OrganiGram Holdings Inc.

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

For the three and six months ended February 29, 2016

ORGANIGRAM HOLDINGS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX-MONTH PERIOD ENDED FEBRUARY 29, 2016

1.1 Introduction

This **Management Discussion and Analysis ("MD&A")** document, prepared on April 19, 2016, should be read in conjunction with the consolidated interim financial statements of OrganiGram Holdings Inc., formerly Inform Exploration Corp. ("Inform"), for the six-month period ended February 29, 2016.

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 27, 2016.

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 21 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 continues to experience significant growth and to expand their production facilities. They received approval of 4 additional grow rooms from Health Canada in September, 2015, 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 six-month periods ended February 29, 2016 and 2015.

2.2 Selected Annual Information	YTD		Quarter 2	
Figures in CDN$	**February '16**	**February '15**	**February '16**	**February '15**
Grams Sold	312,005	13,277	169,215	11,318
Net revenue for the period	$ 2,454,842	$ 81,093	$ 1,425,466	$ 67,971
Net revenue per gram sold	$ 7.87	$ 6.11	$ 8.42	$ 6.01
Gross Margin	$ 1,723,482	$ (45,807)	$ 1,082,648	$ 125,105
Gross Margin %	70.2%	-56.5%	76.0%	184.1%
cost of goods sold per gram	$ 2.34	$ 9.56	$ 2.03	$ (5.05)
Sales & Marketing Expenses	$ 737,403	$ 317,274	$ 412,015	$ 152,211
General & Administrative Expenses	$ 724,693	$ 885,696	$ 449,660	$ 462,161
Net Income (Loss)	$ (145,944)	$ (1,453,475)	$ 55,267	$ (634,936)
Net Income (Loss) per share basic and diluted	$ (0.003)	$ (0.016)	$ 0.001	$ (0.012)
EBITDA*	$ 386,889	$ (1,270,089)	$ 370,139	$ (520,887)
EBITDA (excluding F.V.adjustment inventory)	$ 10,356	$ (1,380,663)	$ 72,424	$ (631,461)
Cash Flow from Operations**	$ 25,958	$ (1,233,113)	$ 116	$ (542,940)
Working Capital	$ 8,614,325	$ 2,844,909		
Total assets	$ 20,634,679	$ 14,176,117		
Total shareholders' equity	$ 11,222,081	$ 7,854,132		

* earnings before interest, income tax, depreciation and amortization.
** net income excluding depreciation, shared based compensation, and fair value adjustment to inventory

2.3 Business Outlook & Quarterly Highlights

Some highlights for the quarter were:

- Sales growth increased 38% compared to the previous quarter for a year-to-date total of $2,454,842.
- Net revenue per gram improved by 17% compared to the previous quarter.
- EBITDA increased to $370,139 from $16,750 prior quarter.
- Positive cash flow from operations of $116.

As the company moves through quarter three and into the end of the year, a number of key initiatives have been started or will soon be started in an effort to further advance the business. Senior management and the Board of Directors have set out a path of overall Objectives in the primary categories of: Finance, Customers, Internal Processes and People/Staff. Each of these objectives will be supported through the establishment of base, planned and stretch measurable targets in conjunction with a number of individual initiatives which, if partially or fully executed upon, will bring results in line with overall targets established by the management of the company.

An initial list of initiatives was identified as improvements for the company. A process of prioritization has led to some 30 initiatives being selected in categories such as: Construction (i.e. upgraded vault, additional grow rooms, improved employee facilities), Grow Operations (improvements in IPM, Automation, Lighting, Tissue Culture), Finance (improved cash flow forecasting, data analytics), Information Systems (bringing 3rd party systems in-house, improved security, improved reporting), Customer Retention and Engagement (investigating new sales channels, new retention programs), Employee engagement (Review of working conditions, use of PI, improved staff communication programs). Some of the operational improvements will utilize industrial engineering improvement techniques using six-sigma process improvement techniques.

The fundamentals of our business are in place for success. By continuing to focus on completing our initiatives and executing on our business plan is the best method by which we will be successful and ultimately provide best customer satisfaction and shareholder value.

3.1 Subsequent Events

(i) Issuance of Stock Options

Subsequent to the quarter ending February 29, 2016, the Company has issued 40,000 employee options to purchase 40,000 common shares of the Company, to employees and consultants of OGI, at an exercise price of $0.86 per share. Fifty percent of such options vest on issuance and ten percent on each annual anniversary thereafter. Vested options may be exercised until 2026, subject to forfeiture provisions requiring the options to expire 90 days after termination of the individual's employment.

