OrganiGram Holdings Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

For the Six-month Period Ended August 31, 2014

ORGANIGRAM HOLDINGS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED AUGUST 31, 2014

1.1 Introduction

This **Management Discussion and Analysis ("MD&A")** document, prepared on December 23, 2014, should be read in conjunction with the audited consolidated financial statements of OrganiGram Holdings Inc., formerly Inform Exploration Corp. ("Inform"), for the six-month period ended August 31, 2014.

This MD&A and the consolidated financial statements are expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The information in this MD&A is presented in Canadian dollars on a consolidated basis.

The offices of OrganiGram Holdings Inc. (the "Company" or "OHI") are at 35 English Drive, Moncton, New Brunswick, E1E 3X3 and further inquiries regarding the Company may be directed to its Chief Executive Officer, Denis Arsenault, at (506) 384-1571 or by fax at (506) 384-4266 or by email at denis@organigram.ca.

1.2 Forward-Looking Statements

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information, in general, can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities; and, statements regarding our future economic performance. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. We have based these forward-looking statements on our current expectations about future events.

Although the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions, these assumptions are subject to a number of risks beyond the Company's control and there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to: financial risks; dependence on senior management; sufficiency of insurance; industry competition; general economic conditions and global events; product development, facility and technological risks; changes to government laws, regulations or policy, including environmental or tax, or the enforcement thereof; agricultural risks; supply risks; product risks; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators. For more information on the risk factors that could cause our actual results to differ from current expectations, see "**7.1 Risks and Uncertainties"**.

All forward-looking information is provided as of the date of this MD&A. The Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our web site at www.organigram.ca.

1.3 Business Environment

In 2001, the Government of Canada introduced a regulatory regime, the *Medical Marijuana Access Regulations* ("MMAR"), governing access of patients to marihuana for medical purposes. Since this time, the number of patients prescribed medical marihuana has grown and continued growth is predicted. Meanwhile, the medical marihuana regulatory regime has continued to evolve until, in June 2013, Health Canada announced the current regulatory regime, the *Marihuana for Medical Purposes Regulations* ("**MMPR**") to replace the MMAR. Pursuant to the MMPR, companies are eligible to apply as a Licensed Producer (a "**license**") of medical marihuana. This license permits a company to lawfully cultivate, possess and sell medical marihuana in conformance with the MMPR. Due to the regulatory barrier to entry, the anticipated growth in demand in the consumption of medical marihuana and the potential return on investment, a license is highly coveted by many companies.

The MMPR came into effect on April 1, 2014 and the Company received its license to operate as a Licensed Producer of medical marijuana, under the MMPR, on April 14, 2014.

1.4 Risks and Uncertainties

The Company's business is subject to risks inherent in an early-stage enterprise and the Company has identified certain risks pertinent to its business, as further described under "**7.1 Risk Management"**. Management attempts to assess and mitigate these risks by retaining experienced professional staff and assuring that the Board of Directors and senior management are monitoring these risks on a continual basis.

2.1 Nature and History of the Company's Business

On March 1, 2013, in anticipation of the introduction of the MMPR, the Company's founder, Mr. James Laffoley, incorporated OrganiGram Inc. ("OGI") under the *Business Corporations Act* (New Brunswick) for the purpose of seeking a license. In the spring of 2014, OGI was advised that it has received its license under the MMPR. Pursuant to its license, OGI is permitted to produce, sell, possess and ship medical marihuana, in conformity with the MMPR, and made its first shipment of medical marihuana to registered patients in September 2014. OGI has one of only 15 licensees to produce and sell medical marijuana under the MMPR, as at the date hereof, and is the only organic licensed producer of medical marihuana in Canada. Moreover, the Company's management believes that OGI benefits from a number of competitive advantages which will permit it to be strategically positioned for future eventualities in the industry.

Currently, the Company's operations have been exclusively geared at securing its license and otherwise establishing a viable business, including; human resources recruitment; expansion of facilities; product development; investor relations; implementing sound corporate governance practices; and, creating awareness in the Medical Community and of potential patients using marijuana.

