UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **August 31, 2019** Commission File Number: **001-38885**

ORGANIGRAM HOLDINGS INC.

(Exact name of Registrant as specified in its charter)

Canada	**2833**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

35 English Dr.
Moncton, New Brunswick
Canada E1E 3X3
Tel: 1-855-961-9420
(Address and telephone number of Registrant's principal executive offices)

CORPORATION SERVICE COMPANY
251 Little Falls Drive
County of New Castle
Wilmington, Delaware 19808
Tel: 1-800-927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered:
Common Shares, no par value	**The Nasdaq Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual Information Form **[X]** Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: 156,196,347

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes **[X]** No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes **[X]** No [ ]

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company [X]

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. [ ]

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

INTRODUCTORY INFORMATION

Organigram Holdings Inc. (the "**Company**" or "**Organigram**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report (" **Annual Report**") pursuant to Section 13 of the Exchange Act on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**"). The Company's common shares are listed on the Toronto Stock Exchange and the Nasdaq Global Select Market ("**Nasdaq**") under the trading symbol "OGI".

In this annual report, references to "we", "our", "us", the "Company" or "Organigram", mean Organigram Holdings Inc. and our wholly-owned subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollar and references to "U.S. dollars" or "US$" are to United States dollars.

PRINCIPAL DOCUMENTS

The following principal documents are filed as exhibits to, and incorporated by reference into this Annual Report:

Document	Exhibit No.
Audited consolidated financial statements of the Company and notes thereto as at and for the year ended August 31, 2019, together with the report thereon of the independent registered public accounting firm	99.4
Management's Discussion and Analysis of the Company for the year ended August 31, 2019 (the " **MD&A**")	99.5
Annual Information Form of the Company for the year ended August 31, 2019 (the " **AIF**")	99.6

FORWARD-LOOKING STATEMENTS

This Annual Report (including the documents incorporated by reference herein) includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995*. These statements appear in a number of places in this Annual Report and include statements regarding our intent, belief or current expectation and that of our officers and directors. Such statements can be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this Annual Report are made only as of the date of this Annual Report. Forward-looking statements in this Annual Report include, but are not limited to, statements with respect to:

- the expected performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the ongoing and proposed expansion of the Moncton Campus, as defined in the AIF, the timing of construction, its costs and receipt of any approvals from Health Canada to complete such expansion and increase production and sales capacity;
- the expected growth in the number of customers and patients using the Company's recreational and medical cannabis, including edible products;

- the expected growth in the number of customers and patients using the Company's cannabis oil extracts and related products;
- the expected growth in the Company's growing and cannabis oil extraction capacity;
- the number of grams of cannabis and the amount of cannabis oil extract related products expected to be used by each customer or patient;
- the methods expected to be used by the Company to deliver cannabis and cannabis oil extract related products;
- the competitive conditions of the industry;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale, consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits and approvals;
- the competitive and business strategies of the Company;
- the grant and impact of any license or supplemental license to conduct activities with hemp, cannabis and/or cannabis or hemp oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's ability to raise additional funds including through the sale of equity or debt securities;
- future liquidity and financial capacity;
- expectations regarding revenues and expenses;
- expectations with respect to the success of the Company's research and development on cannabis and its derivatives;
- the scope of protection the Company is able to establish and maintain, if any, for intellectual property rights covering its products;
- the Company's ability to enter into and maintain strategic arrangements with distributors and retailers and the potential benefits of such arrangements;
- the Company's anticipated investments in community relations, cannabis health and safety education programming in the locations where the Company operates and the further development of its social responsibility programs;
- the Company's ability to obtain Good Manufacturing Practice certification;
- the advancement of the Company's international projects and targeting other opportunities as the laws and regulations governing cannabis evolve internationally;
- the legalization of industrial hemp or cannabis for medical use or adult recreational use in jurisdictions outside of Canada and the Company's ability to participate in any such markets, if and when such use is legalized;

- the Company's ability to import and export cannabis, hemp, and cannabis and hemp extracts to/from foreign jurisdictions it may identify from time to time;
- whether key personnel will continue their employment with the Company;
- the Company's plan with respect to the payment of dividends; and
- the Company's possible exposure to liability, the perceived level of risk related thereto, and the anticipated results of any litigation or other similar disputes or proceedings involving the Company, including but not limited to the class action proceeding described in the AIF.

Certain of the forward-looking statements and forward-looking information and other information contained in this Annual Report concerning the medical cannabis industry, industrial hemp industry, and the adult-use recreational cannabis industry and the general expectations of the Company concerning the medical cannabis industry, industrial hemp industry, and the adult-use recreational cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry, industrial hemp industry, and the adult use recreational cannabis industry involves risks and uncertainties that are subject to change based on various factors.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in the AIF under "Description of the Business" as well as statements regarding the Company's objectives, plans and goals, including future operating results, economic performance and patient and customer acquisition efforts may make reference to or involve forward-looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Annual Report.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as and to the extent required by applicable law, including applicable United States federal securities laws.

See also "Risk Factors" in the AIF.

NOTE TO UNITED STATES READERS REGARDING DIFFERENCES BETWEEN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board (the " **IASB**"), which differ in certain respects from United States generally accepted accounting principles ("**US GAAP**") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on August 31, 2019 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn.$1.3295.

TAX MATTERS

Purchasing, holding, or disposing of the Company's securities may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Rate is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our CEO and CFO concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13a-15(e), were not effective because of the material weaknesses in our internal control over financial reporting described below.

Regardless of how well the disclosure controls and procedures and internal control over financial reporting are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to errors or fraud, if any.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal Control over Financial Reporting

Internal control over financial reporting, as defined by Rule 13a-15(f) and 15d-15(f) of the Exchange Act, is a process designed by, or under the supervision of the Company's principal executive and principal financial officers or persons performing similar functions and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

This Annual Report is not required to include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies. However, as disclosed in the Company's MD&A, in connection with the Company's reporting obligations in Canada, management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of August 31, 2019, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Based on this evaluation management concluded that certain material weaknesses existed as of August 31, 2019, as described below.

Previously Identified Material Weakness Not Fully Remediated - Complex Spreadsheet Controls

Management concluded that the Company did not implement and maintain effective controls surrounding complex spreadsheets related to the Company's biological asset model. Spreadsheets are inherently prone to error due to the manual nature and increased risk of human error. The Company's controls related to complex spreadsheets did not address all identified material risks associated with manual data entry, updating of assumptions and evidence of sufficient levels of review of completed spreadsheets.

Remediation Plan and Activities

Management has taken steps since this material weakness was first identified for the fiscal year ended August 31, 2018, to improve its process including establishing checklists to be completed quarterly with multiple levels of review. Processes have continued to improve during the quarter but continue to require further refinements. Senior management has discussed this material weakness with the Audit Committee, and the Board of Directors continues to review progress on these remediation activities on a regular and ongoing basis.

The Company has engaged a third party to aid in the identification, assessment and remediation over the design and implementation effectiveness of internal controls over financial reporting. The Company is also currently performing scoping exercises and planning for an Enterprise Resource Planning implementation which possesses specific functionality to remove the manual nature and usage of complex spreadsheets in future periods once fully scoped and operational.

Newly Identified Material Weakness - General Information Technology Controls

The Company did not have effective information technology ("**IT**") general controls over all operating systems, databases, and IT applications supporting financial reports. Accordingly, process-level automated controls and manual controls that were dependent upon the information derived from IT systems were also determined to be ineffective.

Remediation Plan

The Company has engaged a third party to aid in the identification, assessment and remediation over the design and implementation effectiveness of IT related internal control over financial reporting. The Company intends to perform a logical access review to enhance segregation of duties on certain in scope applications within the next fiscal year.

Property, Plant and Equipment

The Company did not maintain effective controls over the acquisition and disposal of capital assets, including the review of source documentation, authorization for disposal and processing of the related financial transaction(s).

Remediation Plan

To further strengthen controls surrounding property, plant and equipment, management has initiated subsequent to year end, or intends to initiate in fiscal 2020, the following procedures:

- Implement a formalized capitalization policy and provide additional training and guidance to internal teams regarding the communicated processes;
- Enhancements to the quarterly capital budget analysis prepared on major projects; and
- Review the asset register and perform a physical inventory count of all the Company's assets.

Limitations of Internal Control over Financial Reporting

No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weaknesses described above or prevent the incidence of other material weaknesses in the Company's internal control over financial reporting in the future. Management, including the CEO and CFO, does not expect that disclosure controls and procedures or internal control over financial reporting will prevent all errors, even as the remediation measures are implemented and further improved to address the material weaknesses. Any system of internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Furthermore, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

No Auditor's Attestation Report

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm relating to the Company's internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies. In addition, as an "emerging growth company" (as such term is defined in Rule 12b-2 under the Exchange Act), the Company otherwise would not be required to provide such a report. The Company will be required to provide an attestation report when it no longer qualifies as an emerging growth company.

No Changes in Internal Control over Financial Reporting

There have been no changes to the Company's internal control over financial reporting during the year ended August 31, 2019 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "**Board**") is responsible for the Company's corporate governance and has the following separately designated standing committees: the Governance, Nominating and Compensation Committee, the Investment Committee, and the Audit Committee. The respective charters of the Governance, Nominating and Compensation Committee, the Investment Committee, and the Audit Committee can be viewed on the Company's corporate website at www.organigram.ca. In addition, the Company's Audit Committee Charter is attached as Appendix "A" to the AIF, which is filed as Exhibit 99.6 to this Annual Report.

Governance, Nominating and Compensation Committee

The Governance, Nominating and Compensation Committee is responsible for reviewing, overseeing and evaluating the governance, nominating and compensation policies of the Company. The Committee's mandate includes: (a) assessing the effectiveness of the Board, each of its committees and individual directors; (b) overseeing the recruitment and selection of candidates to be nominated for election as directors; (c) organizing an orientation and education program for new directors; (d) considering and approving proposals by the directors to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors; (e) reviewing and making recommendations to the Board concerning the size, composition and structure of the Board and its committees; (f) overseeing management succession; (g) administering any securities-based compensation plans of the Company; (h) assessing the performance of the Company's management; (i) reviewing and approving the compensation paid by the Company, if any, to the Company's officers; and (j) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Company's directors and officers.

The Governance, Nominating and Compensation Committee reviews and makes recommendations to the Board at least annually with respect to the compensation of the Chief Executive Officer and other senior executive officers of the Company, including incentive compensation plans, equity-based plans, the terms of any employment agreements, severance arrangements, and change of control arrangements or provisions, and any special or supplemental benefits. In considering compensation matters, the Committee is required under its Charter to be guided by the following principles: (a) offering competitive compensation to attract, retain and motivate the very best qualified individuals in order for the Company to meet its goals; and (b) acting in the interests of the Company by being fiscally responsible.

The Company's Governance, Nominating and Compensation Committee is required under its Charter to meet at least semi-annually and more frequently as circumstances require. The Committee is comprised of Michel J. Bourque (Chair), Sherry Porter and Dexter John. The Board has determined that all three members of the Governance, Nominating and Compensation Committee are independent, based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

Investment Committee

The Investment Committee's mandate is to assist the Board in discharging the Board's oversight responsibilities relating to proposed acquisitions, dispositions, major capital investments and financing arrangements. The Investment Committee is responsible for: (a) reviewing at least quarterly with management the Company's strategic business objectives, including potential acquisitions, dispositions, transaction opportunities and financing arrangements; (b) convening with management as needed to discuss and assess such opportunities, and reviewing and evaluating such opportunities with management on a regular basis; (c) monitoring the performance of the Company's completed transactions and investments by conducting periodic reviews for the purposes of evaluating the degree of success achieved, assessing the accuracy of projections and other assumptions relied upon in approving transactions, identifying the factors that differentiate more successful transactions from less successful ones, and evaluating the strategic contributions resulting from transactions; (d) considering, in conjunction with the Audit Committee as appropriate, the accounting treatment and impact of proposed investments; (e) when appropriate, making recommendations to the Board in respect of a proposed acquisition, disposition, financing or other arrangement (provided, however, that management may approve, without the requirement for further Committee or Board action, corporate development, business development, acquisitions and divestiture transactions in the normal course of business involving consideration up to CAD$5,000,000); and (f) considering conformance with applicable law and compliance elements of proposed investments.

The Investment Committee is comprised of Dexter John (Chair), Derrick West and Peter Amirault. The Board has determined that all three members of the Investment Committee are independent, based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

AUDIT COMMITTEE

Our Board has established the Audit Committee in accordance with section 3(a)(58)(A) of the Exchange Act and Rule 5605(c) of the Nasdaq Marketplace Rules for the purpose of overseeing our accounting and financial reporting processes and the audits of our annual financial statements.

The Audit Committee is comprised of Derrick West (Chair), Sherry Porter and Michel J. Bourque. Our Board has determined that the Audit Committee meets the composition requirements set forth by Section 5605(c)(2) of the Nasdaq Marketplace Rules, and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the Nasdaq Marketplace Rules. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Our Board has determined that Derrick West:

- qualifies as an "audit committee financial expert" (as defined in paragraph (8)(b) of General Instruction B to Form 40-F),
- has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in his financial sophistication (pursuant to Rule 5605(c)(2)(A) of the Nasdaq Marketplace Rules), and
- is independent (as determined under Exchange Act Rule 10A-3 and Rule 5605(a)(2) of the Nasdaq Marketplace Rules).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth information regarding amounts billed to us by our independent auditor for each of our last two fiscal years ended August 31 in Canadian dollars:

	2019	2018
Audit Fees ($)	$ 734,200	$ 310,000
Audit-Related Fees ($)	$ 1,854	$ 27,381
Tax Fees ($)	$ 68,299	$ 53,450
All Other Fees ($)	$ -	$ 27,374
Total ($)	**$ 804,353**	**$ 418,205**

Audit Fees

Audit Fees include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. For the year ended August 31, 2019, Audit Fees were comprised of quarterly reviews and the annual audit, and a securities engagement. For the year ended August 31, 2018, Audit Fees were comprised of quarterly reviews, the annual audit, and two bought deal financing transactions. Audit Fees for the year ended August 31, 2018 includes a restatement of the base audit fee given the extra bill of $100,000 related to the audit for the year ended August 31, 2018 that had not been billed by the time of the issuance of the Company's annual information for that year.

Audit-Related Fees

Audit-Related Fees include fees for assurance and related services that are related to the performance of the review of the financial statements, including fees for review of the Company's Annual Information Form. For the year ended August 31, 2019, Audit-Related Fees were comprised of fees for Canadian Public Accountability Board ("**CPAB**") participation, and, for the year ended August 31, 2018, Audit-Related Fees were comprised of accounting advisory for new IFRS standards and CPAB participation fees.

Tax Fees

Tax Fees include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

All Other Fees

All other fees relate to services other than the Audit Fees, Audit-Related Fees and Tax Fees, and includes fees on consultations on acquisition related matters. For the year ended August 31, 2018, this category includes fees in respect of an economic impact assessment of the Company's activities.

Audit Committee Pre-Approval Policies

From time to time, management of the Company recommends to and requests approval from the Audit Committee for audit and non-audit services to be provided by the Company's auditor.

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any "off-balance sheet arrangements", as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CONTRACTUAL OBLIGATIONS

Below is a tabular disclosure of the Company's contractual obligations as at August 31, 2019

	Total	Less than one year	1-3 years	3 to 5 years	More than 5 years
Long-Term Debt Obligations	$ 57,108,000	$ 6,062,000	$ 50,874,000	$ 127,000	$ 45,000
Operating Lease Obligations	3,074,000	1,180,000	993,000	901,000	-
Purchase Obligations	20,000,000	20,000,000	-	-	-
Accounts Payable and Accrued Liabilities	40,355,000	40,355,000	-	-	-
Total	$ 120,537,000	$ 67,597,000	$ 51,867,000	$ 1,028,000	$ 45,000

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the " **Code**") that applies to our officers (including without limitation, the CEO, CFO), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of that term in Form 40-F.

The Company amended the Code during the fiscal year ended August 31, 2019 to include a section on compliance with laws, rules and regulations, to streamline a section on confidentiality, to include a section regarding accuracy of records and reports, to include sections on information protection, gifts and entertainment, payments to government personnel, lobbying, use of e-mail and internet services, fraud and similar irregularities, reporting and illegal or unethical behavior. An acknowledgement of receipt and review form was also added. The Code, as so amended, was reviewed and approved by the Company's Board of Directors on August 26, 2019. The Code is available on the Company's corporate website at www.organigram.ca and under the Company's SEDAR profile on www.SEDAR.com, and is filed as Exhibit 99.7 to this Annual Report.

No waivers of the Code were granted to any principal officer of the Company or any person performing similar functions during the fiscal year ended August 31, 2019.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended August 31, 2019 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NASDAQ CORPORATE GOVERNANCE

The Company complies with corporate governance requirements of both the TSX and Nasdaq. As a foreign private issuer the Company is not required to comply with all of the corporate governance requirements of Nasdaq; however, the Company adopts best practices consistent with domestic Nasdaq listed companies when appropriate to its circumstances.

The Company has reviewed the Nasdaq corporate governance requirements and confirms that except as described below, the Company is in compliance with the Nasdaq corporate governance standards in all significant respects:

Executive Sessions: Under Rule 5605(b)(2) of the Nasdaq Marketplace Rules, a listed company must have regularly scheduled meetings at which only independent directors are present ("**executive sessions**"). The rule contemplates that executive sessions will occur at least twice a year, and perhaps more frequently, in conjunction with regularly scheduled board meetings. Under applicable Canadian rules, customs and practice, the Company's independent directors are not required to hold executive sessions. However, the Company is subject to certain disclosure requirements prescribed in Canadian Form 58-101F1 - *Corporate Governance Disclosure*. In particular, the Company must disclose whether the independent directors hold executive sessions and, if such executive sessions are held, how many of these meetings have been held since the beginning of the Company's most recently completed financial year. If the Company does not hold executive sessions, the Company must describe what the Board does to facilitate open and candid discussion among its independent directors.

Contents of Audit Committee Charter: Under Rule 5605(c)(1) of the Nasdaq Marketplace Rules, a listed company must adopt a formal written charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities; the outside auditor's accountability to the audit committee; and the audit committee's responsibility to ensure the independence of the outside auditor. In accordance with section 2.3(1) of Canadian National Instrument 52-110 - *Audit Committees*, the Company has adopted an Audit Committee Charter that sets out its mandate and responsibilities, and substantially complies with Rule 5605(c)(1) of the Nasdaq Marketplace Rules. However, the Audit Committee Charter does not strictly comply with the requirement under Rule 5605(c)(1)(B) that an audit committee charter must specify the committee's responsibility for ensuring its receipt from the outside auditors of a formal written statement delineating all relationships between the auditor and the company, with the view to confirming the objectivity and independence of the auditor. Instead, consistent with the laws, customs and practices in Canada, the Company's Audit Committee Charter provides that: (a) the Committee shall satisfy itself, on behalf of the Board, that the external auditor is independent of management; and (b) in assessing such independence, the Committee shall discuss with the external auditor, and may require a letter from the external auditor outlining, any relationships between the external auditor and the Company or its affiliates.

Composition of Compensation Committee: Under Rule 5605(d)(1) of the Nasdaq Marketplace Rules, a listed company must adopt a formal written compensation committee charter that specifies the scope of its responsibilities and the means by which it carries out those responsibilities, including structure, processes and membership requirements. Rule 5605(d)(2)(A) requires that, subject to a limited exception, the compensation committee must be composed of at least two members, each of whom must be an independent director as defined in Rule 5605(a)(2).

Independent Director Oversight of Director Nominations: Rule 5605(e)(1) of the Nasdaq Marketplace Rules prescribes that, subject to a limited exception, director nominees must either be selected, or recommended for the Board's selection, either by: (a) independent directors (as defined in Rule 5605(a)(2)) constituting a majority of the Board's independent directors in a vote in which only independent directors participate, or (b) a nominations committee comprised solely of independent directors. Rule 5605(e)(2) requires a listed company to adopt a formal written charter or board resolution, as applicable, addressing the nominations process and such related matters as may be required under United States federal securities laws.

The Company's Governance, Nominating and Compensation Committee : The Company has adopted a Governance, Nominating and Compensation Committee Charter that substantially complies with Rules 5605(d)(1) and Rule 5605(e)(2) of the Nasdaq Marketplace Rules. However, in contrast to the requirements of Rules 5605(d)(2)(A) and 5605(e)(1), the Charter prescribes that only a majority of the Committee (which should be comprised of a minimum of three directors) must be independent as defined in Canadian National Instrument 58 101 - *Disclosure of Corporate Governance Practices*, and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee. This is consistent with the laws, customs and practices in Canada. As disclosed elsewhere in this Annual Report, the Company's Governance, Nominating and Compensation Committee is currently comprised of Michel J. Bourque (Chair), Sherry Porter and Dexter John, each of whom has been determined by the Board to be independent based on the criteria for independence prescribed by Rule 5605(a)(2) of the Nasdaq Marketplace Rules.

Shareholder Meeting Quorum Requirement: Under Rule 5620(c) of the Nasdaq Marketplace Rules, a listed company that is not a limited partnership must provide in its by-laws for a quorum of not less than 33 $^{1}/_{3}$% of the outstanding shares of the company's common voting stock in respect of all meetings of the holders of its common stock. The Company's Bylaws provide that a quorum for a meeting of shareholders of the Company is present if two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued shares. This quorum requirement is consistent with the laws, customs and practices in Canada.

Proxy Delivery Requirement: Under Rule 5620(b) of the Nasdaq Marketplace Rules, a listed company that is not a limited partnership must solicit proxies and provide proxy statements for all meetings of shareholders, and also provide copies of such proxy solicitation materials to Nasdaq. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Shareholder Approval Requirements: Section 5635 of the Nasdaq Marketplace Rules requires shareholder approval for issuances of common shares, or any securities convertible or exercisable into common shares:

(a) in connection with the acquisition of the stock or assets of another company

(i) where, due to the present or potential issuance of common shares (including shares issued pursuant to an earn-out or similar type of provision, or securities convertible into or exercisable for common shares) other than a public offering for cash:

(A) the common shares constitute or will upon issuance constitute at least 20% of the voting power outstanding before the issuance of the common shares (or, if applicable before the issuance of the securities convertible into or exercisable for common shares); or

(B) the common shares constitute or will upon issuance constitute at least 20% of the number of common shares outstanding before the issuance; or

(ii) if any director, officer or Substantial Shareholder (as defined by Rule 5635(e)(3) of the Nasdaq Marketplace Rules) of the listed company has a 5% or greater interest (or such persons collectively have a 10% or greater interest), directly or indirectly, in the target company or assets to be acquired, or in the consideration to be paid in the transaction or series of related transactions, and the present or potential issuance of common shares, or securities convertible into or exercisable for common shares, could result in an increase of 5% or more in the outstanding common shares or voting power of the listed company;

(b) where the common shares sold (or the number of common shares into which the securities sold are convertible or exercisable), either alone or together with sales by officers, directors or Substantial Shareholders of the listed company, constitute at least

(i) 20% of the outstanding common shares before the issuance, or

(ii) 20% of the voting power of the outstanding common shares before the issuance,

in either case except for (A) public offerings of common shares for cash, and (B) transactions involving the sale, issuance or potential issuance of common shares at a price, or securities convertible or exercisable into common shares with a conversion or exercise price, that is greater than or equal to the lesser of (1) the last closing price immediately preceding the signing of a binding agreement, and (2) the average closing price of the common shares on Nasdaq for the five trading days immediately preceding the signing of the binding agreement; and

(c) where the issuance would result in a change of control of the listed company.

The Company intends to follow TSX rules for shareholder approval of new issuances of its common shares. Following TSX rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the listed issuer; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length. Shareholder approval is also required, pursuant to TSX rules, in the case of private placements: (a) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (b) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period. The rules of the TSX also require shareholder approval in connection with an acquisition by a listed issuer where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis.

Equity Compensation Plans: Section 5635(c) of the Nasdaq Marketplace Rules also requires shareholder approval of all stock option or purchase plans or other arrangements that provide for equity securities as compensation to officers, directors, employees or consultants, and any material amendments to such plans or arrangements, except for certain plans and arrangements, including:

(a) stock purchase plans available on equal terms to all security holders of the listed company (such as a typical dividend reinvestment plan);

(b) tax qualified, non-discriminatory employee benefit plans (e.g., plans that meet the requirements of section 401(a) or 423 of the Internal Revenue Code) or parallel nonqualified plans, provided that such plans are approved by the listed company's independent compensation committee or a majority of the company's independent directors;

(c) those plans or arrangements allowing employees, directors or service providers to buy such securities on the open market or from the listed company for current fair market value;

(d) grants of options or other equity-based compensation as a material inducement to the grantee's entering into employment with the listed company, provided that such grants are approved by the listed company's independent compensation committee or a majority of the company's independent directors; and

(e) conversions, replacements or adjustments of outstanding options or other equity compensation awards to reflect a merger or acquisition.

The Company intends to follow TSX rules in respect of its security based compensation arrangements. The TSX requires shareholder approval of all security based compensation arrangements, and any material amendments to such arrangements, except for arrangements used as an inducement to persons or companies not previously employed by and not previously an insider of the listed issuer, provided that: (i) such persons or companies enter into a contract of full time employment as an officer of the listed issuer; and (ii) the number of securities made issuable to such persons or companies during any twelve month period does not exceed in aggregate 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date the exemption is first used during such twelve month period. Such shareholder approval is required when the security based arrangement is instituted and every three years thereafter if the arrangement does not have a fixed maximum aggregate of securities issuable. The TSX considers a security based compensation arrangement to be any compensation or incentive mechanism involving the issuance from treasury or potential issuance from treasury of securities of a listed issuer.

Insiders of a listed issuer that are entitled to receive a benefit under a security based compensation arrangement are not eligible to vote their securities in respect of the shareholder approval required by the TSX unless such security based compensation arrangement contains an "insider participation limit". An "insider participation limit" is a provision typically found in security based compensation arrangements which limits the number of a listed issuer's securities: (i) issued to insiders of the listed issuer, within any one year period; and (ii) issuable to insiders of the listed issuer at any time, to 10% of the listed issuer's total issued and outstanding securities. For the purposes of security based compensation arrangements, the definition of "insider" would include the CEO, CFO, all directors of the listed issuer and its major subsidiaries, any person responsible for a principal business unit, division or function, and any shareholder that has beneficial ownership or control or direction over, more than 10% of the issued and outstanding common shares of the listed issuer. The Company obtains shareholder approval of its equity compensation plans in accordance with applicable rules and regulations of the TSX.

The foregoing are consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 26, 2019

ORGANIGRAM HOLDINGS INC.

By: /s/ Gregory Engel
Gregory Engel
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Audited consolidated financial statements of the Company and notes thereto as at and for the years ended August 31, 2019, together with the report of the Independent Registered Public Accounting Firm thereon
99.5	Management's Discussion and Analysis for the year ended August 31, 2019
99.6	Annual Information Form of the Company for the year ended August 31, 2019
99.7	Code of Business Conduct and Ethics
99.8	Consent of Deloitte LLP, Independent Registered Public Accounting Firm
101	Interactive Data File*

* To be filed by amendment.

CERTIFICATION

I, Greg Engel, certify that:

1. I have reviewed this annual report on Form 40-F of Organigram Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [*omitted pursuant to Exchange Act Rule 13a-14(a*)] for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [*omitted pursuant to Exchange Act Rule 13a-14(a)*];

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 26, 2019

By: */s/ Greg Engel*
Greg Engel
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Paolo De Luca, certify that:

1. I have reviewed this annual report on Form 40-F of Organigram Holdings Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [*omitted pursuant to Exchange Act Rule 13a-14(a*)] for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [*omitted pursuant to Exchange Act Rule 13a-14(a)*];

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 26, 2019

By: */s/ Paolo De Luca*
Paolo De Luca
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Organigram Holdings Inc. (the "Company") on Form 40-F for the period ended August 31, 2019 (the "Report"), the undersigned, Greg Engel, Chief Executive Officer of the Company, and Paolo De Luca, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 26, 2019

/s/ Greg Engel
Greg Engel
Chief Executive Officer
(Principal Executive Officer)

/s/ Paolo De Luca
Paolo De Luca
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Organigram Holdings Inc. and will be retained by Organigram Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

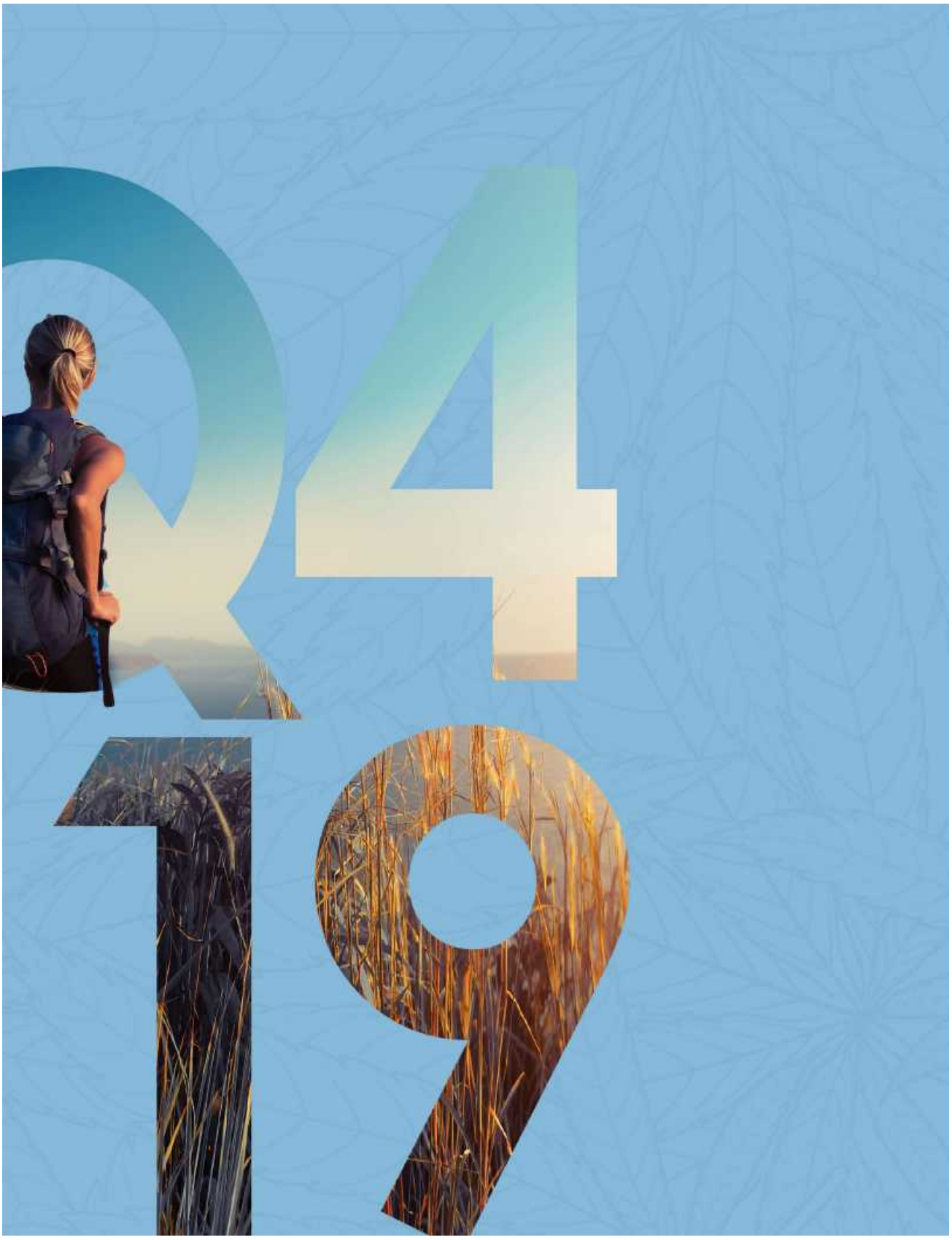

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November 23, 2019

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of Organigram Holdings Inc. (the "Company") have been prepared by the Company's management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and contain estimates based on management's judgment. Internal control systems are maintained by management to provide reasonable assurance that assets are safe-guarded and financial information is reliable.

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

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

Deloitte LLP, appointed as the Company's auditors by the Board of Directors, has audited these consolidated financial statements for the year ended August 31, 2019. Their report follows.

(signed) 'Greg Engel'
Chief Executive Officer
Moncton, New Brunswick

(signed) 'Paolo De Luca, CPA, CA'
Chief Financial Officer
Moncton, New Brunswick

Deloitte LLP
816 Main Street
Moncton NB E1C 1E6
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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Organigram Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Organigram Holdings Inc. and subsidiaries (the “Company”) as of August 31, 2019, the related consolidated statement of loss and comprehensive loss, consolidated statement of changes in equity, and consolidated statement of cash flows, for the year ended August 31, 2019, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2019, and its financial performance and its cash flows for the year ended August 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting.

Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Deloitte LLP

Chartered Professional Accountants
Moncton, Canada
November 24, 2019

We have served as the Company's auditor since 2015.

Deloitte LLP
100 Queen Street, Suite 1600
Ottawa, ON K1P 5T8
Canada

Tel: (613) 236-2442
Fax: (613) 236-2195
www.deloitte.ca

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Organigram Holdings Inc.