Subsequent to the quarter ending February 29, 2016, the Company has issued 20,000 employee options to purchase 20,000 common shares of the Company, to employees and consultants of OGI, at an exercise price of $0.84 per share. Fifty percent of such options vest on issuance and ten percent on each annual anniversary thereafter. Vested options may be exercised until 2026, subject to forfeiture provisions requiring the options to expire 90 days after termination of the individual's employment.

(ii) Financing

Subsequent to the quarter ending February 29, 2016, OrganiGram entered into an engagement agreement with XIB Consulting Inc. ("XIB"). Subject to the approval of the TSX Venture Exchange (the "TSXV") and pursuant to the engagement agreement, which has an initial term of six months, the Company shall satisfy the engagement fee payable to XIB by issuing 123,456 of Common Shares in the capital of OrganiGram to XIB, which may be credited against incremental fees payable under certain circumstances. The Common Shares will be issued at a price of $0.81 per share. Any issuance of shares will be subject to applicable hold periods required under securities laws.

The appointment of XIB as a consultant of OrganiGram and the corresponding share issuance remains subject to standard regulatory acceptance of applicable filings with the TSX Venture Exchange.

(iii) Change in jurisdiction

The company's change in jurisdiction from the Province of British Columbia to a Federally incorporated company under the Canada Business Corporations Act is now complete (the "Continuance"). The Company would like to specify that the Continuance does not represent a reorganization, amalgamation or merger and will not alter the shareholdings of the shareholders of the Company. Furthermore, the continuance will not affect the operations of the company nor will it affect the management and executives of OrganiGram.

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 Pre -Tax Operating Earnings

The following are the statements of loss for the three and six-month periods ended February 29, 2016 and 2015:

	3-Months Ended February 29		6-Months Ended February 29	
	2016	**2015**	**2016**	**2015**
Revenue				
Sales	$ 1,425,466	$ 67,971	$ 2,454,842	$ 81,093
Cost of sales	565,252	34,091	998,373	40,886
Indirect production	75,281	19,349	109,520	196,588
	784,933	14,531	1,346,949	(156,381)
Add: Fair value adjustment to biological assets and inventory	297,715	110,574	376,533	110,574
Gross margin	1,082,648	125,105	1,723,482	(45,807)
Expenses				
Sales and marketing	412,015	152,211	737,403	317,274
General and administrative	449,660	462,161	724,693	885,696
Share-based compensation	46,699	117,095	211,466	176,124
Financing costs	119,007	28,574	195,864	28,574
Total expenses	1,027,381	760,041	1,869,426	1,407,668
Net income (loss) and comprehensive loss for the period	$ 55,267	$ (634,936)	$ (145,944)	$ (1,453,475)
Weighted-average number of shares, basic and diluted	56,287,311	52,557,468	54,707,208	51,782,661
Net income (loss) per common share, basic and diluted	$ 0.001	$ (0.012)	$ (0.003)	$ (0.028)

5.2 Results of operations for the three and six month period ending February 29, 2016

Revenue

Organigram posted revenue for the three months ended February 29, 2016 of $1,425,466 on 169,215 grams of sales versus $67,971 for the three months ended February 28, 2015, on 11,318 grams sold. Revenue for the six months ended February 29, 2016 was $2,454,842 on 312,005 grams sold versus $81,093 for the six months ended February 28, 2015 on 13,277 grams sold. Sales include the sale of dried cannabis and other products sold including vaporizers. Average net revenue per gram sold for three months ended February 29, 2016 increased to $8.42 versus $6.01 in the same period in the prior year. Average net revenue per gram sold for six months ended February 29, 2016 increased to $7.87 versus $6.11 in the same period in the prior year

Gross Margin

The gross margin during the three-months ended February 29, 2016 and February 28, 2015 was $1,082,648 and $125,105, respectively. The gross margin was $1,723,482 and ($45,807) for the six-months ended February 29, 2016 and February 28, 2015. The gross margin loss in the prior year was a result of little product available for sale as the Company was still in its start-up phase.
The cost of sales currently consists of three main categories:

1) Costs of goods sold include the direct costs of materials and labour related to the medical marijuana sold.

This includes growing, cultivation and harvesting costs, quality assurance and quality control, as well as packaging and labelling. It also includes the costs of sales related to other products such as vaporizers and cookbooks.

