liabilities and accruals	61,901	37,265
Other payables and accruals	287,065	251,114
	$ 1,091,956	$ 975,795

10. Loans Payable and Financing Expense (Note 19 (vi))

On May 16, 2014, the Company received a secured loan of $1,000,000 bearing interest at 8% per annum. Full repayment of this loan was made on August 22, 2014 out of proceeds from the Private Placement (Notes 2 and 11(iii)(f)), along with an interest payment of $21,600.

11. Share Capital

(i) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares, are fully paid.

(ii) Issued share capital (Note 19 (vii))

As at August 31, 2014, the Company's issued and outstanding share capital consisted of 51,016,190 (February 28, 2014 – 11,041,600) common shares with a stated value of $15,477,518 (February 28, 2014 - $735,983).

As at August 31, 2014, 34,846,585 (February 28, 2014 – nil) of the Company's issued common shares were held in escrow by the TSX-V or otherwise restricted from trading. These trading restrictions expire on the following dates:

September 22, 2014 to November 21, 2014	184,637
December 22, 2014	5,050,083
February 22, 2015	5,980,148
August 22, 2015	5,980,149
February 22, 2016	5,980,149
August 22, 2016	5,980,203
February 22, 2017	2,845,606
August 22, 2017	2,845,610
	34,846,585

11. Share Capital (Continued)

(iii) Issuances of share capital

(a) In the year ended February 28, 2014, the Company issued 11,041,600 common shares at an average issue price of S0.069 per share to private investors who were supporting the start-up of OrganiGram Inc. The aggregate consideration for the issuance of the shares and warrants was $758,000 in cash and $22,017 of issue costs were incurred in relation thereto.

(b) In the period between February 28, 2014 and May 24, 2014, the Company issued 7,636,896 common shares at an average issue price of $0.194 per share to private investors who were supporting phase two of the start-up of OrganiGram Inc. The aggregate consideration for the issuance of the shares and warrants was $1,484,850 in cash and $19,994 of issue costs were incurred in relation thereto.

(c) To effect the August 22, 2014 acquisition of Inform (Note 2), the Company implemented a share restructuring whereby the former 18,678,496 common shares of OGI were exchanged for 34,499,998 common shares of OHI, which created a 15,821,502 increase in the number of common shares.

(d) On August 22, 2014, Inform consolidated the existing 8,292,400 common shares of Inform into 7,327,203 common shares of OHI. The 7,327,203 shares were estimated to have a total fair value of $6,228,122, at $0.85 per common share, and the difference between this share-based payment and the fair value of the assets and liabilities of Inform has been recorded as listing expense (Note 2) and included in public company expenses in the consolidated statement of loss and comprehensive loss.

(e) Pursuant to the transaction to acquire Inform, the Company issued 325,000 common shares as consideration for the finder fee (Note 2). The total $276,250 fair value of these shares, estimated at $0.85 per common share, was recorded as transaction costs for the RTO (Note 2).

(f) On August 31, 2014, the Company issued 8,863,989 common shares by way of a private placement, at $0.85 per common share for a total consideration of $7,534,391. Issue costs incurred in connection with this transaction totaled $762,084.

(iv) Broker warrants

As part of the share-based payment to acquire Inform (Note 2) the Company has issued 317,356 broker warrants, exercisable at $1.00 per share, to acquire up to 317,356 common shares of the Company. The $57,701 fair value of these options was estimated at $0.182 per share using the Black-Scholes option pricing model with a market price of $0.85; a risk-free interest rate of 1.09%; an expected annualized volatility of 68%; an expected dividend yield of 0.0%; and, an expected option life of one year.

The Company had issued no broker warrants on any prior date, no broker warrants expired since the acquisition and the 317,356 broker warrants are the only warrants outstanding and exercisable as of August 31, 2014. These broker warrants have an exercise price of $1.00 and will expire on August 22, 2015.

11. Share Capital (Continued)

(v) Share-based compensation (Note 19 (i))

Under the Company's stock option plan, options may be granted for up to 10% of the issued and outstanding common shares, as approved by the Company's Board of Directors. The exercise price of any option may not be less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the TSX-V.