We have audited the accompanying consolidated financial statements of Organigram Holdings Inc., which comprise the consolidated statement of financial position as at August 31, 2018, and the consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Organigram Holdings Inc. as at August 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
November 24, 2019
Ottawa, Canada

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at August 31, 2019 and 2018
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2019	AUGUST 31, 2018
ASSETS		
Current assets		
Cash	$ 47,555	$ 55,064
Short term investments (Note 4)	380	75,000
Accounts receivable (Note 5)	16,541	3,736
Loan receivable (Note 6)	909	-
Biological assets (Note 7)	20,652	19,858
Inventories (Note 8)	93,144	44,969
Prepaid expenses and deposits (Note 13 and Note 24)	17,100	3,372
Assets classified as held for sale (Note 25)	-	1,215
	196,281	203,214
Property, plant and equipment (Note 9)	219,046	98,639
Intangible assets (Note 10)	1,498	-
Deferred charges (Note 13 and Note 24)	592	714
Investments in associates (Note 14)	11,108	-
	$ 428,525	$ 302,567
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 40,355	$ 10,764
Current portion of long term debt (Note 11)	3,509	421
Liabilities classified as held for sale (Note 25)	-	65
	43,864	11,250
Long-term debt (Note 11)	46,067	2,877
Unsecured convertible debentures (Note 12)	-	95,866
Contigent share consideration (Note 14)	1,117	-
Deferred tax liability (Note 21)	10,471	7,980
	101,519	117,973
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	318,125	157,790
Reserve for options and warrants (Note 13)	17,707	26,045
Accumulated other comprehensive loss	(43)	-
(Accumulated deficit) retained earnings	(8,783)	759
	327,006	184,594
	$ 428,525	$ 302,567

On Behalf of the Board:
s/Greg Engel, Director
s/Peter Amirault, Director

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

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
For the years ended August 31, 2019 and 2018
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2019	AUGUST 31, 2018
REVENUES		
Gross revenue (Note 18)	$ 97,547	$ 12,429
Excise taxes	(17,134)	-
Net revenue	80,413	12,429
Cost of sales	37,788	5,525
Indirect production (Note 19)	4,733	1,289
Gross margin before fair value adjustments	37,892	5,615
Fair value changes to biological assets and changes in inventory sold (Note 7)	10,577	46,018
Gross margin	48,469	51,633
OPERATING EXPENSES		
General and administrative (Note 23)	18,593	5,552
Sales and marketing (Note 26)	14,625	5,437
Share-based compensation (Note 13)	9,151	4,228
Impairment of property, plant and equipment (Note 9)	613	-
Total operating expenses	42,982	15,217
INCOME FROM OPERATIONS	5,487	36,416
Financing costs	9,668	10,094
Investment income	(662)	(1,455)
Share of loss from investments in associates (Note 14)	1,261	-
Impairment of investments in associates (Note 14)	950	-
Unrealized loss on changes in fair value of contingent consideration (Note 14)	145	-
(Loss) income from continuing operations before tax	(5,875)	27,777
Income tax expense		
Deferred, net (Note 21)	3,629	5,653
Net (loss) income from continuing operations	$ (9,504)	$ 22,124
Loss from discontinued operations (Note 25)	(38)	(1,611)
NET (LOSS) INCOME	$ (9,542)	$ 20,513
Other comprehensive loss		
Foreign currency translation loss, net of tax	(43)	-
COMPREHENSIVE (LOSS) INCOME	$ (9,585)	$ 20,513
Net (loss) income from continuing operations per common share, basic (Note 13 (vi))	$ (0.067)	$ 0.184
Net (loss) income from continuing operations per common share, diluted (Note 13 (vi))	$ (0.067)	$ 0.174
Net loss from discontinued operations per common share, basic (Note 13 (vi))	$ -	$ (0.013)
Net loss from discontinued operations per common share, diluted (Note 13 (vi))	$ -	$ (0.013)
Net (loss) income per common share, basic (Note 13 (vi))	$ (0.068)	$ 0.170
Net (loss) income per common share, diluted (Note 13 (vi))	$ (0.068)	$ 0.162

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

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended August 31, 2019 and 2018
(Expressed in CDN $000's except share amounts)

	NUMBER OF SHARES	SHARE CAPITAL	RESERVE FOR OPTIONS AND WARRANTS	ACCUMULATED OTHER COMPREHENSIVE LOSS	RETAINED EARNINGS/ (ACCUMULATED DEFICIT)	SHAREHOLDERS' EQUITY
Balance - September 1, 2017	103,521,404	$ 99,531	$ 3,081	$ -	$ (19,755)	$ 82,857
Share-based compensation (Note 13 (v))	-	-	5,049	-	-	5,049
Share-based payments (Note 13 (iii))	50,000	144	-	-	-	144
Exercise of stock options (Note 13 (iii))	504,801	1,183	(462)	-	-	721
Exercise of warrants (Note 13 (iv))	4,330,837	6,693	(739)	-	-	5,954
Conversion of debentures (Note 13(iii))	372,324	2,312	(294)			2,018
Equity financing (Note 13 (iii))	16,428,572	48,711	8,789	-	-	57,500
Equity financing issue costs (Note 13 (iii))	-	(3,116)	(562)	-	-	(3,678)
Convertible debenture allocation of discount (Note 13 (iii))	-	-	16,905	-	-	16,905
Convertible debenture issue costs (Note 13 (iii))	-	-	(1,061)	-	-	(1,061)
Tax impact of equity issue costs	-	2,332	(4,661)	-	-	(2,329)
Net income and comprehensive income	-	-	-	-	20,513	20,513
Balance - August 31, 2018	125,207,938	$ 157,790	$ 26,045	$ -	$ 759	$ 184,594
Balance - September 1, 2018	125,207,938	$ 157,790	$ 26,045	$ -	$ 759	$ 184,594
Share-based compensation (Note 13 (v))	41,000	180	14,608	-	-	14,788
Exercise of stock options (Note 13 (iii))	2,167,864	6,588	(2,418)	-	-	4,170
Exercise of warrants (Note 13 (iv))	7,751,700	39,257	(8,281)	-	-	30,976
Exercise of restricted share units (Note 13 (v))	182,473	837	(837)	-	-	-
Conversion of debentures (Note 13 (iii))	20,845,372	112,166	(11,247)	-	-	100,919
Tax impact of equity and convertible debentures	-	1,307	(163)	-	-	1,144
Foreign currency translation gain, net of tax	-	-	-	(43)	-	(43)
Net loss	-	-	-	-	(9,542)	(9,542)
Balance - August 31, 2019	156,196,347	$ 318,125	$ 17,707	$ (43)	$ (8,783)	$ 327,006

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

ORGANIGRAM HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended August 31, 2019 and 2018
(Expressed in CDN $000's except share amounts)

	AUGUST 31, 2019	AUGUST 31, 2018
CASH PROVIDED (USED)		
OPERATING ACTIVITIES		
Net (loss) income from continuing operations	$ (9,504)	$ 22,124
Items not affecting cash:		
Share-based compensation (Note 13)	14,894	5,033
Depreciation and amortization (Note 9 and Note 10)	8,902	3,528
Loss on disposal of property, plant and equipment (Note 9)	133	39
Impairment losses (Note 9 and Note 14)	1,563	-
Fair value adjustment to biological assets	(8,060)	(10,736)
Financing costs	9,668	10,093
Investment income	(662)	(1,455)
Share of loss from investments in associates (Note 14)	1,261	-
Unrealized loss on changes in fair value of contingent consideration (Note 14)	145	-
Deferred tax expense	3,635	5,653
Changes in non-cash working capital:		
Net change in accounts receivable	(13,134)	337
Net change in biological assets	7,266	(6,342)
Net change in inventories	(48,175)	(42,342)
Net change in accounts payable and accrued liabilities	10,562	3,982
Net change in prepaid expenses and deferred charges	(13,540)	(2,169)
Net cash used in continuing operations	(35,046)	(12,255)
Net cash used in operating activities related to discontinued operations (Note 25)	(35)	(449)
Net cash used in operating activities	(35,081)	(12,704)
FINANCING ACTIVITIES		
Proceeds from equity financing (Note 13)	-	57,500
Proceeds from convertible debenture issuance (Note 12)	-	115,000
Payment of share issue costs (Note 13)	-	(3,678)
Payment of convertible debenture issue costs (Note 12)	-	(7,155)
Payment of long-term debt (Note 11)	(12,674)	(388)
Proceeds from long-term debt, net of issue costs of $1,250 (2018 - nil) (Note 11)	58,851	159
Stock options, warrants and units exercised (Note 13)	35,146	6,673
Interest paid	(6,995)	(4,201)
Net cash provided by financing activities	74,328	163,910
INVESTING ACTIVITIES		
Purchase of short-term investments (Note 4)	-	(174,200)
Proceeds from short-term investments	75,000	131,200
Investment income	1,637	1,455
Investments in associates (Note 14)	(12,758)	-
Distributions received from investments in associates	374	-
Loan advance (Note 6)	(909)	-
Proceeds on sale of property, plant and equipment (Note 9)	168	15
Purchase of property, plant and equipment (Note 9)	(108,764)	(56,435)
Purchase of intangible assets (Note 10)	(1,530)	-
Net cash used in investing activities related to continuing operations	(46,782)	(97,965)
Net cash used in investing activities related to discontinued operations (Note 25)	-	(32)
Net cash used in investing activities	(46,782)	(97,997)
Effects of foreign exchange on cash	26	-
INCREASE (DECREASE) IN CASH	$ (7,509)	$ 53,209
CASH POSITION		
Beginning of period	$ 55,064	$ 1,957
Cash included in disposal group (Note 25)	-	(102)
End of period	$ 47,555	$ 55,064

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

1. NATURE OF OPERATIONS

Organigram Holdings Inc. (the "Company") is a publicly traded corporation on the Toronto Stock Exchange ("TSX") with its common shares trading under the symbol "OGI" and on the Nasdaq Global Select Market under the symbol "OGI". The address of the registered office of OHI is 35 English Drive, Moncton, New Brunswick, Canada, E1E 3X3.

The Company's major subsidiaries are Organigram Inc., a Licensed Producer ("LP") of cannabis and cannabis derived products in Canada regulated by Health Canada under the Cannabis Act and the Cannabis Regulations of Canada, and 10870277 Canada Inc., a holding company for Organigram Holdings Inc.

Organigram Inc. was incorporated, under the laws of the Province of New Brunswick, Canada, on March 1, 2013. 10870277 Canada Inc. and Organigram Holdings Inc. are federal companies under the Canada Business Corporations Act.

2. BASIS OF PREPARATION

i) Statement of compliance

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 23, 2019.

ii) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for biological assets, short-term investments, share-based compensation, and contingent share consideration, which are measured at fair value.

Historical cost is the fair value of the consideration given in exchange for goods and services, which is generally based upon the fair value at the time of the transaction of the consideration given in exchange for assets.

iii) Basis of consolidation

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

iv) Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency, except for the Company's investment in associate in alpha-cannabis Pharma GmbH, for which the functional currency has been determined to be Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of (loss) income and comprehensive (loss) income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian Dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in other comprehensive income (loss) in the accumulated other comprehensive loss account.

When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation that remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income (loss) related to the subsidiary is reallocated between controlling and non-controlling interests.

3. SIGNIFICANT ACCOUNTING POLICIES

i) Cash and cash equivalents

Cash and cash equivalents are financial assets that are measured at amortized cost, which approximate fair value and include cash-on-hand and deposits held with financing institutions.

ii) Short term investments

The Company considers short-term investments in the form of guaranteed investment certificates to be an investing activity. These investments are measured at amortized cost. The company also has equity securities that are carried at fair value through profit or loss.

iii) Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour cost for individuals involved in the growing and quality control process is also included, as well as depreciation of manufacturing assets. All direct and indirect costs of biological assets are capitalized as they are incurred. Unrealized fair value gains/losses on growth of biological assets are recorded on the consolidated statements of (loss) income and comprehensive (loss) income. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

iv) Inventories

Inventories for finished goods and packaging and supplies are initially valued at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value. The direct and indirect costs of finished goods inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded within cost of sales on the consolidated statements of (loss) income and comprehensive (loss) income at the time cannabis is sold. Inventory is measured at lower of cost or net realizable value on the statement of financial position.

v) Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of buildings, computer equipment and growing equipment. The following useful lives are applied:

Building	25 years
Growing equipment	10 years
Computer equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

Assets in process are transferred to the appropriate asset class when available for use and depreciation of the assets commences at that point.

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

vi) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4(viii) for a description of impairment testing procedures.

vii) Assets held for sale

Assets and liabilities held for sale are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

viii) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment are reviewed each reporting period for indicators of impairment. Goodwill is assessed for indicators of impairment at each reporting date and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs of disposal, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

ix) Share-based payments

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense in profit or loss over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Fair value for options is determined using the Black-Scholes pricing model and fair value for Restricted Share Units (RSUs) and Performance Share Units (PSUs) is determined using the Company's share price at the grant date.

Expected forfeitures are estimated at the date of the grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expenses reflects the revised estimate.

For stock options granted to non-employees, the expense is measured at the fair value of the goods and services received except when the fair value cannot be estimated in which case it is measured at the fair value of the equity instrument granted.

Consideration paid by employees or non-employees on the exercise of options is recorded as share capital and the related share-based expense is transferred from share-based reserve to share capital.

x) Investments in associates

Associates are companies over which OHI has significant influence over and are accounted for under the equity method. Significant influence is presumed when the Company has an ownership interest greater than 20%, unless certain qualitative factors overcome this assumption. Conversely, where the Company has an ownership interest less than 20%, it is presumed that the Company does not have significant influence, unless certain qualitative factors overcome this assumption. In assessing significant influence and the ownership interest, potential voting rights that are currently exercisable are taken into consideration.

Investments in associates are accounted for using the equity method and are initially recognized at cost, inclusive of transaction costs. The consolidated financial statements include the Company's share of the income or loss and equity movement of equity accounted associates. In accordance with IFRS, the associate's most recent available financial statements are used in the application of the equity method. Where the associate's reporting period differs from the Company's, the associate prepares financial information as of the same period end as the Company, unless it is impracticable to do so. Otherwise, the Company will adjust for its share of income and expenses and equity movement based on the associate's most recently completed financial statements, adjusted for the effects of significant transactions. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

xi) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, except for off-market supply agreements, where amortization is provided based on the actual output received versus the estimated output forecast to be received over the life of the agreement.

The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as general and administrative expenses on the consolidated statement of income (loss) and comprehensive income (loss) as incurred.

xii) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings (loss) per share is calculated in a similar manner, but with adjustments to give effect to all dilutive potential common shares outstanding during the period. The dilutive effect of warrants, options, RSUs and PSUs is calculated using the treasury stock method. The if-converted method which assumes that all convertible debt has been converted if the debt is in-the-money is used to calculate the dilutive effect of convertible debt. Anti-dilutive effects of potential conversions of securities are ignored for this calculation.

xiii) Revenue recognition

Revenue from the direct sale of cannabis and cannabis oil for a fixed price is recognized when the Company transfers control of the good to the customer, which is at point of delivery for medical cannabis and recreational cannabis.

Revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Company expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

Net revenue is revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the value of revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost to the Company.

xiv) Income taxes

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

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

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

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

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

xv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs. No borrowing costs were capitalized during the periods presented.

xvi) Discontinued operations

A disposal group is presented as a discontinued operation if all of the following conditions are met: i) it is a component of the Company for which operations and cash flows can be clearly distinguished operationally and financially from the rest of the Company, ii) it represents a separate major line of business of operations that either has been disposed of or is classified as held for sale; or it is part of a single coordinated plan to dispose of a separate major line of business of operations.

Assets in a disposal group classified as held for sale are presented separately in the consolidated statements of financial position. Discontinued operations are presented separately from continuing operations in the consolidated statements of (loss) income and comprehensive (loss) income and consolidated statements of cash flows.

xvii) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are the estimates and judgments made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

1) Biological assets and inventory

Determination of the fair value of biological assets requires the Company to make a number of estimates, including estimating harvesting costs, selling costs, sales prices, wastage, oil conversion factor, expected yields, and post-harvest costs of the cannabis plant. In determining final inventory values, the Company estimates spoiled or expired inventory in determining net realizable value. Refer to Notes 8 and 9 for further information.

(2) Estimated useful lives of property, plant and equipment

Amortization of property, plant and equipment requires estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

(3) Share-based payments

In determining the fair value of options and related expense, the Company makes such estimates as the expected life of the option, the volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures. Refer to Note 13 for further information.

(4) Warrants

In determining the value of warrants, the Company estimates the expected life of the warrant, the volatility of the Company's share price and the risk-free interest rate.

(5) Compound Financial Instruments

In calculating the fair value allocation between the liability component and the equity component of the Company's unsecured convertible debentures (compound instruments), the Company was required to make estimates and use judgment in determining an appropriate discount rate on the debentures to arrive at a fair value. The identification of convertible debentures' components is based on interpretation of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments. Refer to Note 11 for further information.

(6) Goodwill

Goodwill impairment testing requires management to make estimates in the impairment testing model. On an annual basis, the Company tests whether goodwill is impaired, based on an estimate of its recoverable amount.

(7) Assets held for sale

Assets held for disposal and disposal groups are measured at the lower of their carrying amount and their fair value less costs to sell. The determination of the fair value less costs to sell includes the use of management estimates and assumptions that tend to be uncertain.

(8) Adult-use recreational cannabis revenue – provision for returns and price adjustments

Government customers typically have a right of product return, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry.

(9) Investments in associates

Management has applied significant judgment in the determination of whether the Company exerts significant influence with respect to its investments, which then allow the Company to account for its investments under the equity accounting method. Further, management has applied significant judgment and made use of management estimates and assumptions in determination and quantification of any impairment losses that may need to be recorded against its investments in associates.

NEW STANDARDS AND INTERPRETATIONS ADOPTED

New or amended standards effective September 1, 2018

The Company has adopted the following new or amended IFRS standards for the annual period beginning on September 1, 2018.

i) IFRS 2 – Share-based Payments

The amendment clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature and a modification to the terms and conditions that changes the classification of the transactions. The amendment is effective for annual periods beginning on or after January 1, 2018. This was effective for the Company beginning September 1, 2018.

The adoption of the new standard did not have a material impact on its consolidated financial statements.

ii) 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. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and de-recognition.

Classification and measurement

Under IFRS 9, financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs.

Financial assets are subsequently measured at:

i) FVTPL;

ii) amortized cost;

iii) debt measured at fair value through other comprehensive income ("FVOCI");

iv) equity investments designated at FVOCI; or

v) financial instruments designated at FVTPL.

The classification is based on whether the contractual cash flow characteristics represent "solely payment of principal and interest" (the "SPPI test") as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Debt investments are recorded at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI test.

The assessment of the Company's business models for managing the financial assets was made as of the date of initial application of September 1, 2018. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets.

Consistent with IAS 39, all financial liabilities held by the Company under IFRS 9 are initially measured at fair value and subsequently measured at amortized cost.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

	IAS 39 CLASSIFICATION	IFRS 9 CLASSIFICATION
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments excluding marketable securities	Held to maturity	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Loan receivable	N/A	Amortized cost
Marketable securities	N/A	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Unsecured convertible debentures	Other liabilities	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's measurement of financial assets and liabilities.

Impairment
Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the balance sheet date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its amounts receivable using the ECL model, and no difference was noted. As a result, no impairment loss has been recognized upon transition and at September 1, 2018.

iii) 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.

The Company has applied IFRS 15 retrospectively but determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard. The pattern and timing of revenue recognition under the new standard is consistent with prior year practice. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis and cannabis oil for a fixed price is recognized when the Company transfers control of the good to the customer, which is at point of delivery for medical cannabis and recreational cannabis.

Revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Company expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

Net revenue is revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the value of revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost to the Company.

New or amended standards issued but not yet effective

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, which replaces IAS 17 Leases, brings most leases onto the statement of financial position for lessees eliminating the distinction between operating and finance leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined.

A lessee shall apply IFRS 16 to its leases either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. This will be effective for the Company beginning September 1, 2019. The Company reviewed its current and past leases. Reclassification of leases for office space, manufacturing equipment, and certain computer hardware will result in the establishment of additional right-of-use assets and lease liabilities on the statement of financial position, as well as changes in the timing and presentation of lease-related expenses on the statement of income. The Company is finalizing its evaluation of the effect of this standard on the consolidated financial statements but expects there will be no material impact.

4. SHORT TERM INVESTMENTS

The Company's short-term investments included the following on August 31, 2019 and August 31, 2018:

DESCRIPTION	INTEREST %	AUGUST 31, 2019	AUGUST 31, 2018
GIC - matured December 21, 2018	1.55%	$ -	$ 25,000
GIC - matured August 27, 2019	2.00%	-	50,000
Equity securities in VIVO Cannabis Inc.		380	-
		$ 380	$ 75,000

On October 16, 2018, the Company sold its wholly-owned subsidiary, THC, for consideration consisting of shares in the purchaser (an unaffiliated publicly-traded company), VIVO Cannabis Inc. These securities are carried at fair value through profit or loss. At August 31, 2019, the shares in this company had a fair value of $0.44 per share.

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable included the following balances as of August 31, 2019 and August 31, 2018:

	AUGUST 31, 2019	AUGUST 31, 2018
Trade receivables	$ 11,900	$ 817
Harmonized sales taxes receivable	4,741	2,526
Accrued investment income	-	241
Government programs	168	80
Other accounts receivable	-	96
Less: Provision for doubtful accounts	(268)	(24)
	$ 16,541	$ 3,736

Included in other accounts receivable is a $nil (August 31, 2018 - $75) promissory note bearing interest at 3% and redeemable on demand.

6. LOAN RECEIVABLE

On July 26, 2019, the Company entered into an advance payment and support agreement ("Payment Agreement") with 703454 N.B. Inc. (carrying on business as 1812 Hemp) ("1812 Hemp"). Under the terms of the agreement, the Company will advance up to $3,000 until October 31, 2019 to 1812 Hemp in the form of a secured loan. These amounts may be applied against future purchases of hemp under the license and supply agreement described in Note 10. The aggregate amount of advances outstanding as of January 1, 2020 will accrue interest of 9.0% per annum, calculated monthly, until the entire balance of advances is paid. The full amount of any outstanding advances are due and payable by 1812 Hemp on the earlier of: i) June 30, 2020; ii) the date on which 1812 Hemp breaches or defaults on any of its agreements; and iii) the date on which the license and supply agreement is terminated in accordance with its terms. Notwithstanding the foregoing, in the event that on or before February 28, 2020 1812 Hemp has offered the Company sufficient hemp to retire in full the outstanding balance of advances and the Company's purchases of such hemp are not sufficient to retire in full the outstanding balance of advances, then 1812 Hemp's obligation to repay the outstanding balance of advances shall be suspended until June 30, 2021.

At August 31, 2019, $909 remains outstanding with respect to this arrangement. Subsequent to year-end, additional advances were made as described in Note 27.

7. BIOLOGICAL ASSETS

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Subsequent expenditures on these finished goods inventories after harvest are capitalized based on IAS 2 *Inventories.*

The changes in the carrying value of biological assets as of August 31, 2019 and 2018 are as follows:

	OTHER BIOLOGICAL ASSETS	CANNABIS ON PLANTS	TOTAL
Carrying amount, August 31, 2017	$ 6	$ 2,774	$ 2,780
Add (less) net production costs	593	14,357	14,950
Net change in fair value less costs to sell due to biological transformation	-	10,736	10,736
Transferred to inventory upon harvest	-	(8,608)	(8,608)
Carrying amount, August 31, 2018	$ 599	$ 19,259	$ 19,858
Add (less) net production costs	(596)	37,534	36,938
Net change in fair value less costs to sell due to biological transformation	-	(8,060)	(8,060)
Transferred to inventory upon harvest	-	(28,084)	(28,084)
Carrying amount, August 31, 2019	$ 3	$ 20,649	$ 20,652

The fair value less costs to sell of biological assets is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (see Note 17), are used in determining the fair value of biological assets:

i. Average selling price per gram – calculated as the weighted average historical selling price of cannabis sold by the Company, adjusted for expectations about future pricing;

ii. Yield by plant – represents the number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;

iii. Wastage of plants based on their various stages of growth – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested;

iv. Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labour related to drying, labelling and packing.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth. As of August 31, 2019, it is expected that the Company's biological assets will yield 16,595 kilograms (August 31, 2018 – 11,036 kilograms) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 19-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

Management believes the most significant unobservable inputs and their impact on fair value are as follows:

SIGNIFICANT INPUTS & ASSUMPTIONS	WEIGHTED AVERAGE INPUT AUG. 31, 2019	WEIGHTED AVERAGE INPUT AUG. 31, 2018	SENSITIVITY	EFFECT ON FAIR VALUE AUG. 31, 2019	EFFECT ON FAIR VALUE AUG. 31, 2018
Average net selling price per gram	$ 5.65	$ 5.65	Increase or decrease by $1.00 per gram	$ 3,657	$ 4,275
Average yield per plant	151 grams	149 grams	Increase or decrease by 10 grams	$ 1,367	$ 1,292

The fair value adjustment to biological assets and inventory sold consists of the following:

	AUGUST 31, 2019	AUGUST 31, 2018
Realized fair value amounts included in inventory sold	$ (50,477)	$ (5,822)
Increase (decrease) in fair value on growth of biological assets	75,338	51,840
Adjustment to net realizable value	(14,284)	-
Fair value adjustment to biological assets	$ 10,577	$ 46,018

8. INVENTORIES

The Company's inventories are comprised of the following balances as of August 31, 2019 and August 31, 2018:

	AUGUST 31, 2019			
	QUANTITY	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	13,985 plants	$ 1,945	$ 4,256	$ 6,201
Dry cannabis				
Available for packaging	5,506 kg	5,261	12,718	17,979
Packaged inventory	1,557 kg	4,205	2,549	6,754
Flower and trim available for extraction	4,939 kg	4,433	12,193	16,626
Concentrated extract	790 kg	15,393	21,573	36,966
Cannabis oil				
Bulk formulated oil	3,149 L	754	1,121	1,875
Bottled and packaged oil	880 L	728	425	1,153
Packaging and supplies		5,590	-	5,590
		$ 38,309	$ 54,835	$ 93,144

	AUGUST 31, 2018			
	QUANTITY	CAPITALIZED COST	FAIR VALUE ADJUSTMENT	CARRYING VALUE
Plants in drying stage	8,142 plants	$ 873	$ 4,985	$ 5,858
Dry cannabis				
Available for packaging	5,032 kg	4,152	16,384	20,536
Packaged inventory	71 kg	90	309	399
Flower and trim available for extraction	1,918 kg	1,570	10,327	11,897
Concentrated extract	40 kg	529	1,922	2,451
Cannabis oil				
Bulk formulated oil	2,632 L	600	2,116	2,716
Bottled and packaged oil	168 L	88	159	247
Packaging and supplies		865	-	865
		$ 8,767	$ 36,202	$ 44,969

Flower and trim available for extraction are converted into concentrated extract, which can then be used for oil formulation (combining with a carrier oil) or other products such as edibles, and beverage and vaporizable products.

The amount of inventory expensed in cost of sales for the year ended August 31, 2019 was $35,224 (August 31, 2018 - $4,658).

9. PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	CONSTRUCTION IN PROCESS	GROWING & PROCESSING EQUIPMENT	OTHER	TOTAL
Cost						
Balance, August 31, 2017	$ 1,440	$ 14,150	$ 22,200	$ 7,908	$ 2,304	$ 48,002
Additions	765	15,536	34,851	4,986	791	56,929
Construction completed	-	17,415	(45,058)	27,609	34	-
Disposals	-	-	-	(10)	(42)	(52)
Included in assets for sale	-	-	-	-	(165)	(165)
Balance, August 31, 2018	$ 2,205	$ 47,101	$ 11,993	$ 40,493	$ 2,922	$ 104,714
Accumulated depreciation						
Balance, August 31, 2017	$ -	$ (816)	$ -	$ (1,114)	$ (726)	$ (2,656)
Depreciation	-	(1,181)	-	(1,844)	(479)	(3,504)
Disposals	-	-	-	2	6	8
Included in assets for sale	-	-	-	-	77	77
Balance, August 31, 2018	$ -	$ (1,997)	$ -	$ (2,956)	$ (1,122)	$ (6,075)
Cost						
Balance, August 31, 2018	$ 2,205	$ 47,101	$ 11,993	$ 40,493	$ 2,922	$ 104,714
Additions	6	15,753	105,512	5,554	3,366	130,191
Construction completed	-	8,042	(51,990)	42,698	1,250	-
Disposals	-	(122)	-	(201)	-	(323)
Impairment loss	-	-	-	(613)	-	(613)
Balance, August 31, 2019	$ 2,211	$ 70,774	$ 65,515	$ 87,931	$ 7,538	$ 233,969
Accumulated depreciation						
Balance, August 31, 2018	$ -	$ (1,997)	$ -	$ (2,956)	$ (1,122)	$ (6,075)
Depreciation	-	(2,245)	-	(5,679)	(946)	(8,870)
Disposals	-	5	-	17	-	22
Balance, August 31, 2019	$ -	$ (4,237)	$ -	$ (8,618)	$ (2,068)	$ (14,923)
Net book value						
August 31, 2018	$ 2,205	$ 45,104	$ 11,993	$ 37,537	$ 1,800	$ 98,639
August 31, 2019	$ 2,211	$ 66,537	$ 65,515	$ 79,313	$ 5,470	$ 219,046

Most of the additions during the year-ended August 31, 2019 were related to the Company's expansion located at 35 English Drive, while the remainder were related to purchases of packaging equipment and IT system upgrades to facilitate recreational cannabis sales.

During the year ended August 31, 2019 certain growing and processing equipment was identified as being impaired either as a result of it being obsolete or inefficient and costly for production use. This equipment was impaired to a carrying value of $nil.

The following table reconciles additions of property, plant and equipment per the above table to the purchases of property, plant and equipment per the statements of cash flows:

	AUGUST 31, 2019	AUGUST 31, 2018
Additions	$ 130,191	$ 56,929
Acquisitions related to discontinued operations	-	(32)
Net change in accounts payable and accrued liabilities related to purchases of PP&E	(21,427)	(462)
Purchase of property, plant and equipment	$ 108,764	$ 56,435

10. INTANGIBLE ASSETS

	SUPPLY AGREEMENT
Cost	
Balance, August 31, 2018	$ -
Additions	1,530
Balance, August 31, 2019	$ 1,530
Accumulated amortization	
Balance, August 31, 2018	$ -
Amortization	(32)
Balance, August 31, 2019	$ (32)
Net book value	
August 31, 2018	$ -
August 31, 2019	$ 1,498

On January 18, 2019, the Company entered into an agreement with 703454 N.B. Inc. (“1812 Hemp” or “1812”), a New Brunswick based industrial hemp research company, to secure supply and support research and development on the genetic improvement of hemp through traditional plant breeding methods. As part of the agreement, the Company will receive a 25% discount to the price per kilogram of dried hemp flower harvested that is purchased. The term of the agreement is from December 17, 2018 to December 16, 2023 and the Company has the option to renew it for another 5 years within six months’ notice. In addition, the Company has a right-of-first refusal on the future procurement of high CBD hemp from 1812. The Company paid $1,500 to 1812 plus transaction costs of $30 in connection with this transaction, which it has recorded as an intangible asset with a finite useful life that will be amortized based on the actual volume of dried hemp flower purchased as a proportion of its forecast purchase volumes.

11. LONG-TERM DEBT

	AUGUST 31, 2019	AUGUST 31, 2018
Bank of M ontreal ("BM O") senior secured term loan ("Term Loan") maturing M ay 31, 2022 at Bankers' Acceptance +2.50% (4.46%) with principal repayments starting February 28, 2020 based on a 10 year amortization (amended subsequent to year-end to M ay 31, 2020 - refer to Note 27)	$ 50,000	$ -
Farm Credit Canada ("FCC") credit facility refinanced with BM O Term Loan	-	1,740
FCC real property loan refinanced with BM O Term Loan	-	1,194
FCC real property loan refinanced with BM O Term Loan	-	-
Atlantic Canada Opportunities Agency ("ACOA") Business Development Program loan maturing September 1, 2024 with a 7 year amortization, bearing interest at an interest rate of 0%	314	406
Vehicle loans - five year term maturing June 17, 2024	98	
Deferred financing costs	(836)	(42)
	49,576	3,298
Less: current portion of long term debt	(3,509)	(421)
Long-term portion	$ 46,067	$ 2,877

On November 30, 2018, the Company closed its third loan with FCC for $10,000. Transaction costs of $149 were incurred in connection with this loan, which had been capitalized against the loan balance. This loan, along with the other two FCC loans noted in the above table, were refinanced with the BMO Term Loan described below. Since the third loan was only outstanding during the current fiscal year, it has not been disclosed in the above table.

On May 31, 2019, the Company closed a credit facility with Bank of Montreal ("BMO") as lead arranger and agent as well as a syndicate including three other lenders. The facility consists of a $115,000 term loan ("Term Loan") and a $25,000 revolving credit facility ("Revolver", or together, the "Facilities"), both of which mature on May 31, 2022. Included in the facility is an uncommitted option to increase the Facilities by an incremental $35,000 to a total of $175,000, subject to agreement by BMO and the syndicate lenders and satisfaction of certain legal and business conditions.

The Facilities are secured by assets of the Company and its subsidiaries. The proceeds of the term loan will be used to fund the Phase 4 and 5 expansions of the Moncton campus and were also used to refinance the Company's long-term debt with FCC. The revolving credit facility may be used for general corporate and working capital purposes.

Pursuant to the agreed upon conditions of the Facilities, the Company has initially drawn $50,000 of the Term Loan on closing and can continue to draw down additional funds as required up to the $115,000 Term Loan commitment through to November 30, 2019 (refer to Note 27 for amendment made subsequent to year-end extending date to March 31, 2020). Principal repayments on the Term Loan will commence on February 28, 2020 (refer to Note 27 for amendment made subsequent to year-end deferring start date to May 31, 2020) at a rate of 2.5% per quarter of the total Term Loan balance. The Company may, at its discretion, repay the balance of the Facilities without penalty, at any time.

Under the terms of the Credit Facility, the Company can elect, at its sole discretion, to receive advances under the Term Loan through certain availment options, which includes prime rate loans and bankers' acceptances with maturity dates between 28 and 182 days. The Company, therefore, has the choice to continuously roll over the bankers' acceptances upon their maturities or to convert the then outstanding principal and interest into prime rate loans at any time before May 31, 2022. The interest rate of the Facilities is a set margin over the above noted availment options, which may increase or decrease based on a pricing grid linked to the Company's debt to EBITDA coverage at each quarter-end.

During the year ended August 31, 2019, the Company converted its outstanding principal amount under the Term Loan to bankers' acceptances, which reduced the cash interest rate from 5.70% (effective interest rate of 6.39%) as at May 31, 2019 to 4.46% (effective interest rate of 5.18%) as at August 31, 2019. In accordance with IFRS 9, the loan conversion was determined to not be a modification of the loan terms. During the year ended August 31, 2019, the Company rolled over the facility on a monthly basis through bankers' acceptances with an average cash interest rate of 4.80% .

Transaction costs incurred with respect to the Facilities totaled $1,101, which have been allocated against the Term Loan ($915) and Revolver ($186 split between prepaid assets and deferred charges) based on the relative balance of the fully drawn facilities. The effective interest rate for the Term Loan based on these capitalized transaction costs and the current cash interest rate is approximately 5.18% at August 31, 2019. The Facilities contain customary financial and restrictive covenants. The Company was in compliance with all covenants at August 31, 2019.

Subsequent to the year-end, the Company amended certain terms of the Facilities as disclosed in Note 27.

The FCC loans previously outstanding for the Company were extinguished and refinanced as part of the above noted Facilities. Previously capitalized transaction costs were recorded as a loss on the extinguishment of the FCC loans and have been included in financing costs for the period.

Principal repayments required on the long-term debt in the next five fiscal years are as follows:

2020	$	3,830
2021		5,080
2022		41,330
2023		67
2024		60
Thereafter		45
Total	$	50,412

12. UNSECURED CONVERTIBLE DEBENTURES

On January 31, 2018, $115,000 of unsecured convertible debentures were issued. Each convertible debenture had a maturity date of January 31, 2020 (the “maturity date”) and bore interest from the date of closing at 6.00% per annum, payable semi-annually on June 30 and December 31 of each year commencing on June 30, 2018. Each convertible debenture was convertible, at the option of the holder, into common shares of the Company (“common shares”) at any time prior to the close of business on the earlier of: (i) the business day immediately preceding the maturity date, and (ii) if subject to redemption in the event of a change of control, the business day immediately preceding the payment date, at a conversion price of $5.42 per common share (the “conversion price”), subject to adjustment in certain events and to forced conversion by the Company in accordance with the indenture governing the convertible debentures. The Company may force conversion of the aggregate principal amount of the then outstanding convertible debentures at the conversion price on not less than 30 days’ notice should the daily volume weighted average trading price (“VWAP”) of the common shares be greater than $7.05 for any 10 consecutive trading days. The Company is also required to redeem the debentures at the holder’s option in the event of a change in control at a price equal to 104% of the principal amount plus accrued and unpaid interest.

The Company had allocated the gross proceeds from issuance between the estimated fair value of the debt and equity components using the residual method. The Company used an effective annualized discount rate of 15.3% to arrive at the valuation of the debt component before issue costs at $98,095 and the equity component at $16,905. The effective interest rate on the debt component, inclusive of the equity discount and issue costs, was 18.0% .

On February 27, 2019, the Company elected to exercise its right under the indenture governing the convertible unsecured debentures to convert all of the principal amount outstanding of the remaining debentures on April 1, 2019 into common shares of the Company on the basis of the daily VWAP of the common shares having exceeded $7.05 for 10 consecutive trading days. As of close of markets on February 26, 2019, the VWAP of the common shares for 10 consecutive trading days exceeded $7.05. The conversion was completed on April 1, 2019. It should be noted that although the Company exercised its right to force conversion, holders of the debentures still had the right to convert their debentures at their discretion prior to April 1, 2019 and therefore approximately $37,738 (face value) of debentures were converted into 6,962,725 common shares during the month of March 2019. The Company did not issue fractional common shares on the conversion. Instead, the Company, in lieu of delivering a certificate representing such fractional interest, made a cash payment to the holder of an amount equal to the fractional interest in accordance with the indenture. As of April 1, 2019, no further liability or obligation exists with respect to the convertible unsecured debentures.

The debt component was measured at amortized cost. The conversion of debentures to common shares represents a non-cash financing activity, which has been excluded from the Company’s statement of cash flows as these transactions do not provide or use any cash.

The balance of the debt component as at August 31, 2019 and August 31, 2018 consists of the following:

	AUGUST 31, 2019	AUGUST 31, 2018
Debentures - maturing January 31, 2020 bearing interest at an interest rate of 6.00% - face value	$ 115,000	$ 115,000
Less: conversion of debentures, cumulative (Note 13(iii))	(115,000)	(2,018)
Debentures - outstanding face value	-	112,982
Less: allocation to reserve for options and warrants for debenture discount	(16,905)	(16,905)
Amortization of debenture discount	8,030	4,324
Less: issue costs	(7,155)	(7,155)
Issue costs allocated to equity	1,061	1,061
Amortization of issue costs	2,899	1,559
Unamortized discount and issue costs transferred to equity upon conversion of debentures	12,070	-
Debentures - carrying value	-	95,866
Less: current portion of debentures	-	-
Long-term portion	$ -	$ 95,866

13. SHARE CAPITAL

(i) Authorized share capital

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

(ii) Issued share capital

As at August 31, 2019, the Company's issued and outstanding share capital consisted of 156,196,347 (August 31, 2018 – 125,207,938) common shares with a stated value of $318,125 (August 31, 2018 - $157,790).

(iii) Issuances of share capital

Share-based payments

On October 12, 2016, the Company issued 437,957 common shares at a share price of $1.37 as share consideration to TGS International LLC ("TGS") in exchange for a trademark licensing agreement valued at $600. As per the terms of the agreement, the shares were released to TGS according to an escrow schedule related to certain calendar and operational milestones. At August 31, 2019, the Company has recorded the current portion of the fee of $133 (August 31, 2018 - $133) as a prepaid expense, and the long-term portion of the fee of $133 (August 31, 2018 - $267) as a deferred charge on the consolidated statements of financial position. For the year ended August 31, 2019, $133 (August 31, 2018 - $133) has been amortized to share-based compensation.