2) Depreciation of manufacturing related items such as building and equipment, utilized in the production of medical marijuana.
3) Change in the fair value of biological assets and inventory related to IFRS standard IAS41.

The gross margin percentage was 76% for the three-months ended February 29, 2016 and 184% for the three-months ended February 28, 2015.The gross margin percentage was 70% and -57% for the six-months ended February 29, 2016 and February 28, 2015, respectively.

Sales and marketing

In the three-month period ending February 29, 2016, the Company incurred sales and marketing expenses of $412,015 versus $152,211 in the three-months ended February 28, 2015. For the six-months ended February 29, 2016, the Company incurred sales and marketing expenses of $737,403, versus $317,274 in the comparable prior period. These costs are related to sales volume increase, medical liaison staff, the Company’s client services operations, as well as educational materials. The increase from the comparable period is due to the prior comparable period still being in the start-up phase.

General and Administrative

In the three-month period ended February 29, 2016, the Company incurred expenses of $449,660 versus $462,161 in the comparable prior period. For the six-months ended February 29, 2016, the Company incurred general and administrative expenses of $724,693, versus $885,696 in the comparable prior period. The decrease in cost is related to a reduction in one-time accounting, legal, and shareholder related fees as the Company transitions from the start-up phase.

Share- based compensation

The company recognized $46,699 in share-based compensation for the three-months ended February 29, 2016 compared to $117,095 in the prior year. Options granted in the period were 180,000 compared to 552,500 in the prior year.
The company recognized shared-based compensation expense of $211,466 for the six-months ended February 29, 2016 compared to $176,124 for the prior year. Options granted in the period were 1,109,165 compared to 552,500 in the prior year.
Share-based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

Financing costs

For the three-month period ending February 29, 2016, the Company incurred $119,007 in financing costs versus $28,574 in the comparable prior period. For the six-months ended February 29, 2016, the Company incurred financing costs of $195,864, versus $28,574 in the comparable prior period. These costs are related to long-term debt of $7,327,616 at February 29, 2016. The comparable prior period had long-term debt of $2,254,134. The long-term debt received is as follows:

Description		Prinicpal Received
Farm Credit Canada loan, November 2014		
10 year amortization, 5 year term with variable rate of 5.45%		2,500,000
Non-brokered private placement, July 2015		
Matures September 1st, 2017, 9% interest rate		1,000,000
Farm Credit Canada loan, August 2015		
10 year amortization, 5 year term with variable rate of 5.936%		1,500,000
Debentures - Private Placement, November 2015		
Matures December 31, 2018 with interest rate of 6.75%		2,600,000
Debentures - Private Placement, November 2015 Received December 2015		
Matures December 31, 2018 with interest rate of 6.75%		300,000
Total Loans Received	$	7,900,000

Net Income

The net income for the three-months ended February 29, 2016 was $55,267 or $0.001 per share, compared to the same period of the prior year of a net loss of ($634,936), or ($0.012) per share
The net loss for the six-months ended February 29, 2016 was ($145,944), or ($0.003) per share, compared to the same period of the prior year of ($1,453,475), or ($0.028) per share.

EBITA (excluding fair value adjustment to bio assets and inventory)

EBITA is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The company calculates EBITA excluding fair value adjustment to inventory as follows:

	YTD		Quarter 2	
EBITA (excluding fair value adjustment to inventory):	February '16	February '15	February '16	February '15
Net income (loss)	$ (145,944)	$ (1,453,475)	$ 55,267	$ (634,936)
Depreciation	$ 336,969	$ 154,812	$ 195,865	$ 85,475
Financing	$ 195,864	$ 28,574	$ 119,007	$ 28,574
FV adjustment to bio assets and inventory	$ (376,533)	$ (110,574)	$ (297,715)	$ (110,574)
Adjusted EBITA	**$ 10,356**	**$ (1,380,663)**	**$ 72,424**	**$ (631,461)**

5.3 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.

