OrganiGram Holdings Inc.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)

For the Fiscal Year Ended August 31,2015

ORGANIGRAM HOLDINGS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015

1.1 Introduction

This **Management Discussion and Analysis ("MD&A")** document, prepared on December 21st, 2015, should be read in conjunction with the consolidated financial statements of OrganiGram Holdings Inc., formerly Inform Exploration Corp. ("**Inform**"), for the year ended August 31, 2015.

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 to 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 Marihuana Access Regulations* ("**MMAR**"), governing access of patients to marijuana for medical purposes. Since this time, the number of patients prescribed medical marijuana has grown and continued growth is predicted. Meanwhile, the medical marijuana 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 marijuana. This license permits a company to lawfully cultivate, possess and sell medical marijuana in conformance with the MMPR. Due to the regulatory barrier to entry, the anticipated growth in demand in the consumption of medical marijuana 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 initial license to operate as a Licensed Producer of medical marijuana on April 14, 2014. The license was renewed on March 26, 2015.

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, OrganiGram Inc. ("**OGI**"), was incorporated 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 marijuana, in conformity with the MMPR, and made its first shipment of medical marijuana to registered patients in September 2014. OGI has one of only 20 licenses to produce and sell medical marijuana under the MMPR, as at the date hereof, is one of only two organic licensed producers of medical marijuana in Canada and is the only producer in Atlantic 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.

The company has been in full production throughout the year, has experienced significant growth and continued to expand their facilities. They received approval of 4 additional grow rooms from Health Canada in September and now have 7 rooms and 11 grow PODS in production. In addition to their expansion, the company has successfully increased their presence in the Medical community and been able to quickly grow their client base through a supply of high quality product and an exceptional customer experience.

OGI completed a reverse take-over transaction that resulted in it becoming the sole and wholly-owned subsidiary of OHI, formerly Inform Acquisition Corp., and 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 Information

The following are financial highlights for the twelve month period ended August 31, 2015 and six-month period ended August 31, 2014.

	August'15	August'14
Total revenue for the period	$ 986,676	$ -
Gross margin before indirect production and fair value adjustment to biological assets and inventory	63%	-
Net loss	$ 1,276,854	$ 1,487,551
Total assets	$ 14,176,117	$ 8,665,579
Total shareholders' equity	$ 7,854,132	$ 7,573,623

2.3 Business Outlook

The company exceeded their targets for this fiscal year from a revenue and customer acquisition basis. They focused on solidifying their production capabilities and ensuring a superior customer experience. They completed Phase 3 of their build out and now have 7 large grow rooms in production of a potential 13 within the existing facility.

As the next fiscal year unfolds, the company has many of the same targets but only on a much larger scale. However, in conjunction with this, the company will continue to implement solid business practices and policies which will ensure structure and stability. The Company's key short-term goals continue to include:

- Complete the construction (Phase 4 & 5) and receive Health Canada approval of an additional 6 large grow rooms within the existing facility. This will add an additional 1,500kg of annual production capacity.
- Continual efforts on education within the Medical Community.
- A focused effort on cost control throughout the organization and a further reduction on production costs per gram.
- To generate positive cash flow from operations.
- Ensure the company is well positioned for legalization from a production and branding perspective.
- Complete the expansion of the Company's facility by connecting the adjacent building and starting phase 6 & 7 of the development plan. This will access an additional 12 grow rooms and provide annual production capabilities of approximately 7,500 kilograms.

The company has grown significantly over the past year, achieved many milestones and met all commitments. The industry is evolving at a rapid rate and it is our intention to be prepared for these changes as they occur. We continue to streamline our systems and processes for efficiency and optimization of resources. It is the company's opinion that those producers who can maximize their product margins will be the leaders in the industry as it exists today and if legalization occurs.

The Company has secured an additional $6.4 million of financing which will enable them to continue their expansion, provide additional working capital and to continue to onboard clients at a rapid rate.

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, 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, 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 of 8,863,968 of its common shares, for gross subscription proceeds of $7,534,390.
b. issued 317,356 broker warrants, as partial settlement for the issue costs of the private placement shares.
c. issued 1,565,000 employee options, 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.

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) Issuance of Stock Options

On October 16, 2015, the Company issued 724,165 employee options to purchase 724,165 common shares of the Company, to employees and consultants of Organigram Inc., at an exercise price of $0.30 per share. Fifty percent of such options vest on issuance and ten percent on each annual anniversary thereafter. Vested options may be exercised until October 16, 2025, subject to forfeiture provisions requiring the options to expire 90 days after termination of the individual's employment.