OGI completed a reverse take-over transaction that resulted in it becoming the sole and wholly-owned subsidiary of OHI, formerly Inform Acquisition Corp., a publicly-listed company on the TSX Venture Exchange ("TSX-V"). Concurrently, OHI completed several brokered and non-brokered private placements in order to ensure that its business is adequately financed for operations and growth. See **"3.1 Acquisition of Inform Exploration Corp."**

2.2 Selected Annual Information

The following are financial highlights for the six-month period ended August 31, 2014 and the year ended February 28, 2014 or as at those ending dates:

	August	February
Total revenue for the period	$ -	$ -
Net Loss before listing expenses	$ 1,487,551	$ 165,537
Listing expenses	$ 6,781,730	$ -
Net loss per share		
Before listing expenses	$0.047	$0.019
Net loss and comprehensive loss	$0.261	$0.019
Total assets	$ 8,665,579	$ 1,546,241
Total shareholders' equity	$ 7,573,623	$ 570,446

2.3 Business Outlook.

The Company is in the last stages of its start-up period and is positioned to rapidly accelerate its business growth. Therefore, OHI's primary focus for 2014/15 is on customer alignment. The Company's key short-term goals include:

- Establish internal controls and governance excellence, within the highly regulated medical marijuana industry, that are coveted by the Company's competitors.
- Establish the Company's high quality organic brand, as an enviable standard in the industry.
- Work diligently to inform the Medical Community and Patient Groups of the Company's superiority in the supply of medical marijuana to Canadians.
- Complete the construction of the Company's facility and development of its product strains, to support the production and sale of 6,000 to 9,000 kilograms per year, within 2 to 3 years.
- Actively pursue the product research necessary to meet the complex and growing needs of patients in Canada.

3.1 Acquisition of Inform Exploration Corp.

On August 22, 2014 the shareholders of OrganiGram Inc. exchanged each common share they held in that company for common shares of Inform Exploration Corp. ("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; and,
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.

3.1 Acquisition of Inform Exploration Corp. (Continued)

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, 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.

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	$ 6,228,122
325,000 commons shares issued as finder fees	276,250
Total of share-based payments	6,504,372
Cash acquired	(15,171)
Other working capital deficit acquired	23,489
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.

3.2 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.

3.2 Subsequent Events (Continued)

(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 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, as described in Note 14 of the consolidated financial statements. 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.

(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 the Company's personal/movable property. 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.

3.2 Subsequent Events (Continued)

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.

4.1 Changes in Accounting Policies

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.

5.1 Quarterly Operating Highlights

The Company has been in start-up mode since its incorporation and is still building growing capacity to meet patient demand as of the date hereof and none of the Company's past quarters are comparable to each other or indicative of future results. As a result, no quarterly information about the Company is contained in this MD&A,

5.2 Pre-Tax Operating Earnings

The following are the statements of loss before taxes for the six-month period ended August 31, 2014 and the year ended February 28, 2014:

		August		February
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)
Lising expenses		6,781,730		-
Net loss and comprehensive loss	$	(8,269,281)	$	(165,537)

5.3 Operations Commentary for the Six-Month Period Ended August 31, 2014

The six-month period ended August 31, 2014 was phase two of the Company's start-up, which included three key components:

1. Final license approval as a Medical Marijuana Licensed Producer on April 16, 2014.
2. Installation of the Company's initial growing capacity and development of its product lines and cultivating technologies.
3. A going-public transaction and private placement for $6.8 million, net of issue costs, on August 22, 2014.

The Company had no revenue during the period and the following expenses:

- $274,905 of start-up costs in the physical plant related to developing processes, creating growing capacity and product development;
- $169,551 of marketing costs, related to building the Company's brand;
- $549,131 of general and administrative costs, including $221,781 of staff and management fee costs; a $99,258 legal settlement; $74,981 of legal and professional expenses; $49,479 of travel and entertainment costs; and $103,632 of other administrative costs;
- $473,222 of non-cash options costs;
- $20,742 of interest expense, net of a gain on an asset disposal; and
- $6,781,730 of listing expense – arising mostly from the market value of the Company's shares (on closing date) paid to acquire Inform's listing status and including only $269,040 of direct expenditures.

None of the costs of this six-month period are indicative of future results.

5.4 Operations Commentary for the Year Ended February 28, 2014

The year ended February 28, 2014 was the start-up period, during which Jim Lafolley was running the business single-handed, with the financial support of his Moncton friends. Jim's focus was working on the policies, procedures, plant set-up and security systems required by Health Canada, under the MMPR. The costs for that year include Jim's modest salary; plus legal fees, financing support and office expenses. None of these expenses are comparable to subsequent periods.

5.5 Related Party Transactions

(i) ***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.