On July 14, 2017, the Company entered into an advisory services agreement with a cannabis consultant that resulted in the grant of 125,000 common shares that vested over various service periods up to and including October 14, 2018. The fair value of the grant was measured based on the average monthly share price of the Company over the various tranches and vesting periods resulting in a cumulative expense of $539. On October 23, 2017, the Company issued 50,000 common shares, of which 20,000 related to the advisory services agreement, as share consideration to the consultant and recognized $144 to share capital. During the year ended August 31, 2019, the Company settled the remaining balance of 105,000 common shares due to the consultant in the form of 41,000 common shares of the Company and 84,000 restricted stock units, which vest immediately, to purchase 84,000 common shares of the Company, which fully settles the Company's obligations relating to this agreement.

Exercise of stock options

During the year ended August 31, 2019, 2,167,864 (August 31, 2018 – 504,801) share options were exercised at an average exercise price of $1.92 (August 31, 2018 - $1.43) for an increase of $6,588 (August 31, 2018 - $1,183) to share capital and a decrease to the reserve for options and warrants of $2,418 (August 31, 2018 - $462).

Equity financing

On December 18, 2017, the Company issued 16,428,572 units by way of a bought deal at $3.50 per unit share for total gross consideration of $48,711 recorded to share capital and an increase of $8,789 to the reserve for options and warrants. Each unit consists of one common share and one-half common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitled the holder thereof to acquire one common share of the Company at a price of $4.00 until June 18, 2019. Total issue costs were $3,678, with $3,116 charged to share capital and the remaining $562 charged to the reserve for options and warrants. These warrants are measured at fair value at the date of grant. In determining the amount of reserve for the warrants, the Company used the Black-Scholes option pricing model to establish the fair value of warrants granted using the following assumptions:

Risk free interest rate %	1.6%
Expected life of warrants (years)	1.5
Expected annualized volatility %	64.6%
Expected dividend yield %	-

Volatility was estimated by using the weighted average historical volatility of the Company and other companies, that the Company considers comparable that have trading and volatility history. The expected life in years represents the period of time that the warrants granted are expected to be outstanding. The risk-free rate is based on government of Canada bonds with a remaining term equal to the expected life of the warrants. A forfeiture rate of zero percent was used as the Company anticipated all warrants will be exercised.

During the year-ended August 31, 2019, 7,739,205 (August 31, 2018 – 127,649) of the $4.00 warrants were exercised into common shares prior to expiry on June 18, 2019 on a one for one basis. 347,432 warrants remained unexercised at the expiry time and expired as a result. The warrants were delisted from the TSX Venture Exchange on June 18, 2019.

Convertible debenture financing

On January 31, 2018, 115,000 convertible debentures were sold at a price of $1,000 per convertible debenture, for aggregate gross proceeds of $115,000 resulting in an increase to the reserve for options and warrants of $12,003, net of deferred tax of $4,902, related to the embedded conversion feature in the convertible debenture (see Note 12). Total issue cost was $7,155 with $6,094 charged to the debenture liability and the remaining $756, net of deferred tax of $305, charged to the reserve for options and warrants.

Conversion of debentures

For the year ended August 31, 2019, the Company issued 20,845,372 (August 31, 2018 – 372,324) common shares at a price per share of $5.42 on the conversion of convertible debentures (Note 12) for an increase of $112,166 (August 31, 2018 - $2,312) to share capital and a decrease of $11,247 (August 31, 2018 - $294) to the reserve for options and warrants. This non-cash financing activity has been excluded from the Company's statement of cash flows as it did not provide or use any cash.

On February 27, 2019, the Company elected to exercise its right under the indenture governing the convertible unsecured debentures to convert all of the principal amount outstanding of the remaining debentures on April 1, 2019 into common shares of the Company on the basis of the daily VWAP of the common shares exceeding $7.05 for any 10 consecutive trading days (see Note 12). As of April 1, 2019, all of the convertible unsecured debentures issued were converted to common shares of the Company and no further liability or obligation exists with respect to the convertible unsecured debentures.

(iv) Warrants

During the year ended August 31, 2019, 7,739,205 warrants (August 31, 2018 – 4,330,837) were exercised at an average price of $4.00 (August 31, 2018 - $1.38) for a value of $39,257 (August 31, 2018 - $6,693) to share capital and a decrease to the reserve for options and warrants of $8,281 (August 31, 2018 - $739). All the outstanding warrants at June 18, 2019 that were not exercised into common shares prior to expiry on June 18, 2019 lapsed.

The following table summarizes the movements in the Company's warrants for the years ended August 31, 2019 and 2018:

	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2017	4,328,625	$	1.30
Granted	8,214,286	$	4.00
Exercised/Released	(4,330,837)	$	1.38
Expired	(125,437)	$	1.35
Balance - August 31, 2018	8,086,637	$	4.00
Exercised/Released	(7,739,205)	$	4.00
Expired/Lapsed	(347,432)	$	4.00
Balance - August 31, 2019	-	$	-

(v) Share-based compensation

Stock options

Under the Company's stock option plan, options may be granted for up to 10% of the issued and outstanding common shares together with any other equity compensation plan of the Company, as approved by the Company's Board of Directors. The exercise price of any option is determined based on market price calculated in accordance with TSX rules at the time of grant.

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

The Company also issues stock options to third parties in exchange for services.

The following table summarizes the movements in the Company's outstanding stock options for the years ended August 31, 2019 and 2018:

	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2017	6,352,049	$ 1.48
Granted	2,056,648	$ 3.90
Exercised	(504,801)	$ 1.43
Cancelled / Forfeited	(194,150)	$ 2.43
Balance - August 31, 2018	7,709,746	$ 2.10
Granted	3,589,500	$ 7.59
Exercised	(2,167,864)	$ 1.92
Cancelled / Forfeited	(298,188)	$ 6.41
Balance - August 31, 2019	8,833,194	$ 4.23

The following is a summary of the outstanding stock options as at August 31, 2019:

OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
Quantity Outstanding at August 31, 2019	Weighted Average Remaining Contractual Life (years)	Range of Exercise Prices	Quantity Exercisable at August 31, 2019
1,814,449	6.02	$0.30-$1.48	1,365,465
2,003,333	7.42	$1.49-$2.38	1,563,999
1,462,344	8.20	$2.39-$4.65	756,218
1,705,568	9.13	$4.66-$7.67	626,151
1,847,500	9.70	$7.68-$11.27	594,350
8,833,194	8.07		4,906,183

Options outstanding have exercise prices that range from $0.30 to $11.27 with a weighted average remaining life of 8.07 years. Total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory, for the year ended August 31, 2019 was $14,894 (August 31, 2018 – $5,033) of which $10,036 (August 31, 2018 - $4,649) related to the Company's stock option plan. The fair value of options granted during the year ended August 31, 2019 was $13,848 (August 31, 2018 - $4,124). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which typically range from two to three-year terms with options vesting in annual tranches evenly over this time period. In determining the amount of share-based compensation related to the options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted.

The following is the range of assumptions for the years ended August 31, 2019 and 2018:

	AUGUST 31, 2019	AUGUST 31, 2018
Risk free interest rate	1.20% - 2.42%	1.59% - 2.26%
Expected life of options	5.0 - 6.5 years	5.0 - 6.5 years
Expected annualized volatility	64% - 71%	62% - 69%
Expected dividend yield	-	-
Forfeiture Rate	7.3% - 8.0%	8.1% - 15.0%

Volatility was estimated by using the weighted average historical volatility of the Company and 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 government of Canada bonds with a remaining term equal to the expected life of the options. The forfeiture rate is calculated based on historical experience.

Equity incentive plan

Under the Company's Equity Incentive Plan (the "Equity Plan"), the maximum number of common shares that may be issued upon exercise of share units may not exceed 2,500,000 common shares and shall not exceed 10% of the issued and outstanding equity securities of the Company from time to time, combined with any equity securities granted under all other compensation arrangements adopted by the Company. As of August 31, 2019, the Company had only granted restricted share units ("RSUs") under the Equity Plan, however subsequent to year-end the Company also granted performance share units ("PSUs") as described in Note 27. The grant price of any RSU or PSU is determined based on market price calculated in accordance with TSX rules at the time of grant.

The following table summarizes the movements in the Company's outstanding RSUs:

	NUMBER
Balance - August 31, 2018	145,200
Granted	879,635
Exercised	(182,473)
Balance - August 31, 2019	842,362

The estimated fair value of the equity settled RSUs granted during the year ended August 31, 2019 was $4,543 (August 31, 2018 - $953), which was based on the Company's share price at the grant date and will be recognized as an expense over the vesting period of the RSUs, which is one-half upfront with the balance recognized over two years. For the year ended August 31, 2019, $3,475 (August 31, 2018 - $49) has been recognized as share-based compensation expense.

(vi) Earnings (Loss) per share

Earnings (loss) per share represents net income (loss) attributable to common shareholders divided by the weighted average number of common shares outstanding during the year.

Diluted income (loss) per share is calculated by dividing the applicable net income (loss) by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

The reconciliation of the weighted average number of shares, for the purposes of diluted earnings per share, to the weighted average number of ordinary shares, used in the calculation of basic earnings per share, is as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
Weighted average number of shares used in basic earnings per share	140,923,324	120,564,334
Options	5,194,827	3,979,470
Warrants	4,738,388	2,308,727
Restricted shares units	684,534	8,022
Weighted average number of shares used in diluted earnings per share	151,541,073	126,860,553

The outstanding number and type of securities that could potentially dilute basic net income (loss) per share in the future but that were not included in the computation of diluted net income (loss) per share because to do so would have increased (decreased) the net income (loss) per share (anti-dilutive) are as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
Stock options	1,847,500	7,709,746
Convertible debentures	-	20,845,387
Warrants	-	8,086,637
	1,847,500	36,641,770

14. INVESTMENTS IN ASSOCIATES

The carrying value of investments in associates consist of:

	ALPHA-CANNABIS PHARMA GMBH (A)	EVIANA HEALTH CORPORATION (B)	HYASYNTH BIOLOGICALS INC. (C)	TOTAL
Participating share (1)	25.0%	19.9%	43.4%	
Balance, September 1, 2018	$ -	$ -	$ -	$ -
Additions	3,408	5,000	5,000	13,408
Transaction costs	160	73	89	322
Distributions	-	(374)	-	(374)
Share of net income (loss)	(50)	(734)	(477)	(1,261)
Impairment loss	-	(950)	-	(950)
Foreign currency translation gain (loss)	(22)	(15)	-	(37)
Balance, August 31, 2019 (2)	$ 3,496	$ 3,000	$ 4,612	$ 11,108

Note 1: % Interest includes the potential ownership interest that could result from the conversion of debentures and exercise of warrants

Note 2: OHI utilizes the most recently issued quarterly financial statements of its associates in its results with a two months lag since the Company does not have the same reporting date as its associates (for example, for the period ended August 31, OHI utilizes its associates' June 30 results)

The following table presents current and non-current assets, current and non-current liabilities as well as revenues and net loss of the Company's material investments in equity method investees for the year ended June 30, 2019, the most recently issued quarterly financial statements:

	EVIANA HEALTH CORPORATION	HYASYNTH BIOLOGICALS INC.
Statement of financial position		
Current assets	$ 10,024	$ 3,223
Non-current assets	3,173	484
Current liabilities	1,329	62
Non-current liabilities (Note 1)	8,290	5,175
Statement of comprehensive loss (Note 2)		
Revenue	-	-
Net income (loss) to shareholders	(1,626)	(1,098)
Other comprehensive income (loss) to shareholders	(319)	-
Comprehensive income (loss) to shareholders	$ (1,945)	$ (1,098)

Note 1: Non-current liabilities include OHI's convertible debenture investment at its carrying value of $5,000 and $5,000 (excluding capitalized transaction costs and equity discount), for Eviana Health Corporation and Hyasynth Biologicals Inc., respectively.

Note 2: Net loss is from the date of acquisition to June 30, 2019 as per the associates' most recently issued quarterly financial statements.

a) alpha-cannabis Pharma GmbH

On October 10, 2018, OHI executed an investment agreement with alpha-cannabis® Pharma GmbH ("ACG") pursuant to which the Company acquired 8,333 common shares of ACG, representing a 25% stake in the capital of ACG, for aggregate proceeds of €1,625 ($2,436). Established in 2016, ACG is a privately-held company that is strategically positioned to serve the German medical cannabis market.

The Company has a commitment to deliver additional consideration of up to €875 in the form of OHI shares contingent on the achievement of certain gross margin-based milestones. The Company has estimated the fair value of these contingent shares as €649 ($972) as of the investment date and has included a corresponding long-term liability as a contingent share consideration in the statement of financial position. At August 31, 2019, the Company revalued the contingent liability and recorded a corresponding loss in the statement of operations of $145 for the year then ended.

Concurrent with the Company's investment in ACG, the parties entered into a CBD supply agreement, whereby ACG may supply the Company with synthetic CBD, as well as a cannabis supply agreement, whereby OHI may supply ACG with dried cannabis flowers.

b) Eviana Health Corporation

On October 2, 2018, OHI participated in the debenture offering of Eviana Health Corporation ("Eviana") by way of private placement. Eviana is a Canadian Securities Exchange (CSE) listed company that was established with the aim of delivering customized consumer health care products using natural hemp strains of cannabis sativa for cannabinoid-based topical creams and products. The Company's investment is in the form of convertible debentures and share purchase warrants, which together provide a potential ownership interest of up to 21.4%, which is capped at 19.9% based on certain Canadian securities regulations and contractual obligations. In addition to this ownership interest, the Company also considered various qualitative factors in arriving at the determination that significant influence exists, including representation on Eviana's board of directors, and thereby concluding that the equity method of accounting is appropriate.

The convertible debentures have a face value of $5,000, bear interest at 10% per annum, are non-redeemable, and mature on October 2, 2020. The convertible debentures are convertible at the option of the holder at any time at a price of $1.15 per share, or into 4,347,826 common shares. Conversion of the debentures may be forced by Eviana in the event that the volume weighted average price of the common shares of Eviana for ten consecutive days is greater than $2.15, subject to a minimum volume of 100,000 shares in each of those 10 days.

The share purchase warrants were acquired for no additional consideration, concurrent with the debenture offering, are transferrable, and are exercisable until October 2, 2020. 2,500 share purchase warrant units were acquired, each of which is convertible into 870 common shares per unit, or 2,175,000 common shares in aggregate, at an exercise price of $1.30 per share.

Concurrent with the Company's investment in Eviana, the parties entered into a CBD oil supply agreement, whereby the Company has the right, but not obligation, to purchase up to 25% of Eviana's annual CBD oil at 95% of the agreed raw CBD oil wholesale market price for a period of 5 years from the date on which the CBD oil is first made commercially available by Eviana for wholesale.

At August 31, 2019, the Company identified indicators of impairment with respect to its investment in Eviana. The Company determined the recoverable amount of Eviana to approximate $3,000 based on a value in use ("VIU") model that applied a discount rate of 35% to the forecast interest and principal payments of the debt component of the convertible debenture. If the discount rate were increased (decreased) by 5%, the impairment loss for the year-ended August 31, 2019 would increase (decrease) by $262.

c) Hyasynth Biologicals Inc.

On September 12, 2018, OHI invested in Hyasynth Biologicals Inc. ("Hyasynth") by way of convertible secured debentures, to be purchased in three tranches and valued in the aggregate at $10,000. Tranche 1 was issued on this date and there are two additional Tranches that may be issued based on the achievement of specific milestones. Hyasynth is a privately-held biotechnology company based in Montreal and leader in the field of cannabinoid science and biosynthesis. The Company's investment is in the form of convertible debentures, which provide a potential ownership interest of up to 43.4% based on Tranche 1. In addition to the ownership interest, the Company also considered various qualitative factors in arriving at the determination that significant influence exists, including representation on Hyasynth's board of directors, and thereby concluded that the equity method of accounting is appropriate.

Tranche 1 of the convertible debentures have a face value of $5,000, bear interest at 8.0% per annum, are secured, and mature on the earlier of August 31, 2023 or the closing date of a qualified sale transaction, unless an automatic or optional conversion has occurred. Tranche 1 of the convertible debentures are convertible at the option of the holder at any time at a price of $40 per share, or into 125,000 common shares. Conversion of the debentures may be automatically triggered based on the completion of a qualified transaction or Hyasynth's facility reaching a pre-defined production capacity. Tranche 2 and 3 of the convertible debentures, each of which commit $2.5 million for an aggregate of $5 million, have certain production-related milestones that must be achieved within a 24- and 36-month period, respectively, for issuance to occur.

Concurrent with the Company's investment in Hyasynth, the parties entered into a CBD supply agreement, whereby the Company has the ability to purchase up to 100% of Hyasynth's annual cannabinoid or cannabinoid-related production at a 10% discount to the agreed upon wholesale market price for a period of 10 years from the date Hyasynth commences commercial production of the products.

15. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. The transactions are conducted at arm's length and in the normal course of operations.

(i) Management and Board compensation

For the years ended August 31, 2019 and 2018, the Company's expenses included the following management and board compensation:

	AUGUST 31, 2019	AUGUST 31, 2018
Salaries and consulting fees	$ 2,521	$ 2,094
Share-based compensation	5,155	3,939
Total key management compensation	$ 7,676	$ 6,033

During the year ended August 31, 2019, 685,000 stock options (August 31, 2018 – 1,461,648) were granted to key management personnel at an average exercise price of $4.75 (August 31, 2018 - $3.63) and aggregate fair value of $1,736 (August 31, 2018 - $2,417). In addition, during the year ended August 31, 2019, 631,949 RSUs (August 31, 2018 – 129,962), were granted to key management personnel with an aggregate fair value of $3,002 (August 31, 2018 – $856).

During the year ended August 31, 2019, 37,500 share purchase warrants (August 31, 2018 – nil) were exercised by key management personnel and directors at an exercise price of $4.00 per share.

(ii) Significant transactions with associates

For the year ended August 31, 2019, the Company received interest income of $374 (August 31, 2018 - $nil) on its convertible debenture investment in Eviana disclosed in Note 14, which has been recorded as distributions under the equity accounting method. The Company had no other transactions nor any balances outstanding with its associates.

16. CAPITAL MANAGEMENT

The Company considers its capital to consist of share capital, reserve for options and warrants, long-term debt, unsecured convertible debentures, accumulated other comprehensive income, and retained earnings, which is disclosed in the August 31, 2019 consolidated statement of financial position as $376,582 (August 31, 2018 - $283,758).

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

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

17. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

i) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, short-term investments (including marketable securities), accounts receivable, loan receivable, accounts payable and accrued liabilities, long-term debt, unsecured convertible debentures, and contingent share consideration.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of cash and cash equivalents, short-term investments, accounts receivable, loan receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature. The fair value of marketable securities is based on quoted prices in active markets and is reflected in the carrying value of these financial assets. The fair value of long-term debt approximates $50,412.

The fair value of the contingent share consideration is based on Level 3 unobservable inputs. The determination of the fair value of this liability is primarily driven by the Company's expectations of the investment in associate achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At August 31, 2019, the probability of achieving the milestones was estimated to be 100% and the discount rate was estimated to be 20%. If the probabilities of achieving the milestones decreased by 10%, the estimated fair value of the contingent share consideration would decrease by approximately $160. If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would decrease or increase, respectively, by approximately $46.

During the period, there were no transfers of amounts between Levels 1, 2 and 3.

ii) Financial Risk Factors

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

(i) **Credit risk** arises from deposits with banks, short-term investments (excluding investments in equity securities), and outstanding trade and loan receivables. For trade 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. For other receivables, out of the normal course of business such as the loan receivable, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk approximates the $64,476 (August 31, 2018 - $133,800) of cash, short term investments, accounts receivable, and loans receivable on the balance sheet.

As of August 31, 2019 and 2018, the Company's aging of trade receivables was approximately as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
0-60 days	$ 11,748	$ 353
61-120 days	152	488
Gross trade receivables	$ 11,900	$ 841
Less: Provision for doubtful accounts	(268)	(48)
	$ 11,632	$ 793

(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, 2019, the Company had $47,555 (August 31, 2018 – $55,064) of cash and working capital of $152,417 (August 31, 2018 - $191,964). Further, the Company has access additional capital by way of its committed debt Facilities as described in Note 11.

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

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 40,355	$ 40,355	$ 40,355	-	-	-
Long-term debt	49,576	50,412	3,830	46,410	127	45
Interest payments	-	6,696	2,232	4,464	-	-
Operating lease obligations	-	3,074	1,180	993	901	-
	$ 89,931	$ 100,537	$ 47,597	$ 51,867	$ 1,028	$ 45

The contractual maturities noted above are based on contractual due dates of the respective financial liabilities. Interest payments for the BMO Term Loan are based on the cash interest rate in effect at August 31, 2019, which is subject to change as described in Note 11.

In connection with the Company's Moncton Campus expansion plans, the Company is contractually committed to approximately $20,000 of capital expenditures. An incremental $52,800 of uncommitted capital expenditures are estimated to be required to meet the Company's planned growth and activities, most of which pertains to the Phase 4 and Phase 5 expansion plans.

(iii) **Market risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises of:

> **Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk at August 31, 2019 pursuant to the variable rate loans described in Note 11. A 1% change in benchmark interest rates will increase or decrease the Company's interest expense by $500 (August 31, 2019 - $29) per year.

18. REVENUE

During the three months ended May 31, 2019, the Company determined that the classification of sales returns and recoveries is more accurately reflected as and most comparable to industry peers as a component of gross revenue rather than a separate line in the statement of operations. As a result, sales recoveries of $493 have been reclassified from sales returns to gross revenue for year ended August 31, 2018 to conform to the current year presentation. The net recovery for the prior year comparative period was due to unused credits previously issued through a client credit program, which expired on March 6, 2018. Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Revenues are disaggregated as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
Adult-use recreational wholesale revenue (Canadian)	$ 85,018	$ -
Direct to patient medical revenue (Canadian)	11,192	11,002
Wholesale to Licensed Producers revenue (Canadian)	709	-
International (business to business)	98	-
Other revenue	530	1,427
Gross revenue	$ 97,547	$ 12,429
Excise taxes	(17,134)	-
Net revenue	$ 80,413	$ 12,429

Recreational revenue is primarily comprised of provincial government bodies and large retailers that sell cannabis through their respective distribution models, whereas wholesale revenue is comprised of wholesale shipments to other cannabis companies, including licensed producers, for further processing and sales onto end customers.

During the year ended August 31, 2019, the Company had 2 customers that individually represented more than 10% of the Company's net revenue.

19. INDIRECT PRODUCTION

The production cost of late-stage biological assets that are disposed of, inventory that does not pass the Company's quality assurance standards, and obsolete packaging are expensed to indirect production. For the year ended August 31, 2019, $4,733 (August 31, 2018 – $1,289) was recorded as indirect production.

20. CONTINGENCIES

The Company recognizes loss contingency provisions for probable losses when management can reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the mid-point of the range is used. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

During 2015, the Company was named as a defendant in a lawsuit in New Brunswick for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation. The Company believes the lawsuit to be without merit though it will rigorously defend the action. No amount has been accrued in relation to the consolidated financial statements for the claim.

On March 3, 2017, a claim in connection with a proposed class-action lawsuit (the "Claim") was filed with the Supreme Court of Nova Scotia seeking to represent a class who purchased medical marijuana that was the subject of the Company's product recalls in December 2016 and January 2017 as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use by licensed producers. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, and (v) breach of the Competition Act, the Consumer Protection Act, and the Sale of Goods Act, and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs. The Claim also contains a request for an order certifying the proceeding as a class proceeding.

The March 3, 2017 Claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product.

The Company and its insurers are contesting the litigation. The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements since a reliable estimate cannot be made of the amount of the potential obligation.

During late June 2018, certification hearings were heard before the Court in Halifax, Nova Scotia. On January 18, 2019, the Court issued its decision granting certification. On March 4, 2019, the Company filed a notice for leave to appeal the certification of the class action brought against it. Leave to appeal was granted and the appeal was heard on October 15, 2019. The decision from the appeal hearing is pending.

The Company is contesting the litigation. The Company reported the Claim to its insurance provider which appointed counsel to defend the Claim. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the Claim although the Company's coverage may be subject to varying limits and exclusions. The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

21. INCOME TAXES

There are no current income taxes payable or recoverable for the year ended August 31, 2019.

Components of deferred income tax expense are as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
Origination and reversal of temporary differences	$ 1,987	$ 8,644
Change in tax rate and rate differences	281	178
Change in unrecognized temporary differences	1,349	(3,165)
Prior period adjustments	12	(4)
Total income tax expense	3,629	5,653

A reconciliation of income tax expense at the statutory rate to amounts recorded in the consolidated financial statements is provided below.

	AUGUST 31, 2019	AUGUST 31, 2018
Income (loss) from continuing operations before income taxes	$ (5,875)	$ 27,777
Statutory rate	29.00%	29.00%
Tax calculated at statutory rate	(1,704)	8,055
Non-deductible (non-taxable) items	3,742	742
Difference between current and future tax rates	281	74
Benefit of deductible temporary differences not recognized	1,349	(3,165)
Other	(39)	(53)
Income tax expense per financial statements	$ 3,629	$ 5,653

Recognized deferred tax assets and liabilities consist of the following:

	AUGUST 31, 2019	AUGUST 31, 2018
Deferred tax assets are attributable to the following:		
Non-capital losses	$ 10,708	$ 8,604
Share issuance costs	-	1,657
	-	32
Deferred tax assets	10,708	10,293
Set-off of tax	(10,708)	(10,293)
Net deferred tax asset	$ -	$ -
Deferred tax liabilities are attributable to the following:		
Long-term assets	$ (4,983)	$ (1,275)
Biological assets	(961)	(3,307)
Inventories	(15,200)	(10,385)
Unsecured convertible debentures	-	(3,306)
Other	(35)	-
Deferred tax liabilities	(21,179)	(18,273)
Set-off of tax	10,708	10,293
Net deferred tax liability	$ (10,471)	$ (7,980)

The changes in temporary differences during the years ended August 31, 2019 and 2018 were as follows:

	NET BALANCE AT AUGUST 31, 2018	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2019
Non-capital losses	$ 8,604	$ 2,723	$ (619)	$ 10,708
Share issuance costs	1,657	-	(1,657)	-
PP&E	(1,275)	(3,708)	-	(4,983)
Biological assets	(3,307)	2,346	-	(961)
Inventories	(10,385)	(4,815)	-	(15,200)
Unsecured convertible debentures	(3,306)	(108)	3,414	-
Other	32	(67)	-	(35)
Net tax assets (liabilities)	$ (7,980)	$ (3,629)	$ 1,138	$ (10,471)

	NET BALANCE AT AUGUST 31, 2017	RECOGNIZED IN PROFIT OR LOSS	RECOGNIZED DIRECTLY IN EQUITY & OCI	NET BALANCE AT AUGUST 31, 2018
Non-capital losses	$ 132	$ 7,797	$ 675	$ 8,604
Share issuance costs	-	-	1,657	1,657
PP&E	(132)	(1,143)	-	(1,275)
Biological assets	-	(3,307)	-	(3,307)
Inventories	-	(10,385)	-	(10,385)
Unsecured convertible debentures	-	1,353	(4,659)	(3,306)
Other	-	32	-	32
Net tax assets (liabilities)	$ -	$ (5,653)	$ (2,327)	$ (7,980)

At August 31, 2019, the Company has non-capital loss carryforwards available to offset future taxable income in Canada, which expire as follows:

	AUGUST 31, 2019
August 31, 2035	$ 1,070
August 31, 2037	11,727
August 31, 2038	16,690
August 31, 2039	11,562
	$ 41,049

The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	AUGUST 31, 2019	AUGUST 31, 2018
Deductible temporary differences	$ 12,010	$ 1,467
Tax losses	3,809	1,219
	$ 15,819	$ 2,686

22. SEGMENTED INFORMATION

The Company previously operated in two operating segments – production and sale of cannabis and patient counselling, operating as THC. THC was disposed of on October 16, 2018 (see Note 25). As a result, the Company currently operates in only one operating segment, the production and sale of cannabis. All assets for the production and sale of cannabis segment are domiciled within Canada and effectively all revenues are generated in Canada, except those revenues disclosure in Note 18.

23. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE (excluding discontinued operations)

	AUGUST 31, 2019	AUGUST 31, 2018
Office and general	$ 7,942	$ 1,465
Professional fees	4,636	684
Wages and benefits	4,443	2,520
Depreciation and amortization	664	509
Travel and accommodation	456	345
Research and development	409	-
Utilities	43	29
Total general and administrative expenses	$ 18,593	$ 5,552

24. LICENSING AND ENDORSEMENT AGREEMENT

On October 4, 2016, the Company entered into a Licensing and Endorsement Agreement with Swear Net Inc. (the Trailer Park Boys “TPB”) for an exclusive product and branding partnership. In exchange for services, the Company paid $100 in cash and issued 150,000 options at a strike price of $1.52 per share. The fee is being recognized over the life of the agreement of five years as services are delivered. For the year ended August 31, 2019, $99 (August 31, 2018 - $120) has been amortized to share-based compensation and $32 (August 31, 2018 - $nil) has been amortized to selling and marketing expenses. At August 31, 2019, the Company has recorded the current portion of the cash payment and stock options fee of $89 (August 31, 2018 - $122) as a prepaid expense and the long-term portion of the fee of $24 (August 31, 2018 - $46) in deferred charges on the consolidated statements of financial position.

Under the agreement, the Company issued an additional 350,000 in options at a price of $1.52 which vest in accordance with certain conditions being met and a royalty payment of 4% of gross revenues generated specifically from the sales and promotion of certain products as set out in the agreement. As of August 31, 2019, these conditions have been met. For the year ended August 31, 2019, $51 has been expensed (August 31, 2018 – $155) to share-based compensation. At August 31, 2019, the Company has recorded the current portion of the stock options fee of $51 (August 31, 2018 - $51) as a prepaid expense and the long-term portion of the fee of $55 (August 31, 2018 - $106) in deferred charges on the consolidated statements of financial position.

25. OPERATIONS OF TRAUMA HEALING CENTERS

Trauma Healing Centers, Incorporated ("THC") offered a multi-disciplinary approach to post traumatic stress disorder treatment, chronic pain, trauma therapy, and medical cannabis as an alternative medicine.

During the fourth quarter of fiscal year 2018, management decided to divest of operations of THC. Consequently, assets and liabilities allocable to THC were classified as a disposal group. Revenue and expenses, gains and losses relating to the discontinuation of THC have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item in the statements of (loss) income and comprehensive (loss) income.

Operating income (loss) of THC and the loss from re-measurement of assets and liabilities classified as held for sale are summarized as follows up to the date of disposal (see below):

	FOR THE PERIOD SEPTEMBER 1, 2018 TO OCTOBER 16, 2018	FOR THE YEAR ENDED AUGUST 31, 2018
Revenue		
Sales	$ 138	$ 1,154
Cost of sales	54	537
Gross margin from discontinued operations	84	617
Expenses		
General and administrative	75	941
Sales and marketing	-	60
Impairment of goodwill	-	1,228
Total expenses	75	2,229
Investment income (expense)	-	1
Income (loss) from operations	$ 9	$ (1,611)
Loss on remeasurement to fair value less costs to sell	(47)	-
Loss on discontinued operations	$ (38)	$ (1,611)

The carrying amounts of assets and liabilities in this disposal group are summarized as follows:

	AUGUST 31, 2018
Current Assets	
Cash	$ 102
Accounts receivable	88
Other current assets	9
	199
Property, plant and equipment	89
Goodwill	927
Assets classified as held for sale	$ 1,215
Current liabilities	
Accounts payable and accrued liabilities	$ 65

Cash flows generated by THC for the reporting periods are summarized as follows:

	FOR THE PERIOD SEPTEMBER 1, 2018 TO OCTOBER 16, 2018	FOR THE YEAR ENDED AUGUST 31, 2018
Operating activities	$ (35)	$ (449)
Investing activites	-	(32)
Cash used by discounted operations	$ (35)	$ (481)

On October 16, 2018, the Company sold THC to Harvest Medicine (HMED). HMED is a wholly-owned subsidiary of VIVO Cannabis Inc. (VIVO). The transaction resulted in HMED acquiring 100% of the issued and outstanding shares of THC from the Company. The total purchase price for the shares was $1,141 which was satisfied by the issuance of 864,678 common shares in the capital of VIVO at a share price of $1.32. This non-cash investing activity has been excluded from the statement of cash flows as it did not use or provide any cash. The derecognized assets and liabilities on October 16, 2018 were as follows:

Derecognized assets and liabilities		
Cash	$	96
Accounts receivable		140
Other current assets		9
Property, plant and equipment		86
Goodwill		880
Trade and other payables		(70)
Net assets disposed	$	1,141
Fair value of consideration received	$	1,141
Gain/(loss) on disposal		-

26. PRIOR PERIOD RECLASSIFICATION

At the beginning of the 2019 fiscal year, the first fiscal year in which the Company completed sales to the adult-use recreational cannabis market, it was determined that the classification of shipping expenses is more accurately reflected as a component of cost of sales rather than sales and marketing expenses. As a result, shipping expenses of $866 have been reclassified from sales and marketing expenses to cost of sales for the year ended August 31, 2018 to conform to the current year presentation.

27. SUBSEQUENT EVENTS

(i) Issuance of stock options

On September 30, 2019, the Company issued 220,000 employee options to purchase 220,000 common shares of the Company, to employees of OGI, at an exercise price of $5.05 per share. The options vest over a two-year period. Vested options may be exercised until 2029, subject to forfeiture provisions requiring the options to expire ninety days after termination of the individual's employment. The fair value is estimated at $549.

On October 7, 2019, the Company issued 218,370 RSUs and 142,187 PSUs of the Company, to certain employees and directors of the Company. The RSUs vest evenly over a three-year period with the first tranche vesting on August 31, 2020 with a fair value estimated at $937. The PSUs vest based on the achievement of performance metrics designed for each respective unit holder for the fiscal year ended August 31, 2020 with a fair value estimated at $305.

On October 24, 2019, the Company issued 200,000 employee options to purchase 200,000 common shares of the Company, to employees of OGI, at an exercise price of $4.71 per share. The options vest over a two-year period. Vested options may be exercised until 2029, subject to forfeiture provisions requiring the options to expire ninety days after termination of the individual's employment. The fair value is estimated at $532.

(ii) 1812 Hemp loan advance

During September 2019, the Company advanced an additional $2,100 to 1812 Hemp in connection with the advance payment agreement described in Note 6.

(iii) BMO Credit Facility

During October 2019, the Company drew $15,000 against its BMO Term Loan credit facility, bringing the total balance outstanding on the Term Loan to $65,000 as of the date of these financial statements.

On November 15, 2019, the Company amended its Facilities with BMO to: i) extend the final draw deadline of the Term Loan from November 30, 2019 to March 31, 2020; ii) postpone the commencement of scheduled principal repayments on the Term Loan to May 31, 2020; and iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020, which will also provide the Company with greater flexibility around the timing and quantum of incremental draws. The financial covenants will revert back to the original structure on August 31, 2020. The interest rate margin will be fixed during this period. The Company incurred an amendment fee of $140 plus customary legal expenses in connection with the amendment.

ORGANIGRAM

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Organigram Holdings Inc.

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

For the three months and year ended August 31, 2019

ORGANIGRAM

ORGANIGRAM'S PORTFOLIO OF ADULT RECREATIONAL CANNABIS BRANDS:

The Edison Cannabis Co. is a premium and modern brand for discerning consumers. Focused on the pillars of quality, sophistication, creativity and innovation, Edison delivers second-to-none quality and a contemporary cannabis experience.

Following years of organic cultivation comes ANKR, to be produced through a certified organic process intended for an educated, affluent consumer who recognizes the value in organically grown goods and expected to launch in 2020.

Trailblazer is a celebration of citizens, industry and government officials who have worked to support the modern cannabis culture we enjoy in Canada today. The brand is composed of quality dried cannabis for value-conscious consumers.





A Message from our CEO

Fiscal 2019 was a remarkable year for the Canadian cannabis industry, marked by significant milestones for Organigram. We successfully entered the adult-use recreational market in Canada ("Rec 1.0") in the Fall of 2018.

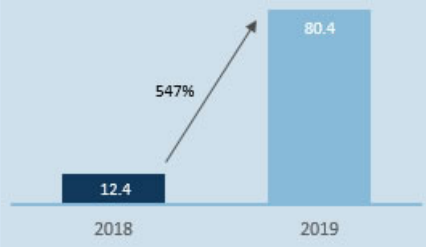
We focused on our core competencies offering high-quality products such as pre-rolls, dried flower and oils and provided our medical patients and recreational customers with product diversity as well as availability to build the brand equity we have today.