Management compensation

In the three-month period ended February 29, 2016, the Company's expenses included $134,236 (three-month period ended February 28, 2015 -$115,726) of salary or consulting fees paid to officers and directors, plus $nil (three-month period ended February 28, 2015 -$82,089) of share-based compensation related to directors and officers.
In the six month period ended February 29, 2016, the Company's expenses included $238,111 (six month period

ended February 28, 2015 -$209,677) of salary or consulting fees paid to officers and directors, plus $28,178 (six month period ended February 28, 2015 -$96,685) 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 three-month and six-month periods ending February 29, 2016 and February 28, 2015:

	3-Months Ended February 29		6-Months Ended February 29	
	2016	2015	2016	2015
Cash Provided (Used)				
Operating Activities				
Net income (loss) for the period/year	$ 55,267	$ (634,936)	$ (145,944)	$ (1,453,475)
Changes not involving cash:				
Share based compensation	46,699	117,094	211,466	176,123
Amortization of deferred financing	625	416	1,250	416
Fair value adjustment to biological assets	(226,356)	(89,214)	(351,274)	(89,214)
Depreciation	195,865	85,475	336,969	154,812
	72,100	(521,165)	52,467	(1,211,338)
Financing costs to financing activities	119,007	28,547	195,864	28,547
Net change in accounts receivable	(654,828)	(93,211)	(683,547)	(223,811)
Net change in biological assets	(166,437)	(277,813)	(306,806)	14,632
Net change in inventories	(743,276)	(39,622)	(885,513)	(449,019)
Net change in accounts payable and accrued liabilities	624,139	1,052,211	301,208	909,844
Net change in other working capital balances	(314,155)	(51,186)	(363,645)	(102,260)
	(1,063,450)	97,761	(1,689,972)	(1,033,405)
Financing activities:				
Shares issued in private placement	300,000	1,407,418	3,429,999	1,407,418
Share issue costs	(5,800)	(106,798)	(151,072)	(106,798)
Payment of long term loan	(67,772)	(30,282)	(116,844)	(30,282)
Proceeds of long term loan	300,000	-	2,900,000	2,500,000
Deferred financing costs	-	-	4,999	(22,500)
Employee stock options excercised	15,000	-	23,500	-
Financing costs	(119,007)	(28,547)	(195,864)	(28,547)
	422,421	1,241,791	5,894,718	3,719,291
Investing activites:				
(Increase) decrease in short-term investments	-	500,000	(4,000,000)	(1,500,000)
Acquisition of property, plant and equipment	(543,091)	(2,421,584)	(688,932)	(6,188,560)
Reclassification of property, plant and equipment	-	-	(33)	-
	(543,091)	(1,921,584)	(4,688,965)	(7,688,560)
CASH (USED) PROVIDED	(1,184,120)	(582,032)	(484,219)	(5,002,674)
CASH POSITION				
Beginning of period	$ 2,173,595	$ 1,306,032	$ 1,473,694	$ 5,726,674
Ending of period	$ 989,475	$ 724,000	$ 989,475	$ 724,000

On February 29, 2016, the Company had a cash balance of $989,475 (Feb 28, 2015 -$724,000).

During the three-month period ending November 30, 2015, the Company raised $3,129,999 through issuance of shares and $2,600,000 through issuance of debentures bearing an interest rate of 6.75% and maturing December 31, 2018 through a private placement. $4,000,000 was invested in Canadian bank short term investment certificates. The certificates may be redeemed prior to maturity. The company raised an additional $300,000 though issuances of debentures bearing an interest rate of 6.75% and maturing December 31, 2018 and $299,999.44 through issuance of shares during the aforementioned private placement and received these funds during December 2015.

A total of $543,091 has been spent on capital purchases during the three-month period ending February 29, 2016. To date $688,932 has been spent on capital purchases, primarily for the expansion of growing capacity.

6.2 Share Data

(i) Outstanding shares, warrants and options

The following table sets out the number of shares, warrants and options outstanding as at February 29, 2016 and April 22, 2016:

	February 29	**April 19**
Common shares issued and outstanding	56,384,860	56,508,316
Investor warrants	3,859,631	3,859,631
Agent warrants	84,595	84,595
Finders' warrants	4,500	4,500
Compensation options	2,684,583	2,744,583
Total fully diluted shares	63,018,169	63,201,625

(ii) 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
	#	$
Balance at August 31, 2015	1,747,500	0.73
Options Granted	929,165	0.32
Options exercised	-10,000	0.85
Balance outstanding at November 30, 2015	2,666,665	0.59
Options Granted	180,000	0.93
Options exercised	-50,000	0.30
Options forfeited/cancelled	-112,082	0.76
Balance outstanding at February 29 2016	**2,684,583**	**0.61**

Options outstanding have exercise prices that range from $0.30 to $1.01 with a weighted average remaining life of 9 years. Total share-based compensation expense for the three and six month period ended February 29, 2016 was $46,700 (2015 – $105,973) and $211,467 (2015 - $165,002). 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	0.62% - 2.00%
Expected life of options	2 -7.5 years
Expected Annualized volatility	48% -128%
Expected Dividend Yield	-
Weighted average Black Scholes value of each options	$0.45

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.