The maximum exercise period after the grant of an option is 10 years. When an employee's service ends, the expiry date of his/her options is accelerated to 90 days thereafter, or less, depending on the terms of the related option agreement.

On August 22, 2014, the Company issued 1,565,000 options that vested 50% on issuance and 10% each year thereafter, exercisable at $0.85 per share for up to 10 years from the grant date, to acquire up to 1,500,000 common shares of the Company. The average fair value of these options was estimated at $0.645 per share using the Black-Scholes option pricing model with a market price of $0.85; a risk-free interest rate of 2.0%; an expected annualized volatility of 84% to 128%; an expected dividend yield of 0.0%; and, an expected option life of 5.0 to 7.5 years.

Total share-based compensation expense for the six-month period ended August 31, 2014 was $473,222 (year ended February 28, 2014 - $nil), based on the proportion of employee options vested or vesting over time.

The Company issued no options on any date prior to August 22, 2014, and no options have ever expired or been exercised or forfeited. All of the 1,565,000 options remain outstanding and exercisable as of August 31, 2014; have an exercise price of $0.85; and, expire on August 22, 2024.

(vi) Loss per share

Loss per share has been calculated as if the conversion of the 18,678,496 common shares into 34,499,998 common shares (Note 11(iii)(c)) had occurred pro-rata for all share transactions prior to August 22, 2014.

Loss per share calculations use the basic and diluted weighted-average number of common shares outstanding for the six-month period ending August 31, 2014, which was 31,716,488 (year ended February 28, 2014 – 8,703,589) for both basic and diluted.

The determination of the weighted-average number of shares outstanding for the calculation of diluted loss per share for the six-month period ended August 31, 2014 excludes the potential effect of 317,356 (year ended February 28, 2014 – nil) broker warrants and 1,565,000 (year ended February 28, 2014 – nil) options, as they are anti-dilutive.

12. Income Taxes

There are no current income taxes payable or recoverable for the six-month period ended August 31, 2014 or the year ended February 28, 2014. The deferred tax recovery (expense) for the six-month period ended August 31, 2014 and the year ended February 28, 2014 consists of the following:

	August	February
Loss before income taxes	$ (8,269,281)	$ (165,537)
Statutory rate	27.00%	26.33%
Tax calculated at statuatory rate	(2,232,706)	(43,586)
Non-deductible (non-taxable) items		
Listing Expenses	1,797,090	-
Share-based compensation	88,990	-
Other	26,453	(3,008)
Benefit of deductible temporary differences not recognized	320,173	46,594
Income tax expense per financial statements	$ -	$ -

The Company has never been a Canadian-Controlled Private Corporation ("CCPC").

As at August 31, 2014, the Company had $1,031,801 of non-capital tax loss carryforwards that expire as follows:

Year	Amount
2034	$ 865,701
2033	166,100
	$ 1,031,801

Deferred tax assets are not recognized in these consolidated financial statements because the Company is in its start-up phase and the deferred tax assets are not probable to be recognized. The Company has $2,144,518 (February 28, 2014 - $183,804) of temporary differences that give rise to the following unrecorded deferred tax assets as at August 31, 2014 and February 28, 2014:

	August	February
Non-capital loss carryforwards	$ 278,586	$ 44,847
Long-term assets	$ 13,493	$ (315)
Intangible assets	$ 35,908	$ 2,062
Deferred Stock Option Expenses	$ 38,780	$ -
Differences affecting income tax expense	$ 366,767	$ 46,594
Differences affecting share capital		
Share issuance costs	212,252	3,033
Total	$ 579,019	$ 49,627

13. Related Party Transactions

Transactions and balances with related entities

The Company considers its related parties to consist of key members or former members of its Board of Directors and senior officers, including their close family members, and companies controlled or significantly influenced by such individuals; and reporting shareholders and their affiliates which may exert significant influence over the Company's activities.