We established a national footprint with coast to coast distribution of our adult-use recreational products.

We believe Organigram has emerged as one of the leaders in the Canadian cannabis market.



NET REVENUE ($M)



We generated strong financial results in Fiscal 2019. Not only did we grow net revenue by 547% from $12.4 million in 2018 to $80.4 million in 2019, we also reported positive adjusted EBITDA[1] of $19.9 million. Fiscal 2019 net loss from continuing operations was $9.5 million compared to prior year net income from continuing operations of $22.1 largely due to non-cash fair value changes to biological assets and inventory.

We remain relentlessly focused on generating an attractive return on investment for shareholders sustainable over the long-term. We are one of the leaders among our peers in reporting positive adjusted EBITDA margin[1] of 25% (as a percentage of net revenue) for the year. This was driven in large part from an adjusted gross margin of $37.9 million (or 47% of net revenue), as well as prudent discretionary spending and cost management. We believe our overhead (including executive compensation), general and administrative, and sales and marketing expenses continue to compare favorably to our peers.

Operational excellence allowed us to deliver against our supply commitments and consistently keep product on the shelves which ultimately translated to our strong financial results. Our indoor, state-of the-art facility allows us to control all critical facets of the growing environment to provide a consistent quality product at a low cost of cultivation.

> "We believe we have achieved the best of both worlds: high quality product and a low cost of production."

Our decisions are guided by lean manufacturing principles, and a culture of continuous improvement. *OrganiGrow*, our own in-house proprietary software, tracks all grow cycles by harvest period, strain, environmental conditions and other salient factors so we can then refine and optimize our growing methods. Today, we are seeing the cannabinoid content in our harvested cannabis reach all-time highs while also consistently generating high yields.

In addition to strong operating and financial results, we believe market share is an important indication of success for a Licensed Producer. The ultimate sell through to end consumers is a strong predictor of long-term sustainable revenue.

We receive market share analysis from certain Canadian provinces. Based on this information and other data points accessible to us, we believe we have an enviable market share in the national adult-use recreational market. For example, Organigram is one of the major players in the Ontario market. On the first anniversary of adult-use recreational legalization, the Company noted the Ontario Cannabis Store ("OCS") reported its Edison brand had the top three selling pre-rolls in the province with its *City Lights*, *Rio Bravo* and *Casablanca* strains taking the top three positions, respectively.[2] In addition, *Rio Bravo* and *Casablanca* were highlighted as two of the top five strains ordered on the OCS website.[3]

Our commitment to quality and continuous improvement is unwavering. Since the launch of the adult-use program, we have made significant product advances. All of our Edison dried flower formats now ship in attractive blue containers with foil seals and Integra moisture packs which differentiates our product from many of our competitors'. Customer feedback related to these changes has been noted in-store and online.

[1] Adjusted EBITDA, adjusted EBITDA margin and adjusted gross margin are non-IFRS financial measures. See the cautionary statement regarding non-IFRS financial measures and the reconciliation to IFRS measures in the Company's Q4 2019 MD&A.

[2] https://ocs.ca/blogs/shopping-at-ocs/top-sellers-of-2019

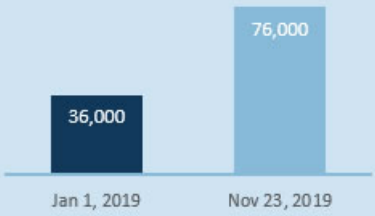
[3] https://ocs.ca/blogs/shopping-at-ocs/infographic

We were acknowledged for our products and brands at the 2019 Canadian Cannabis Awards spanning medical and recreational product portfolios. We won the Top Product Award in the High THC Bottled Oil Category for our medical product, Rossignol, and we were also recognized in seven other categories:



In 2019, we more than doubled our licensed target production capacity with our Phase 4 expansion at our Moncton campus facility. We are encouraged by recent announcements to increase the number of retail stores in major markets such as Ontario and Quebec. However, after much consideration we have made a strategic decision to delay final completion of 4C (the final stage of our Phase 4 expansion), previously targeted for the end of calendar 2019, until there is more clarity on the timing and magnitude of the retail network expansion. As such, we can more effectively manage and prioritize cash flow and it also offers us optionality to use the space for other opportunities. To date, we have made significant construction progress on Phase 4C, such that we expect to be able to complete remaining construction in a short timeframe once we get more clarity on store openings to satisfy consumer demand.

MORE THAN DOUBLED LICENSED PRODUCTION CAPACITY (KG/YR)*



[1] Target production capacity once fully operational. Several factors can cause actual capacity to differ from estimates. See "Risks and Uncertainties" in the Company's Q4 2019 MD&A.

During the year, we converted and settled our outstanding convertible debentures and also closed a traditional debt financing with a syndicate led by a Canadian chartered bank.

On the capital markets front, our Common Shares began trading on the NASDAQ Global Select Market in the U.S. and the Toronto Stock Exchange in Canada, providing us greater access to both institutional and international investors.

In our view, the next few quarters will be foundational for us and the Canadian cannabis industry as preparations are made for the launch of edibles and derivative products ("Rec 2.0") and the retail network expands.

We intend to apply the same approach to Rec 2.0 as we did for Rec 1.0. We will strive for consistent delivery on orders and consistent product availability. It is our view that provincial distributors will have greater confidence in companies which have to date provided a more consistent product supply.

Organigram is prepared for the second wave of Ontario retail stores which are expected to triple the existing network. Ontario's October 2019 announcement to expand the retail network beyond these additional stores should be an important catalyst to drive further growth for Organigram and the industry. The Société québécoise du cannabis also announced plans to double its number of stores and B.C. and Alberta's robust networks continues to grow to meet consumer demand.

Since Organigram offered product supply and availability following legalization, we had early visibility of product sell through. As such, we are already well underway in aligning our strategy and production mix to emerging consumer preferences.

" Again, our priority is to deploy a disciplined capital allocation approach with a focus on achieving sustainable and attractive return on investment for our shareholders."

We are making excellent progress in our plans to launch edibles and derivative-based products to capture the next growth opportunity in Canada. We have a comprehensive strategy for a range of differentiated products focused on the most popular forms – vape pens and edibles. We believe these products will be highly appealing to consumers., Through our exclusive consulting agreement with TGS International LLC ("TGS"), a vertically integrated cannabis company in Colorado, we have key insights into market trends and consumer preferences based on experience in a mature market. Ultimately, the margins on these products are expected to depend largely on the product, brand and the efficiency in the production of the consumer-packaged goods ("CPG") products. As such, we have secured strong expertise and strategic brand partners, supported by state-of-the-art technology and automation, many of the same tenets that made us successful in Rec 1.0.

Our Phase 5 refurbishment designed under European Union GMP standards for our own edibles and derivatives facility and additional extraction capacity, remains on schedule. We plan to launch one line of vape pens as soon as the regulations allow in December with another two lines planned for early January 2020. We plan to follow this launch with premium cannabis-infused chocolates and powdered beverage products in Q1 and Q2 of calendar 2020, respectively.

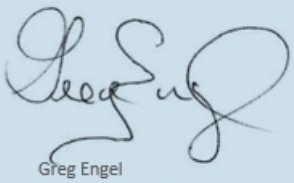
There is no question we are extremely excited about the future. We often get asked about our strategy longer term when supply meets real consumer demand in the Canadian market. First, we believe the U.S. and international markets represent tremendous opportunities and we plan to further participate in these markets subject to compliance with applicable laws. We are hard at work on this strategy.

Our indoor facility allows us to consistently produce high-quality dried flower at a low cost of cultivation. We have observed little price compression in mature U.S. markets for high-quality dried flower which positions us well to capture margins in this segment should the same trend repeat in Canada. We estimate dried flower and pre-rolls will represent as much as half of adult-use recreational consumer demand once Rec 2.0 is established.

Separately, our investment in biosynthesis has the potential to offer us access to major and minor cannabinoids at a fraction of the cost of traditional cultivation. To date and to our knowledge, Organigram is one of only two Canadian LPs to make a strategic investment in biosynthesis. This is a technology which has the potential to significantly disrupt the cannabis industry. Biosynthesis has many advantages over traditional cultivation, including reduced operating and capital costs, scalability, consistency, superior purity, smaller environmental footprint, and the ability to meet the even more rigorous standards of CPG and pharmaceutical companies. Not only can the product be used as inputs to edibles and derivative-based products, but perhaps most importantly to the future of the industry, the technology has the potential to produce pure minor cannabinoids (of which there are over 100) at scale. We expect this will fuel future research and development to effectively explore the many possible benefits these components may offer, ranging from potential anti-bacterial treatments to appetite suppressant agents.

We would like to thank our customers, patients and fellow shareholders for their loyalty and support. We encourage the investment community to differentiate amongst producers for companies like Organigram which have: a track record of execution and strong results in an emerging industry; a focus on earning attractive returns on investment; and strong corporate governance, including a majority independent Board of Directors to act in their best interests. And I would like to thank our Board of Directors for their guidance and support in navigating this challenging but very rewarding year.

Last but certainly not least, it is the over 700 employees of the Organigram team who have made it all possible. I am extremely proud to be leading them into the next exciting chapter of our history.



Greg Engel
Chief Executive Officer

INTRODUCTION

This Management's Discussion and Analysis dated November 23, 2019 (this "MD&A"), should be read in conjunction with the audited annual consolidated financial statements (the "Financial Statements") of Organigram Holdings Inc. (the "Company" or "Organigram") for the year ended August 31, 2019 ("Fiscal 2019" or "Q4 Fiscal 2019" when referring to the three months ended August 31, 2019), including the accompanying notes thereto.

Financial data in this MD&A is based on the consolidated Financial Statements of the Company for the year ended August 31, 2019 and are expressed in thousands of Canadian dollars ("$"), except for share and per share calculations, references to $ millions, per gram ("g") or kilogram ("kg") of dried flower and per milliliter ("mL") or liter ("L") of oil calculations, and prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), unless otherwise stated.

Financial figures relating to prior periods in the eight-quarter comparative table captioned "Summary of Quarterly Results" have been restated due to the reclassification of discontinued operations (see note 25 of the Financial Statements), the reclassification of shipping expense from selling and marketing expense to cost of sales (see note 26 of the Financial Statements), and the reclassification of sales recoveries and returns into gross revenues (see note 18 of the Financial Statements).

The financial information in this MD&A contains certain financial and operational performance measures that are not defined by and do not have any standardized meaning under IFRS; and are used by management to assess the financial and operational performance of the Company. These include, but are not limited to, the following:

- Yield per plant (in grams);
- Dried flower equivalent ("DFE", in grams or kilograms);
- Plants per room;
- Target production capacity;
- Cost of cultivation per gram harvested (both "cash" and "all-in"); and
- Adjusted EBITDA.

The Company believes that these non-IFRS financial measures and operational performance measures, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and prospects in a similar manner to the Company's management. The non-IFRS financial performance measures are defined and reconciled to IFRS in the sections in which they appear.

As there are no standardized methods of calculating these non-IFRS measures, the Company's approaches may differ from those used by others, and accordingly, the use of these measures may not be directly comparable. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Company's wholly-owned subsidiary, Organigram Inc. ("OGI"), is a licensed producer of cannabis and cannabis derived products (a "Licensed Producer" or "LP") under the *Cannabis Act* (Canada) and the *Cannabis Regulations* (Canada) (together, the "Cannabis Act") and regulated by Health Canada.

The Company's head and registered offices are located at 35 English Drive, Moncton, New Brunswick, E1E 3X3. Any inquiries regarding the Company may be directed to its Vice President, Investor Relations, Amy Schwalm, at (416) 704-9057 or by email to investorrelations@organigram.ca. The Company's common shares ("Common Shares") are listed on the Nasdaq Global Select Market ("NASDAQ") and on the Toronto Stock Exchange ("TSX") under the symbol "OGI".

Additional information relating to the Company, including the Company's most recent Annual Information Form (the "AIF") is available under the Company's issuer profile on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Our reports and other information filed with or furnished to the United States Securities and Exchange Commission ("SEC") are available on the SEC's Electronic Document Gathering and Retrieval System ("EDGAR") at www.sec.gov.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation ("forward-looking information"). Forward-looking information, in general, can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "could", "would", "might", "expect", "intend", "estimate", "anticipate", "believe", "plan", "continue", "budget", "schedule" or "forecast" or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, forecasts or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the Company's plans and objectives, or estimates or predictions of actions of customers, suppliers, partners, distributors, competitors or regulatory authorities; and, statements regarding the Company's 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. Forward-looking information has been based on the Company's current expectations about future events.

Certain forward-looking information in this MD&A include, but are not limited to the following:

- Moncton Campus (as defined herein) expansion plans, licensing and target production capacity and timing thereof;
- Expectations regarding production capacity, facility size, costs and yields;
- Expectations around future opportunities and sales including the relative mix of medical versus adult-use recreational products, the Company's financial position, future liquidity and other financial results;
- Legislation of additional cannabis types and forms for adult-use in Canada including regulations relating thereto and the implementation thereof and our future product forms;
- Expectations around derivative-based products timing, launch and composition;
- The general continuance of current, or where applicable, assumed industry conditions;
- Changes in laws, regulations and guidelines, including the recreational cannabis market and the advent of the cannabis-derived products market and changes in the regulation of medical cannabis;
- Price of cannabis and derivative cannabis products;
- Dependence of the Company's cash flow and financial performance on third parties, including its supply partners and its strategic investees;
- Fluctuations in the price of Common Shares and the market for the Common Shares;
- Treatment of the Company's business under governmental regulatory regimes and tax laws, including the Excise Act (as defined herein);
- The Company's growth strategy, targets for future growth and forecasts of the results of such growth;
- The ability of the Company to generate cash flow from operations and from financing activities; and
- The Company's competitive position.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, risks, financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. Forward-looking information does not guarantee future performance and involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the expectations, predictions, forecasts, projections, conclusions will not occur or prove accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: financial risks; dependence on senior management, the board of directors of the Company (the "Board of Directors"), consultants and advisors; availability and sufficiency of insurance; the Company and its subsidiaries will be able to, where applicable, cultivate cannabis pursuant to applicable law and on the currently anticipated timelines; 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; ability to maintain any required licenses or certifications; supply risks; product risks; construction delays; packaging and shipping logistics; expected number of medical and adult-use recreational cannabis users in Canada and internationally; potential time frame for the implementation of legislation to legalize cannabis internationally; the Company, its subsidiaries and investees' ability to, where applicable, meet the requirements necessary to obtain and/or maintain their status as Licensed Producers or other applicable licenses; risk factors affecting its investees; availability of any required financing on commercially attractive terms; compliance with debt covenants; the potential size of the regulated adult-use recreational cannabis market in Canada; ability to enter and participate in international market opportunities; general economic, financial market, regulatory and political conditions in which the Company operates will remain the same; the Company will be able to compete in the cannabis industry; cannabis prices will not decline materially; the Company will be able to manage anticipated and unanticipated costs; the Company will be able to implement and maintain internal controls over financial reporting and disclosure and procedures; and, other risks and factors described from time to time in the documents filed by the Company with securities regulators. 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 THE ASSUMPTIONS, RISKS AND UNCERTAINTIES OF THE COMPANY'S BUSINESS AND MATERIAL FACTORS OR ASSUMPTIONS ON WHICH INFORMATION CONTAINED IN FORWARD-LOOKING INFORMATION IS BASED IS PROVIDED IN THE COMPANY'S DISCLOSURE MATERIALS, INCLUDING IN THIS MD&A UNDER "RISK FACTORS" AND THE COMPANY'S CURRENT AIF UNDER "RISK FACTORS", FILED WITH THE SECURITIES REGULATORY AUTHORITIES IN CANADA AND AVAILABLE UNDER THE COMPANY'S ISSUER PROFILE ON SEDAR AT WWW.SEDAR.COM AND FILED WITH OR FURNISHED TO THE SEC AND AVAILABLE ON EDGAR AT WWW.SEC.GOV. ALL FORWARD-LOOKING INFORMATION IN THIS MD&A IS QUALIFIED BY THESE CAUTIONARY STATEMENTS.

BUSINESS OVERVIEW

NATURE AND HISTORY OF THE COMPANY'S BUSINESS

The Company is a Licensed Producer of cannabis under the Cannabis Act.

Since commencing operations at its main facility located in Moncton, New Brunswick, the Company has continued to expand the main facility to create additional production capability. The Company has also strategically acquired land and buildings adjacent to the main facility (together, the "Moncton Campus") that, when fully developed and licensed by Health Canada, will result in a differentiated cultivation and production facility. Within its cultivation rooms at the Moncton Campus, the Company grows on three levels and therefore its capacity is of greater size if compared to other cultivation facilities of similar square footage without tiered growing.

Patients order medical cannabis and cannabis oil from the Company primarily through the Company's online store or by phone. Medical cannabis dried flower and cannabis oil is and will continue to be delivered by secured courier or other methods permitted by the Cannabis Act. The Company's prices vary based on grow time, strain yield and market prices.

The Company is also authorized for wholesale shipping of cannabis plant cuttings, dried flower, blends, pre-rolls and cannabis oil to approved retailers and wholesalers for adult-use recreational cannabis under the individual provincial and territorial regulations as per the Cannabis Act.

The Company continues the ongoing development of its Moncton Campus to add additional capacity to allow for increased production of cannabis, cannabis oil and related products including new classes of cannabis products that form part of Rec 2.0.

BUSINESS ENVIRONMENT

The Company's business and activities are heavily regulated. Our AIF contains a more detailed description of the regulatory framework of our business as of the date of the AIF. The following provides a description of recent regulatory developments that have the potential to impact the Company's performance.

Current Regulatory Landscape

Medical cannabis has been legal in Canada since 2001 under various regulatory regimes. On June 18, 2018, the Government of Canada passed legislation on the Cannabis Act to allow regulated and restricted access to cannabis for adult-recreational users. The Cannabis Act came into force on October 17, 2018.

The Cannabis Act creates a strict legal framework for controlling the production, distribution, sale and possession of cannabis in Canada. The Cannabis Act allows adults to legally possess and use cannabis and therefore the possession of small amounts of cannabis is no longer a criminal offence. It also made it a specific criminal offence to sell cannabis to a minor and created significant penalties for those who engage young Canadians in cannabis-related offences.

Other Licenses

On November 9, 2018, Health Canada issued the License to the Company under the Cannabis Act as a license for standard cultivation, standard processing and sale for medical purposes. On October 21, 2019, Health Canada amended the License to expand the classes of cannabis products that may be sold to adult recreational use sales channels or sold for medical purposes, to include cannabis topicals, cannabis extracts and edible cannabis. The License has also been amended to add additional growing rooms. The License, as amended, has an expiry date of March 27, 2020. It is anticipated that Health Canada will extend or renew the License at the end of its term.

The Company also holds a cannabis license under the Excise Act, 2001 (the "Excise Act") effective October 17, 2018 and expiring October 16, 2020. All holders of a license under the Cannabis Act who are authorized to cultivate, produce and package cannabis products are also required to hold a cannabis license under the Excise Act from the Canada Revenue Agency. The Company intends to renew this license prior to expiry.

The Company received its research and development license from Health Canada on October 23, 2019 to conduct further in-house research. The activities authorized under this research license will support the Company's plans to commercialize cannabis products for Rec 2.0.

Edibles Regulation

The Cannabis Act was amended with provisions that came into force effective October 17, 2019 for the legal sale by Licensed Producers such as the Company of "edibles containing cannabis" and "cannabis concentrates" enabling a range of cannabis product forms by regulating three new product classes: "edible cannabis", "cannabis extracts" and "cannabis topicals".

It is expected that a limited selection of products will appear gradually in physical or online stores, no earlier than December 16, 2019. Federal license holders are required to provide 60-days prior notice to Health Canada of their intent to sell any new products and such notice could not be given until the new product forms were legalized on October 17, 2019. The Company has provided notice for a variety of Rec 2.0 products.

See "Canadian Adult-Use Recreational Market 2.0"in this MD&A.

KEY QUARTERLY FINANCIAL AND OPERATING RESULTS

	Q4-19	Q4-18	CHANGE	% CHANGE
Financial Results				
Gross revenue	$ 19,235	$ 3,190	$ 16,045	503%
Net revenue	$ 16,290	$ 3,190	$ 13,100	411%
Cost of sales and indirect production	$ 15,543	$ 1,586	$ 13,957	880%
Adjusted gross margin	$ 747	$ 1,604	$ (857)	(53)%
Adusted gross margin % before fair value adj.	5%	50%	-45%	(90)%
Operating expenses	$ 16,645	$ 4,739	$ 11,906	251%
Adjusted EBITDA (2)	$ (7,907)	$ 278	$ (8,185)	(2,944)%
Financial Position				
Working capital	$ 152,417	$ 191,964	$ (39,547)	(21)%
Inventory and biological assets	$ 113,796	$ 64,827	$ 48,969	76%
Total assets	$ 428,525	$ 302,567	$ 125,958	42%
Operating Results				
Cost of cultivation per gram harvested (3)	$ 0.94	$ 0.83	$ 0.11	13%
Kilograms harvested	7,434	6,322	1,112	18%
Average net selling price of dried flower equivalents	$ 5.62	$ 7.99	$ (2.37)	(30)%
Kilograms sold - dried flower equivalents - flower and oil (4)	2,898	399	2,499	626%

Note 1: Equals gross margin before fair value adjustments (as reflected in the Consolidated Financial Statements) and gross margin before fair value adjustments divided by net revenue, respectively.

Note 2: Adjusted EBITDA is a non-IFRS measure that the Company defines as net income (earnings) from continuing operations before: interest expense, net of investment income; income tax; depreciation, amortization, impairment, and gain (loss) on disposal of PP&E (per the statement of cash flows); share-based compensation (per the statement of cash flows); share of loss and impairment loss from investments in associates; unrealized loss (gain) on changes in fair value of contingent consideration; expenditures incurred in connection with the NASDAQ cross-listing; and the fair value adjustment to biological assets and inventory.

Note 3: Cost of cultivation per gram harvested is a non-IFRS measure and includes “cash” costs such as direct labour, direct materials and manufacturing overhead (e.g. maintenance) as well as “non-cash” expenses such as employee share-based compensation for cultivation employees and depreciation related to buildings and equipment of the production facility. Cost of cultivation does not include packaging costs and other post-harvesting costs, which are added to arrive at the cost for inventory, nor distribution costs (shipping), both of which are included in the cost of sales.

Note 4: Dried flower equivalent, or DFE, is a non-IFRS measure, and is based on the conversion of oil sales to an equivalent measure at a standard rate of 9.0 mL/g for recreational oil and 4.5 mL/g for medical oil.

REVENUE

For the three months ended August 31, 2019, the Company recorded $16,290 in net revenue. Of this amount $13,361 (82%) was sold to the adult-use recreational market and $2,376 (15%) to the medical market with the balance of sales generated from wholesale and other sources. Q4 Fiscal 2019 net revenue increased from Q4 Fiscal 2018 net revenue of $3,190, entirely due to the launch of adult-use recreational cannabis in October 2018, whereas Q4 Fiscal 2018 was entirely comprised of medical market revenues.

Net revenues for Q4 Fiscal 2019 were composed of sales during the quarter of $19,988 (net of excise), less a provision for product returns and price adjustments of $3,698 (net of excise). The majority of the product returns and price adjustments were due to two slower selling stock keeping units (SKUs) sold to the Ontario Cannabis Store (OCS), comprised of a bespoke order of lower THC dried flower intended to fulfill a supply gap in the market earlier this year and THC oil that has seen less than anticipated demand in the adult-use recreational market. The lack of a sufficient retail network and slower than expected store openings in Ontario continued to impact sales in Q4 Fiscal 2019 and were further exacerbated by increased industry supply. The Company generally does not produce lower THC dried flower in the quantities that existed in early calendar 2019 and has no intention to formulate the same quantity of THC recreational oil. As a result, these two categories are not expected to be a significant part of the Company's revenue prospects going forward and the Company will focus on SKUs that it anticipates will garner the best customer receptiveness (in the case of new products such as vapes and edibles) or proven SKUs based on the sales patterns experienced to date. Examples include proven high demand products like Edison and Trailblazer pre-rolls (in a variety of strains) and Edison *Rio Bravo*, *La Strada*, *Limelight* and *El Dorado* dried flower. The Company is cognizant that in this new and emerging market the size of the customer base, its demands and preferences cannot yet be ascertained with any level of certainty or reliability and future demand for existing and new products remains to be seen as the market matures.

The average net selling price of product declined $2.37 per gram DFE to $5.62 per gram DFE on a year-over-year basis as the Company's sales volumes increased 626% as a result of the launch of the adult-use recreational market, which generally yields a lower average net selling price compared to the medical market. Selling prices are prone to fluctuation and there may be further price compression as the market develops.

COST OF SALES AND INDIRECT PRODUCTION COSTS

Cost of sales and indirect production costs for the three months ended August 31, 2019 increased to $15,543 compared to $1,586 in the prior year comparative period, primarily as a result of the significant increase in revenue, but also due to higher post-harvest costs, inventory adjustments, and write-offs.

GROSS MARGIN BEFORE FAIR VALUE ADJUSTMENTS (ADJUSTED GROSS MARGIN)

The Company realized adjusted gross margin measured as follows: gross margin before fair value adjustments as reported on the consolidated Financial Statements divided by net revenue) for the three months ended August 31, 2019 of $747, or 5%, compared to $1,604, or 50%, in the prior year comparative period. The adjusted gross margin for Q4 Fiscal 2019 is not an accurate representation of management's expectations going forward due to the factors impacting net revenue and cost of sales and indirect production costs during the quarter and identified above. Thus, it should be noted that for the year-ended August 31, 2019 the adjusted gross margin was $37,892, or 47%, compared to $5,615, or 45%, in the prior year.

OPERATING EXPENSES

Selling, general and administrative expenses (including non-cash share based compensation) increased to $16,645 for Q4 Fiscal 2019 from $4,739 in Q4 Fiscal 2018 due to an increase in staffing, commissions on sales, office and general expenses, building depreciation, and professional fees and public company-related costs associated with the Company's cross-listing to the NASDAQ and as the Company scaled up its operations in connection with the launch of the adult-use recreational market and the upcoming launch of the cannabis derivative markets expected commencing in December 2019. Included in the current period expense are adjustments of approximately $1,976 for licensing and professional fees that are not expected to recur at the same level.

As a percentage of net revenue, Q4 Fiscal 2019 spend declined to 102% compared to 149% for Q4 Fiscal 2018. For Fiscal 2019, the percentage declined even further to 53% compared to 122% in Fiscal 2018.

ADJUSTED EBITDA

Adjusted EBITDA[4] was a loss of $7,907 in Q4 Fiscal 2019 after four consecutive quarters of positive adjusted EBITDA, including $278 in Q4 Fiscal 2018. The negative adjusted EBITDA is primarily attributed to lower net revenues and higher cost of sales and selling, general and administrative expenses as described above. Fiscal 2019, however was the Company's first full fiscal year of positive adjusted EBTIDA at $19,900 compared to $(1,003) in the prior year.

FINANCIAL POSITION

Working capital declined year-over-year to $152,417 at August 31, 2019 from $191,964 at August 31, 2018 as the Company invested its cash into the build-out of its Moncton Campus property, plant and equipment as well as the creation of inventory and biological assets.

COST OF CULTIVATION PER GRAM HARVESTED

"Cost of cultivation" per gram harvested[5] includes "cash" costs such as direct labour, direct materials and manufacturing overhead (e.g. maintenance) as well as "non-cash" expenses such as employee share-based compensation for cultivation employees and depreciation related to buildings and equipment of the production facility. Cost of cultivation does not include packaging costs or other post-harvesting costs, which are added to arrive at the cost for inventory, nor distribution costs (shipping), both of which are included in the cost of sales (please note that the Company previously included shipping expense in "sales and marketing" in the statement of operations but revised this presentation in Q1 Fiscal 2019). Thus, readers are cautioned against comparing cost of cultivation per gram harvested with cost of sales for the same period(s) for at least two reasons: (1) Cost of sales includes packaging costs and distribution (shipping) costs which "Cost of cultivation" does not (see section on Cost of Sales and Gross Margin for illustrative schematic), and (2) there is a delay between when product is harvested and when it is sold. Sometimes that delay is one or two quarters (and longer with extraction material). Cost of cultivation also does not include indirect production costs[6], which are expensed directly against gross margin.

The Company experienced a cash cost of cultivation of $0.66 ($0.94 including non-cash depreciation and share-based compensation) per gram harvested in Q4 Fiscal 2019. Cost of cultivation is an input cost for our cost of goods sold, which was $4.14 per gram DFE for Q4 Fiscal 2019 ($2.39 per gram DFE for Fiscal 2019). Cost of goods sold is higher than cost of cultivation due to the previously noted reasons. The Company's costs of cultivation increased from industry-leading low levels (during Q3 Fiscal 2018 to Q2 Fiscal 2019) to a higher than normal amount in Q3 Fiscal 2019 almost exclusively as a result of a decrease in harvested yields in Q3 Fiscal 2019 (6,052 kg vs. 8,315 kg in Q2 Fiscal 2019). Yields have since recovered in Q4 Fiscal 2019 and are back to historical levels per harvest and because the Company expects increased efficiencies as it has increased its number of grow rooms from 52 to 82 at August 31, 2019 (99 as of September 5, 2019) as a result of the build out of Phase 4A. The Company currently believes its cost of cultivation can drop further in Fiscal 2020 if additional efficiencies are achieved as expected.

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[4] Adjusted EBITDA is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures at the beginning of this MD&A.

[5] Cost of cultivation per gram harvested is a non-IFRS financial measure. See the cautionary statement regarding non-IFRS financial measures at the beginning of this MD&A.

[6] Indirect production costs are comprised of production costs of late-stage biological assets that are disposed of and inventory that does not pass the Company's quality assurance standards or is obsolete.

The Company harvested 7,434 kg of cannabis during Q4 Fiscal 2019 compared to 6,322 kg in Q4 Fiscal 2018 due to the utilization of Phase 3 for the entirety of Fiscal 2019 and Phase 4A during the latter half of Fiscal 2019. Harvested grams are expected to continue to increase into Q1 of Fiscal 2020 as the Company begins to cultivate product from Phase 4B.

KEY DEVELOPMENTS DURING THE QUARTER AND SUBSEQUENT TO AUGUST 31, 2019

In June 2019 the Company announced that it secured a partnership with PAX Labs, Inc. [7] ("PAX") as one of the Canadian launch partners for the PAX Era, the premium oil vaporizer created by PAX, which we believe is a leading consumer technology brand in the design and development of premium vaporizers for dry flower and concentrates, when concentrates become legally available for sale in Canada as early as December 2019.

In June 2019, the Company announced that it became the exclusive Canadian supplier of the Feather Company's [4] design-patented vaporizer hardware and technology. The disposable vaporizer pen and 5/10 thread cartridges for targeted adult-use customer segments will be available following legalization of this product category currently scheduled to come into effect as of December 2019.

On June 24, 2019, the Company announced that it had received approval from Health Canada for the licensing of 17 additional cultivation rooms within the Phase 4A/4B perimeter of the building. The approval of the new cultivation rooms represents 14,000 kg per year of additional target production capacity [5].

On July 26, 2019, the Company entered into an advance payment and support agreement with 703454 N.B. Inc. (carrying on business as 1812 Hemp). Under the terms of the agreement, the Company will advance up to $3 million until October 31, 2019 to 1812 Hemp in the form of a secured loan. These amounts may be applied against future purchases of hemp under the license and supply agreement and would in effect pre-fund hemp purchases to receive access to as much as 60,000 kilograms of dried hemp flower to be harvested in calendar 2019 for extraction into cannabidiol ("CBD") isolate. Please refer to the Company's Financial Statements for further information on terms of these agreements.

On August 22, 2019, the Company's Common Shares commenced trading on the TSX under the symbol "OGI" after graduating from the TSX Venture Exchange.

On September 9, 2019, the Company announced that effective September 6, 2019 it has received approval from Health Canada for the licensing of 17 additional cultivation rooms within Phase 4B. The approval of the new cultivation rooms represents 15,000 kg per year of additional target production capacity[5].

On November 4, 2019, the Company filed a preliminary base-shelf prospectus for an amount up to $175 million through the issuance of common shares, preferred shares, debt securities, subscription receipts, warrants or units. The purpose of filing the base-shelf prospectus is to shorten the timeline to raise funds for growth opportunities and working capital which once the prospectus is finalized could be done subject to market and other conditions, by way of filing one or more prospectus supplements from time to time over a 25 month period.

On November 15, 2019, the Company amended its Credit Facility with BMO to: i) extend the final draw deadline of the term loan from November 30, 2019 to March 31, 2020; (ii) postpone the commencement of principal repayments on the term loan from May 31, 2020; and (iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020, which will also provide the Company with greater flexibility around the timing and quantum of any incremental draws. The financial covenants will revert to the original structure on August 31, 2020.

After much consideration we have made a strategic decision to delay final completion of 4C (the final stage of our Phase 4 expansion), previously targeted for the end of calendar 2019, until there is more clarity on the timing and magnitude of the retail network expansion and to more effectively manage and prioritize cash flow and it also offers us optionality to use the space for other opportunities. To date, we have made significant construction progress on Phase 4C, such that we expect to be able to complete remaining construction in a short timeframe once we get more clarity on store openings to satisfy consumer demand.

MONCTON CAMPUS EXPANSION

Prior to Q1 Fiscal 2019, the Company completed its Phase 2 and Phase 3 expansions of the Moncton Campus bringing the available number of grow rooms to 52, comprised of 13 original smaller rooms from Phase 1 and 39 larger rooms from Phase 2 and Phase 3 combined.

PHASE 4 EXPANSION

The full Phase 4 expansion represents a total of 77,000 kg per year of additional annual target production capacity and has been divided into a series of stages (4A: 25,000 kg; 4B: 28,000 kg; and 4C: 24,000 kg).

In an effort to prudently manage cash flow and focus on maximizing return on capital investment, the Company's management has decided to delay the final construction completion of Phase 4C, originally scheduled for completion by the end of calendar 2019 until there is more clarity on the ultimate magnitude and timing of the retail expansion in Ontario. As such, the Company can more effectively manage cash flows and it offers optionality to use the space for other opportunities (if strategic and/or market factors dictate). To date, the Company has made significant progress on 4C (currently estimated at 70% complete; 50% complete at year-end) such that it can complete the remaining construction for 4C in a short timeframe to be ready to respond to anticipated increased consumer demand as a result of more store openings. When and if Phase 4C is completed, the entire Moncton Campus facility is expected to have annualized target production capacity of approximately 113,000 kg of dried flower and sweet leaf,assuming it is fully licensed and operational. Management will assess its determination to delay completion of Phase 4C on an ongoing basis as it considers market conditions.

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[7] The Company has no equity or other financial interest in PAX or the Feather Company, nor does it provide either with any products or services. Organigram has no investment or ownership in any entity in the United States nor does it provide any products or services to entities in the United States.

[8] Target production capacity once fully operational. Several factors can cause actual capacity to differ from estimates. See "Risks and Uncertainties" in the Company's Q4 2019 MD&A.

The estimated capital cost of the entire Phase 4 expansion (including 4C) is now expected to be in the range of $135 to $145 million (from the previous estimate of $125 million) due to additional design improvements and increased material and labour costs. The construction schedule has been relatively predictable due to the nature of the Company's systematic and modular approach whereby grow rooms are largely replicas of previous ones along with consistency of the contractors, most of whom have been part of the construction team for previous Phases. The estimate to complete all of Phase 4 was approximately $33 million at Fiscal 2019 year-end.

Phase 4 has a state-of-the-art mechanical system and an improved irrigation system as compared to previous Phases that are designed to capture, treat and re-use the water from dehumidification which is central to the cultivation process. The Company's fully customized irrigation system that will serve all of Phase 4 is being installed and is expected to be commissioned in Q2 fiscal 2020. Once operational, the system is expected to be among the most sophisticated indoor cannabis cultivation irrigation systems in North America. The system includes condensation recovery and a reverse osmosis system.

Construction of Phase 4A (30 grow rooms) and Phase 4B (33 grow rooms) was completed on schedule in April 2019 and September 2019, respectively. All of Phase 4A as well as 17 rooms in Phase 4B have received licensing approval from Health Canada, which brings the Company's total target licensed production capacity to 76,000 kg per year (once fully operational) as of the date of this MD&A.

The remaining 16 rooms in Phase 4B were submitted for Health Canada approval and represent additional production capacity of 13,000 kg per year for a total of 89,000 kg per year of target production capacity, once licensed and fully operational.

PHASE 5 REFURBISHMENT

Phase 5 plans include refurbishing 56,000 square feet of interior space within its existing facility for design under European Union GMP standards for additional extraction capacity, a derivatives and edibles facility and additional office space. Each area of Phase 5 has different expected completion dates. Primary construction was completed on schedule in October 2019.

