ORGANIGRAM HOLDINGS INC.

Interim Condensed Consolidated Financial Statements

As at November 30, 2014

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Auditor's Involvement

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3)(a), notice is hereby given that the accompanying statements of the Company for the three-month periods ended November 30, 2014 and November 30, 2013 have not been reviewed by the Company's auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim consolidated financial statements by the Company's auditors.

OrganiGram Holdings Inc.
Interim Condensed Consolidated Statements of Financial Position
As at November 30, 2014, August 31, 2014 and September 1, 2013

	November 30, 2014	August 31, 2014	September 1, 2013
Assets			
Current assets			
Cash	$ 1,306,032	$ 5,726,674	$ 13,782
Short term investments (Note 4)	2,000,000	-	-
Accounts receivable (Note 5)	375,802	245,201	1,124
Biological assets (Note 6)	197,760	115,768	-
Inventories (Note 6)	71,112	36,152	-
Other current assets (Note 7)	115,372	64,298	-
	4,066,078	6,188,093	14,906
Property, plant and equipment (Note 8)	6,175,125	2,477,486	2,100
	$ 10,241,203	$ 8,665,579	$ 17,006
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 9)	$ 949,589	$ 1,091,956	$ 21,513
Current portion of long term debt (Note 10)	191,240	-	-
	1,140,829	1,091,956	21,513
Long term debt			
Secured indebtedness (Note 10)	2,286,260	-	-
	3,427,089	1,091,956	21,513
Shareholders' Equity			
Share capital (Note 11)	15,477,518	15,477,518	5,500
Reserve for options and warrants (Notes 11(iv) and 11 (v))	589,952	530,923	-
Accumulated deficit	(9,253,356)	(8,434,818)	(10,007)
	6,814,114	7,573,623	(4,507)
	$ 10,241,203	$ 8,665,579	$ 17,006

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

OrganiGram Holdings Inc.
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the Three-month Periods Ended November 30, 2014 and 2013and the Six-month Period Ended August 31, 2014

	3-Months Ended November'14	3-Months Ended November'13	6-Months Ended August'14
Revenue			
Sales	$ 13,122	$ -	$ -
Cost of sales	6,795	-	-
Gross margin	6,327	-	-
Expenses			
Indirect production	177,239	-	274,905
Sales and marketing	165,063	-	169,551
General and administrative	354,471	3,857	549,131
Public company costs	69,063	-	-
Share-based compensation	59,029	-	473,222
Financing costs (Note 10)	-	-	21,600
Gain on disposal of vehicle	-	-	(858)
	824,865	3,857	1,487,551
Net loss before listing expenses	(818,538)	(3,857)	(1,487,551)
Listing expenses (Note 2)	-	-	6,781,730
Net loss and comprehensive loss for the period	$ (818,538)	$ (3,857)	$ (8,269,281)
Weighted-average number of common shares	51,016,190	10,158,740	31,716,488
Loss per common share, basic and diluted	$ (0.016)	$ (0.000)	$ (0.261)

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

OrganiGram Holdings Inc.
Interim Condensed Consolidated Statements of Changes in Equity
For the Three-month Periods Ended November 30, 2014 and 2013and the Continuity from September 1, 2013 to November 30, 2014

	Common Shares	Share Capital	Reserve for Options and Warrants	Deficit	Total
Balance - September 1, 2013	5,500,000	$ 5,500	$ -	$ (10,007)	$ (4,507)
Comprehensive loss for the period	-	-	-	(3,857)	(3,857)
Balance - November 30, 2013	5,500,000	5,500	-	(13,864)	(8,364)
Balance - December 1, 2013	5,500,000	$ 5,500	$ -	$ (13,864)	$ (8,364)
Comprehensive loss for the period	-	-	-	(151,673)	(151,673)
Shares issued in private company (Note 11(iii)(a))	5,541,600	752,500	-	-	752,500
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 in private company (Note 11(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
Balance - September 1, 2014	51,016,190	$ 15,477,518	$ 530,923	$ (8,434,818)	$ 7,573,623
Comprehensive loss for the period	-	-	-	(818,538)	(818,538)
Compensation options issued (Note 11(v))	-	-	59,029	-	59,029
Balance - November 30, 2014	51,016,190	$ 15,477,518	$ 589,952	$ (9,253,356)	$ 6,814,114

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

OrganiGram Holdings Inc.
Interim Condensed Consolidated Statements of Cash Flows
For the Three-month Periods Ended November 30, 2014 and 2013and the Six-month Period Ended August 31, 2014