As at August 31, 2014, the Company had accounts payable of $26,181 (February 28, 2014 - $nil) due to officers of the Company.

Management compensation

In the six-month period ended August 31, 2014, the Company's expenses included $131,785 (year ended February 28, 2014 - $50,482) of salary or consulting fees paid to officers and directors, plus $133,046 (year ended February 28, 2014 - $nil) of share-based compensation related to directors and officers.

14. Operating Lease Commitments (Note 19 (v))

As at August 31, 2014, the Company has a lease commitment, until December 31, 2023, for the rental of its facility in Moncton, New Brunswick. The balance of the commitment under this lease, based on current additional rent, is as follows:

Years ended	
August 31, 2015	108,460
August 31, 2016	108,460
August 31, 2017	108,460
August 31, 2018	108,460
August 31, 2019	108,460
Thereafter	469,993
	1,012,293

15. Capital Management (Note 19 (vii))

The Company considers its capital to consist of share capital, reserve for options and warrants, and accumulated deficit, which is disclosed in the August 31, 2014 statement of financial position as $7,573,623 (February 28, 2014 - $570,446).

The Company manages its capital structure and makes adjustments to it, based on funds available to the Company, in order to fund its start-up costs and the purchase and construction of its growing facility. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There has been no change in how the Company defines or manages capital in the year.

16. Fair Value of Financial Instruments

The carrying value of the Company's financial instruments consist of financial assets and liabilities as outlined below and as further explained in Note 3(vii):

	2014	2013
Financial Assets		
Loans and receivables		
Cash	$ 5,726,674	$ 78,014
Accounts receivable	245,201	143,176
	$ 5,971,875	$ 221,190
Financial Liabilities		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 1,091,956	$ 975,795

As at August 31, 2104 and February 28, 2014, the carrying values and fair values of the Company's financial instruments are approximately the same.

17. Financial Risk Factors

The Company is exposed to various risks through its financial instruments, as follows:

(i) **Credit risk** arises from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance. The maximum exposure to credit risk approximates the $5,971,875 of cash and accounts receivable on the balance sheet.

(ii) **Liquidity risk -** The Company's exposure to liquidity risk is dependent on the collection of accounts receivable and the raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the issuance of share capital.

(iii) **Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

(1) **Currency risk** is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency.

(2) **Interest risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk at August 31, 2014. This changed on November 21, 2104 pursuant to the new loan described in Subsequent Events (Note 19(vi)).

(3) **Other price risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at August 31, 2014.

18. Segmented Information

The company only operates in one business segment and, accordingly, does not have any segmented information disclosures. All of the Company's assets are in Canada.

19. Subsequent Events

(i) Momentum IR

Effective September 1, 2014, the Company retained the services of Momentum PR to provide investor relations services in the Province of Quebec. Momentum PR will receive and has received $6,000 per month, commencing on the effective date, for their services and are entitled to receive 50,000 employee options to purchase 50,000 common shares of the Company at an exercise price to be determined in the context of the market. These options have been granted as of the date hereof. The agreement may be cancelled, by either party, by giving 30 days written notice.

(ii) Trauma Healing Centers

Effective November 10, 2014, the Company entered into a binding letter of intent ("LOI") with Trauma Healing Centers Incorporated, pursuant to which the Company will be the preferred supplier of medical marijuana to Trauma Healing Centers' patients. The LOI stipulates a term of 10 years.

(iii) 1299 St. George Boulevard

Effective October 15, 2014, the Company purchased the land and buildings at 1299 St. George Boulevard, Moncton, New Brunswick, E1E 4M5 for a total price, excluding closing costs, of $975,000. The real estate includes 2.57 acres of land and a 14.4 square foot building. Further, the property is adjacent to the Company's main facility at 35 English Drive. This acquisition will provide expansion capacity for the Company's future operations.

(iv) Organic Certification

Effective November 14, 2014, the Company's facility in Moncton, New Brunswick became the first marijuana production facility in Canada to receive "organic certification" from ECOCERT Canada. Ecocert is one of the world leaders in the certification of organic farming products and is accredited by the US National Organic Program regulations and the Japanese Agricultural Standard regulations, as well as being approved by many other countries on the basis of their national regulations. To maintain this certification, the Company will be inspected by an independent accredited third party in accordance with ISO 65 Guide standards.