The estimated total capital cost is now expected to be in the range of $60 to $65 million (from the previous estimate of $48 million) primarily due to 18,000 more square feet of production area created by using a second level of the space, increased European GMP design costs as well as multiple automation projects designed to reduce reliance on manual labour and reduce operating costs in the long run. The estimate to complete was approximately $41 million at 2019 Fiscal year-end.

As previously announced, Organigram is, for the next round of legalization, initially focused on vaporizable products and edibles. These are the most popular derivative product forms based on US state sales history in established adult-use recreational markets such as Colorado, Oregon, California, etc. Phase 5 plans include expanded vaporizer pen filling and automated packaging, additional extraction by both CO2 and hydrocarbons as well as more area for formulation including short path distillation for edibles and vaporizer pen formulas.

The Company expects substantial construction of additional in-house extraction capacity to be completed by the end of calendar 2019. However, the Company has the capacity to fill and package vaporizer pens in its existing facility ahead of the licensing of Phase 5 in order to be ready to sell vape pens in December 2019.

The Phase 5 plans include building additional extraction capacity in excess of initial expected requirements in order to provide sales and marketing with product planning flexibility.

In Q3 Fiscal 2019, the Company announced a $15 million investment commitment in a high speed, high capacity, fully automated production line with the ability to produce up to an estimated 4 million kg of cannabis-infused chocolates per year. The production line includes a state-of-the-art chocolate molding line and a fully integrated packaging line that includes advanced engineering, robotics, high-speed labeling and automated carton packing. As anticipated, Organigram took delivery of the equipment in October 2019 and the production equipment has been installed and the Company continues to expect the licensing, and commissioning in time for initial sales in Q1 calendar 2020.

In addition, Phase 5 will include a powdered drink mixing and packaging line for the Company's plan to now launch a variety of dried powder formulation beverage products in Q2 calendar 2020 (subject to licensing for the production area and equipment delivery and commissioning schedules).

For further detail on the Company's strategy and plans for new derivative legalization, please see "Canadian Adult-Use Recreational Market 2.0" in this MD&A.

Phase 5 plans also include separate rooms for packaging dried flower, pre-rolls, oil, a mezzanine for new harvesting and trim rooms, 21 individual drying rooms, final processing rooms and sanitation rooms.

In addition to the Phase 4 and Phase 5 expansions, the Company also owns approximately 12.1 acres located across the road from its current production facility, which is available for any future expansion if needed.

Organigram has $47.9 million in cash and short-term investments and $65 million in undrawn capacity on its senior secured credit facility total of $115 million at August 31, 2019 to fund Phase 4 and Phase 5 of the Moncton Campus expansion. See the "Balance Sheet, Liquidity and Capital Resources" section of this MD&A for further detail.

The estimates of additional production capacity and costs related thereto in Phase 4 and Phase 5 represent forward-looking information and are based on a number of material factors and assumptions, including the following:

- The facility size of the Moncton Campus will be as estimated with the same amount of cultivation space being used per grow room for cultivation as in Phase 2 and Phase 3;
- The ratio of dried flower cultivated per canopy square foot of grow room will be consistent with historical output in the Company's existing facilities;
- All grow rooms designated as production rooms will be utilized for their intended purposes (from time to time rooms may be used for other purposes, such as for storage);
- Construction of the facilities will be on time in accordance with the estimates set out above and ready for final inspection by Health Canada in time to meet the target onboarding dates; and
- Costs of cultivation and its various inputs will remain stable.

Several factors can cause actual costs and capacity to differ from estimates including, but not limited to, timing for receipt of regulatory approvals from Health Canada, construction delays and unforeseen obstacles. See "Risks and Uncertainties" of this MD&A and "Risk Factors" of the Company's current AIF.

				EXPENDITURES ($M)		
PHASE	PURPOSE	STATUS AS OF DATE OF MD&A	KG/YR OF TARGET PRODUCTION	SPENT IN Q4-2019	SPENT IN FISCAL 2019	ESTIMATE TO COMPLETE AT AUG 31, 2019
1/2/3	Propagation, PreVeg, Organic, Flower, Post Harvest, Temporary Vapes Processing Area	Licensed and in Production	36,000	—	—	—
4A	Flower Rooms	Licensed and in Production	25,000	3	39	—
4B (i)	Flower Rooms	17 Grow Rooms Licensed and in Production	15,000	5	37	5
4B (ii)	Flower Rooms	16 Grow Rooms Submission made to Health Canada for Licensing	13,000			
4C	Flower Rooms	70% Construction Complete (50% Complete at Aug-31-2019) Licensing for Perimeter and 4 Grow Rooms Submitted to Health Canada Completion Being Slowed Down in Response to Market Conditions	24,000	16	19	28
5 (i)	Post Harvest Rooms, Edibles, Vapes	Submission for Licesning of Perimeter, Chocolate Line and 5 Drying Rooms already made to Health Canada	N/A	8	21	41
5 (ii)	Harvest Rooms, Drying Rooms, Filling and Packaging Rooms for Various Products, Larger Extraction Facilities	Target Substantial Completion End of Calendar 2019	N/A			
			113,000	32	116	74

Notes: Estimated production capacity is once fully licensed and operational and is dependent on many factors and subject to a variation of baseline expectation. Capital expenditures incurred encompass cost of work performed (including any retention/holdback amounts) and added to property, plant and equipment during the period.

OPERATIONS AND PRODUCTION

PARADIGM SHIFT ON CULTIVATION

The Company's management believes that the results it is experiencing on cultivation are paradigm shifting for the industry. While the vast majority of incremental production capacity in 2017 to 2019 by competitors was generated from greenhouse (not indoor) production, Organigram focused on a core competency of controlling conditions in precisely built indoor environments with a commitment to continuous improvement and investment in information technology. Competitors believed that greenhouse production would mean a lower cultivation cost of cannabis by potentially making a sacrifice on quality. Organigram believes that it has achieved the best of both worlds: (1) high quality indoor grown product and (2) a low cost of production.

GROWING CONFIGURATION

The Company has made significant strides in terms of maximizing production in its cultivation facilities. The introduction of Phases 2, 3 and 4A has brought on state-of-the-art facilities which allow the Company to control all critical facets of the lighting and environmental elements in its facilities to drive maximum quality and yield in the plants it produces. The Company has also developed its own in-house proprietary information technology system called *OrganiGrow*, a database which tracks all grow cycles by harvest period, strain, room, environmental conditions and other factors, which in turn allows the Company to understand and refine the optimal methods to grow cannabis plants. The quality and yield of the Company's cultivation efforts have resulted in award winning products and, to the best of the Company's knowledge based on the public disclosures it has reviewed, which may not be comparable, one of the lowest known cost of cultivation in the Canadian industry when compared to other indoor or greenhouse facilities. The Company's cultivation costs increased in Q3 Fiscal 2019, which is believed to be temporary in nature, resulting primarily from the implementation of trials that yielded lower than expected harvest results. Yields returned to normalized levels in fiscal Q4 2019.

The number of plants per room increased from 803 plants in Q1 Fiscal 2018 to 1,117 plants in Q4 Fiscal 2018 largely because of the larger grow rooms that were added in Phases 2 and 3 compared to the smaller rooms that were utilized in Phase 1. Starting in the fourth quarter of 2018, the Company began to reduce the number of plants produced in the larger grow rooms by approximately 30% based on the results of a pilot "continuous improvement" project that it ran earlier in the year. By reducing the density of plants in the room, the Company was able to achieve roughly the same yield per room as plants were able to grow more prolifically in terms of width and the increase in yield per plant offset the reduction in the aggregate number of plants in the grow rooms. Additionally, the Company was able to save on labour and materials as there were fewer plants to feed and manage. At the end of Q4 Fiscal 2019, there were 1,044 plants per room.

The Company continues to undertake continuous improvement programs with a goal to increase yields and cannabinoid content as well as evaluate additional strains in its genetic bank to expand its product offering to the adult recreational marketplace. Not all trials will yield successful improvements, however, over time the Company has the benefit of utilizing successful trials and discarding unsuccessful ones. By the time the Company has completed its build out (almost doubling capacity from current levels) it is expected to have a significant amount of additional proprietary knowledge that it can leverage with a larger cultivation platform.

The Company experienced a sequential improvement in overall harvested yields to 148 grams per plant in Q4 Fiscal 2019 from 110 grams per plant in Q3 Fiscal 2019 and 127 grams per plant in Q4 Fiscal 2018. In addition, as first discussed in its Q3 Fiscal 2019 MD&A, the cannabinoid content in harvested flower and sweet leaf has continued to reach all-time highs and the Company has identified what it views as an optimal balance of high yields and high cannabinoid content.

PACKAGING

Custom automated packaging equipment for the filling and packaging of dried flower and blends became operational in September 2018 to support the launch of legalization of adult recreational use. The commercial version of the prototype bespoke automated pre-roll machine has undergone several modifications and upgrades to improve efficiency and accuracy and is expected to be fully optimized and operational in Q1 fiscal 2020. Using a combination of this equipment and manual labour, the Company is capable of producing upwards of 40,000 pre-rolls per day with production of approximately 5.1 million pre-rolls from legalization to the date of this MD&A.

During Q4 Fiscal 2019, the Company continued to optimize automated labelling and excise stamp application equipment. This automated labelling equipment has reduced some reliance on manual labour. The Company has all the equipment capabilities and staff levels to package what it cultivates.

EXTRACTION

The Company had $16,626 of dried cannabis available for extraction as of the end of Q4 Fiscal 2019. This volume of inventory is too large for the Company to process with its current in-house extraction capabilities. The Company has taken two measures to address this issue. Firstly, the Company entered into a multi-year extraction agreement with Valens during Q2 Fiscal 2019, pursuant to which Valens extracts cannabis flowers and trim produced from the Moncton Campus as well as hemp from 703454 N.B. Inc. ("1812 Hemp" or "1812") to produce extract concentrate. Secondly, the Company is in the process of expanding its in-house extraction capabilities as part of its Phase 5 refurbishment.

EMPLOYEES

The Company ended Fiscal 2019 with approximately 770 employees compared to 356 employees at the end of Fiscal 2018, which is a testament to the exponential growth experienced by the Company and the industry. Labour is a significant cost to the Company for both cultivation and in particular in packaging which currently represents the largest operations department in the Company. The Company expects to achieve efficiencies in cost per unit as it scales production. Further, management believes that as a consequence of its Phase 4B, 4C and 5 expansions and Health Canada licensing, that in 2020 there are further opportunities to drive efficiencies.

ADULT-USE RECREATIONAL BRANDING STRATEGY

The Company has established strong brands for use in the adult-use recreational marketplace and understands that there is a desire for variety leading to the creation of a diverse house of brands and products. The Company's adult-use recreational brands strategy incorporates the Company's knowledge about current and potential consumers, the industry, future product development and opportunities for growth.

	TRAIL BLAZER	ankr ORGANICS	EDISON CANNABIS CO	EDISON CANNABIS CO RESERVE
Pricing Segment	Value	Premium	Premium	Ultra Premium
Available / Planned Formats	Whole Flower, Pre-Roll and Milled	Pre-Roll and Oil	Whole Flower, Pre-Roll and Oil	Large Whole Flower
Tangible Brand Attributes	Consistent Value Offering	Organic	High THC Premium Sorted Flower Robust Product Offering	Top Flower Craft Cured Hand Trimmed

The Company's portfolio strategy includes Trailblazer, ANKR Organics and the Edison Cannabis Company ("Edison"), as depicted above and described below. This 'family of brands' approach was determined to appeal to targeted and strategic consumer groups based on internal and external research on the modern cannabis consumer.

Positioned as a premium and modern brand for discerning consumers, Edison is focused on the four pillars of quality, sophistication, creativity and innovation. The Company has focused on consistent delivery of these brand commitments and the brand has earned top consumer ratings as evidenced by the Canadian Cannabis Awards detailed below in "Focus on Quality".

Recognizing that consumer tastes are evolving, and that the discerning consumer is more experiential in nature, the Company has developed a two-prong approach for Edison to drive incremental sales opportunities. First, it introduced two highly successful "Limited Time Offers" in Q4 2019, to the Alberta, Nova Scotia, and most recently, Quebec, markets. Based on available data, the brand earned leading market share during the introduction of these. Second, to sustain our capability to drive incremental, immediate purchase through a Limited Edition "scarcity" model, Organigram, via its flagship Edison brand, is leveraging its state-of the-art facility and research and development labs to introduce a new, additional go-to-market model in Spring 2020.

In Q1 Fiscal 2020, the Company plans to introduce its first national integrated media campaign for Edison. The campaign, created in collaboration with an established, award-winning global creative agency; and supported by a best-in-class media buying agency, aims to increase brand awareness and affinity. With a focus on brand and product attributes that valorize the benefits of the legal market, the Organigram aims to drive both Edison brand sales as well as category sales overall.

Trailblazer, a brand targeted toward a value conscious consumer, celebrates the citizens, industry and government officials who have committed their lives to creating the legal framework in which the brand now participates. The Company initially launched Trailblazer in select markets with a product mix consisting of pre-rolls and milled flower (blends) and shortly after expanded the brand to include full flower offerings. The brand's strong performance in initial selected markets earned the increase in brand distribution to all 10 Canadian provinces.

The ANKR Organics brand has been developed based on the authentic nature of the Company's lineage in organic growing. As one of the industry's most experienced organic growers in Canada, the Company believes it will have the credentials and capabilities to deliver a top-quality product through a certified organic process that will resonate with an educated and affluent demographic who see the value in organically grown products. The Company plans to have ANKR Organics product available in flower and oil formats in Q1 calendar 2020.

The Company is currently evaluating the release of Trailer Park Buds, a brand created to appeal to an experienced consumer of cannabis. Following several discussions with regulators, the Company has taken a cautious approach to ensure at launch that all elements of the brand align with regulatory requirements including those relating to marketing, and to also understand the early dynamics of the evolving adult-use recreational market in Canada.

FOCUS ON QUALITY

Following the addition of humidity control units in its entire line of dry flower products in January 2019, the Company further reinforced its commitment to quality with the addition of heat induction liners in the Spring of 2019 for dried flower products based on market feedback. The combination of these two factors ensures that consumers receive the closest possible representation of product as when it left the Company's production facility. Consumers have reacted favorably to the changes and the company has received strong and positive feedback from its retail customers across Canada.

CANADIAN ADULT-USE RECREATIONAL MARKET 2.0

The Company has made significant progress in its plans to launch edibles and derivative products commencing later in calendar 2019. Organigram has an exclusive consulting agreement with TGS International LLC ("TGS") [9], a vertically-integrated cannabis company which owns and operates over 300,000 square feet of state licensed and regulated production, processing, and manufacturing facilities, as well as medicinal and/or adult-use retail locations in the state of Colorado. Insights have been gained through the relationship with TGS to better understand demand on particular product forms, as well as market share trends over time.

The regulations governing cannabis edibles and other derivative based products in Canada came into effect on October 17, 2019 with new products becoming available for purchase no earlier than December 16, 2019.

Organigram believes it will be ready to sell some vape pen products in December, 2019. As noted above, the Phase 5 refurbishment is on schedule and will include an edibles and derivative facility as well as more extraction capacity in order to prepare for the Rec 2.0 launch. The Company is currently focused on the two most popular cannabis product forms based on data for US state sales: vaporizer pens and edible products. While there can be no assurance that Canadian trends will mirror the U.S., estimates suggest that vaporizer pens, alone, currently represent the largest segment of derivative and edible products at about 23%[10] of cannabis sales based on form factor. Edibles, including cannabis-infused beverages, are the next largest segment at about 13%[7] of cannabis sales.

Organigram is focused on achieving a leadership position in the "Rec 2.0" market by offering customers innovative, high quality products with access to cutting-edge technology. The Company intends to deploy a strategy aimed at product depth as opposed to breadth to maintain its strong track record of delivering on supply commitments, which is critical to building brand equity. The Company expects to be ready to start selling vaporizer pen products when they become available for purchase in December 2019 and has plans to sell cannabis-infused chocolates in Q1 calendar 2020 and a variety of dried powder formulation beverage products in Q2 calendar 2020.

In October 2019, Organigram completed its submission to Health Canada related to the Company's portfolio of new cannabis vape products as well as cannabis-infused chocolates. The Company also received its research and development license from Health Canada in October 2019 to conduct further in-house research, including taste testing, to strive for the optimal consumer experience.

Organigram's product offering represents the Company's strategic commitment to growth and leadership through technology-driven innovation, high standards for quality, and exceptional partnerships.

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[9] The Company has no equity or other financial interest in TGS, nor does it provide TGS with any products or services. The terms of the agreement provide for a royalty payment to TGS on products sold in Canada. Organigram has no investment or ownership in any entity in the United States nor does it provide any products or services to entities in the United States.

[10] QUICK TAKE - Cannabis - Cowen's THC Tracker: U.S. Brands - Cowen and Company, March 29, 2019

Quality Partnerships

Organigram has chosen to partner with leading brands PAX Labs and Feather Company aimed at delivering the highest quality disruptive, industry-leading technology, on course to redefine the experience of vaping in Canada. Organigram's agreements with both PAX and Feather underscore the Company's commitment to transformative thinking and unique customer experiences.

Edison was selected as one of few brands to meet PAX's quality standards and both companies see a strong cultural fit resulting in a strong recipe for success. California based PAX Labs markets itself as one of the best known and respected brands in the cannabis industry.

Differentiated Products

Through the Edison brand, Organigram has an exclusive license to represent Feather's proprietary vape pen technology and form factor across Canada, from a commercial perspective. Founded in 2016, Feather branded vape products have been successfully launched and well received in Colorado.

Edison and Feather Ready to Use Vape Pens combine discreet and sophisticated design with high-quality cannabinoid product. Beautifully crafted, inhalation activated, for an intuitive, differentiated user experience.

Organigram will produce and fill Edison branded pods specifically for the PAX Era platform. The pods will be filled onsite at Organigram's Moncton facility.

Edison PAX Era Pods and Feather Ready to Use Vape Pens combine the iconic aroma profile of Edison's most popular strains to create an exceptional and differentiated user experience. The True-to-Flower aroma profiles are available in three distinct varieties for launch, each filled with a superior quality cannabinoid product.

Organigram plans to round out its vaporization portfolio with the introduction of Torches by Trailblazer. Trailblazer Torches were developed with reliability, consistency and individuality in mind.

Organigram plans to offer Edison and Trailblazer branded vape pens and pods to all 10 of its provincial partners to achieve coast-to-coast distribution. All sales and distribution will be subject to and in accordance with legislation related to extractable products in Canada.

The initial phase of the Company's edibles strategy focuses on two strategic categories: chocolates and beverages.

The Edison line of cannabis-infused chocolate was created based on years of research and innovation; artfully designed, thoughtfully portioned, crafted using best-in-class ingredients for the modern cannabis consumer. The Company has also engaged Canada's Smartest Kitchen to work collaboratively to develop a series of edible products, specifically focused on chocolate. Organigram's product development and production team have more than 25 years of combined chocolate expertise and experience.

The Company's state of the art facility was designed to break barriers, not just in the cannabis, world, but in the confectionary world at large. Led by an experienced team of industrial researchers, chocolatiers and food scientists, Edison chocolate products are poised to redefine the edible experience. The $15 million investment in a state-of-the-art chocolate production line positions Organigram well to become a leader from an efficiency and manufacturing perspective, but also offers opportunities to secure co-manufacturing and private labeling across the regulated market.

Edison chocolates are strategically positioned via three key levers:

1) Quality - The Company has created complex, sophisticated, rich flavours with premium quality cocoa beans.

2) Sustainability - Cocoa ingredients used in Edison chocolate are sourced through Cocoa Horizons, an impact-driven global support program designed to promote and enrich self-sustaining farming practices that protect nature, communities and families.

3) Taste - In a blind consumer study, the (non-infused) Edison Dark Chocolate Truffle had the highest "liking" score compared to two of Canada's top selling consumer chocolate products.

Edison cannabis-infused chocolates will be available in formats positioned for three strategic consumer segments: the consumer looking for a significant edible experience; the consumer who prefers controlled dosing; and the consumer who prefers a shared cannabis experience.

As previously announced, Organigram has developed a proprietary nano-emulsification technology that is anticipated to provide an initial onset of the effects of the cannabinoids within 10 to 15 minutes. The emulsification process developed by the Organigram team generates micro-particles that are very small and uniform (size of 20 nanometers), which is expected to translate to an absorption and onset of effect that is believed to be rapid, reliable and controlled. With traditional edibles and beverages, the body spends significant time breaking down fat soluble cannabinoid particles which are then absorbed and metabolized in the body before the effects are felt. This lengthy process can result in accidental overconsumption and undesirable experiences.

The nano-emulsion technology is also anticipated to be stable to temperature variations, mechanical disturbance, salinity, pH, and sweeteners.

The Company's researchers have also recently developed a way to transform this emulsification system into a solid form, turning it into a dissolvable powder. This shelf stable, water-compatible, flavorless nano-emulsion formulation is also expected to provide an initial onset of effect within 10 to 15 minutes if used in any beverage.

The powdered formulation, subject to confirmatory testing and commercialization, holds the potential to offer consumers a measured dose of cannabinoids which they can then add to the beverage of their choice, while also offering the discretion, portability and shelf life expected of a dried powder formulation.

The Company is currently planning to launch a variety of dried powder formulation beverage products in the Q2 calendar 2020 and is actively seeking a strategic partner with proven experience in beverage product development to take advantage of the liquid formulation it has developed.

For additional details on expanding capacity for the second phase of Canadian Adult-Use Recreational Market Launch or "2.0", see "Phase 5 Refurbishment" in this MD&A.

MEDICAL MARKET

From a medical sales standpoint, Q4 Fiscal 2019 continued to be a stable one for Organigram. The Company continues to be focused on the medical side of the business and is committed to ensuring there is no disruption in product availability for its patients.

In September 2018, the Company announced that it would be absorbing the excise tax for its medical patients. The Company's early estimate is that this program will cost the Company approximately $300 per quarter. As excise costs vary by jurisdiction, this amount may vary depending on the relative jurisdictional mix of sales. This initiative has been well received by both patients and educators and emphasized Organigram's ongoing commitment to its patients. The Company has also decided to increase its offering to its medical compassionate program, allowing for further access to Organigram products for patients that are on a fixed income.

REGISTERED PATIENTS

The Company quantifies the number of medical patients as those with an active prescription registration. The Company's patient count strengthened further in Q4 Fiscal 2019 to a record high of 17,200 patients compared to 15,730 patients at the end of Q4 Fiscal 2018, even though the Company continued to be less aggressive in targeting medical business with the ramping up of the adult-use recreational market. As a result of the shifting dynamics (launch of adult-use recreational market) it will take the Company a number of quarters to be able to fully anticipate the long-term trend of the medical patient count and medical cannabis business in Canada.

INTERNATIONAL CANNABIS & CBD MARKETS

The Company continued to monitor its investments during Q4 Fiscal 2019.

ALPHA-CANNABIS GERMANY

On October 10, 2018, the Company, through a wholly-owned subsidiary, executed an investment agreement with alpha-cannabis® Pharma GmbH ("Alpha-Cannabis Germany" or "ACG"), located in Stadthagen, Germany, pursuant to which the Company acquired 8,333 common shares of ACG, representing a 25% interest in the aggregate issued and outstanding capital of ACG, on a fully diluted basis, for an aggregate investment of €1,625,000 (approximately $2.44 million) plus an additional amount of up to €875,000 (approximately $1.35 million) payable to ACG by way of issuance of Common Shares by the Company upon achievement of certain milestones.

Established in 2016, ACG is a privately held company that is strategically positioned to serve the German medical cannabis market. With a team of highly experienced and reputable specialists from the pharmaceutical industry with scientific and business backgrounds, ACG is focused on the development, production and marketing of cannabis-based active pharmaceutical ingredients and pharmaceuticals.

The Company will provide ACG with dried cannabis flower as well as sweet leaf for conversion into extracts for the burgeoning German medical cannabis market. Further, the parties also entered into an agreement whereby the Company has an option to purchase pure synthetic CBD isolate from Alpha-Cannabis Germany.

Organigram and ACG jointly submitted a tender for domestic cultivation in Q1 Fiscal 2019. In April 2019, the Company and ACG learned they were not awarded any lots for domestic cannabis production by Germany's Federal Institute for Drugs and Medical Devices. The Company believes another tender process is likely in the near future. With further improvements to ACG facilities underway as well as additional licensing expected, Organigram believes ACG and itself will be better positioned in the next tender process for domestic cultivation.

EVIANA

On October 2, 2018, the Company along with an institutional strategic investor each participated 50% in a $10 million senior unsecured convertible debenture offering (the "Debenture Offering"), which included share purchase warrants, by Eviana Health Corporation ("Eviana") by way of a private placement investment. The combination of the $5 million convertible debentures and share purchase warrants provide the Company with a potential ownership interest of up to 21.4%, subject to certain restrictions, should it so desire to exercise its rights.

Eviana is a Canadian Securities Exchange listed company that was established with the aim of delivering customized consumer health care products using natural hemp strains of cannabis sativa. Eviana holds certain assets in the Balkan region relating to the cultivation of post-harvest, storage, and extraction of industrial hemp plant.

Additionally, the Company entered an offtake agreement with Eviana whereby the Company has the right, but not the obligation, to purchase up to and including 25% of Eviana's annual CBD production (or a comparable form, including CBD crystals) for a period of five years from when it is first made commercially available by Eviana at 95% of the agreed raw CBD oil wholesale market price.

On October 10, 2019 Eviana appointed GMP Securities L.P. as a financial advisor to assist in the evaluation of certain strategic options including a private placement and joint venture proposal from Abrazen-Devolli. On October 28, 2019, Eviana provided a default announcement in accordance with National Policy 12-203 Management Cease Trade Orders (“NP 12-203”). Eviana made an application to the British Columbia Securities Commission, as its principal regulator, for a management cease trade order (“MCTO”) under NP 12-203 in respect of an anticipated default regarding its annual filings. On November 1, 2019, a cease trade order was issued by the British Columbia Securities Commission.

OTHER STRATEGIC INVESTMENTS AND DEVELOPMENTS

The Company remains committed to the development and/or acquisition of cannabis or hemp related production assets in Canada or abroad (subject to compliance with applicable law), intellectual properties, technologies or other assets that are synergistic to the Company's Canadian and/or international strategies.

HYASYNTH

On September 12, 2018, the Company entered into a strategic investment to purchase an aggregate of $10 million convertible secured debentures (the "Hyasynth Debentures") of Hyasynth Biologicals Inc. ("Hyasynth"), a biotechnology company based in Montreal and leader in the field of cannabinoid science and biosynthesis, in three separate tranches. Organigram has purchased $5 million in secured convertible 8% Hyasynth Debentures and has further agreed to purchase up to an additional $5 million of Hyasynth Debentures in a series of two other tranches of $2.5 million each based on Hyasynth attaining certain production milestones and the satisfaction of certain other customary closing conditions.

Hyasynth has patent-pending enzymes, yeast cells and processes that make it possible to produce phytocannabinoids and phytocannabinoid analogues in genetically modified strains of yeast. These proprietary enzymes and yeast strains have allowed Hyasynth to produce CBG, CBD and THC for novel and specialized products such as vaporizable cannabis products and cannabis infused beverages for a fraction of the cost of traditional plant-based production. The Company anticipates that its investment in Hyasynth will provide the Company with early access to what it expects to be the future of cannabinoid production. The Company expects that cost-effectiveness and scalability will be necessary to meet the needs of both the Canadian and global cannabis markets.

In addition to the investment, Organigram has the right to purchase potentially all of Hyasynth's cannabinoid or cannabinoid-related production at a 10% discount to the wholesale market price for a period of ten years. In addition to the major cannabinoids such as CBD and THC, Hyasynth is also pursuing the production and scale-up of minor cannabinoids found only in limited quantities in the cannabis plant. One subset of these minor cannabinoids includes propyl-cannabinoids such as cannabigerivarin (CBGV) and tetrahydrocannabivarin (THCV). While the Company expects that there will always be a need for premium indoor grown cannabis flowers, working with Hyasynth offers the potential to more quickly respond to market demand for cannabinoid-based recreational and medical cannabis products.

Further information regarding the terms and conditions of this investment, including accounting methodology, is disclosed in the Company's Financial Statements.

SALE OF TRAUMA HEALING CENTERS

On October 16, 2018, the Company completed the sale of all of the issued and outstanding shares of Trauma Healing to Harvest Medicine Inc. ("HMED"), a wholly-owned subsidiary of VIVO Cannabis Inc. ("VIVO"), for an aggregate purchase price of $1.2 million, which was satisfied by the issuance of common shares in the capital of VIVO at a price per share equal to the ten-trading day VWAP immediately prior to the closing of the transaction. The Company made the decision to divest its interest in Trauma Healing in order to focus its efforts on the emerging adult-use recreational cannabis market. The Company did not view Trauma Healing as a part of its core business and does not anticipate that the disposal of its interest in Trauma Healing to have any material impact on the expected financial performance of Organigram going forward.

SUPPLY AGREEMENT FOR HEMP FOR CBD EXTRACTION

On January 18, 2019, the Company entered into an agreement with 1812 Hemp, a New Brunswick based industrial hemp research company to secure supply and support research and development on the genetic improvement of hemp through traditional plant breeding methods. 1812 Hemp is focused on further developing a line of Canadian cultivars (specific varieties of plants cultivated to enhance desirable qualities) of high cannabidiol yielding hemp for the Canadian climate.

Pursuant to the supply agreement, the Company will receive a 25% discount on all dried product purchased from 1812 Hemp and will have continued access to future 1812 harvests from December 17, 2018 to December 16, 2023, with the option to extend for an additional five-year period. The Company made a payment of $1.5 million to 1812 Hemp in connection with this supply agreement. Organigram acquired access to approximately 6,000 kg of dried hemp flower harvested in the fall of 2018, which it mostly acquired in Q3 Fiscal 2019. 1812 is currently targeting a harvest of 60,000 kg of dried hemp flower for 2019, which will start becoming available to the Company in December 2019.

In addition, pursuant to the supply agreement with 1812 Hemp, Organigram has a right-of-first refusal on future procurement of hemp from 1812 Hemp, which is expected to increase significantly in 2019 and beyond.

On July 26, 2019, the Company entered into an advance payment and support agreement ("Payment Agreement") with 1812 Hemp. Under the terms of the agreement, the Company advanced $3.0 million to 1812 Hemp in the form of a secured loan. These amounts may be applied against future purchases of hemp under the license and supply agreement described above. The aggregate amount of advances outstanding as of January 1, 2020 will accrue interest of 9.0% per annum, calculated monthly, until the entire balance of advances is paid. The full amount of any outstanding advances are due and payable by 1812 Hemp on the earlier of: i) June 30, 2020; ii) the date on which 1812 Hemp breaches or defaults on any of its agreements; and iii) the date on which the license and supply agreement is terminated in accordance with its terms. Notwithstanding the foregoing, in circumstances of force majeure or in the event that on or before February 28, 2020 1812 Hemp has offered the Company sufficient hemp to retire in full the outstanding balance of advances and the Company's purchases of such hemp are not sufficient to retire in full the outstanding balance of advances, then 1812 Hemp's obligation to repay the outstanding balance of advances shall be suspended until June 30, 2021.

At August 31, 2019, $909 was outstanding with respect to this arrangement. Subsequent to year-end, additional advances totaling $2.1 million were made bringing the total outstanding balance to $3.0 million. 1812 Hemp may repay all or a portion of the outstanding balance of advances at any time and from time to time.

USE OF PROCEEDS OF PRIOR FINANCINGS

The following table sets out the Company's previously disclosed expected uses of prior financings as set out in the prospectus filings of prior financings, which include: i) the proceeds of the offering of the December 2017 units; and ii) the proceeds of the offering of the January 2018 Debentures.

	ESTIMATED FUNDS REQUIRED FOR COMPLETION AS AT THE DATE OF THE RELATED PROSPECTUS	FUNDS THE COMPANY EXPECTS TO REQUIRE FOR COMPLETION AS AT THE DATE HEREOF	ACTUAL FUNDS SPENT AS OF THE DATE OF THIS MD&A	EXPECTED TIMEFRAME FOR COMPLETION AS AT THE DATE OF THE RELATED PROSPECTUS	EXPECTED TIMEFRAME FOR COMPLETION AS AT THE DATE HEREOF
Moncton Campus expansion (Phase 4)	$95.0 million	$20.1 million	$117.9 million	December 2019	December 2019[3]
Strategic international opportunities	$5.4 million to $21.6 million[1]	$5.4 million to $21.6 million[1]	$7.6 million[2]	Ongoing	Ongoing
Strategic domestic expansion	Up to $43.1 million	Up to $38.0 million	$5.1 million	Ongoing	Ongoing
Hemp market presence	Up to $10.8 million	Up to $8.4 million	$2.4 million	Ongoing	Ongoing

(1) Comprised of December 2017 and January 2018 financings

(2) Excludes contingent consideration that is to be settled in Common Shares of the Company

(3) As disclosed in the "Moncton Campus Expansion" section of the MD&A, the Company has decided to delay final construction completion of Phase 4C, originally scheduled for completion by the end of calendar 2019. The Company has completed Phase 4A and 4B as of the date of this MD&A.

As set out in the table above, the majority of the Company's existing funds have been allocated for specific purposes, particularly related to the expansion of the Moncton Campus and strategic opportunities (refer to the "Cannabis Cultivation, Processing, Extraction and Packaging" section in this MD&A). At this stage, potential strategic acquisitions are at various stages of progression and the allocation of funds may change depending on the strategic priorities of the Company and management's assessment of the competitive landscape.

FINANCIAL REVIEW AND DISCUSSION OF OPERATIONS

CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS performance measures such as adjusted EBITDA (excluding fair value adjustment to inventory and biological assets) MD&A or other public documents, which are not measures calculated in accordance with IFRS and have limitations as analytical tools. These performance measures have no prescribed meaning under IFRS and therefore amounts presented may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance such as net income or other data prepared in accordance with IFRS. See the cautionary statement at the beginning of this MD&A.

Financial figures relating to prior periods in the eight quarter comparatives table captioned "Summary of Quarterly Results" have been restated due to the reclassification of discontinued operations (see note 25 of the Financial Statements) and the reclassification of shipping expense from selling and marketing expense to cost of sales (see note 26 of the Financial Statements).

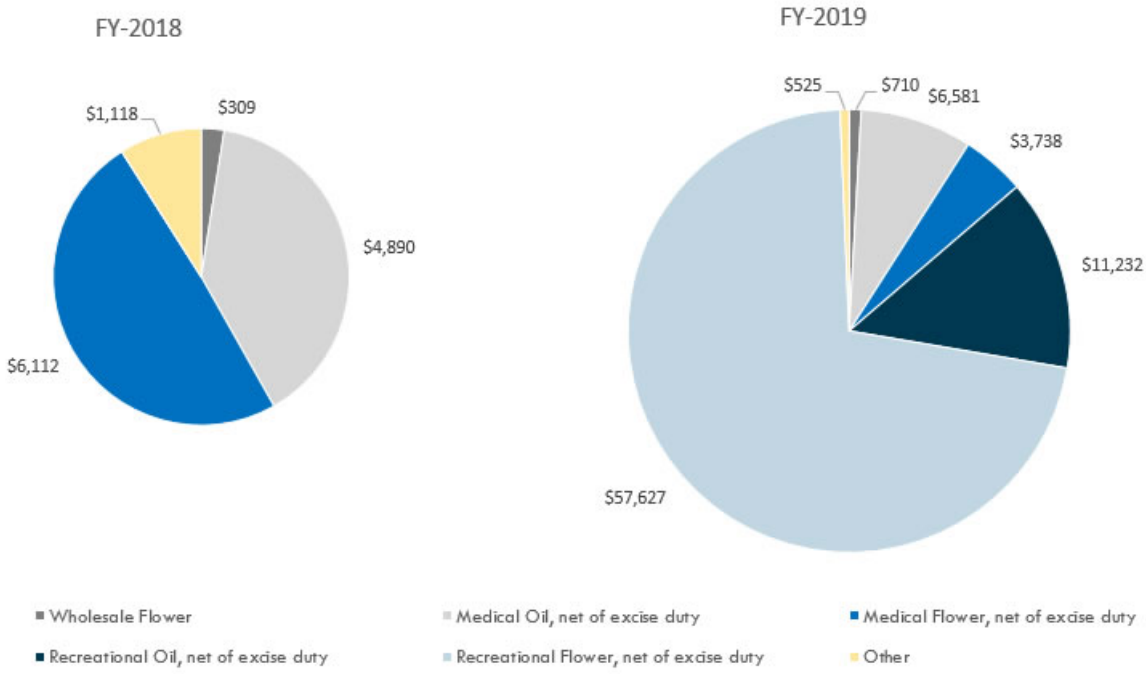
Below is an analysis of the changes from 2017-to-2018 and 2018-to-2019. In depth commentary is provided in the pages to follow in relation to the latter. 2018 financial figures generally increased two-fold from 2017 in line with a growth company in an emerging industry (except for cost of sales which was better controlled as the Company improved its efficiencies in relation to the cultivation practices).