	3-Months Ended November'14	3-Months Ended November'13	6-Months Ended August'14
Cash provided by (used in)			
Operating activities			
Net loss for the period	$ (818,538)	$ (3,857)	$ (8,269,281)
Changes not involving cash			
Listing expenses (Note 2)	-	-	6,512,690
Share-based compensation	59,029	-	473,222
Gain on disposal of vehicle	-	-	(858)
Depreciation	69,337	-	51,997
	(690,172)	(3,857)	(1,232,230)
Financing costs to financing activities	-	-	21,600
Net change in accounts receivable	(130,601)	(380)	(75,900)
Net change in biological assets and inventories	(116,952)	-	(151,920)
Net change in accounts payable and accrued liabilities	(210,154)	(9,200)	296,776
Net change in other working capital balances	(51,074)	-	(55,415)
	(1,198,953)	(13,437)	(1,197,089)
Financing activities			
Shares issued in private company	-	-	1,484,850
Shares issued in the private placement	-	-	7,534,391
Share issue costs	-	-	(724,377)
Proceed of long term loan	2,500,000	-	-
Financing costs	(22,500)	-	(21,600)
	2,477,500	-	8,273,264
Investing activities			
Cash acquired in the RTO	-	-	15,171
Purchase of short term investments	(2,000,000)		-
Proceeds on disposal of vehicle	-	-	9,000
Acquisition of property, plant and equipment	(3,699,189)	-	(1,451,686)
	(5,699,189)	-	(1,427,515)
Net increase in cash	(4,420,642)	(13,437)	5,648,660
Cash, beginning of period	5,726,674	13,782	78,014
Cash, end of period	$ 1,306,032	$ 345	$ 5,726,674

The accompanying notes are an integral part of these Interim Condensed 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 November 30, 2014, OHI was constituted under the laws of the Province of British Columbia, Canada (Note 13(ii)).

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 consolidated 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 Interim Condensed 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) Statement of Compliance

These interim condensed consolidated financial statements for the three months ended November 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, under the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), following the same accounting policies and methods of computation as the audited consolidated financial statements for the six-month period ended August 31, 2014. The interim condensed consolidated financial statements do not include all of the disclosures included in the audited consolidated financial statements and accordingly should be read in conjunction with the August 31, 2014 audited consolidated financial statements and the notes thereto.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 21, 2015.

(ii) Basis of Measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which have been measured at fair value. The Company's functional currency is the Canadian dollar and it has no foreign currency assets, liabilities or transactions of significance.

(iii) Basis of Consolidation

These interim condensed 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 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 interim condensed 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 interim condensed consolidated financial statements.

(v) Use of judgments, estimates and assumptions

In the preparation of these interim condensed 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 interim condensed 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 three-month periods ended November 30, 2014 and 2013, and/or the six-month period ended August 31, 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

(vi) 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)
IFRS 9 Financial Instruments 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 Interim Condensed Consolidated Financial Statements.

IFRS 15 Revenue from Contracts with Customers (IFRS 15)
In May 2014, the IASB issued IFRS 15, 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 periods beginning on or after January 1, 2017. The Company is in the process of reviewing the amendments to determine the impact on the Interim Condensed Consolidated Financial Statements.

4. Short term investments

On November 30, 2014, short term investments included $2,000,000 invested in Canadian bank short term investment certificates, paying interest at 1.31% and due on demand.

5. Accounts Receivable

The Company's accounts receivable included the following as of November 30, 2014, August 31, 2014 and September 1, 2013:

	November'14	August'14	September'13
Lawyer's trust fund	$ 24,650	$ 59,949	$ -
Due from employees and prepayments to suppliers	12,500	30,557	-
Sales taxes recoverable	338,652	154,695	1,124
	$ 375,802	$ 245,201	$ 1,124

6. Biological Assets and Inventories

The Company's biological assets include the following as of November 30, 2014, August 31, 2014 and September 1, 2013:

	November'14	August'14	September'13
Harvest-in-process	$ 193,932	$ 110,664	$ -
Mother plants	3,828	5,104	-
	$ 197,760	$ 115,768	$ -

The Company's inventories include the following as of November 30, 2014, August 31, 2014 and September 1, 2013:

	November'14	August'14	September'13
Agricultural produce	$ 28,887	$ 961	$ -
Finished goods	42,225	35,191	-
	$ 71,112	$ 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 November 30, 2014, August 31, 2014 and September 1, 2013:

	November'14	August'14	September'13
Deposits	$ 99,401	$ 35,000	$ -
Prepaid expenses	15,971	29,298	-
	$ 115,372	$ 64,298	$ -

8. Property, Plant and Equipment

	Land and Buildings	Leasehold Improvements	Growing Equipment	Other	Total
At September 1. 2013					
Net book value	$ -	$ -	$ -	$ 2,100	$ 2,100
Year Ended August 31, 2014					
Acquisitions	-	1,766,759	687,134	90,564	2,544,457
Disposal	-	-	-	(8,142)	(8,142)
Depreciation	-	(29,446)	(17,178)	(14,305)	(60,929)
	$ -	$ 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
At September 1. 2014					
Net book value	$ -	$ 1,737,313	$ 669,956	$ 70,217	$ 2,477,486
Year Ended August 31, 2014					
Acquisitions	3,282,819		418,371	65,786	3,766,976
Transfer on property purchase	1,737,313	(1,737,313)			-
Depreciation	(47,406)	-	(17,178)	(4,753)	(69,337)
	$ 4,972,726	$ -	$ 1,071,149	$ 131,250	$ 6,175,125
At August 31, 2014					
Cost	5,049,578	-	1,105,505	147,830	6,302,913
Accumulated depreciation	(76,852)	-	(34,356)	(16,580)	(127,788)
Net book value	$ 4,972,726	$ -	$ 1,071,149	$ 131,250	$ 6,175,125

(i) 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.