(v) 35 English Drive

Effective November 21, 2014, the Company purchased the entire 35 English Drive, Moncton, New Brunswick, E1E 3X3 property for a total price, excluding closing costs, of $1,535,000. The property includes 3.22 acres of land and a 31,200 square foot building, of which 11,600 square feet was previously leased (Note 14). This acquisition assures that the Company will retain the value of its single-purpose leasehold improvements, past the expiry date of its prior lease agreement, and provides expansion capacity for its future operations.

As a result of the 35 English Drive purchase, the Company's lease obligations for this property are terminated resulting in a $987,890 reduction of the lease obligations disclosed in Note 14.

(19) Subsequent Events (Continued)

(vi) Farm Credit Canada

Effective November 21, 2014, the Company established a new credit facility with Farm Credit Canada (FCC), in the amount of $2,500,000, all of which was advanced to the Company on that date. The loan is being amortized over 10 years; is due on December 1, 2019; and, requires initial payments of $27,366 per month, including interest at a variable rate equal to FCC's variable mortgage rate plus 1.75%. As at the date hereof, the total effective variable interest rate on the loan is 5.75%.

The FCC loan is secured by a first charge on 35 English Drive, 1299 St. George Boulevard and all of the Company's other assets. The covenants for this loan require the Company to maintain a 1.5 to 1 debt service ratio; a 1.2 to 1 current ratio; and, a 2 to 1 debt to equity ratio, on a consolidated basis, at each fiscal year-end.

(vii) Pending Private Placement

On December 5, 2014, the Company announced that it had engaged Jacob Securities Inc. in connection with a proposed private placement intended to raise $4,000,000 to $6,000,000.

On December 22, 2014, the Company closed the brokered private placement (the "Brokered Financing") of units (the "Units") for aggregate gross proceeds of $1,407,418 million based on the sale of approximately 2,010,597 Units at a price of $0.70 per Unit. Each Unit is comprised of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"), each Warrant entitling the holder thereof to acquire an additional share for a period of three years at a price of $1.00 per share.

As compensation for acting as agent, Jacob received a cash commission (the "Agent's Commission") equal to 6% (3% for Units issued through a President's list) of the gross proceeds raised, and compensation options (the "Agent's Options") entitling the agents to purchase Units (the "Agent's Units") of the Company equal to 6% (3% for President's list) of the number of securities sold in the Brokered Financing, exercisable at a price of $0.70 per Agent's Unit and expiring 24 months from closing of the Brokered Financing. The Agent's Units have the same terms and conditions as the Units purchased by subscribers in the Brokered Financing.

At the same time, the Company closed a non-brokered private placement financing (the "Non-brokered Financing") of Units for an aggregate gross proceeds of $472,993 based on the sale of approximately 675,705 Units at a price of $0.70 per Unit. In connection with the Non-brokered Financing, the Company paid an aggregate of $6,300 in finder's fees, and issued finder's options (the "Finder's Options") entitling finders that assisted with the Non-brokered Financing to purchase an aggregate of 4,500 Units (the "Finder's Units"). The Finder's Options are exercisable at a price of $0.85 per Finder's Option and expire 24 months from closing of the Non-brokered Financing. The Finder's Units have the same terms and conditions as the Units purchased by subscribers in the Non-brokered Financing.

The Units, Warrants, Agent's Units and Finder's Options (including the underlying common shares and warrants) issued under the Brokered Financing and the Non-brokered Financing are subject to a four-month hold period, which expires April 23, 2015.

The closings are subject to the fulfillment of certain conditions, including customary post-closing filings with the TSX Venture Exchange.

(viii) Change in Corporate Structure

On December 19, 2014, the Company's shareholders approved the continuance of the Company's charter jurisdiction from the Province of British Columbia to the Canada Business Corporations Act.