	FISCAL 2019	FISCAL 2018	$ CHANGE	% CHANGE	FISCAL 2017
Financial Results					
Gross revenue	$ 97,547	$ 12,429	$ 85,118	685%	$ 5,389
Net revenue	$ 80,413	$ 12,429	$ 67,984	547%	$ 5,389
Cost of sales and indirect production	$ 42,521	$ 6,814	$ 35,707	524%	$ 7,697
Gross margin before fair value adjustments	$ 37,892	$ 5,615	$ 32,277	575%	$ (2,308)
Gross margin % before fair value adj.	47%	45%	2%	4%	(43)%
Fair value adjustments to biological assets and changes in inventory sold	$ 10,577	$ 46,018	$ (35,441)	(77)%	$ (1,369)
Gross margin	$ 48,469	$ 51,633	$ (3,164)	(6)%	$ (3,677)
Operating expenses	$ 42,982	$ 15,217	$ 27,765	182%	$ 7,424
Income (loss) from operations	$ 5,487	$ 36,416	$ (30,929)	(85)%	$ (11,101)
Other expense (income)	$ 11,362	$ 8,639	$ 2,723	32%	
Net income (loss) from continuing operations	$ (5,875)	$ 27,777	$ (33,652)	(121)%	$ (10,813)
Net income (loss) from continuing operations per common share, basic	$ (0.067)	$ 0.184	$ (0.251)	(136)%	$ (0.111)
Net income (loss) from continuing operations per common share, diluted	$ (0.067)	$ 0.174	$ (0.241)	(139)%	$ (0.111)
Financial Position					
Working capital	$ 152,417	$ 191,964	$ (39,547)	(21)%	$ 38,018
Inventory and biological assets	$ 113,796	$ 64,827	$ 48,969	76%	$ 5,406
Total assets	$ 428,525	$ 302,567	$ 125,958	42%	$ 92,808
Non-current financial liabilities	$ 46,067	$ 98,743	$ (52,676)	(53)%	$ 3,129

Note 1: Adjusted EBITDA is a non-IFRS measure that the Company defines as net income (earnings) from continuing operations before: interest expense, net of investment income; income tax; depreciation, amortization, impairment, and gain (loss) on disposal of PP&E (per the statement of cash flows); share-based compensation (per the statement of cash flows); share of loss and impairment from investments in associates; unrealized loss (gain) on changes in fair value of contingent consideration; expenditures incurred in connection with the NASDAQ cross-listing; and the fair value adjustment to biological assets and inventory.

NET REVENUE FROM CONTINUING OPERATIONS

The net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes. Revenue consists primarily of dried flower and cannabis oil but also related accessories and, at times, wholesale sales. For the purpose of reviewing revenue figures, the Company is most interested in recreational and medical sales of dried flower and oil, which have increased as illustrated below.



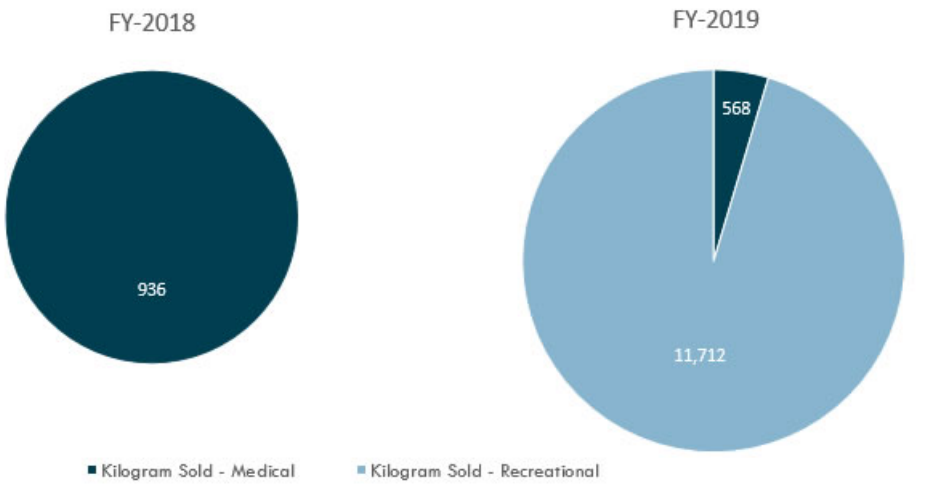
REVENUE

The Company's revenue from continuing operations includes revenue from dried flower (including pre-rolls and milled flower blends) and cannabis oil for the adult-use recreational and medical marketplaces as well as accessories revenue to medical patients and wholesale revenues. For the three months ended August 31, 2019, the Company recorded net revenues of $16,290 from 2,425 kg of dried flower and 3,131 L of oil sold versus $3,190 for the three months ended August 31, 2018 from the sale of 200 kg of dried flower and 896 L of oil. Net revenues were comprised of sales during the quarter of $19,988, less a provision for product returns and price adjustments of $3,698. The majority of the product returns and price adjustments were due to two slower selling SKUs sold to the Ontario Cannabis Store (OCS), comprised of a bespoke order of lower THC dried flower intended to fulfill a supply gap in the market earlier this year and THC oil that has seen less than anticipated demand in the adult-use recreational market.

For the year ended August 31, 2019 the Company recorded net revenues of $80,413, which were comprised of 12,280 kg of dried flower and 16,504 L of oil sold, versus $12,429 for the year ended August 31, 2018 from the sale of 936 kg of dried flower and 2,635 L of oil. The year-over-year increase in revenue is entirely attributable to the adult-use recreational market being legalized on October 17, 2018.

KILOGRAMS SOLD - DRIED FLOWER

The Company quantifies dried flower sold in the measurement of kilograms (kg). The Company experienced a 1,111% and 1,211% increase in kilograms sold for the three months and year ended August 31, 2019, respectively, compared to the prior year comparative periods. This increase is entirely attributable to the legalization of adult-use cannabis for recreational purposes in October 2018 and the Company's decision to less aggressively pursue new medical clients.



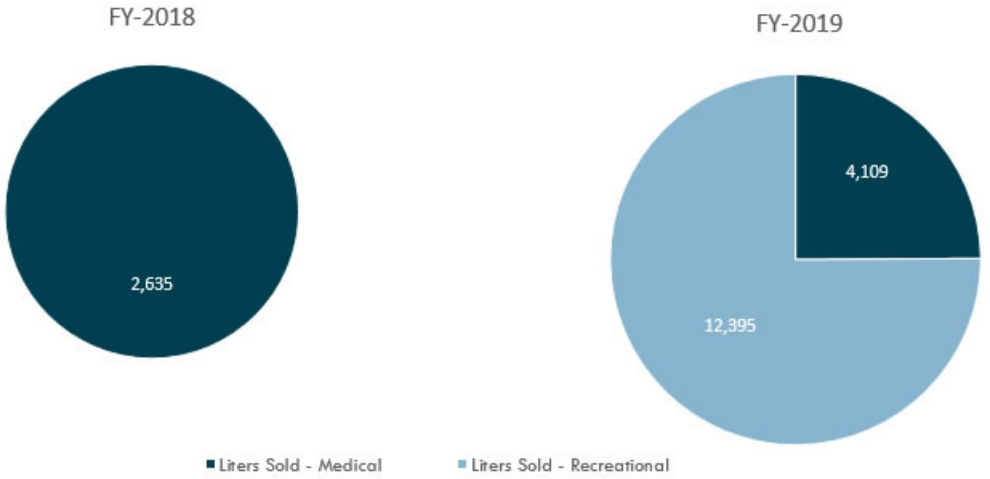
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LITERS SOLD - CANNABIS OIL

The Company quantifies cannabis oil sold in the measurement of liters (L). The Company's cannabis oil for the adult-use recreational market has a lower cannabinoid concentration of 10 mg/mL compared to 20 mg/mL for the medical market and therefore the Company will achieve more revenue per mL on medical oil but more revenue per cannabinoid content on recreational oil. As a result of the legalization of recreational cannabis as well as increased demand for oil from the medical market, the Company increased its sales of cannabis oil volumes by 250% and 526% for the three months and year ended August 31, 2019, respectively, compared to the prior year comparative periods.

Adult-use recreational oil sales were impacted by two opposing factors. THC heavy oil products slowed as the adult-use recreational appetite for that product is less than originally contemplated. However, the overall demand for CBD dominant oil was underserved in the Canadian market and towards the end of Q3 the Company made its first sales to various provinces to take advantage of this opportunity. CBD sales continued to be strong during Q4 Fiscal 2019.

On the medical side the Company continued to grow its oil sales (including CBD) as the product mix in medical marketplace continues to shift from flower to oil.



COST OF SALES AND GROSS MARGIN

The gross margin from continuing operations for the three months ended August 31, 2019 was $(11,059) compared to $32,450 for the prior year comparative period. The decrease in gross margin year-over-year was primarily driven by fair value changes to biological assets and inventory.

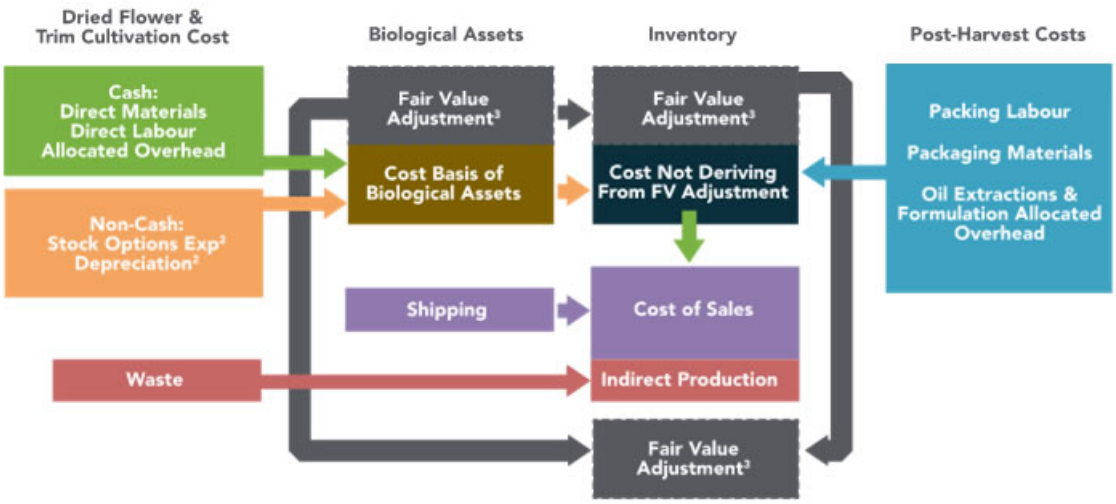
For the year ended August 31, 2019, gross margin was $48,469 compared to $51,633 for the year ended August 31, 2018. Fiscal 2019 gross margin was comprised of the significant contribution of revenues generated from the adult-use recreational market and the resulting gross margin before fair value adjustments of $37,982 and to a lesser extent, the fair value gain recorded on biological assets of $10,577. In the prior year however, gross margin was largely driven by the fair value gain on biological assets of $46,018, but a much smaller medical-only revenue base resulting in a gross margin before fair value adjustments of $5,615.

Included in gross margin are the changes in the fair value of biological assets related to IFRS standard IAS 41 - Agriculture. The net increase in fair value adjustments on a fiscal year-to-date basis is due to additional production capacity that came online during Fiscal 2019 resulting in an increase in fair value on the growth of biological assets of $75,338, which was offset by the realization of the fair value increment for inventory sold during the year of $(50,477) and adjustments to the net realizable value of inventory of $(14,284). See "Cannabis Cultivation, Processing, Extraction and Packaging Growing Configuration" of this MD&A for further discussion on production capacity.

Cost of sales and indirect production primarily consists of the following:

- Costs of sales of cannabis (dried flower, oil, and other wholesale formats such as extract) include the direct costs of materials and labour and depreciation of manufacturing related items such as building, and equipment related to the production of cannabis sold. This includes growing, cultivation and harvesting costs, quality assurance and quality control, as well as packaging and labelling.
- Cost of sales also includes the costs related to other products such as vaporizers and cookbooks.
- Cost of sales also includes shipping expenses to deliver product to the customer. Prior period amounts have been restated to conform to the current period presentation (Note 26 of the Financial Statements).
- Production costs of late-stage biological assets that are disposed of and inventory that does not pass the Company's quality assurance standards or is obsolete are expensed to indirect production. Indirect production for the three months and year ended August 31, 2019 was $2,671 and $4,733, respectively, compared to $288 and $1,289 for the prior year comparative periods. The increase over the prior year is primarily a result of increased production and post-harvest activities and non-recurring write-downs related to the Company phasing out some of its older packaging materials for newer, more consumer-friendly packaging.

Illustrative Overview of Composition and Flow of Biological Assets, Inventories, and Cost of Sales



Notes:

1. The above illustration is for informational purposes only and should not be viewed as an exact representation of the actual flow of inputs and outputs. Certain items referenced above may not have a standard meaning under IFRS and therefore should be considered non-IFRS measures. Readers should refer to the notes of the August 31, 2019 year-end financial statements for the official accounting policies.

2. The majority of stock options expense related to the manufacturing and operations groups and most of the Moncton Campus depreciation is captured as part of cultivation costs, however a certain amount of these costs are also added during the post-harvest and extraction phases.

3. Fair value adjustments are made to the cost basis of biological assets which collectively become the cost basis of inventories. Inventories are then carried at the lower of cost and net realizable value. When sold a portion of inventory is charged to cost of sales (actual costs) with the remainder (FV adjustments) to "Fair value adjustments to biological assets" on statements of income.

4. Excise taxes are excluded from this diagram and are reflected as a netting adjustment against gross revenue to arrive at net revenue for presentation purposes in the consolidated financial statements.

The following tables reconcile the Company's gross margin before fair value adjustments from its Canadian recreational and medical sales with its reported revenue, cost of sales and gross margin (before fair value adjustments):

THREE MONTHS ENDED AUGUST 31, 2019 ($000'S)				
	RECREATIONAL	MEDICAL	OTHER (NOTE 1)	TOTAL
Gross revenue	$ 16,060	$ 2,622	$ 553	$ 19,235
Excise taxes	(2,699)	(246)	-	(2,945)
Net revenues	$ 13,361	$ 2,376	$ 553	$ 16,290
Cost of sales (Note 2)	10,406	1,440	1,026	12,872
Indirect production (Note 3)	-	-	2,671	2,671
Gross margin before fair value adjustments (Note 4)	$ 2,955	$ 936	$ (3,144)	$ 747
UNITS OF:				
Dried flower KG & equivalent (Note 7)	2,514	384	-	2,898
Net sales per gram DFE*	$ 5.31	$ 6.19		$ 5.62
Cost of Sales per gram DFE*	4.14	3.75		5.36
Gross Margin per gram DFE*	$ 1.18	$ 2.44		$ 0.26

YEAR ENDED AUGUST 31, 2019 ($000'S)				
	RECREATIONAL	MEDICAL	OTHER (NOTE 1)	TOTAL
Gross revenue	$ 85,038	$ 11,275	$ 1,234	$ 97,547
Excise taxes	(16,178)	(956)	-	(17,134)
Net revenues	$ 68,860	$ 10,319	$ 1,234	$ 80,413
Cost of sales (Note 2)	31,290	3,395	3,103	37,788
Indirect production (Note 3)	-	-	4,733	4,733
Gross margin before fair value adjustments (Note 4)	$ 37,570	$ 6,924	$ (6,602)	$ 37,892
UNITS OF:				
Dried flower KG & equivalent (Note 7)	13,089	1,481	-	14,570
Net sales per gram DFE*	$ 5.26	$ 6.97		$ 5.52
Cost of Sales per gram DFE*	2.39	2.29		2.92
Gross Margin per gram DFE*	$ 2.87	$ 4.68		$ 2.60

Note 1: Other includes: wholesale sales and accessories revenue. Grams of DFE for wholesale sales have not been shown as it mostly consisted of concentrate.

Note 2: Cost of sales under the 'Other' column includes shipping costs for both recreational and medical markets, which are reclassified for FY'2018 to conform with current year presentation and excludes indirect production costs.

Note 3: Includes cultivation assets that did not meet quality assurance standards that is expensed immediately during the period and obsolete packaging. FY'2018 amounts include product destroyed related to the voluntary recall.

Note 4: Adjusted Gross Margin equals gross margin before fair value adjustments on biological assets and inventories as reflected in the consolidated FinancialStatements.

Note 5: See cautionary statements regarding the use of non-IFRS financial measures at the beginning of this MD&A.

Note 6: Readers are cautioned with comparing cost of sales on the income statement with "cost of cultivation" expressed earlier in the MD&A. Cost of cultivation excludes packaging costs. Further, even excluding packaging, the cost of cultivation takes time to work through to cost of sales as harvests are "inventoried" and processed first and expensed to cost of sales only when the product is sold.

Note 7: Oil sales are converted at a standard rate of 9mL/g for recreational oil and 4.5mL/g for medical oil.

* DFE means dried flower equivalent, a non-IFRS measure, and is based on the conversion of oil sales to an equivalent measure as described in Note 7 above.

THREE MONTHS ENDED AUGUST 31, 2018 ($000'S)				
	RECREATIONAL	MEDICAL	OTHER (NOTE 1)	TOTAL
Gross revenue	$ -	$ 3,053	$ 137	$ 3,190
Excise taxes	-	-	-	-
Net revenues	$ -	$ 3,053	$ 137	$ 3,190
Cost of sales (Note 2)	-	974	324	1,298
Indirect production (Note 3)	-	-	288	288
Gross margin before fair value adjustments (Note 4)	$ -	$ 2,079	$ (475)	$ 1,604
UNITS OF:				
Dried flower KG & equivalent (Note 7)	-	399	-	399
Net sales per gram DFE*	$ -	$ 7.65		$ 7.99
Cost of Sales per gram DFE*	-	2.44		3.97
Gross Margin per gram DFE*	$ -	$ 5.21	$ -	$ 4.02

YEAR ENDED AUGUST 31, 2018 ($000'S)				
	RECREATIONAL	MEDICAL	OTHER (NOTE 1)	TOTAL
Gross revenue	$ -	$ 11,002	$ 1,427	$ 12,429
Excise taxes	-	-	-	-
Net revenues	$ -	$ 11,002	$ 1,427	$ 12,429
Cost of sales (Note 2)	-	4,135	1,390	5,525
Indirect production (Note 3)	-	-	1,289	1,289
Gross margin before fair value adjustments (Note 4)	$ -	$ 6,867	$ (1,252)	$ 5,615
UNITS OF:				
Dried flower KG & equivalent (Note 7)	-	1,424	99	1,523
Net sales per gram DFE*	$ -	$ 7.73		$ 8.16
Cost of Sales per gram DFE*	-	2.90		4.47
Gross Margin per gram DFE*	$ -	$ 4.82	$ -	$ 3.69

Note 1: Other includes: credits related to the recall, wholesale sales, and accessories revenue

Note 2: Cost of sales under the "Other" column includes shipping costs for both recreational and medical markets, which are reclassified for FY'2018 to conform with current year presentation and excludes indirect production costs.

Note 3: Includes cultivation assets that did not meet quality assurance standards that is expensed immediately during the period and obsolete packaging. FY'2018 amounts include product destroyed related to the voluntary recall.

Note 4: Adjusted Gross Margin equals gross margin before fair value adjustments on biological assets and inventories as reflected in the consolidated Financial Statements.

Note 5: See cautionary statements regarding the use of non-IFRS financial measures at the beginning of this MD&A.

Note 6: Readers are cautioned with comparing cost of sales on the income statement with "cost of cultivation" expressed earlier in the MD&A. Cost of cultivation excludes packaging costs.

Further, even excluding packaging, the cost of cultivation takes time to work through to cost of sales as harvests are "inventoried" and processed first and expensed to cost of sales only when the product is sold.

Note 7: Oil sales are converted at a standard rate of 9mL/g for recreational oil and 4.5mL/g for medical oil.

* DFE means dried flower equivalent, a non-IFRS measure, and is based on the conversion of oil sales to an equivalent measure as described in Note 7 above.

ADJUSTED GROSS MARGIN AND ADJUSTED GROSS MARGIN % (EXCLUDES FAIR VALUE ADJUSTMENTS)

The Company calculates adjusted gross margin as net revenue less cost of goods sold and indirect production, divided by net revenue. The fair value adjustment to biological assets and changes in inventory sold is excluded as management believes the exclusion is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair value less cost to sell. Prior quarters have been adjusted to only reflect results from continuing operations and the reclassification of shipping expenses. Refer to notes 25 and 26 of the Financial Statements for further information.

The increase in adjusted gross margin up to Q1 Fiscal 2019 is consistent with the Company's low cost of production and ability to sell most of its products at the medium to high end of the product categories. The decline in adjusted gross margin in Q4 Fiscal 2019 is an anomaly resulting from an increase in production costs to meet demand, a temporary decline in production yields during Q3 Fiscal 2019 that resulted in higher cost product being sold through in Q4 Fiscal 2019, year-end inventory adjustments, and write-downs of legacy packaging materials that have been replaced with new, more consumer-friendly packaging. None of these trends are expected to persist into the 2020 fiscal year. On a fiscal year-to-date basis, the Company's adjusted gross margin was $37,892, or 47%.

Adjusted Gross Margin % (Excluding fair value adj. and recall effects)	Q1-F18	Q2-F18	Q3-F18	Q4-F18	Q1-F19	Q2-F19	Q3-F19	Q4-F19
Gross margin from continuing operations	1,317	6,155	11,696	32,465	51,746	7,958	(179)	(11,059)
Less: Fair value changes to biological assets and changes in inventory sold	722	4,384	10,066	30,846	42,925	(8,086)	(12,456)	(11,806)
Adjusted gross margin excluding fair value adjustment to biological assets and inventory	595	1,771	1,630	1,619	8,821	16,044	12,277	747
Divided by: net revenue from continuing operations	2,399	3,395	3,422	3,213	12,439	26,934	24,750	16,290
Adjusted gross margin % (excl. fair value adj.)	25%	52%	48%	50%	71%	60%	50%	5%

Because the net revenue and gross margin were impacted by the effect of recall returns in Q2 Fiscal 2018 (+$471) and to a lesser extent in Q3 Fiscal 2018 (+$22), readers may prefer to look at the gross margin (excluding fair value adjustment) and net revenue both excluding the recovery related to the recall credits, which is a non-IFRS measure, as follows:

Adjusted Gross Margin % (Excluding fair value adj. and recall effects)	Q1-F18	Q2-F18	Q3-F18	Q4-F18	Q1-F19	Q2-F19	Q3-F19	Q4-F19
Adjusted gross margin excluding fair value adjustment to biological assets and inventory from continuing operations	595	1,771	1,630	1,619	8,821	16,044	12,277	747
Less: effects of recall recovery (returns)	-	471	22	-	-	-	-	-
Adjusted gross margin excluding fair value adjustment to biological assets and inventory	595	1,300	1,608	1,619	8,821	16,044	12,277	747
Net revenue from continuing operations	2,399	3,395	3,422	3,213	12,439	26,934	24,750	16,290
Less: effects of recall recovery (returns)	-	471	22	-	-	-	-	-
Net revenue from continuing operations - adjusted	2,399	2,924	3,400	3,213	12,439	26,934	24,750	16,290
Adjusted gross margin % (excluding fair value adj.) of continuing operations less effects of recall	25%	44%	47%	50%	71%	60%	50%	5%

GENERAL AND ADMINISTRATIVE

For the three months ended August 31, 2019, the Company incurred general and administrative expenses from continuing operations of $9,171 compared to $1,491 (excluding Trauma Healing of $259) in the prior year comparative period. Included in the current period expense are adjustments of approximately $1,976 for licensing and professional fees that are not expected to recur at the same level. The additional increase from the prior year comparative period is related to an increase in internal resources, office and general expenses, office building depreciation, professional fees in connection with cross-listing to the NASDAQ and other transactions, and public company-related costs as the Company scaled up its operations in connection with the launch of the adult-use recreational market and the upcoming launch of the cannabis derivative markets expected in December 2019.

For the year ended August 31, 2019, the Company incurred general and administrative expenses from continuing operations of $18,593 (excluding Trauma Healing of $75) compared to $5,552 (excluding Trauma Healing of $941) in the prior year comparative period. The increase year-over-year is related to the same factors noted above.

SALES AND MARKETING

Increased sales volumes, the introduction of the adult-use recreational market, and preparation for the upcoming Cannabis 2.0 launch in December 2019 has resulted in increased spending quarter-over-quarter, and year-over-year. These expenses include increased client service and sales staff, educational materials, as well as commissions on sales. For the three months ended August 31, 2019, the Company incurred sales and marketing expenses from continuing operations of $4,712 compared to $2,076 (excluding Trauma Healing of $15) for the three months ended August 31, 2018.

For the year ended August 31, 2019, the Company incurred sales and marketing expenses from continuing operations of $14,625 compared to $5,437 (excluding Trauma Healing of $60) for the prior year comparative period. The increase year-over-year is related to the same factors noted above.

Sales and marketing and general and administrative expenses, excluding non-cash share-based compensation and impairment loss, ("SG&A") were $13,883 for Q4 Fiscal 2019, up from $3,567 in Q4 Fiscal 2018. As a percentage of net revenue however, SG&A expenses decreased to 41% in Fiscal 2019 from 88% in Fiscal 2018 as the Company realized benefits of scale and continued to focus on prudent spending.

SHARE-BASED COMPENSATION

The Company recognized $2,149 and $9,151 in share-based compensation for the three months and year ended August 31, 2019, respectively, compared to $1,172 and $4,228 for the prior year comparative periods. For the three months ended August 31, 2019, 965,000 options were granted to employees of the Company, valued at $4,300, compared to 190,000 options granted in the prior year comparative period, valued at $534. There were no options granted to key management personnel during the three months ended August 31, 2019 and 2018. The increase in share-based compensation expense year-over-year is primarily a result of current year fair value assumptions such as volatility and share price driving a much higher fair value per option granted and generally more options being granted as a result of the Company's increased headcount.

For the year ended August 31, 2019, 3,589,500 options were granted, valued at $13,848, compared to 2,056,648 options granted in the prior year comparative period, valued at $4,124. Included in the year ended August 31, 2019 were 685,000 options granted to key management personnel compared to 1,461,648 options granted for the year ended August 31, 2018.

Included in the three months and year ended August 31, 2019 were nil and 631,949 restricted share units ("RSUs"), respectively, issued to key management personnel and members of the Board of Directors compared to 129,962 RSUs issued for both the three months and year ended August 31, 2018.

Share-based compensation was valued using the Black-Scholes valuation model for stock options and the fair value of the shares on the date of the grant for RSUs and represents a non-cash expense. Additional share-based compensation grants after the period end have been disclosed under the *Subsequent Events* section of this MD&A.

IMPAIRMENT LOSS

The Company recognized an impairment loss on property, plant and equipment of $613 for the three months and year ended August 31, 2019. The write-down primarily relates to obsolete and damaged growing and production equipment.

FINANCING COSTS AND INVESTMENT INCOME

On January 31, 2018, the Company issued $115 million of convertible debentures paying a 6% coupon interest (the "Debentures"). The Debentures were convertible into Common Shares at a price per Common Share of $5.42 and had a maturity of January 31, 2020. The decrease in financing costs to $786 for the three months ended August 31, 2019 from $4,355 in the prior year comparative period is attributable to the complete conversion of the convertible debentures (described below) in April 2019, a lower average outstanding debt balance, and a lower effective interest rate on the debt outstanding during the period (5.6% versus 18.0%, respectively). The decrease in financing costs to $9,668 for the year ended August 31, 2019 from $10,094 in the prior year comparative period is primarily attributable to the complete conversion of the convertible debentures (described below) in April 2019 and a lower average outstanding debt balance (described in "Balance Sheet, Liquidity and Capital Resources" section of MD&A). Financing costs are comprised of interest expense and the amortization of transaction costs and discount of the long-term debt and the Debentures that were outstanding during the period.

On February 27, 2019, the Company elected to exercise its right under the indenture governing the Debentures to force conversion of all of the principal amount outstanding of the remaining Debentures on April 1, 2019 into Common Shares of the Company, which right was triggered upon the daily VWAP of the Common Shares exceeding $7.05 for any 10 consecutive trading days.

During the three months and year ended August 31, 2019, $nil and $112,982 in face value of Debentures, respectively, were converted into nil and 20,845,372 Common Shares, which was a result of the complete conversion of all the Debentures on April 1, 2019 and the payment of accrued interest (less any required deductions or withholdings) being paid in cash. The Company did not issue fractional Common Shares on the conversion. Instead, the Company, in lieu of delivering a certificate representing such fractional interest, made a cash payment to the holder of an amount equal to the fractional interest in accordance with the indenture. As of April 1, 2019, no further liability or obligation exists with respect to the Debentures.

Investment income of $170 and $662 was earned for the three months and year ended August 31, 2019, respectively, compared to investment income of $496 and $1,455 for the prior year comparative periods. The decrease in investment income was related to interest being earned on a lower average balance of short-term investments ($nil at August 31, 2019 and $75,000 at August 31, 2018), which was further reduced by non-cash fair value losses on the mark-to-market revaluation of marketable securities.

INVESTMENTS IN ASSOCIATES AND CONTINGENT CONSIDERATION

During Q1 Fiscal 2019, the Company made three strategic and international investments as described previously in this MD&A, which are being accounted for as investments in associates in the Company's financial statements. During the three months and year ended August 31, 2019, the Company's share of loss from these investments in associates was $339 and $1,261 compared to $nil and $nil in the prior year comparative periods. Since all three of these investments are effectively in the start-up or early phases of their operations, these losses are to be expected.

In connection with Eviana, the Company recorded an impairment loss of $950 during the three months and year-ended ended August 31, 2019 based on its assessment of various indicators of impairment and the recoverable amount as estimated by Management.

In connection with the Alpha-Cannabis Germany investment, the Company had committed to contingent consideration to be paid in the form of Common Shares of the Company upon the achievement of certain milestones by Alpha-Cannabis Germany. This contingent consideration liability is carried at fair value in the Company's statement of financial position. For the three months and year ended August 31, 2019, the Company recorded an unrealized gain of $864 and unrealized loss of $145, respectively, on the revaluation of this liability compared to $nil and $nil in the prior year comparative periods. The gain and loss is primarily attributable to the decrease and increase, respectively, in the market price of the Company's Common Shares.

NET INCOME (LOSS) FROM CONTINUING OPERATIONS

Net loss from continuing operations for the three months ended August 31, 2019 was $22,456 or $(0.144) per Common Share (basic and diluted), compared to net income from continuing operations of $18,199 or $0.146 per Common Share (basic) and $0.119 per Common Share (diluted) for the prior year comparative period. The net loss for the current quarter was a result of lower gross margin before fair value adjustments ($747) due to product return, price adjustment, and inventory provisions that offset the higher net revenues year-over-year, negative fair value changes to biological assets and inventory sold ($11,806), and higher operating expenses ($16,645) as the Company scaled up operations. The net income in the prior year comparative period was entirely driven by positive fair value changes in biological assets and inventory sold of $30,846 as the Company ramped up production in advance of the launch of adult-use recreational cannabis in October 2018.

Net loss from continuing operations for the year ended August 31, 2019 was $9,504 or $(0.067) per Common Share (basic and diluted), compared to net income from continuing operations of $22,124 or $0.184 per Common Share (basic) and $0.174 per Common Share (diluted) for the prior year comparative period. The net loss for the current year resulted from a significant increase in operating expenses ($42,982) as the Company scaled up operations, which offset gross margin primarily generated from the sale of cannabis as a result of the legalization of the adult-use recreational market on October 17, 2018, whereas the net income for the prior year comparative period was primarily generated from fair value gains to biological assets and inventory sold ($46,018) when only the medical-use market existed.

DISCONTINUED OPERATIONS

During the fourth quarter of 2018, management decided to discontinue operations of Trauma Healing. On October 16, 2018, the sale of Trauma Healing was completed to VIVO Cannabis Inc. Revenue and expenses, gains and losses relating to the discontinuation of Trauma Healing have been eliminated from profit or loss from the Company's continuing operations and are shown as a single line item in the statements of income and comprehensive income. The Company made the decision to divest its interest in Trauma Healing in order to focus its efforts on the emerging adult-use recreational cannabis market. The Company did not view Trauma Healing as a part of its core business and does not anticipate that the disposal of its interest in Trauma Healing to have any material impact on the expected financial performance on Organigram going forward.

The net loss from discontinued operations during the three months ended August 31, 2019 was $nil or $nil per share (basic and diluted), compared to a net loss of $182 or $(0.001) per Common Share (basic and diluted) in the prior year comparative period. Net loss from discontinued operations during the year ended August 31, 2019 was $38 or $nil per Common Share (basic and diluted), compared to $1,611 or $(0.013) per Common Share (basic and diluted) for the prior year comparable period. The loss in the prior year is primarily attributable to the impairment of goodwill for $1,228 recorded in Q3 Fiscal 2018.

SUMMARY OF QUARTERLY RESULTS

	Q1-F18	Q2-F18	Q3-F18	Q4-F18	Q1-F19	Q2-F19	Q3-F19	Q4-F19
Financial Results								
Adult-use recreational revenue	-	-	-	-	9,236	24,460	21,802	13,361
Direct to patient medical revenue	2,247	2,703	2,999	3,053	2,793	2,357	2,793	2,376
International, wholesale and other revenue	152	692	436	137	410	117	155	553
Net revenue from continuing operations	2,399	3,395	3,435	3,190	12,439	26,934	24,750	16,290
Net income (loss) from continuing operations	(1,229)	1,190	4,086	18,091	29,517	(6,386)	(10,180)	(22,456)
Net income (loss) from continuing operations per common share, basic	(0.012)	0.010	0.033	0.157	0.231	(0.049)	(0.068)	(0.144)
Net income (loss) from continuing operations per common share, diluted	(0.012)	0.009	0.030	0.152	0.195	(0.049)	(0.068)	(0.144)
Operational Results								
Cost of cultivation - cash ($/gram)	2.12	1.24	0.66	0.62	0.56	0.65	0.95	0.66
Cost of cultivation - non-cash ($/gram)	0.53	0.24	0.14	0.21	0.18	0.20	0.34	0.28
Total cost of cultivation ($/gram)	2.65	1.48	0.80	0.83	0.74	0.85	1.29	0.94
Dried flower yield per plant (grams)	39	71	93	127	153	164	110	148
Average plants per room (#)	803	1,046	1,316	1,117	1,033	954	1,034	1,044
Harvest (kg)	520	880	1,208	6,323	8,042	8,315	6,052	7,434
Registered medical patients (#)	10,732	12,957	15,316	15,730	13,505	14,875	17,000	17,200
Employee headcount (#)	115	144	261	356	479	615	622	707

The legalization of adult-use cannabis for recreational purposes in October 2018 resulted in a significant increase in revenue in Q1 Fiscal 2019, which continued through Q3 Fiscal 2019 as the recreational market matures and stabilizes. Prior to this period, the Company was incrementally growing its medical cannabis business, while also preparing for the launch of adult-use cannabis market for recreational purposes. The decrease in revenue in Q4 Fiscal 2019 is due to the lack of a sufficient retail network and slower than expected store openings in Ontario, which was further exacerbated by increased industry supply and a changing market dynamic that resulted in the recognition of a provision for product returns and price adjustments as described previously.

Net income between Q1 Fiscal 2018 through to Q1 Fiscal 2019 increased primarily as a result of the Company's fair value adjustment to biological assets as the Company built-up inventories in advance of the recreational market launch. This was offset by increasing SG&A expenditures during the same timeframe as the Company increased its headcount substantially and invested in sales and marketing, recruitment and retention, and various other administrative expenditures. Management also notes that Q2 Fiscal 2018 includes a recapture of the returns provision for $471, representing the credits that expired under the previously announced recall program. Net income for Q2 and Q3 Fiscal 2019 declined as the Company recorded net negative changes to Company's fair value adjustments to biological assets and inventories sold and as investment in SG&A increased. Q4 Fiscal 2019 net income declined further as a result of lower net revenue as described above, higher cost of goods sold and indirect production expenses, and certain true-up adjustments relating to general and administrative expenses. Excluding the aforementioned trends, no seasonality has been historically noted and the Company does not currently anticipate any such trends going forward, other than the market development trends noted previously.