(ii) 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. 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 its lease obligations (Note 12).

9. Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liabilities include the following as of November 30, 2014, August 31, 2014 and September 1, 2013

	November'14	August'14	September'13
Property, plant and equipment costs payable	$ 524,974	$ 457,187	$ -
Growing costs payable	23,675	29,653	-
Reverse take-over and private placement costs payable	101,250	256,150	-
Payroll liabilities and accruals	77,065	61,901	-
Other payables and accruals	222,625	287,065	21,513
	$ 949,589	$ 1,091,956	$ 21,513

10. Long term debt

On May 16, 2014, pursuant to the RTO Binding Term Sheet (Note 2), the Company received a $1,000,000 secured loan, bearing interest at 8% per annum. This loan was paid in full 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.

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. Financing costs totaled $22,500. The loan is being amortized over 10 years; is due on December 1, 2019; and, requires 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.

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.

11. Share Capital (Continued)

(ii) Issued share capital (Note 13(i))

As at November 30, 2014 and August 31, 2014, the Company's issued and outstanding share capital consisted of 51,016,190 (November 30, 2013 – 5,500,000) common shares with a stated value of $15,477,518 (November 30, 2013 - $5,500).

As at November 30, 2014, 34,661,948 (August 31, 2014 – 34,846,585) of the Company's issued common shares were held in escrow by the TSX-V or otherwise restricted from trading. These trading restrictions expire as follows:

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
	34,661,948

(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 22, 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.

11. Share Capital (Continued)

(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 November 30, 2014. These broker warrants have an exercise price of $1.00 and will expire on August 22, 2015.

(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.

Pursuant to the issuance of the 1,565,000 options, total share-based compensation expense for the three-month period ended November 30, 2014 was $59,029 (six-month period ended August 31, 2013 - $473,222 and three-month period ended November 30, 2013 - $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 November 30, 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 three-month period ended November 30, 2014, which was 51,016,190 (six-month period ending August 31, 2014 - 31,716,488 and three-month period ended November 30, 2013 – 10,158,740) 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 three-month period ended November 30, 2014 and six-month period ended August 31, 2014 excludes the potential effect of 317,356 (November 30, 2013 – nil) broker warrants and 1,565,000 (year ended November 30, 2013 – nil) options, as they are anti-dilutive.

11. 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 November 30, 2014, the Company had accounts payable of $8,995 (August 31, 2014 - $26,181 and November 30, 2013 - $nil) due to officers of the Company.

Management compensation

In the three-month period ended November 30, 2014, the Company's expenses included $93,951 (six-month period ended August 31, 2014 -$131,785 and three-month period ended November 30, 2013 - $nil) of salary or consulting fees paid to officers and directors, plus $16,596 (six-month period ended August 31, 2014 - $133,046 and three-month period ended November 30, 2013 - $nil) of share-based compensation related to directors and officers.

12. Operating Lease Commitments

On November 21, 2014, the Company purchased (Note 8(ii)) the entire 35 English Drive, Moncton, New Brunswick, E1E 3X3 property, out of which it previously leased 11,600 square feet. As a result of this purchase, the Company's has no lease obligations as at November 30, 2014.

13. Subsequent Events

(i) 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

13. Subsequent Events (Continued)

(i) Pending Private Placement (continued)

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 in escrow, as of the date hereof, and subject to the fulfillment of certain conditions, including customary post-closing filings with the TSX Venture Exchange.

(ii) 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.

(iii) Issuance of Stock Options

On December 19, 2014, the Company issued 50,000 employee options to purchase 50,000 common shares of the Company, to a Contractor, at an exercise price of $1.00 per share. Such options vest on issuance and may be exercised until December 19, 2017, subject to forfeiture provisions requiring the options to expire 90 days after termination of Momentum's services.

On January 15, 2015, the Company issued 200,000 employee options to purchase 200,000 common shares of the Company, to an Employee, at an exercise price of $0.48 per share. Fifty percent of such options vest on issuance and ten percent on each annual anniversary thereafter. Vested options may be exercised until January 15, 2025, subject to forfeiture provisions requiring the options to expire 90 days after termination of the individual's employment.