6.3 Balance Sheet

The following is the financial position of the Company as at February 29, 2016 and August 31, 2015:

	February 29 2016	August 31 2015
Assets		
Current Assets		
Cash	$ 989,475	$ 1,473,694
Short term investments	4,000,000	-
Accounts receivable	1,450,335	766,788
Biological assets	1,967,894	1,309,814
Inventories	1,854,776	969,263
Prepaid expenses	436,827	73,182
	10,699,307	4,592,741
Property, plant and equipment	9,935,372	9,583,376
	$ 20,634,679	$ 14,176,117
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,764,328	$ 1,463,119
Current portion of long term debt	320,655	284,713
	2,084,983	1,747,832
Long-term Debt		
Long-term debt	7,327,616	4,574,153
	9,412,599	6,321,985
Shareholders' Equity		
Share capital	19,916,706	16,753,777
Reserve for options and warrants	1,162,991	812,027
Accumulated deficit	(9,857,616)	(9,711,672)
	11,222,081	7,854,132
	$ 20,634,679	$ 14,176,117

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:

	February 29 2016	August 31 2015
Financial Assets		
Loans and Receiables		
Cash	$ 989,475	$ 1,473,694
Short Term Investments	4,000,000	-
Accounts Receivable	1,450,335	766,788
	$ 6,439,810	$ 2,240,482
Financial Liabilities		
Other Financial Liabilities		
Accounts payable and accrued liabilities	$ 1,764,327	$ 1,463,119
Current portion of long-term debt	320,655	284,713
Long-term debt	7,327,616	4,574,153
	$ 9,412,598	$ 6,321,985

As at February 29, 2016 and August 31, 2015, 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 $6,439,810 of cash, short term investments and accounts receivable on the balance sheet.

As of February 29, 2016 and August 31, 2015, the Company's aging of trade receivables was approximately as follows:

	February 29 2016	August 31 2015
0-60 days	$ 679,327	$ 276,168
61-120 days	211,673	126,647
Total	$ 890,999	$ 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 February 29, 2016, the Company had $989,475 (August 31, 2015 – $1,473,694) of cash and cash equivalents and working capital of $8,614,325 (August 31, 2015 - $2,844,910).

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	$ 1,764,327	$ 1,764,327	$ 1,764,327	$ -	$ -
Long-term debt	7,648,271	7,648,271	167,867	1,680,314	3,661,814
Interest	-		233,822	793,521	361,413
	$ 9,412,598	$ 9,412,598	$ 2,166,016	$ 2,473,835	$ 4,023,227

(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 two types of risk: currency rate risk and interest rate 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 February 29, 2016 pursuant to long-term debt. A 1% change in prime interest rates will increase or decrease the Company's interest expense by $37,000 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 February 29, 2016.

(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. As well, the

implementation of employee compensation packages, composed of monetary short-term compensation and long term stock based compensation, has been designed for the retention of key employees.
Further mitigation has been attained by the addition Larry Rogers, as Chief Operating Officer, in February 2016. Subsequent to the quarter ending February, 2016, R.A. Rogers has resigned as Chief Financial Officer to pursue other business interests. Mr. Rogers will remain as a Board of Director while Peter R. Hanson has been named interim Chief Financial Officer.

(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. 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) General Business Risk and Liability

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

(ix) Regulation of the Marijuana Industry

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

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

(x) Regulatory Risks

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

markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

(xi) __Change in Laws, Regulations and Guidelines__

The Company's operations are subject to a variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical 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) __Reliance on License Renewal__

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 27, 2016 and expires March 27, 2017. 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 fourth quarter ending August 31, 2015. 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) ***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; that 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 aware of a lawsuit by Marijuana for Trauma (MFT) but believe it is without merit. The Company is not aware of any other material claims made or pending against the Company.

8.1 Future Changes in Accounting Policies

The Company has not applied the following new and revised 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.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019.

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	Director and COO
Dr. Kenneth Mitton	Independent Director and Chair of the Compensation Committee
Michel J. Bourque	Independent Director and Chair of the Governance Committee
Monique Imbeault	Independent Director and Chair of the Board and the Audit Committee
Denis Arsenault	Director and CEO
Roger Rogers	Director