Adjusted EBITDA

This is a non-IFRS measure and the Company calculates adjusted EBITDA from continuing operations as net income (earnings) before: interest expense, net of investment income; income tax; depreciation, amortization, impairment, and gain (loss) on disposal of PP&E (per the statement of cash flows); share-based compensation (per the statement of cash flows); share of loss and impairment loss from investments in associates; unrealized loss (gain) on changes in fair value of contingent consideration; expenditures incurred in connection with the NASDAQ cross-listing; and the fair value adjustment to biological assets and inventory. Management believes the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on the valuation of biological assets and inventory using a fair value less cost to sell model. The most directly comparable measure to adjusted EBITDA (excluding fair value adjustment to biological assets and inventory) calculated in accordance with IFRS is net income (loss) from continuing operations.

Management changed the calculation of adjusted EBITDA during Q2 Fiscal 2019 and has conformed prior quarters accordingly to include an add-back for share-based compensation, share of loss from investments in associates, expenditures incurred in connection with the NASDAQ cross-listing, and unrealized loss on changes in fair value of contingent consideration. Prior quarters have also been adjusted to reflect results from continuing operations. Please refer to note 26 in the Financial Statements.

Adjusted EBITDA has been increasing since Q4 Fiscal 2018 through to Q2 Fiscal 2019 as the adult-use recreational market was legalized in October 2018 but experienced a decrease during Q3 and Q4 Fiscal 2019 due to lower gross margins on increased production costs, inventory write-downs, and sales provisions as well as higher SG&A expenditures. On a fiscal year-to-date basis, the Company's adjusted EBITDA was $19,900, or 25%.

Adjusted EBITDA	Q1-F18	Q2-F18	Q3-F18	Q4-F18	Q1-F19	Q2-F19	Q3-F19	Q4-F19
	$	$	$	$	$	$	$	$
Net income (loss) from continuing operations	(1,229)	1,191	4,070	18,091	29,517	(6,386)	(10,180)	(22,456)
Add:								
Interest expense (investment income) from continuing operations	(44)	1,143	3,679	3,861	3,944	4,085	362	616
Income tax expense (recovery)	-	-	-	5,653	12,785	(620)	(2,248)	(6,289)
Depreciation, amortization, impairment, and gain (loss) on disposal of PP&E from continuing operations (per statement of cash flows)	485	603	923	1,556	1,671	1,802	2,220	3,955
Less/(Add): fair value adjustment to biological assets and net realizable value adjustment to inventory	722	4,384	10,066	30,846	42,925	(8,086)	(12,456)	(11,806)
Adjusted EBITDA as Previously Reported	**$ (1,510)**	**$ (1,447)**	**$ (1,394)**	**$ (1,685)**	**$ 4,992**	**$ 6,967**	**$ 2,610**	**$(12,368)**
Add:								
Share-based compensation (per statement of cash flows)	746	1,153	1,157	1,977	1,847	5,136	3,875	4,036
Share of loss and impairment loss from investments in associates	-	-	-	-	-	507	415	1,289
Unrealized loss on changes in fair value of contingent consideration	-	-	-	-	-	646	363	(864)
Nasdaq cross-listing expenditures	-	-	-	-	-	-	449	-
Adjusted EBITDA Revised	**$ (764)**	**$ (294)**	**$ (237)**	**$ 292**	**$ 6,839**	**$ 13,256**	**$ 7,712**	**$ (7,907)**
Divided by: net revenue from continuing operations	2,399	3,395	3,422	3,213	12,439	26,934	24,750	16,290
Adjusted EBITDA margin %	**-32%**	**-9%**	**-7%**	**9%**	**55%**	**49%**	**31%**	**-49%**

BALANCE SHEET, LIQUIDITY AND CAPITAL RESOURCES

The following represents selected balance sheet highlights of the Company at the end Fiscal 2019 and 2018:

	AUGUST 31, 2019	AUGUST 31, 2018	% CHANGE
Cash & short-term investments	$ 47,935	$ 130,064	(63)%
Inventories	$ 93,144	$ 44,969	107%
Working capital	$ 152,417	$ 191,964	(21)%
Total assets	$ 428,525	$ 302,567	42%
Total current and long-term debt	$ 49,576	$ 99,164	(50)%
Total shareholders' equity	$ 327,006	$ 184,594	77%

On August 31, 2019, the Company had a cash and short-term investments balance of $47,935 compared to $130,064 at August 31, 2018, which is primarily a result of the purchase of PP&E as part of the Company's Moncton Campus expansion, which is reflected in the overall increase in total assets, and the scaling up of the business.

Inventories continued to grow as cultivation outpaced packaging and extraction. The Company is confident that the rate of inventory builds will slow as new retail outlets and new product lines come online towards the end of calendar 2019 and into calendar 2020, driving sales.

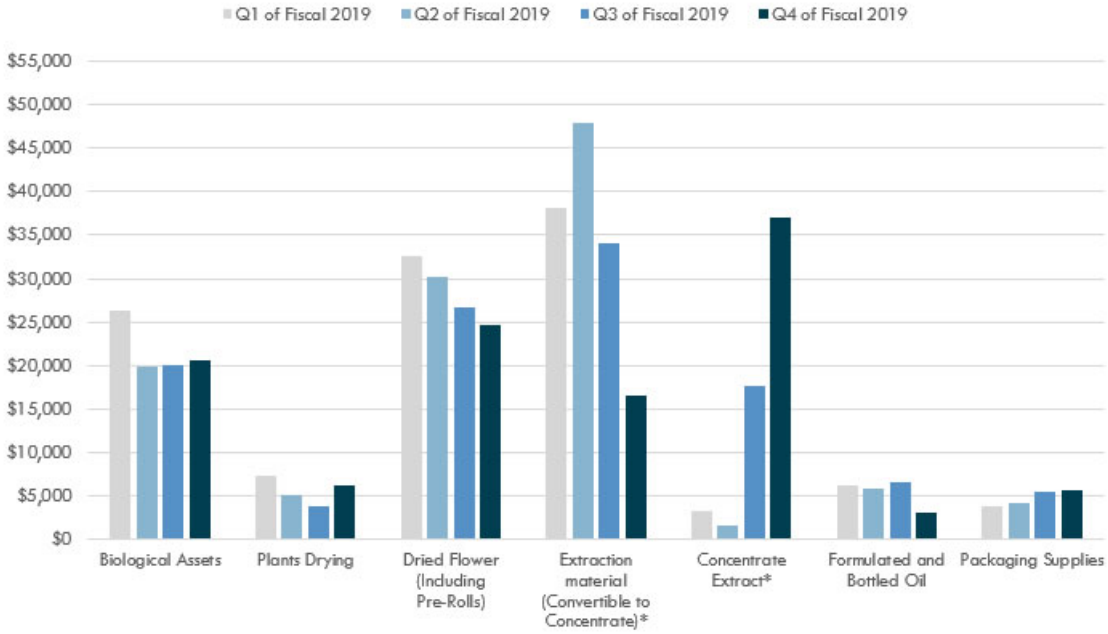
Working capital overall is strong and the Company believes, in the event that if it were not in a position to finance its capital expenditure plan through operating cash flows or the $140 million credit facility it recently amended with BMO, that it could, if necessary, obtain liquidity through the capital markets as the Company's common shares are actively traded on two senior exchanges and there is good analyst coverage amongst sell-side brokerages. On November 4, 2019, the Company filed a preliminary base-shelf prospectus for an amount up to $175 million through the issuance of common shares, preferred shares, debt securities, subscription receipts, warrants or units. In order to take advantage of raising funds by way of the base-shelf prospectus, the Company would be required to file a final base-shelf prospectus and one or more prospectus supplements. The purpose of filing the base-shelf prospectus is to shorten the timeline to raise funds for growth opportunities and working capital.

BIOLOGICAL ASSETS AND INVENTORIES

Notwithstanding management's preference to exclude IFRS fair value adjustments from a performance measurement perspective; from a balance sheet perspective, management believes that the carrying values of biological assets and inventories are indications of the Company's ability to continue to service its sales channels and customer demand.

Components of Inventories (Including Biological Assets)

The following chart summarizes the biological assets and inventories that the Company has at Q4 Fiscal 2019 quarter-end (with comparisons to the previous three quarters). As the valuation of these biological assets and inventories are highly dependent upon numerous assumptions, they are not necessarily reflective of actual quantities ultimately available for sale (which are detailed in the financial statements of the Company for each of the dates denoted) nor ultimate realizable value. The Company expects biological assets and plants drying to both increase by the next quarter as production from the additional 30 grow rooms from Phase 4A and additional 17 grow rooms from Phase 4B are reflected. In addition, the continued conversion of extraction material to concentrate extract will occur as the Company continues to prepare for "Rec 2.0" and its delivery of vaporizable products and various edible products.



Notes: Extraction material includes dried hemp and concentrate extract includes hemp extract both originally sourced from 1812 Hemp (as defined below).

Biological assets increased from $19,858 as at fiscal year-ended August 31, 2018 to $20,652 at the end of Fiscal 2019. While the number of plants in production increased from 74,271 at August 31, 2018 to 132,951 at August 31, 2019, the net realizable value estimate of the dried flower or cannabinoid content per plant has decreased primarily due to an increase in the estimate of packaging costs. The carrying value of biological assets is dependent on many factors including but not limited to: (i) estimated yields per plant; (ii) stage of production of the plant; (iii) strains mix; (iv) ultimate selling form and price thereof (flower, pre-roll, oil, derivative etc.); and (v) the estimated costs of packaging and shipping. The carrying value of plants drying decreased for the same reasons as stated for biological assets (lower net realizable value as a result of higher packaging costs).

Dried flower (including pre-rolls) consists of "available for packaging" and "packaged" inventories. Volumes available increased from 5,103 kg as at fiscal year-ended August 31, 2018 to 7,063 kg as at Q4 Fiscal 2019 as the Company builds inventory to meet future sales demand - in particular large markets such as Ontario and Quebec which are currently underserved from a physical retail store presence. Specifically, the Company allocated inventory to meet demand for the Quebec market for sales which began in Q4 Fiscal 2019 and also has expanded the variety of strains offered coast to coast which requires a "build" to support reorders from existing purchasers.

The Company continues to hold significant material available for extraction (approximately 4,939 kg as at Q4 Fiscal 2019 compared to 1,918 kg as at fiscal year ended August 31, 2018) for conversion to high cannabinoid concentrate (~70% tetrahydrocannabinol ("THC") or CBD that can then be used for either oil formulation, vaporizable products, edibles, beverages or other products as they become permitted under the Cannabis Act later this calendar year. During the quarter, the Company converted a significant portion of the material that was present at the end of Q2 Fiscal 2019 to high cannabinoid concentrate extract through Valens, its toll extraction partner. Part of the conversion process related to converting THC dominant strains grown at the Moncton Campus, which increased from 40 kg of concentrate as at fiscal year-ended August 31, 2018 to 790 kg as at the end of Q4 Fiscal 2019. The Company will begin to systematically utilize the concentrate as it begins to fulfill product delivery for its vape pen and chocolate launches in December 2019 and January 2020 respectively.

The Company believes these derivative products will represent approximately 50% of the legal product forms in demand by early calendar 2020 and continues to strategically build up extraction material and concentrate. Currently, the Company's in-house extraction equipment is insufficient to handle all the extractable product available, which consists of trim and some flower. The Company is expanding its extraction capabilities as part of its Phase 5 expansion but also plans to utilize its third-party extraction arrangement with Valens as needed.

The following highlights the Company's cash flows during the year ended August 31, 2019 and 2018:

	AUGUST 31, 2019	AUGUST 31, 2018
Cash Provided (Used)		
Operating activities	$ (35,081)	$ (12,704)
Financing activities	74,328	163,910
Investing activities	(46,782)	(97,997)
Cash (used) provided	$ (7,535)	$ 53,209
Effects of foreign exchange on cash	26	-
Cash position		
Beginning of period	$ 55,064	1,957
Cash included in disposal group (Note 25)	-	(102)
End of period	$ 47,555	$ 55,064
Short-term investments	380	75,000
Cash and short-term investments	$ 47,935	$ 130,064

The cash used by operating activities was $35,081, which was primarily driven by the scaling up of operations and investment in working capital as the Company focused its operations on the adult-use recreational cannabis market during the year ended August 31, 2019. The Company has accumulated significant inventory, which it expects to sell in the upcoming quarters as the retail roll-out across Canada continues to build and the Company launches its Rec 2.0 product line. This compares to cash used of $12,704 for the prior year comparative period when the business was mostly focused on the significantly smaller medical use market and only started to invest in the forthcoming adult-use recreational launch.

The cash provided by financing activities was $74,328, driven by long-term debt issued for net proceeds of $58,851 and stock options and warrants exercised for $35,146. This was offset by repayment of long-term debt of $12,674 and cash interest paid of $6,995. In comparison, in the prior year comparative period, cash provided by financing activities was $163,910, which was primarily driven by the issuance of shares in December 2017 ($53,822 net of fees) and the issuance of the Debentures in February 2018 ($107,845 net of fees). The Debentures were fully settled on April 1, 2019 as a result of the Company's ability to force conversion of the Debentures as described previously. No further liability or obligation remains with respect to the Debentures. It should be noted that the conversion of the Debentures represents a non-cash financing activity as it neither provides nor uses cash and is therefore excluded from statement of cash flows.

On May 31, 2019, the Company closed a credit facility with Bank of Montreal ("BMO") as lead arranger and agent as well as a syndicate including three other lenders. The facility consists of a $115 million term loan ("Term Loan") and a $25 million revolving credit facility ("Revolver", or together, the "Facilities"), both of which mature on May 31, 2022. Included in the facility is an uncommitted option to increase the Facilities by an incremental $35 million to a total of $175 million, subject to agreement by BMO and the syndicate of lenders and satisfaction of certain legal and business conditions.

The Facilities are secured by assets of Organigram and its subsidiaries. The proceeds of the term loan will be used to fund the Phase 4 and 5 expansions of the Moncton campus and were also used to refinance the Company's long-term debt with Farm Credit Canada. The revolving credit facility may be used for general corporate and working capital purposes.

Pursuant to the agreed upon conditions of the Facilities, Organigram has initially drawn $50 million of the Term Loan on closing and can continue to draw down additional funds as required up to the $115 million Term Loan commitment through to November 30, 2019 (refer to Subsequent Events for amendment made after year-end). Principal repayments on the Term Loan will commence on February 28, 2020 (refer to Subsequent Events for amendment made after year-end) at a rate of 2.5% per quarter of the total Term Loan balance. The Company may, at its discretion, repay the balance of the Facilities without penalty, at any time.

Under the terms of the Credit Facility, the Company can elect, at its sole discretion, to receive advances under the Term Loan through certain availment options, which includes prime rate loans and bankers' acceptances with maturity dates between 28 and 182 days. Organigram, therefore, has the choice to continuously roll over the bankers' acceptances upon their maturities or to convert the then outstanding principal and interest into prime rate loans at any time before May 31, 2022. The interest rate of the Facilities is a set margin over the above noted availment options, which may increase or decrease based on a pricing grid linked to the Company's debt to EBITDA coverage at each quarter-end.

During the year ended August 31, 2019, Organigram converted its outstanding principal amount under the Term Loan to bankers' acceptances, which reduced the cash interest rate from 5.70% (effective interest rate of 6.39%) as at May 31, 2019 to 4.46% (effective interest rate of 5.18%) as at August 31, 2019. In accordance with IFRS 9, the loan conversion was determined to not be a modification of the loan terms. During the year ended August 31, 2019, the Company rolled over the facility on a monthly basis through bankers' acceptances with an average cash interest rate of 4.80%. The Revolver remained undrawn at August 31, 2019.

The Company's outstanding share purchase warrants expired during the quarter in accordance with their terms on June 18, 2019. All the outstanding warrants at June 18, 2019 that were not exercised into common shares expired on June 18, 2019. 347,432 warrants remained unexercised and expired as a result.

The cash used by investing activities was $46,782, primarily driven by investments in associates for $12,758 and the purchase of property, plant and equipment for $108,764, which were offset by proceeds from short-term investments of $75,000. This compares to cash used by investing activities of $97,997 in the prior year primarily due to the net purchase of short-term investments $43,000 and the purchase of property, plant and equipment for $56,435.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements during the three months and year ended August 31, 2019.

RELATED PARTY TRANSACTIONS

MANAGEMENT AND BOARD COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and the Board of Directors.

For the three months and years ended August 31, 2019 and 2018, the Company's expenses included the following management and board compensation:

	THREE MONTHS ENDED AUGUST 31,		YEAR ENDED AUGUST 31,	
	2019	2018	2019	2018
Salaries and consulting fees	$ 1,091	$ 850	$ 2,521	$ 2,094
Share-based compensation	787	1,078	5,155	3,939
Total key management compensation	$ 1,878	$ 1,928	$ 7,676	$ 6,033

During the three months and year ended August 31, 2019, nil and 685,000 stock options (August 31, 2018 - nil and 1,461,648), respectively, were granted to key management personnel at an average exercise price of $nil and $4.75 (August 31, 2018 - $nil and $3.63) and aggregate fair value of $nil and $1,736 (August 31, 2018 - $nil and $2,417). In addition, during the three months and year ended August 31, 2019, nil and 631,949 RSU's (August 31, 2018 - 129,962 and 129,962), were granted to key management personnel with an aggregate fair value of $nil and $3,002 (August 31, 2018 - $856 and $856), respectively.

During the three months and year ended August 31, 2019, 37,500 and 37,500 share purchase warrants (August 31, 2018 - nil and nil) were exercised by key management personnel and directors at an exercise price of $4.00 per share.

SIGNIFICANT TRANSACTIONS WITH ASSOCIATES

For the year ended August 31, 2019, the Company received interest income of $374 (August 31, 2018 - $nil) on its convertible debenture investment in Eviana, which has been recorded as distributions under the equity accounting method. The Company had no other transactions nor any balances outstanding with its associates.

SUBSEQUENT EVENTS

The following represents events subsequent to August 31, 2019:

(i) Issuance of stock options

On September 30, 2019, the Company issued 220,000 employee options to purchase 220,000 common shares of the Company, to employees of OGI, at an exercise price of $5.05 per share. The options vest over a two-year period. Vested options may be exercised until 2029, subject to forfeiture provisions requiring the options to expire ninety days after termination of the individual's employment. The fair value is estimated at $549.

On October 7, 2019, the Company issued 220,956 RSUs and 144,773 PSUs of the Company, to certain employees and directors of the Company. The RSUs vest evenly over a three-year period with the first tranche vesting on August 31, 2020 with a fair value estimated at $937. The PSUs vest based on the achievement of performance metrics designed for each respective unit holder for the fiscal year ended August 31, 2020 with a fair value estimated at $305.

On October 24, 2019, the Company issued 200,000 employee options to purchase 200,000 common shares of the Company, to employees of OGI, at an exercise price of $4.71 per share. The options vest over a two-year period. Vested options may be exercised until 2029, subject to forfeiture provisions requiring the options to expire ninety days after termination of the individual's employment. The fair value is estimated at $532.

(ii) 1812 Hemp loan advance

During September 2019, the Company advanced an additional $2.1 million to 1812 Hemp in connection with the advance payment agreement described in Note 6 of the Financial Statements for the year ended August 31, 2019.

(iii) BMO Credit Facility

During October 2019, the Company drew $15 million against its BMO Term Loan credit facility, bringing the total balance outstanding on the Term Loan to $65 million.

On November 15, 2019, the Company amended its credit facility with BMO to: i) extend the final draw deadline of the Term Loan from November 30, 2019 to March 31, 2020; ii) postpone the commencement of principal repayments on the Term Loan to May 31, 2020; and iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to and including May 31, 2020, which will also provide the Company with greater flexibility around the timing and quantum of incremental draws. The financial covenants will revert back to the original structure on August 31, 2020. The interest rate margin will be fixed during this period. The Company incurred an amendment fee of $140 plus customary legal expenses in connection with the amendment.

FAIR VALUE MEASUREMENTS

(i) Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, short-term investments (including marketable securities), accounts receivable, loan receivable, accounts payable and accrued liabilities, long-term debt, unsecured convertible debentures, and contingent share consideration.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of cash and cash equivalents, short-term investments, accounts receivable, loan receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature. The fair value of marketable securities is based on quoted prices in active markets and is reflected in the carrying value of these financial assets. The fair value of long-term debt approximates $50,412.

The fair value of the contingent share consideration is based on Level 3 unobservable inputs. The determination of the fair value of this liability is primarily driven by the Company's expectations of the investment in associate achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At August 31, 2019, the probability of achieving the milestones was estimated to be 100% and the discount rate was estimated to be 20%. If the probabilities of achieving the milestones decreased by 10%, the estimated fair value of the contingent share consideration would decrease by approximately $160. If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would decrease or increase, respectively, by approximately $46.

During the period, there were no transfers of amounts between Levels 1, 2 and 3.

(ii) Biological Assets

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. The fair value less costs to sell of biological assets is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram and also for any additional costs to be incurred, such as post-harvest costs. The following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (see above), are used in determining the fair value of biological assets:

- Average selling price per gram - calculated as the weighted average historical selling price of cannabis sold by the Company, adjusted for expectations about future pricing.
- Yield by plant - represents the number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage of plants based on their various stages of growth - represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested;
- Post-harvest costs - calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labour related to drying, labelling and packing.

The Company estimates the harvest yields for the cannabis on plants at various stages of growth. As of August 31, 2019, it is expected that the Company's biological assets will yield 16,595 kilograms (August 31, 2018 - 11,036 kilograms) of cannabis when eventually harvested. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the fair value adjustment to biological assets in future periods. The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 19-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell (subject to wastage adjustments).

Management believes the most significant unobservable inputs and their impact on fair value are as follows:

SIGNIFICANT INPUTS & ASSUMPTIONS	WEIGHTED AVERAGE INPUT			EFFECT ON FAIR VALUE	
	AUG. 31, 2019	AUG. 31, 2018	SENSITIVITY	AUG. 31, 2019	AUG. 31, 2018
Average net selling price per gram	$ 5.65	$ 5.65	Increase or decrease by $1.00 per gram	$ 4,814	$ 4,275
Average yield per plant	151 grams	149 grams	Increase or decrease by 10 grams	$ 1,367	$ 1,292

OUTSTANDING SHARE DATA

(i) Outstanding Shares, Warrants and Options and Other Securities

The following table sets out the number of Common Shares, options, and restricted share units outstanding of the Company as at August 31, 2019 and November 23, 2019:

	AUGUST 31, 2019	NOVEMBER 23, 2019
Common shares issued and outstanding	156,196,347	156,243,447
Options	8,833,194	9,091,094
Restricted share units	842,362	1,060,732
Performance share units	-	142,187
Total fully diluted shares	165,871,903	166,537,460

(ii) Share-based Compensation

Stock Options

Under the Company's stock option plan, options may be granted for up to 10% of the issued and outstanding common shares together with any other equity compensation plan of the Company, as approved by the Company's Board of Directors. The exercise price of any option is determined based on market price calculated in accordance with TSX rules at the time of grant.

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

The Company also issues stock options to third parties in exchange for services.

The change in the options outstanding during the period is as follows:

	NUMBER		WEIGHTED AVERAGE EXERCISE PRICE
Balance - August 31, 2017	6,352,049	$	1.48
Granted	2,056,648	$	3.90
Exercised	(504,801)	$	1.43
Cancelled / Forfeited	(194,150)	$	2.43
Balance - August 31, 2018	7,709,746	$	2.10
Granted	3,589,500	$	7.59
Exercised	(2,167,864)	$	1.92
Cancelled / Forfeited	(298,188)	$	6.41
Balance - August 31, 2019	8,833,194	$	4.23

The following is a summary of the outstanding stock options as at August 31, 2019:

OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
Quantity Outstanding at August 31, 2019	Weighted Average Remaining Contractual Life (years)	Range of Exercise Prices	Quantity Exercisable at August 31, 2019
1,814,449	6.02	$0.30-$1.48	1,365,465
2,003,333	7.42	$1.49-$2.38	1,563,999
1,462,344	8.20	$2.39-$4.65	756,218
1,705,568	9.13	$4.66-$7.67	626,151
1,847,500	9.70	$7.68-$11.27	594,350
8,833,194	8.07		4,906,183

Options outstanding have exercise prices that range from $0.30 to $11.27 with a weighted average remaining life of 8.07 years. Total share-based compensation charges, including those related to production employees that are charged to biological assets and inventory, for the three months and year ended August 31, 2019 was $3,984 and $14,894 (August 31, 2018 - $1,977 and $5,033) of which $3,147 and $10,036 (August 31, 2018 - $1,820 and $4,649), respectively, related to the Company's stock option plan. The fair value of options granted during the three months and year ended August 31, 2019 was $4,300 and $13,847 (August 31, 2018 - $534 and $4,124). These options are measured at fair value at the date of grant and are expensed over the option's vesting period, which typically range from two to three-year terms with options vesting in annual tranches evenly over this time period.. In determining the amount of share-based compensation related to the options, the Company used the Black-Scholes option pricing model to establish the fair value of options granted.

The following is the range of assumptions for the year ended August 31, 2019 and 2018:

	AUGUST 31, 2019	AUGUST 31, 2018
Risk free interest rate	1.20% - 2.42%	1.59% - 2.26%
Expected life of options	5.0 - 6.5 years	5.0 - 6.5 years
Expected annualized volatility	64% - 71%	62% - 69%
Expected dividend yield	-	-
Forfeiture Rate	7.3% - 8.0%	8.1% - 15.0%

Volatility was estimated by using the weighted average historical volatility of the Company and 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 government of Canada bonds with a remaining term equal to the expected life of the options. The forfeiture rate is calculated based on historical experience.

EQUITY INCENTIVE PLAN

Under the Company's Equity Incentive Plan (the "Equity Plan"), 2,500,000 restricted share units ("RSUs") or performance share units ("PSUs") may be granted for up to 10% of the issued and outstanding Common Shares including options issued under the stock option plan noted above, as approved by the Company's Board of Directors. To date, the Company has only granted RSUs under the Equity Plan. The grant price of any RSU or PSU is determined based on market price calculated in accordance with TSX rules at the time of grant.

The following table summarizes the movements in the Company's outstanding RSUs:

	NUMBER
Balance - August 31, 2018	145,200
Granted	878,449
Excercised	(179,138)
Balance - May 31, 2019	844,511
Granted	1,186
Exercised	(3,335)
Balance - August 31, 2019	842,362

The estimated fair value of the equity settled RSUs granted during the three months ended August 31, 2019 was $10, which was based on the Company's share price at the grant date and will be recognized as an expense over the vesting period of the RSUs, which is one-third over the next three years. The estimated fair of the equity settled RSUs granted during the year ended August 31, 2019 was $4,543 (August 31, 2018 - $953), which was almost entirely comprised of RSUs based on the Company's share price at the grant date and will be recognized as an expense over the vesting period of the RSUs, which is one-half upfront with the balance recognized over two years. For the three months and year ended August 31, 2019, $481 and $3,475 (August 31, 2018 - $48 and $48), respectively, has been recognized as share-based compensation expense.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Financial Statements were prepared in accordance with IFRS as issued by the IASB with the accounting policies as described in the notes to the Financial Statements. The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

The following are the estimates and judgments made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

1) Biological assets and inventory

Determination of the fair value of biological assets requires the Company to make a number of estimates, including estimating harvesting costs, selling costs, sales prices, wastage, oil conversion factor, expected yields, and post-harvest costs of the cannabis plant. In determining final inventory values, the Company estimates spoiled or expired inventory in determining net realizable value. Refer to Notes 8 and 9 of the Financial Statements for further information.

2) Estimated useful lives of property, plant and equipment

Amortization of property, plant and equipment requires estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

3) Share-based payments

In determining the fair value of options and related expense, the Company makes such estimates as the expected life of the option, the volatility of the Company's share price, the risk-free interest rate, and the rate of forfeitures.

4) Warrants

In determining the value of warrants, the Company estimates the expected life of the warrant, the volatility of the Company's share price and the risk-free interest rate.

5) Compound Financial Instruments

In calculating the fair value allocation between the liability component and the equity component of the Company's unsecured convertible debentures (compound instruments), the Company was required to make estimates and use judgment in determining an appropriate discount rate on the debentures to arrive at a fair value. The identification of convertible debentures' components is based on interpretation of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments. Refer to Note 11 for further information.

6) Goodwill

Goodwill impairment testing requires management to make estimates in the impairment testing model. On a quarterly basis, the Company tests whether goodwill is impaired, based on an estimate of its recoverable amount.

7) Assets held for sale

Assets held for disposal and disposal groups are measured at the lower of their carrying amount and their fair value less costs to sell. The determination of the fair value less costs to sell includes the use of management estimates and assumptions that tend to be uncertain.

8) Adult-use recreational cannabis revenue - provision for returns and price adjustments

Government customers typically have a right of product return, and in some cases, the right to pricing adjustments for products that are subsequently discounted or sold for a lower price in another jurisdiction. The estimation of potential future returns and pricing adjustments includes the use of management estimates and assumptions that may not be certain given the evolving nature of the industry.

9) Investments in associates

Management has applied significant judgment in the determination of whether the Company exerts significant influence with respect to its investments, which then allow the Company to account for its investments under the equity accounting method. Further, management has applied significant judgement and made use of management estimates and assumptions in determination and quantification of any impairment losses that may need to be recorded against its investments in associates.

New standards and interpretations adopted:

IFRS 2 - Share-based Payments

The amendment clarifies how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature and a modification to the terms and conditions that changes the classification of the transactions. The amendment is effective for annual periods beginning on or after January 1, 2018. This was effective for the Company beginning September 1, 2018.

The adoption of the new standard did not have a material impact on its consolidated financial statements.

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. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and de-recognition.

Classification and measurement

Under IFRS 9, financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss ("FVTPL"), transaction costs.

Financial assets are subsequently measured at:

i) FVTPL;

ii) amortized cost;

iii) debt measured at fair value through other comprehensive income ("FVOCI");

iv) equity investments designated at FVOCI; or

v) financial instruments designated at FVTPL.

The classification is based on whether the contractual cash flow characteristics represent "solely payment of principal and interest" (the "SPPI test") as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Debt investments are recorded at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI test.

The assessment of the Company's business models for managing the financial assets was made as of the date of initial application of September 1, 2018. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets.

Consistent with IAS 39, all financial liabilities held by the Company under IFRS 9 are initially measured at fair value and subsequently measured at amortized cost.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

	IAS 39 CLASSIFICATION	IFRS 9 CLASSIFICATION
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments excluding marketable securities	Held to maturity	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Loan receivable	N/A	Amortized cost
Marketable securities	N/A	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Unsecured convertible debentures	Other liabilities	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's measurement of financial assets and liabilities.

Impairment
Under IFRS 9, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred or not as at the balance sheet date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions. The Company has assessed the impairment of its amounts receivable using the ECL model, and no difference was noted. As a result, no impairment loss has been recognized upon transition and at September 1, 2018.

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.

The Company has applied IFRS 15 retrospectively but determined that there is no change to the comparative periods or transitional adjustments required as a result of the adoption of this standard. The pattern and timing of revenue recognition under the new standard is consistent with prior year practice. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis and cannabis oil for a fixed price is recognized when the Company transfers control of the good to the customer, which is at point of delivery for medical cannabis and recreational cannabis.

Revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Company expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

Net revenue is revenue less excise taxes. Excise taxes are effectively a production tax which becomes payable when the product is removed from the Company's premises and may or may not be directly related to the value of revenue depending on the province of sale. It is generally not included as a separate item on external invoices; increases in excise tax are not always passed on to the customer and where a customer fails to pay for product received the Company cannot reclaim the excise tax. The Company therefore recognizes excise tax, unless it regards itself as an agent of the regulatory authorities, as a cost to the Company.

New or amended standards issued but not yet effective

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, which replaces IAS 17 Leases, brings most leases onto the statement of financial position for lessees eliminating the distinction between operating and finance leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or an entity's incremental borrowing rate if the implicit rate cannot be readily determined.

A lessee shall apply IFRS 16 to its leases either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying IFRS 16 being recognized at the date of initial application. Lessees are permitted to make an election for leases with a term of 12 months or less, or where the underlying asset is of low value and not recognize lease assets and lease liabilities. The expense associated with these leases can be recognized on a straight-line basis over the lease term or on another systematic basis.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. This will be effective for the Company beginning September 1, 2019. The Company reviewed its current and past leases. Reclassification of leases for office space, manufacturing equipment, and certain computer hardware will result in the establishment of additional right-of-use assets and lease liabilities on the statement of financial position, as well as changes in the timing and presentation of lease-related expenses on the statement of income. The Company is finalizing its evaluation of the effect of this standard on the consolidated financial statements but expects there will be no material impact.

CONTINGENT LIABILITIES

The Company recognizes loss contingency provisions for probable losses when management is able to reasonably estimate the loss. When the estimated loss lies within a range, the Company records a loss contingency provision based on its best estimate of the probable loss. If no particular amount within that range is a better estimate than any other amount, the minimum amount is recorded. As information becomes known a loss contingency provision is recorded when a reasonable estimate can be made. The estimates are reviewed at each reporting date and the estimates are changed when expectations are revised. An outcome that deviates from the Company's estimate may result in an additional expense or release in a future accounting period.

During 2015, the Company was named as a defendant in a lawsuit in New Brunswick as a result of failed business negotiations. The plaintiffs allege breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation. The Company has also launched counter-suits against the plaintiffs on similar grounds, including on the basis that the plaintiffs have breached a covenant of non-competition. The Company believes the plaintiffs' claims to be a nuisance suit. No amount has been accrued in relation to the consolidated financial statements for the claim.

On March 3, 2017, a claim in connection with a proposed class-action lawsuit was filed with the Supreme Court of Nova Scotia seeking to certify and represent a class of potential plaintiffs who purchased and consumed medical marijuana that was the subject of the Company's product recalls in December 2016 and January 2017 as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use by Licensed Producers. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, and (v) breach of the Competition Act (Canada), the Consumer Protection Act (Nova Scotia), and the Sale of Goods Act (Nova Scotia),and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs. The claim also contains a request for an order certifying the proceeding as a class proceeding.

On November 16, 2017, the claim was amended to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product.

During late June 2018, certification hearings were heard before the Court in Halifax, Nova Scotia. On January 18, 2019, the Court issued its decision granting certification. On March 4, 2019, the Company filed a notice for leave to appeal the certification of the class action brought against it. Leave to appeal was granted and the appeal was heard on October 15, 2019. The decision from the appeal hearing is pending.

The Company has insurance which may cover all or a portion of the fees or damages associated with this action. Each of the Company and its insurers are contesting the litigation. The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") is the responsibility of management.

The Company ceased to be a venture issuer (as defined by National Instrument 51-102 - Continuous Disclosure Obligations) on May 21, 2019, as a result of listing its common shares on the NASDAQ. Venture issuers are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DCP and ICFR. In anticipation of ceasing to be a venture issuer, the Company retained a third-party consultant to assist in developing and implementing NI 52-109 compliant DCP and ICFR that were incorporated prior to the end of the Company's first full quarter as a non venture issuer, being August 31, 2019.

The DCP and ICFR have been designed by management based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework (2013) (the "COSO 2013 Framework") to provide reasonable assurance that the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS.

Regardless of how well the DCP and ICFR are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to errors or fraud, if any.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains a set of DCP designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. An evaluation of the design of our disclosure controls was done under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon this evaluation, our CEO and CFO concluded that because of the material weaknesses in our internal control over financial reporting ("ICFR") described below, our disclosure controls were not effective as at August 31, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

NI 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The Company's management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's ICFR as of August 31, 2019, using the criteria set forth by the COSO 2013 Framework. Based on this evaluation, management concluded that material weaknesses existed as of August 31, 2019, as described below.

Material Changes to the Control Environment

There have been no changes to the Company's ICFR during the three months ended August 31, 2019 that have materially affected, or are likely to materially affect, the Company's ICFR.

Identified Material Weaknesses and Remediation Plan

A material weakness in ICFR is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of a Company's annual or interim financial statements will not be prevented or detected on a timely basis by the Company's internal controls.

The Company retained a third -party service provider to assist it in performing a detailed risk assessment to identify key account and business processes and related controls, which was informed by process flow mapping with key control owners. As of the fiscal year ended August 31, 2019, management has identified the following material weaknesses in the Company's ICFR and implemented the associated remediation activity as outlined below.

Previously Identified Material Weakness Not Fully Remediated - Complex Spreadsheet Controls

Management concluded that the Company did not implement and maintain effective controls surrounding complex spreadsheets related to the Company's biological asset model. Spreadsheets are inherently prone to error due to the manual nature and increased risk of human error. The Company's controls related to complex spreadsheets did not address all identified material risks associated with manual data entry, updating of assumptions and evidence of sufficient levels of review of completed spreadsheets.