On October 16, 2015, the Company issued 175,000 employee options to purchase 175,000 common shares of the Company, to consultants of Organigram Inc., at an exercise price of $0.40 per share. Fifty percent of such options vest on issuance and ten percent on each annual anniversary thereafter. Vested options may be exercised until October 16, 2025, subject to forfeiture provisions requiring the options to expire 90 days after termination of the individual's employment.

(ii) Financing

On November 4, 2015, the Company secured a non-brokered private placement offering for net proceeds of $6,350,000 (the "**Offering**"). Issue costs incurred in connection with this transaction is estimated at $78,000.

The Company will issue an aggregate of 3,298,077 units ("**Units**") at a price of $1.04 per Unit (the "**Offering Price**") for net proceeds of $3,430,000. Each Unit consists of one common share of the Company (a "Common Share"), and one-half of a share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will be exercisable into one additional Common Share (a "**Warrant Share**") of the Company at $1.40 per Warrant Share for a period of eighteen (18) months from closing of the Offering. The Company intends to use the proceeds from the Offering for accelerated facility expansion and general working capital purposes.

In addition, the Company secured convertible debentures in the aggregate amount of $2,920,000 which carry an interest rate of 6.75% and which mature on December 31, 2018. The debentures may be converted by the debenture holder at a ratio of 714.286 shares per $1,000 of the principal amount converted.

4.1 Changes in Accounting Policies

The following standards and amendments to standards are effective for annual periods beginning on or after January 1, 2014.

IAS 32 – Financial Instruments Presentation
The IASB published amendments to IAS 32, on December 16, 2011, to clarify the application of the offsetting requirements.

IFRIC 21 – Levies
IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

IAS 36 – Impairment of Assets
IAS 36 was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The Company adopted these standards as of September 1, 2014 and has determined that they have no material impact on the Company's financial results.

5.1 Annual Operating Highlights

Organigram experienced a year of tremendous growth and the achievement of many milestones. These include but are not limited to;

- Continued expansion of their growing facilities and production capacity
- Significant focus on the production of high quality product
- Rapid additions to the workforce with talented staff
- Onboarding of a large number of new clients
- A focus on cost control and operational efficiencies
- Significant presence in the Medical Community

The above achievements have set the stage for the next fiscal year which will see the revenue and customer growth trends continue and create substantial stakeholder value.

5.2 Pre -Tax Operating Earnings

The following are the statements of loss for the twelve-month and six-month periods ended August 31, 2015 and 2014:

	Year Ended August 31, 2015	Six Months Ended August 31, 2014
Revenue		
Sales	$ 986,676	$ -
Cost of sales	361,637	-
Indirect production	375,255	274,905
	249,784	(274,905)
Add: fair value adjustment to biological assets and inventory	1,076,403	-
Gross margin	1,326,187	(274,905)
Expenses		
Sales and marketing	720,968	169,551
General and administrative	1,507,435	549,131
Share-based compensation	256,743	473,222
Financing costs	115,405	21,600
Loss (gain) on disposal of fixed asset	2,490	(858)
Total expenses	2,603,041	1,212,646
Net loss before listing expenses	(1,276,854)	(1,487,551)
Listing expenses	-	6,781,730
Net loss and comprehensive loss for the year	$ (1,276,854)	$ (8,269,281)
Weighted-average number of shares, basic and diluted	52,404,328	31,716,488
Net loss per common share, basic and diluted	$ (0.024)	$ (0.261)

5.3 Operations Commentary for the Twelve-Month Period Ended August 31, 2015

The Company's net income ending August 31, 2015 was a net loss of $1,276,854 compared to a net loss of $8,269,281 prior year. The past twelve months of operation saw the Company continue executing its business plan of capital expansion and operations start-up. None of the costs during this period are indicative of future results.

a) Revenue for the year ending August 31, 2015 was $986,676. Q4 sales increased 194% to $675,530 compared to Q3, due to increased product being made available for sale.

   For the year ended August 31, 2015, as per IAS41 that requires biological assets to be valued at fair value less selling costs, inventories were adjusted by $1,076,403, increasing gross margin by the same amount. For Q4, inventories were adjusted $328,665 ($637,164 – Q3), increasing gross margin by the same amount. There were no sales or cost of sales in the six month period ended August 31, 2014.

b) Indirect production costs for the year ending August 31, 2015 include $370,856 for product development. In

Q4, there was $35,551 for product development compared to $142,049 in Q3. For the six month period ended August 31, 2014, there were $274,905 in indirect production costs related to start-up costs in the physical plant related to developing processes, creating growing capacity and product development.

c) Sales and marketing expenses for the year ending August 31, 2015 were $720,968. For Q4, $251,745 was expensed compared to $151,949 in Q3. This 66% increase was expected as sales unit volume increased 173%. For the six month period ended August 31, 2014, Sales and marketing expenses were $169,551.

d) General and administrative expenses for the year ending August 31, 2015 were $1,507,435. For Q4, $342,177 was expensed compared to $279,562 in Q3. This increase was due to $64,000 increase in legal fees. For the six month period ended August 31, 2014, General and administrative expenses were $549,131.

e) Share-based compensation costs for the year ending August 31, 2015 were $256,743. For Q4, $18,160 was expensed compared to $62,459 in Q3. For the six month period ended August 31, 2014, Share-based compensation expenses were $473,222.