(ii) ***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.

6.1 Liquidity and Capital Resources

The following is a summary of the cash flows of the Company for the six-month period ended August 31, 2014 and the year ended February 28, 2014:

	August	February
Net loss for the period	$ (8,269,281)	$ (165,537)
Listing expenses	6,527,861	-
Share-based compensation	473,222	-
Depreciation and disposal gain	51,139	8,932
Change in working capital	13,541	136,320
Cash Flow Used in Operations	(1,203,518)	(20,285)
Issuance of share capital	9,019,241	758,000
Share issue expense	(724,377)	(22,017)
Property, plant and equipment	(1,442,686)	(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

As at August 31, 2014, the Company had a cash balance of $5.7 million (2013 **-** $*nil*), as a result of the issuance of common shares through private placements. $724,377 of the Private Placement funds were used for share issue expenses, $253,869 for the RTO transaction and $1,442,686 to create growing capacity.

The Company has ambitious capital spending plans for the next year and has raised additional funds to support this growth. See **"3.2 (vi) Farm Credit Canada"** and **"3.2 (vii) Private Placement"** for information pertaining to addition funds raised since August 31, 2014. See **"3.2 (iii) 1299 St George"** and **"3.2 (v) 35 English Drive**" for additional information pertaining to real property acquisitions since August 31, 2014.

6.2 Share Data

Since incorporation, the Company's cash requirements have been funded by new equity from shareholders. Its authorized share capital includes an unlimited number of common shares or preferred shares. Restated for the share restructuring on August 22, 2014, the following shares have been issued in the Company, since inception:

(i) Share transactions

The following is a description of the share transactions that have occurred since inception:

(a) In the year ended February 28, 2014, the Company issued 20,394,318 (restated from the original 11,041,600 as per (c) below) common shares at an average issue price of S0.037 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 14,105,680 (restated from the original 7,636,896 as per (c) below) common shares at an average issue price of $0.105 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, 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 Inform has been recorded as listing expense 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. The total $276,250 fair value of these shares, estimated at $0.85 per common share, was recorded as transaction costs for the RTO.

(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.

(ii) Broker Warrants

As part of the share-based payment to acquire Inform 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.

(iii) Share-based compensation

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.

6.2 Share Data (Continued)

(iv) Outstanding shares, warrants and options

The following table sets out the number of shares, warrants and options outstanding as at August 31, 2014 and December 23, 2014:

	August 31	December 23
Common shares issued and outstanding	51,016,190	53,702,492
Investor warrants	-	2,686,302
Broker warrants	317,356	442,492
Compensation options	1,565,000	1,615,000
Total fully diluted shares	52,898,546	58,446,286

6.3 Summary Balance Sheet

The following is the financial position of the Company as at August 31, 2014 and February 28, 2014:

	August	February
Cash	$ 5,726,674	$ 78,014
Accounts receivable and other current assets	309,499	152,059
Biological assets and inventory	151,920	-
Property, plant and equipment	2,477,486	1,316,168
Total Assets	$ 8,665,579	$ 1,546,241
Share Capital	$ 15,477,518	$ 735,983
Contributed surplus	530,923	-
Deficit	(8,434,818)	(165,537)
Total Equity	7,573,623	570,446
Current liabilities	1,091,956	975,795
Total Liabilities and Equity	$ 8,665,579	$ 1,546,241

As at the date hereof, the Company has no off-balance sheet arrangements.

6.4 Financial Instruments

The Company’s financial instruments consist of cash and accounts receivable. As at August 31, 2014 and February 28, 2014, the carrying values and fair values of the Company’s financial instruments are approximately the same. The Company has not used any hedging or financial derivatives.

7.1 Risk Management

The Company has implemented Risk Management Governance Processes that are led by the Board of Directors, with the active participation of management, and updates its assessment of its business risk on an annual basis. Notwithstanding, it is possible that the Company may not be able to foresee all of the risks that it may have to face. The market in which OrganiGram currently competes is complex, competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. Readers of this MD&A should not rely upon forward-looking statements as a prediction of future results.

The risks presented below may not be all of the risks that the Company may face, although they are management's current assessment of the risk factors that may cause actual results to be different from expected and historical results:

(i) Credit Risk

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 amount recognized 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

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 currently exposed to foreign currency exchange risk as it has negligible financial instruments denominated in a foreign currency.
2. **Interest rate 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 was not exposed to interest rate risk as at August 31, 2014 but took-on that risk, thereafter, as explained in **"3.2(vi) Farm Credit Canada"**.
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 has no exposure to other price risk.