5.4 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. A loan payable to Denaco Group Ltd., a company controlled by the Chief Executive Officer, was issued in July 2015 for $500,000 through a non-brokered private placement repayable on September 1, 2017, carrying a 9% interest rate, and 100,000 warrants at $0.45 which expire on June 15, 2017.

As of August 31, 2015, the Company had $nil (*$nil – 2014*) due to related parties, other than in the regular course of business.

Management compensation

In the year ended August 31, 2015, the Company's expenses included $403,672 (*six-month period ended August 31, 2014 -$131,785*) of salary or consulting fees paid to officers and directors, plus $96,685 (*six-month period ended August 31, 2014 -$133,046*) of share-based compensation related to directors and officers.

6.1 Liquidity and Capital Resources

The following is a statement of the cash flows of the Company for the year ended August 31, 2015 and six months ended 2014:

	Year Ended August 31, 2015	Six Months Ended August 31, 2014
CASH (USED) PROVIDED		
Operating activities		
Net loss for the period/year	$ (1,276,854)	$ (8,269,281)
Changes not involving cash:		
Listing expenses	-	6,512,690
Share based compensation	256,743	473,222
Loss (gain) on disposal of asset	2,490	(858)
Amortization of deferred financing	1,667	-
Fair value adjustment to biological assets	(693,983)	-
Depreciation	414,801	51,997
	(1,295,136)	(1,232,230)
Financing costs to financing activities	115,405	21,600
Net change in accounts receivable	(521,587)	(75,900)
Net change in biological assets	(500,063)	(151,920)
Net change in inventories	(933,111)	-
Net change in accounts payable and accrued liabilities	371,163	296,776
Net change in other working capital balances	(8,884)	(55,415)
	(2,772,213)	(1,197,089)
Financing activities:		
Shares issued in private company	-	1,484,850
Shares issued in private placement	1,407,418	7,534,391
Share issue costs	(106,798)	(724,377)
Payment of long-term loan	(120,301)	(1,000,000)
Proceeds of long-term loan	5,000,000	1,000,000
Deferred financing costs	(22,500)	-
Financing costs	(115,405)	(21,600)
	6,042,414	8,273,264
Investing activites:		
Cash acquired in RTO	-	15,171
Proceeds on disposal of vehicle	-	9,000
Acquisition of property, plant and equipment	(7,523,181)	(1,451,686)
	(7,523,181)	(1,427,515)
CASH (USED) PROVIDED	(4,252,980)	5,648,660
CASH POSITION		
Beginning of period/year	$ 5,726,674	$ 78,014
Ending of period/year	$ 1,473,694	$ 5,726,674

On August 31, 2015, the Company had a cash balance of $1,473,694 (*Aug 2014 -$5,726,674*).

During the year ending August 31, 2015, $4,000,000 was received as a loan from Farm Credit Canada, and $1,000,000 was received as a loan through a non-brokered private placement. A total of $7,523,181 has been spent on capital purchases, primarily for the expansion of growing capacity.

6.2 Share Data

The Company's 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 11,041,600 common shares at an average issue price of $0.069 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, 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 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.

(f) On August 31st, 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.

(g) On December 22, 2014, the Company issued 1,334,892 common shares by way of a brokered private placement, at $0.70 per common share for a total consideration of $934,424. Additionally, the Company issued 675,705 common shares by way of a non-brokered private placement, at $0.70 per common share for a total consideration of $472,994. Issue costs incurred in connection with these transactions totaled $106,798, including $24,361 of broker warrants and 4,500 finder's fee options.

(ii) ***Investor warrants***

Pursuant to the December 22, 2014 private placements, subscribers thereto also received 2,010,597 investor warrants to acquire 2,010,597 common shares of the Company at an exercise price of $1.00 per common share, exercisable over a three year period until December 22, 2017.

(iii) Broker warrants

As part of the share-based payment to acquire Inform the Company 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. These broker warrants expired on August 22, 2015.