(iv) Concentration risk

All of the Company's accounts receivable is due from the Federal Government, legal trusts, employees and a related supplier and, thus, the Company believes that the entire accounts receivable balance is collectible. Accordingly, management has not provided for an allowance for doubtful accounts as at August 31, 2014.

(v) Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect its business. This risk is partially mitigated by the fact that the senior management team are significant shareholders in the Company. Further mitigation has been attained by the addition of a President position, in September 2014, and through the implementation of employee compensation packages, composed of monetary short-term compensation and long term stock based compensation, designed for the retention of key employees.

7.1 Risk Management (Continued)

(vi) *Sufficiency of Insurance*

The Company maintains various types of insurance which may include financial institution bonds; errors and omissions insurance; directors', trustees' and officers' liability insurance; property coverage; and, general commercial liability insurance. The appetite for Insurers to provide coverage to the marijuana industry is low, given the newness of these businesses, so the Company has found barriers to obtaining the levels of liability coverage that it is seeking, but management continues to pursue this matter. There is no assurance that claims will not exceed the limits of available coverage; that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost; or, that any insurer will not dispute coverage of certain claims due to ambiguities in the policies. A judgment against any member of the Company in excess of available coverage could have a material adverse effect on the Company in terms of damages awarded and the impact on the reputation of the Company.

(vii) Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company.

Because of the early stage of the industry in which OHI operates, the Company expects to face additional competition from new entrants. If the number of users of medical marihuana in Canada increases, the demand for products will increase and OHI expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies. To remain competitive, OHI will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

(viii) General Business Risk and Liability

Given the nature of Company's business, it may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing OHI, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of Bellwether's right to carry on their existing business. The Company may incur significant costs in connection with such potential liabilities.

(ix) Regulation of the Marijuana Industry

OGI is heavily regulated in all jurisdictions where it carries on business. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services.

Possible sanctions include the revocation or imposition of conditions on licenses to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; and, the imposition of fines and censures. To the extent that existing or future regulations affect the sale or offering of the Company's product or services in any way, the Company's revenues may be adversely affected.

(x) Regulatory Risks

The activities of OGI are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. OHI cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

7.1 Risk Management (Continued)

(xi) Change in Laws, Regulations and Guidelines

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marihuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. While to the knowledge of the Company's management, it is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of OHI may cause adverse effects to the Company's operations.

(xii) Reliance on License Renewal

OHI's ability to grow, store and sell medical marihuana in Canada is dependent on the license from Health Canada. Failure to comply with the requirements of the license or any failure to maintain this license would have a material adverse impact on the business, financial condition and operating results of the Company. The license expires on March 26, 2015. Although management believes it will meet the requirements of the MMPR for extension of the license, there can be no guarantee that Health Canada will extend or renew the license or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the license or should it renew the license on different terms, the business, financial condition and results of the operations of the Company would be materially adversely affected.

(xiii) Reliance on a Single Facility

To date, OGI's activities and resources have been primarily focused on its facility in Moncton, New Brunswick and OGI will continue to rely on this facility for the foreseeable future. Adverse changes or developments affecting the facility could have a material and adverse effect on the Company's business, financial condition and prospects.

(xiv) Limited Operating History

The Company began its business in 2013 and has not generated revenue from the sale of products, as of August 31, 2014. OHI is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

(xv) Factors which may Prevent Realization of Growth Targets

The Company's growth strategy contemplates outfitting the Moncton facility with additional production resources. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- plant design errors, non-performance by third party contractors, increases in materials or labour costs; or, construction performance falling below expected levels of output or efficiency
- environmental pollution;
- contractor or operator errors; or, breakdowns, aging or failure of equipment or processes;
- labour disputes, disruptions or declines in productivity; or, inability to attract sufficient numbers of qualified workers;
- disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that the Company may not have product, or sufficient product, available for shipment, to meet the expectations of its potential customers or in its business plan.

7.1 Risk Management (Continued)

(xvi) <u>Risks Inherent in an Agricultural Business</u>

The Company's business involves the growing of medical marihuana, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks that may create crop failures and supply interruptions for the Company's customers. Although OGI grows its products indoors under climate controlled conditions and carefully monitors the growing conditions with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

(xvii) <u>Vulnerability to Rising Energy Costs</u>

OHI's medical marihuana growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of OGI and its ability to operate profitably.

<u>(xviii) Transportation Disruptions</u>

Due to the perishable and premium nature of OHI's products, OHI will depend on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of OHI. Rising costs associated with the courier services used by OHI to ship its products may also adversely impact the business of OHI and its ability to operate profitably.

<u>(xix) Unfavourable Publicity or Consumer Perception</u>

The Company believes the medical marihuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marihuana produced. Consumer perception of OGI's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marihuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical marihuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for OGI's products and the business, results of operations, financial condition and the Company's cash flows. OGI's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for OGI's products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marihuana in general, or OGI's products specifically, or associating the consumption of medical marihuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

(xx) Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, OHI faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of OHI's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of OHI's products alone or in combination with other medications or substances could occur. OHI may be subject to various product liability claims, including, among others, that OHI's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against OHI could result in increased costs, could adversely affect OHI's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

There can be no assurances that OHI will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of OHI's potential products. As of the current date, the Company has a small amount of insurance coverage for product liabilities.

(xxi) Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of OGI's products are recalled due to an alleged product defect or for any other reason, OGI could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. OGI may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although OGI has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of OGI's significant brands were subject to recall, the image of that brand and OGI could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for OGI's products and could have a material adverse effect on the results of operations and financial condition of OGI. Additionally, product recalls may lead to increased scrutiny of OGI's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

(xxii) Reliance on Key Inputs

OGI's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of OGI. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, OGI might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to OGI in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

7.1 Risk Management (Continued)

(xxiii) Dependence on Suppliers and Skilled Labour

The ability of OGI to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that OGI will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by OGI's capital expenditure program may be significantly greater than anticipated by the Company's management, and may be greater than funds available to OGI, in which circumstance OGI may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Company.

(xxiv) Difficulties with Forecasts

OGI must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical marihuana industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

(xxv) Exchange Restrictions on Business

The TSX-V's listing conditions, for the Company, required it to deliver an undertaking confirming that, while listed on the Exchange, the Company will only conduct the business of production, acquisition, sale and distribution of medical marihuana in Canada as permitted under the Health Canada license. This undertaking could have an adverse effect on the Company's ability to export marihuana from Canada and on its ability to expand its business into other areas including the provision of non-medical marihuana in the event that the laws were to change to permit such sales and the Company is still listed on the Exchange and still subject to such undertaking at the time. This undertaking may prevent the Company from expanding into new areas of business when the OGI's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

(xxvi) Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of OGI to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

(xxvii) Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

(xxviii) Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which OHI becomes involved be determined against the Company, such a decision could adversely affect OHI's ability to continue operating and the market price for the Company's common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

7.1 Risk Management (Continued)

(xxix) Dividends

The Company has no earnings or dividend record and may, or may not, pay any dividends on its common shares in the foreseeable future. Dividends paid by the Company could be subject to tax and, potentially, withholdings.

(xxx) Limited Market for Securities

The Company's common shares are listed on the TSX-V, however, there can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

(xxxi) Environmental and Employee Health and Safety Regulations

OGI's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. OGI will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to OGI's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

7.2 Commitments and Contingent Liabilities

(i) Lease Commitments

The Company had lease commitments for its facility at 35A English Drive that terminated when the Company purchased the 35 English Drive property, as described in **"3.2(v) Subsequent Events"**.

(ii) Contingent Liabilities

In the ordinary course of business, the Company enters into contracts which contain indemnification provisions, such as letter agreements, service agreements and purchase and sale agreements. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.

As of the date hereof, management of OrganiGram Holdings Inc. is not aware of any claims or potential claims made or pending against the Company.

8.1 Future Changes in Accounting Policies

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:

(i) <u>IFRS 9 Financial Instruments</u>

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.

(ii) <u>IFRS 15 Revenue from Contracts with Customers</u>

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.

9.1 Directors and Officers

The Company's directors and officers, as of the current date, are:

Larry Rogers	Independent Director and Chair of the Board and the Audit Committee
Dr. Kenneth Mitton	Independent Director and Chair of the Compensation Committee
Michel J. Bourque[1]	Independent Director and Chair of the Governance Committee
David Doherty	Director
Denis Arsenault	Director and CEO
Roger Rogers	Director and President
Scott Franklin	Chief Financial Officer and Secretary

Note: [1]*Subject to Health Canada regulatory approval*.