Included in the issue costs for the December 22, 2014 private placement are 84,595 agent warrants and 4,500 finders' fee options, exercisable for two years at a strike price of $0.70 and $0.85 respectively. The $24,361 fair value of these warrants and options was estimated at $0.273 per share and $0.234 per share, respectively, using the Black-Scholes option pricing model with a market price of $0.68; a risk-free interest rate of 2.0%; an expected annualized volatility of 74%; and, an expected dividend yield of 0.0%. These agent warrants and options expire on December 22, 2016.

(iv) ***Share-based compensation***

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.

	Options Issued	Weighted average exercise price
Options Granted August 22, 2014	1,565,000	0.85
Balance at August 31, 2014	1,565,000	0.85
Options Granted Dec.19, 2014	50,000	1.00
Options Granted January 14, 2015	225,000	0.50
Options Granted January 28, 2015	277,500	0.67
Options Granted March 5, 2015	100,000	0.67
Options Granted March 26, 2015	40,000	0.58
Options Granted July 1, 2015	120,000	0.40
Options Granted July 1, 2015	30,000	0.70
Cancelled options	-660,000	0.86
Outstanding at August 31, 2015	1,747,500	0.73
Warrants Granted August 22, 2014	317,356	1.00
Balance at August 31, 2014	317,356	1.00
Warrants Granted December 22, 2014	84,595	0.70
Expired Warrants	-317,356	1.00
Outstanding at August 31, 2015	84,595	0.70

Total share-based compensation expense for the twelve-month period ended August 31, 2015 was $256,743 (*six-month period ended August 31, 2014 – $473,222*). These options are measured at fair value at the date of grant and are expensed over the option's vesting period. In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted by applying the following assumptions:

Risk Free Interest rate	0.81% - 2.00%
Expected life of options	2 -7.5 years
Expected Annualized volatility	68% -128%
Expected Dividend Yield	-
Weighted average Black Scholes value of each options	$0.32

Volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

(v) ***Outstanding shares, warrants and options***

The following table sets out the number of shares, warrants and options outstanding as at August 31, 2015 and December 21, 2015:

	August 31	**December 21**
Common shares issued and outstanding	53,026,787	56,324,864
Investor warrants	2,210,597	3,859,636
Agent warrants	84,595	84,595
Finder's warrants	4,500	4,500
Compensation options	1,747,500	2,646,665
Total fully dilluted shares	57,073,979	62,920,260

6.3 Balance Sheet

The following is the financial position of the Company as at August 31, 2015 and August 31, 2014:

	August 31, 2015	August 31, 2014
Assets		
Current assets		
Cash	$ 1,473,694	$ 5,726,674
Accounts receivable	766,788	245,201
Biological assets	1,309,814	115,768
Inventories	969,263	36,152
Prepaid expenses	73,182	64,298
	4,592,741	6,188,093
Property, plant and equipment	9,583,376	2,477,486
	$ 14,176,117	$ 8,665,579
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,463,119	$ 1,091,956
Current portion of long term debt	284,713	-
	1,747,832	1,091,956
Long-term debt		
Long-term debt	4,574,153	-
	6,321,985	1,091,956
Shareholders' Equity		
Share capital	16,753,777	15,477,518
Reserve for options and warrants	812,027	530,923
Accumulated deficit	(9,711,672)	(8,434,818)
	7,854,132	7,573,623
	$ 14,176,117	$ 8,665,579

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

6.4 Fair Value of Financial Instruments

The carrying value of the Company's financial instruments consist of financial assets and liabilities as outlined below:

		2015		2014
Financial assets				
Loans and receiables				
Cash	$	1,473,694	$	5,726,674
Accounts receivable		766,788		245,201
	$	2,240,482	$	5,971,875
Financial liabilities				
Other financial liabilities				
Accounts payable and accrued liabilities	$	1,463,119	$	1,091,956
Current portion of long-term debt		284,713		-
Long-term debt		4,574,153		-
	$	6,321,985	$	1,091,956

As at August 31, 2015 and August 31, 2014, the carrying values and fair values of the Company's financial instruments are approximately the same.

7.1 Financial Risk Factors

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 $2,240,482 of cash and accounts receivable on the balance sheet.

As of August 31, 2015, the Company's aging of trade receivables was approximately as follows:

		2015		2014
0-60 days	$	276,168	$	-
61-120 days		126,647		-
Total	$	402,816	$	-

(ii) Liquidity risk

The Company's liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. At August 31, 2015, the Company had $1,473,694 (*2014 – 5,726,674*) of cash and cash equivalents and working capital of $2,844,910 (*2014 - $5,096,137*).

The Company is obligated to the following contractual maturities of the undiscounted cash flows:

	Carrying Amount	Contractual Cash Flows	Fiscal 2016	Fiscal 2017-2018	Fiscal 2019-2020
Accounts payable and accrued liabilities	$ 1,463,119	$ 1,463,119	$ 1,463,119	$ -	$ -
Long-term debt	4,858,866	4,858,866	284,713	1,680,314	2,020,879
Interest	-	941,081	207,336	472,639	244,269
	$ 6,321,985	$ 7,263,066	$ 1,955,168	$ 2,152,952	$ 2,265,148

(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.

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

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk at August 31, 2015 pursuant to the loan described in Note 9. A 1% change in prime interest rates will increase or decrease the Company's interest expense by $40,000 per year.

(iv) Concentration risk

The Company's accounts receivable is primarily due from the Federal Government, legal trusts, and patients covered under group insurance, 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, 2015.

(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.

(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' insurance; property coverage; and, general commercial insurance. The Insurers' appetite for marijuana industry coverage 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 marijuana 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) <u>General Business Risk and Liability</u>

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 the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

(ix) <u>Regulation of the Marijuana Industry</u>

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) <u>Regulatory Risks</u>

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.

(xi) <u>Change in Laws, Regulations and Guidelines</u>

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 marijuana 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) <u>Reliance on License Renewal</u>

OGI's ability to grow, store and sell medical marijuana 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 was renewed March 26, 2015 and expires March 26, 2016. Although management believes it will meet the requirements of the

MMPR annually 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 or not allow for anticipated capacity increases, the business, financial condition and results of the operations of the Company will 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 generated minimal revenue until this third quarter. 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;
- failure to obtain anticipated license capacity increases;
  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.

(xvi) Risks Inherent in an Agricultural Business

The Company's business involves the growing of medical marijuana, 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) Vulnerability to Rising Energy Costs

OGI's medical marijuana 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.

(xviii) Unfavourable Publicity or Consumer Perception

The Company believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana 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 marijuana 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 marijuana 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 marijuana in general, or OGI's products specifically, or associating the consumption of medical marijuana 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.

(xix) Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, OGI 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 OGI'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 OGI's products alone or in combination with other medications or substances could occur. OGI may be subject to various product liability claims, including, among others, that OGI'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 OGI could result in increased costs, could adversely affect OGI'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 OGI 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 OGI's potential products. As of the current date, the Company has a small amount of insurance coverage for product liabilities.

(xx) 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.

(xxiii) 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 marijuana 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.

(xxiv) 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 marijuana in Canada as permitted under the Health Canada license. This undertaking could have an adverse effect on the Company's ability to export marijuana from Canada and on its ability to expand its business into other areas including the provision of non-medical marijuana 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.

(xxv) 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. If OGI is unable to deal with this growth, which may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

(xxvi) 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.

(xxvii) Dividends

The Company has no earnings or dividend record and 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.

(xxviii) 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.

(xxix) 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) 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 may be required to pay cannot be estimated.

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

Management is aware of a lawsuit by Marijuana for Trauma (MFT) but believe it is without merit.

8.1 Future Changes in Accounting Policies

The Company has not applied the following new and revises IFRSs that have been issued but are not yet effective:

Disclosure Initiative (Amendments to IAS 1)
On December 18, 2014, the IASB issued Disclosure Initiative (Amendments to IAS 1) as part of its major initiative to improve presentation and disclosure in financial reports. The amendments to IAS 1 relate to (i) materiality; (ii) order of the notes; (iii) subtotals; (iv) accounting policies; and (v) disaggregation and are designed to further encourage companies to apply professional judgment in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The standard is effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted.

IFRS 9 – Financial Instruments
A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has been issued and is effective for annual periods beginning on or after January 1, 2018. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and derecognition. This new standard supersedes all prior versions of IFRS 9.

Amendments to IAS 41 – Agriculture and IAS 16 – Property, plant and equipment
This amendment provides guidance regarding the accounting for bearer plants by providing a definition of bearer plants and brings bearer plants within the scope of IAS 16 Property, plant and equipment from IAS 41 Agriculture. The amendment is effective for annual reporting periods beginning on or after January 1, 2016, and must be applied retrospectively. Early adoption is permitted.

IFRS 15 – Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customer ("**IFRS 15**"), which provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual reporting periods beginning on or after January 17, 2018, and must be applied retrospectively. Early adoption is permitted.

Management of the Company is currently evaluating the impact, if any, of these standards.

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	Independent Director and Chair of the Governance Committee
Denis Arsenault	Director and CEO
Roger Rogers	Director, President and Chief Financial Officer