Remediation Plan and Activities

Management has taken steps since this material weakness was first identified for the fiscal year ended August 31, 2018, to improve its process including establishing checklists to be completed quarterly with multiple levels of review. Processes have continued to improve during the quarter but continue to require further refinements. Senior management has discussed this material weakness with the Audit Committee and the Board of Directors continues to review progress on these remediation activities on a regular and ongoing basis. The Company has engaged a third party to aid in the identification, assessment and remediation over the design and implementation effectiveness of internal controls over financial reporting. The Company is also currently performing scoping exercises and planning for an Enterprise Resource Planning (“ERP”) implementation which possesses specific functionality to remove the manual nature and usage of complex spreadsheets in future periods once fully scoped and operational.

Newly Identified Material Weakness - General Information Technology Controls (GITC)

The Company did not have effective information technology (IT) general controls over all operating systems, databases, and IT applications supporting financial reports. Accordingly, process-level automated controls and manual controls that were dependent upon the information derived from IT systems were also determined to be ineffective.

Remediation Plan

The Company has engaged a third party to aid in the identification, assessment and remediation over the design and implementation effectiveness of IT related ICFR. The Company intends to perform a logical access review to enhance segregation of duties on certain in-scope applications within the next fiscal year.

Property, plant and equipment

The Company did not maintain effective controls over the acquisition and disposal of capital assets, including the review of source documentation, authorization for disposal and processing of the related financial transaction(s).

Remediation Plan

To further strengthen controls surrounding property, plant and equipment, management has initiated subsequent to year end or intends to initiate in fiscal 2020 the following procedures:

- Implement a formalized capitalization policy and provide additional training and guidance to internal teams regarding the communicated processes;
- Enhancements to the quarterly capital budget analysis prepared on major projects; and
- Review the asset register and perform a physical inventory count of all the Company's assets.

No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weaknesses described above or prevent the incidence of other material weaknesses in the Company's ICFR in the future. Management, including the CEO and CFO does not expect that disclosure controls and procedures or ICFR will prevent all errors, even as the remediation measures are implemented and further improved to address the material weaknesses. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that control objectives will be met with respect to financial statement preparation and presentation.

RISK FACTORS

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may have affected or may affect its business, financial conditions, results of operations and cash flows, as further described throughout this MD&A and under "Risk Factors" in the AIF. For additional risk factors, readers are directed to the Company's most recent AIF available under the Company's issuer profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. As a general matter, management of the Company attempts to assess and mitigate any risks and uncertainties by retaining experienced professional staff and assuring that the Board of Directors and senior management of the Company are monitoring the risks impacting or likely to impact the business on a continuous basis.

(i) Credit Risk

Credit risk arises from deposits with banks, short-term investments (excluding investments in equity securities), and outstanding trade and loan receivables. For trade 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. For other receivables, out of the normal course of business such as the loan receivable, management generally obtains guarantees and general security agreements. The maximum exposure to credit risk approximates the $65,505 (August 31, 2018 - $133,800) of cash, short term investments, accounts receivable, and loans receivable on the balance sheet.

As of August 31, 2019 and 2018, the Company's aging of trade receivables was approximately as follows:

	AUGUST 31, 2019	AUGUST 31, 2018
0-60 days	$ 11,578	$ 353
61-120 days	322	488
	11,900	841
Less: allowance for doubtful accounts	(268)	(48)
	$ 11,632	$ 793

(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, 2019, the Company had $47,555 (August 31, 2018 - $55,064) of cash and working capital of $152,417 (August 31, 2018 - $191,964). Further, the Company has access to additional capital by way of its committed debt Facilities as noted in the "Balance Sheet, Liquidity and Capital Resources" section of this MD&A.

The Company is obligated to the following contractual maturities relating to their undiscounted cash flows as at August 31, 2019:

	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	LESS THAN ONE YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Accounts payable and accrued liabilities	$ 40,355	$ 40,355	$ 40,355	$ -	$ -	$ -
Long-term debt	49,576	50,412	3,830	46,410	127	45
Interest payments	-	6,696	2,232	4,464	-	-
Operating lease obligations	-	3,074	1,180	993	901	-
	$ 89,931	$ 100,537	$ 47,597	$ 51,867	$ 1,028	$ 45

The contractual maturities noted above are based on contractual due dates of the respective financial liabilities. Interest payments for the BMO Term Loan are based on the cash interest rate in effect at August 31, 2019, which is subject to change as described in Note 11.

In connection with the Company's Phase 4 and Phase 5 expansion plans, as described in the Cannabis Cultivation, Processing, Extraction and Packaging section of this MD&A, the Company is contractually committed to approximately $20,000 of capital expenditures. An incremental $52,800 of uncommitted capital expenditures are estimated to be required to meet the Company's planned growth and activities, most of which pertains to the Phase 4 and Phase 5 expansion plans. In addition to the cash and short-term investments on hand as of August 31, 2019, the Company intends to draw an additional $65,000 from its Term Loan facility with BMO and has available an amount of up to $25,000 from its Revolver.

(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 is comprised of:

- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk at August 31, 2019 pursuant to the variable rate loans described in Note 11 of the Company’s consolidated Financial Statements. A 1% change in benchmark interest rates will increase or decrease the Company's interest expense by $500 (August 31, 2019 - $29) per year.

(iv) Concentration risk

The Company's accounts receivable is primarily due from provincial government agencies (2 of which, individually, represented more than 10% of the Company's revenues), corporations, and legal trusts and, thus, the Company believes that the accounts receivable balance is collectible.

(v) Negative Cash Flow

The Company has not generated positive cash flows from operating activities. As a result of the Company's negative cash flow from operating activities, the Company continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. The Company may continue to have negative operating cash flow for the foreseeable future. The Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. 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.

(vi Difficulties with Forecasts

The Company 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 cannabis 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.

(vii) NASDAQ Listing

The Company is eligible to be treated as an "emerging growth company" as defined in the Jumpstart Our Business Startups (JOBS) Act. The Company cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make its securities less attractive to investors. The Company incurs increased costs as a result of being a public company in the United States and management devotes substantial attention to public company compliance. As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a domestic U.S. issuer which may limit the information publicly available to shareholders. The Company may lose foreign private issuer status in the future which would result in significant additional costs and expenses.





2019 ANNUAL INFORMATION FORM OF ORGANIGRAM HOLDINGS INC.

For the Financial Year Ended August 31, 2019

Dated November 24, 2019

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ANNUAL INFORMATION FORM

In this annual information form ("**Annual Information Form**"), unless otherwise noted or the context indicates otherwise, the " **Company**", "**Organigram**", "**we**", "**us**" and "**our**" refer to Organigram Holdings Inc. and its wholly-owned subsidiaries, including Organigram Inc. and the term "**marijuana**" has the meaning given to the term " **cannabis**" in the *Cannabis Act* (Canada) (the "***Cannabis Act***"). All financial information in this Annual Information Form is prepared in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of August 31, 2019 unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain information that may constitute "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may", "will" or "could" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. The forward-looking statements included in this Annual Information Form are made only as of the date of this Annual Information Form. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the expected performance of the Company's business and operations;
- the intention to grow the business, operations and potential activities of the Company;
- the ongoing and proposed expansion of the Moncton Campus, as defined below, the timing of construction, its costs and receipt of any approvals from Health Canada to complete such expansion and increase production and sales capacity;
- the expected growth in the number of customers and patients using the Company's recreational and medical cannabis, including edible products;
- the expected growth in the number of customers and patients using the Company's cannabis oil extracts and related products;
- the expected growth in the Company's growing and cannabis oil extraction capacity;
- the number of grams of cannabis and the amount of cannabis oil extract related products expected to be used by each customer or patient;
- the methods expected to be used by the Company to deliver cannabis and cannabis oil extract related products;
- the competitive conditions of the industry;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale, consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits and approvals;
- the competitive and business strategies of the Company;
- the grant and impact of any license or supplemental license to conduct activities with hemp, cannabis and/or cannabis or hemp oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's ability to raise additional funds including through the sale of equity or debt securities;
- future liquidity and financial capacity;

- expectations regarding revenues and expenses;
- expectations with respect to the success of the Company's research and development on cannabis and its derivatives;
- the scope of protection the Company is able to establish and maintain, if any, for intellectual property rights covering its products;
- the Company's ability to enter into and maintain strategic arrangements with distributors and retailers and the potential benefits of such arrangements;
- the Company's anticipated investments in community relations, cannabis health and safety education programming in the locations where the Company operates and the further development of its social responsibility programs;
- the Company's ability to access Good Manufacturing Practice certification;
- the advancement of the Company's international projects and targeting other opportunities as the laws and regulations governing cannabis evolve internationally;
- the legalization of industrial hemp or cannabis for medical use or adult recreational use in jurisdictions outside of Canada and the Company's ability to participate in any such markets, if and when such use is legalized;
- the Company's ability to import and export cannabis, hemp, and cannabis and hemp extracts to/from foreign jurisdictions it may identify from time to time;
- whether key personnel will continue their employment with the Company;
- the Company's plan with respect to the payment of dividends; and
- the Company's possible exposure to liability, the perceived level of risk related thereto, and the anticipated results of any litigation or other similar disputes or proceedings involving the Company, including but not limited to the class action proceeding described herein.

Certain of the forward-looking statements and forward-looking information and other information contained herein concerning the medical cannabis industry, industrial hemp industry, and the adult-use recreational cannabis industry and the general expectations of the Company concerning the medical cannabis industry, industrial hemp industry, and the adult-use recreational cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry, industrial hemp industry, and the adult-use recreational cannabis industry involve risks and uncertainties that are subject to change based on various factors.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this Annual Information Form under "*Description of the Business*" as well as statements regarding the Company's objectives, plans and goals, including future operating results, economic performance and patient and customer acquisition efforts may make reference to or involve forward-looking statements. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. These factors include risks related to license renewal, changes in laws, regulations and guidelines, governmental regulation, financing, product development and marketing, recalls, litigation, product liability, reliance on key personnel, competition from the legal and illicit markets, management of growth, difficulties with forecasts, limited operating history and history of losses, sufficiency of insurance, uninsured and uninsurable events, reliance on a single facility, reliance on third-party transportation, ability to meet target production capacity, TSX and Nasdaq requirements, non-guaranteed contracts with provincial governments, internal controls, differing shareholder protections across jurisdictions, volatility in the wholesale price of cannabis, status as an "emerging growth company", volatility in the market for the Company's securities, increased volatility for dual-listed shares, risks inherent in agricultural business, foreign private issuer status in the United States, credit risk, liquidity risk, market risk, concentration risk, negative cash flows from operations, dividends, public perception, cyber security and privacy, product security, health and safety regulations, reliance on key inputs, regulatory proceedings, investigations and audits, fraudulent or illegal activity by employees, contractors or consultants, risk inherent in investments, corruption and fraud in emerging markets, restrictions on foreign investors, expansion, reliance on international advisers and consultants, anti-corruption and anti-bribery laws, global economic risks, future acquisitions, general business risks, dilution, dependence on senior management, constraints on marketing products, provincial legislative controls, suppliers and skilled labour, physical expansion of operations at the Moncton Campus, conflicts of interest and holding company status. Material factors and assumptions used in establishing forward-looking information include that construction and production activities will proceed as planned and regulatory conditions will advance in the manner expected by management. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Annual Information Form. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

CORPORATE STRUCTURE

Organigram Holdings Inc. was incorporated under the *Business Corporations Act* (British Columbia) on July 5, 2010 as "Inform Resources Corp.". The Company changed its name to "0885160 B.C. Ltd." on September 13, 2010, and subsequently to "Inform Exploration Corp." ("**Inform**") on February 16, 2011. On November 21, 2011, Inform completed its initial public offering and its common shares commenced trading on the TSX Venture Exchange (the "**TSX-V**") on November 24, 2011.

On August 22, 2014, Inform and Organigram Inc. entered into an acquisition agreement (the " **Acquisition Agreement**") pursuant to which Inform agreed, among other things, to change its name to "Organigram Holdings Inc." and to effect a consolidation of the outstanding Inform common shares on a 0.883604747 to 1 basis. Under the Acquisition Agreement, Inform acquired all of the outstanding common shares of Organigram Inc. (the "**RTO Transaction**").. On April 6, 2016, the Company was continued under the *Canada Business Corporations Act*.

The Company graduated from the TSX-V to the Toronto Stock Exchange (the " **TSX**") in August, 2019. As a result of the graduation, the common shares of the Company (the "**Common Shares**") commenced trading on the TSX under the symbol "OGI" effective August 22, 2019. The Common Shares have also been listed for trading on Nasdaq Global Select Market (the "**Nasdaq**") under the symbol "OGI" effective May 21, 2019 and were delisted from the OTCQX® Best Market after market close on May 20, 2019.

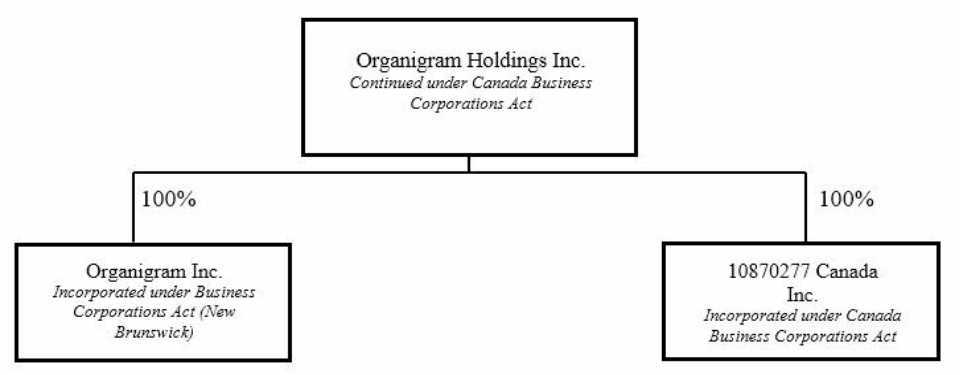
The Company's operations are based in Moncton, New Brunswick. The Company's head office and registered office is located at 35 English Drive, Moncton, New Brunswick, E1E 3X3. The Company's telephone number is 1 (844) 644-4726 and its corporate website is www.organigram.ca.

Subsidiaries

Organigram Inc., a wholly-owned subsidiary of Organigram Holdings Inc., was incorporated under the *Business Corporations Act* (New Brunswick) on March 1, 2013. Organigram Inc. became a fully licensed producer of medical marijuana on or about March 26, 2014.

10870277 Canada Inc., incorporated under the *Canada Business Corporations Act* on July 4, 2018, is a wholly owned subsidiary of Organigram Holdings Inc., and is used as a special purpose holding company for the Company for its investment in alpha-cannabis Pharma GmbH as further described herein.

The following chart illustrates, as of August 31, 2019, the Company's corporate structure:



Note: Trauma Healing Centers Incorporated ("**THCI**"), a chain of medical clinics specializing in post-traumatic stress disorder treatment, including through the therapeutic use of medical marijuana, was a wholly-owned subsidiary of Organigram Holdings Inc. during the period covered by this Annual Information Form. The Company sold all of its shares in THCI in October 2018. See "*General Development of the Business*" below. The Company has other non-material subsidiaries not shown above.

GENERAL DEVELOPMENT OF THE BUSINESS

Licenses

On March 26, 2014, Organigram Inc. was issued a license under the *Marihuana for Medical Purposes Regulations* ("**MMPR**") promulgated under the *Controlled Drugs and Substances Act* (Canada) (the "**CDSA**"). Pursuant to this license, Organigram Inc. was permitted to produce, sell, possess and ship medical marijuana, in conformity with applicable regulations, and made its first shipment of medical marijuana to registered patients in September 2014. Health Canada renewed this license on March 27, 2016.

On August 24, 2016, the MMPR was replaced by the *Access to Cannabis for Medical Purposes Regulations* ("**ACMPR**") promulgated under the CDSA. Under the transitional provisions of the ACMPR a producer's license issued under the MMPR was continued under the ACMPR and remained valid until that license expired or was revoked. Health Canada issued a license (the "**License**") to Organigram Inc. under Section 35 of the ACMPR, with an effective date of August 10, 2017. The License permitted Organigram Inc. to produce, sell, possess and ship medical marijuana, in conformity with the ACMPR.

On March 27, 2016, the Company received a license from Health Canada to produce cannabis oil extracts (the " **Extracts License**") under the class exemption available under Section 56 of the CDSA (the "**Section 56 Exemption**"). Since June 2016, the Extracts License issued by Health Canada includes both production and sale of cannabis oil extracts. Accordingly, since June 2016, the Company has been able to produce and sell cannabis oil extracts as well.

On May 15, 2018, the Company received a dealer's license under the CDSA from Health Canada (the " **Dealer's License**"). The Dealer's License, authorized the Company to develop, test and export and import for the purposes of reformulation an extensive range of products including, but not limited to, a range of cannabis oils as well as an extensive range of derivative based formulations. On June 27, 2018, the Dealer's License was amended under the CDSA. Under the *Cannabis Act* which has been in effect since October 17, 2018, export permits are applied for and received on a case by case basis.

Effective October 17, 2018, cannabis is no longer regulated under the CDSA and is now regulated under the *Cannabis Act* as further described herein under "*Canadian Regulatory Landscape*". As a result of the *Cannabis Act* coming into effect, every license issued under the ACMPR that was in force immediately before the day on which the *Cannabis Act* came into force was deemed to be a license under the *Cannabis Act*.

On November 9, 2018, Health Canada reissued the License to the Company under the Cannabis Act as a license for standard cultivation, standard processing and sale for medical purposes. On October 21, 2019, Health Canada amended the License to expand the classes of cannabis products that may be sold to adult recreational use sales channels or sold for medical purposes, to include cannabis topicals, cannabis extracts and edible cannabis. The License, as amended, has an expiry date of March 27, 2020. The Company intends to renew the License and it is anticipated that Health Canada will extend or renew the License at the end of its term. See Risk Factors "*Reliance on License Renewal*".

The Company also holds a cannabis license under the Excise Act, 2001 (the " **Excise Act**") effective October 17, 2018 and expiring October 16, 2020. All holders of a license under the Cannabis Act who are authorized to cultivate, produce and package cannabis products are also required to hold a cannabis license from under the Excise Act. The Company intends to renew this license prior to expiry.

On October 23, 2019, Health Canada issued a license to the Company under the Cannabis Act for research (the " **Research License**"). The Research License allows the Company to test inhalable cannabis in the cannabis extracts class of cannabis, and ingestible cannabis in the cannabis extracts and edible cannabis classes of cannabis, to human research subjects for assessments of taste, sight, smell or touch. The activities authorized under the Research License will support the Company's plans to commercialize cannabis products in the cannabis extracts and edible cannabis classes of cannabis.

Expansion

Since commencing operations at its Moncton campus (the " **Moncton Campus**") located in Moncton, New Brunswick in March 2014, the Company has continued to expand the Moncton Campus to create additional production capability. As of the date hereof, the Company's licensed annual production capacity is approximately 76,000 kg of cannabis, which the Company considers to be dried flower and harvested sweet leaf.

The Company strategically acquired a building adjacent to the Moncton Campus along with parcels of land. Expansion continues at the Moncton Campus and management anticipates that the Moncton Campus can be expanded to produce up to 113,000 kg of cannabis annually based on future expansion plans. The Company has made a determination to defer completion of Phase 4C representing the final stage of the Company's Phase 4 expansion of the Moncton Campus which deferral represents 24,000 kg of the above potential production capacity of 113,000kg. This decision was informed by uncertainty on industry factors including supply and demand trends in an emerging industry and will allow the optionality to use the Phase 4C for other purposes as market conditions may dictate. This also provides the ability to prioritize expenditures as the Company focuses on the launch of derivative products. The Company has also made a licensing submission to Health Canada for the perimeter of Phase 5 which will include an edibles and derivative product facility to be used for extraction, processing and the Company's chocolate machinery line. Phase 5 does not have cannabis cultivation capacity associated with it.

The forward-looking estimate of additional production capacity noted above and budget amounts noted below are based on a number of material factors and assumptions including that: (a) the facility size will be as estimated with the same amount of cultivation space being used per grow room for cultivation as used to date; (b) the ratio of dried flower cultivated per canopy square foot of grow room will be consistent with historical output in the Company's existing facilities; (c) all grow rooms designated as production rooms will be utilized for their intended purposes (from time to time rooms may be used for other purposes, such as for storage); and (d) a number of factors can cause actual costs to differ from estimates. See Risk Factors "*Ability to Meet Target Production Capacity* ".

Set out below is a chart outlining the different construction phases of the Company's Moncton Campus and funds expended in Fiscal 2019. As the Company has been completing the Moncton Campus on a phased basis, it has assigned a numerical reference to those Phases.

				EXPENDITURES ($M)	
PHASE	PURPOSE	STATUS AS OF DATE OF AIF	KG/YR OF TARGET PRODUCTION	SPENT IN FISCAL 2019	ESTIMATE TO COMPLETE AT AUG 31, 2019
1/2/3	Propagation, PreVeg, Organic, Flower, Post Harvest, Temporary Vapes Processing Area	Licensed and in Production	36,000	_	_
4A	Flower Rooms	Licensed and in Production	25,000	39	_
4B (i)	Flower Rooms	17 Grow Rooms Licensed and in Production	15,000	37	5
4B (ii)	Flower Rooms	16 Grow Rooms Submission made to Health Canada for Licensing	13,000		
4C	Flower Rooms	70% Construction Complete (50% Complete at Aug-31-2019) Licensing for Perimeter and 4 Grow Rooms Submitted to Health Canada Completion Being Slowed Down in Response to Market Conditions	24,000	19	28
5 (i)	Post Harvest Rooms, Edibles, Vapes	Submission for Licesning of Perimeter, Chocolate Line and 5 Drying Rooms already made to Health Canada	N/A	21	41
5 (ii)	Harvest Rooms, Drying Rooms, Filling and Packaging Rooms for Various Products, Larger Extraction Facilities	Target Substantial Completion End of Calendar 2019	N/A		
			113,000	116	74

Notes: Estimated production capacity is once fully licensed and operational and is dependent on many factors and subject to a variation of baseline expectation. Capital expenditures incurred encompass cost of work performed (including any retention/holdback amounts).

The Company has made a licensing submission for the perimeter of Phase 5 to include an edibles and derivative product facility and also extraction capacity. See "*Physical Expansion of Operations at the Moncton Campus*". The Company anticipates that it will seek licensing of Phase 5 in stages as it works to launch its derivative product line.

Three-Year History

Developments During the Financial Year Ended August 31, 2017

On September 1, 2016, the Company entered into an exclusive product development and distribution agreement (the " **TGS Agreement**") with TGS International LLC ("**TGS**"). TGS is an affiliate of The Green Solution, LLC, a vertically-integrated cannabis company which owns and operates state licensed and regulated production, processing, and manufacturing facilities and medicinal and/or adult-use retail locations in the state of Colorado. The TGS Agreement provides for consulting services related to the development and operation of a commercial scale cannabis extracts production and processing facility, as well as the exclusive licensing in Canada of unique cannabis products. On October 12, 2016, the Company issued 437,957 Common Shares to TGS at a deemed price of $1.37 per Common Share. As per the terms of the TGS Agreement, the Common Shares are held in escrow and will be released to TGS according to a release schedule that relates to certain calendar and operational milestones.

On November 23, 2016, the Company was chosen as the exclusive Canadian cannabis producer, business partner and brand developer for Nova Scotia-based Trailer Park Boys Productions. Under an agreement with TPB Productions Limited (the "**TPB Agreement**"), the Company has worked with the Trailer Park Boys team to develop branding, packaging, and a competitive product portfolio. The Company's ability to create a portfolio under the terms of the TPB Agreement will have to be developed in conformity with applicable regulatory requirements as they may exist from time to time. See Risk Factors "*Change in Law, Regulations and Guidelines*" and "*Constraints on Marketing Products*".

On December 7, 2016, the Company closed a short form prospectus offering of Common Shares, on a bought deal basis, including the full exercise of the over-allotment option. As such, a total of 11,339,000 Common Shares were sold at a price of $3.55 per Common Share, for aggregate gross proceeds of $40,253,450.

On December 28, 2016, the Company voluntarily recalled certain lots of medical marijuana which were supplied between August and December 2016 due to the detection of amounts of unapproved pesticides not registered for use on marijuana under the *Pest Control Products Act* (Canada) (the "***Pest Control Products Act***"). On January 9, 2017, the Company announced it had expanded its product recall to include additional product lots manufactured and supplied during 2016 and was continuing to work with Health Canada to address the matter. See Risk Factors*"Product Liability*" and "*Proceedings and Regulatory Actions*".

On February 9, 2017, the Company announced that its organic certification through ECOCERT Canada had been suspended and that it was undertaking a re-certification process to revalidate the organic certification. Since then, the Company announced on October 12, 2017, that it had passed the first stage in the re-certification process by submitting a comprehensive action plan to ECOCERT Canada and will continue to be subject to a series of onsite inspections to test for the Company's compliance with organic standards. On October 10, 2018, the Company finalized its re-certification process and received its organic certification from ECOCERT Canada. The Company's recreational cannabis plants and growing processes are now certified organic by Pro-Cert Organic Systems. The Company intends to use this certification for specified organic product lines.

On February 27, 2017, the Company announced the completion of its investigation related to the contamination issue, which resulted in a voluntary recall of medical cannabis products produced by the Company. Although the results of the investigation were inconclusive, the Company implemented seven new company-wide initiatives in response to the events giving rise to the recall. Additionally, the Company announced that it would provide all its affected clients without insurance coverage with credits in the amount of their affected purchases for further Organigram product. The total value of these credits represents approximately $2,026,000, with approximately 70% of such credits having been utilized by Organigram clients. See Risk Factors "*Product Liability*", "*Product Recalls*" and "*Legal Proceedings and Regulatory Actions*".

On March 1, 2017, the Company announced the appointment, effective March 13, 2017, of Greg Engel as the Chief Executive Officer and a director of the Company. Mr. Engel has served in a number of senior-level and executive positions in related industries in the 25 years preceding his appointment, in Canada, the United States and internationally. Most recently, he was the Chief Executive Officer of Tilray Canada Inc., an early medical marijuana leader and the first Canadian company to export medical cannabis products to Europe. Mr. Engel is widely respected as a leader in the cannabis industry.

On March 3, 2017, a claim in connection with a proposed class action lawsuit was filed with the Nova Scotia Supreme Court, seeking to represent a class of persons and entities who purchased medical marijuana that was the subject of the Company's product recalls in December 2016 and January 2017 as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use in cannabis production. The original claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. The Nova Scotia Supreme Court certified the class action on January 18, 2019. Certification is not a decision on the merits of the lawsuit, but deals with the proper procedure and allows it to continue to the next stage of litigation. The Company filed an appeal of the certification of the claims alleging adverse health effects with the Nova Scotia Court of Appeal. The appeal was heard on October 15, 2019 and the decision was taken under reserve. Under a class action proceeding, each potential class member has the option to opt-out of the class proceeding, which would enable that person or entity to pursue an individual claim against the Company. Unless a class member opts-out, that class member is bound by the outcome of the class action. See update in Risk Factors "*Product Safety, Product Liability and Illegal Activity*" and "*Legal Proceedings and Regulatory Actions*".

On June 1, 2017, the Company finalized the acquisition of THCI, a multi-disciplinary clinic network providing medical cannabis care and education services to patients in Nova Scotia, New Brunswick, and Ontario, in exchange for 719,425 Common Shares at a deemed value of $2.78 per share. THCI serviced patients across several Canadian locations, operating independently by providing referrals based on client need to any licensed producer in Canada. The Company sold THCI in October 2018, as further described below.

Developments During the Financial Year Ended August 31, 2018

On September 6, 2017, the Company entered into a memorandum of understanding with the New Brunswick Innovation Research Chair in Medical Technologies pursuant to which the parties agreed to jointly develop an industry leading method of microwave extraction of cannabinoid extracts from cannabis plants.

On September 15, 2017, the Company entered into a memorandum of understanding with Cannabis NB, the Crown corporation responsible for the supply of cannabis for customers of the adult-use recreational cannabis market in the Province of New Brunswick. The memorandum of understanding was superseded by a supply agreement.

On October 31, 2017, the Company acquired a land parcel of approximately 1.65-acres with an existing building located at 55 English Drive in Moncton, New Brunswick, which abuts the property already then owned by the Company.

On November 29, 2017, the Company announced the launch of the Edison Project which is an initiative designed to produce and offer the highest quality of flower using the latest in technology and industry best practices through the adoption of three key production techniques: top flower pruning, hand-manicuring flowers and craft curing post-harvest. The first two Edison Project related products released were #3 Edison and #7 Edison which were made available to registered patients of the Company between November 2017 and October 2018.

On December 4, 2017, the Company received three awards at the 2017 Lift & Co. Canadian Cannabis Awards, including Top Sativa Flower for its premium flower, Wabanaki. The Lift & Co. Canadian Cannabis Awards is Canada's leading medical marijuana awards program and recognizes leading licensed producers, with awards being determined based on votes cast by medical marijuana clients. Management of the Company is pleased with the results and views this as a validation of the Company's enhanced quality control protocols and emphasis on quality.

On December 18, 2017, the Company closed a short form prospectus offering of units of the Company, on a bought deal basis, including the full exercise of the over-allotment option, for aggregate gross proceeds of $57,500,002 upon the issuance of 16,428,572 units of the Company at a price of $3.50 per unit. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant entitled the holder thereof to acquire one Common Share at a price of $4.00 until June 18, 2019.

On December 19, 2017, at the annual and special meeting of shareholders of the Company, the shareholders ratified and approved an Equity Incentive Plan (the "**Plan**") pursuant to which the Company may issue restricted share units and performance share units to participants under the Plan as compensation. The implementation of the Plan was intended for the recruitment and retention of key personnel purposes and to permit the Company to preserve cash.

On December 19, 2017, the Company appointed Paolo De Luca, CPA, CA, CFA as the Company's Chief Financial Officer. Mr. De Luca has more than 20 years of diversified financial business experience and has held senior financial, investor relations, and accounting leadership roles at companies, including West Face Capital, one of Canada's leading alternative asset management firms; Meridian LNG; Potash Ridge; C.A. Bancorp; and TD Securities. As the Company's CFO, Mr. De Luca leads both the finance team as well as the investor relations efforts of the Company.

On January 16, 2018, the Company announced the entering into of a memorandum of understanding with the Prince Edward Island Liquor Control Commission for the distribution of cannabis to the province's adult-use recreational market in Prince Edward Island.

On January 31, 2018, the Company closed a short form prospectus offering of 6.00% convertible unsecured debentures, on a bought deal basis, including the full exercise of the over-allotment option, for aggregate gross proceeds of $115,000,000 upon the issuance of 115,000 convertible debentures of the Company at a price of $1,000 per debenture. Each debenture has a maturity date of January 31, 2020, and bears interest at 6% per annum. Each debenture is convertible into Common Shares at $5.42 per share. The convertible debentures commenced trading on the TSX-V on January 31, 2018, under the stock Symbol "OGI.DB". On February 27, 2019, the Company announced that it had elected its right to force the conversion of the principal amount outstanding into Common Shares on April 1, 2019. See: "*Capital Structure*".

On February 12, 2018, Health Canada issued an amendment to the Company's cultivation license that enabled the Company to expand by utilizing new cultivation rooms. This amendment improves the functional design of the Company's facility and facilitates greater production at the Moncton Campus.

On May 15, 2018, Health Canada issued the Company a license for controlled drugs and substances, making the Company a "licensed dealer" under the *Narcotic Control Regulations*, promulgated under the CDSA. The license enables the Company to expand its medical product offerings to Germany and other European and key global markets.

On May 17, 2018, the Company received a "Permit to Export Cannabis" from Health Canada that allowed the Company to export cannabis internationally. The Company was permitted to ship dried cannabis products to Cannatrek Medical PTY Ltd., a licensed Australian medical cannabis enterprise with operations in Melbourne, Victoria through its broker Canada Management Group Global Inc. On July 6, 2018, the Company fulfilled its first shipment of dried flower to the Australian purchaser. On September 24, 2018, the Company fulfilled its first shipment of cannabis oil to the Australian purchaser. Under the *Cannabis Act*, export permits are obtained on a case by case basis.

On June 29, 2018, the Company announced that it was approved as a supplier of cannabis for the Province of Manitoba.

On July 5, 2018, the Company announced that it signed a supply agreement with the Alberta Gaming, Liquor & Cannabis Commission.

On August 21, 2018, the Company announced that it had been approved as a supplier of cannabis for the Province of Ontario. Under the terms of the agreement with Ontario Cannabis Retail Corporation ("**OCRC**"), the Company will provide OCRC with 27 stock keeping units (" **SKUs**") of products including dried flower, pre-rolled product, cannabis oils and the premium offering of the Edison Reserve brand.

On August 24, 2018, the Company became a listed supplier with the Nova Scotia Liquor Corporation ("**NSLC**") whereby the Company will provide a number of SKUs of certain cannabis products to the NSLC.

Developments During the Financial Year Ended August 31, 2019

On September 6, 2018, the Company began trading on the OTCQX ® Best Market under the ticker symbol "OGRMF".

On September 12, 2018, the Company entered into a debenture purchase agreement with Hyasynth Biologicals Inc. (“**Hyasynth**”) and certain other investors (the “**Hyasynth Agreement**”). Hyasynth is a biotechnology company that engineers strains of yeast to produce cannabinoids, and holds a licence to produce and possess cannabis for the purpose of research. Under the Hyasynth Agreement, the Company committed to purchase up to $10,000,000 of convertible secured debentures of Hyasynth, subject to the terms and conditions set out in the Hyasynth Agreement. As of the date hereof, the Company has purchased $5,000,000 in convertible secured debentures of Hyasynth, and the Hyasynth Agreement provides that the Company will purchase an additional $5,000,000 in two other tranches, pending Hyasynth meeting certain milestones and funding conditions. The debentures are automatically convertible into common shares of Hyasynth upon the occurrence of certain events. The debentures are also convertible at the option of the Company at the conversion price applicable to each tranche of debentures specified in the Hyasynth Agreement. The debentures mature on August 31, 2023, unless such maturity is accelerated in accordance with the Hyasynth Agreement. In connection with the Hyasynth Agreement, the Company was granted two seats on Hyasynth’s board of directors during the period the debentures granted to the Company remain outstanding and customary veto rights over certain “major decisions” to be taken by Hyasynth until such time as Hyasynth’s annualized sales reach $10 million. In addition, Hyasynth and the Company entered into an offtake agreement providing for the purchase by the Company of certain cannabinoids, at a discount to the prevailing market price, as they are brought into commercial production by Hyasynth.

On September 14, 2018, the Company announced that it had entered into a supply agreement with the Newfoundland and Labrador Liquor Corporation (the "**NLC**") whereby the NLC gained access to almost 100% of the Company's entire product portfolio. On September 20, 2018, the Company entered into a one-year supply and distribution agreement with the NLC which is under renewal as at the date hereof. The Company has also become a key supplier of branded, finished cannabis products to Canopy Growth Corporation's Tweed-branded retail operations in Newfoundland and Labrador and Canopy serves as the exclusive agent of the Company's products under a Distribution and Retail Agreement distributing into retail outlets in that province providing the Company with flexibility on sales staffing in that province. The Company committed to a minimum supply of 1,500kg per annum.

On October 2, 2018, the Company closed a private placement investment in Eviana Health Corporation (" **Eviana**"). Eviana issued 5,000 debenture units of Eviana (the "**Debenture Units**") to each of the Company and another institutional strategic investor, bearing an annual interest rate of 10%, maturing 24 months from the closing date, each Debenture Unit consisting of (i) $1,000 principal amount of senior unsecured convertible debentures of Eviana (the "**Eviana Debentures**"); and (ii) one-half of one common share purchase warrant of Eviana (each whole common share purchase warrant, an "**Eviana Warrant**"). Each Eviana Warrant is exercisable by the holder thereof for 870 common shares of Eviana at an exercise price per share of $1.30 for a period of 24 months from the date of issuance. The Eviana Debentures are convertible into common shares of Eviana at a conversion price of $1.15 per share at the holder's option, subject to mandatory conversion in certain circumstances. In addition to the strategic investment in Eviana, the Company has negotiated rights to acquire a specified amount of Eviana's (or its wholly-owned subsidiary's) annual CBD oil production (or comparable form including but not limited to crystals) at 95% of the agreed raw CBD oil (or equivalent) wholesale price for a period of five years.

On October 10, 2018, the Company entered into a definitive agreement with alpha-cannabis Pharma GmbH (" **ACG**") pursuant to which the Company, through a newly created wholly-owned subsidiary, 10870277 Canada Inc., acquired 8,333 common shares of ACG, representing a 25% stake in the capital of ACG, for aggregate proceeds of €1,625,000 (approximately CAD$2,440,000 at prevailing exchange rates). An additional €875,000 (approximately CAD$1,350,000 at prevailing exchange rates) of Common Shares of the Company are payable based on the achievement of certain milestones. As part of the investment, Organigram Inc. entered into two supply agreements with ACG, one for the supply of cannabidiol isolate from ACG to Organigram Inc., and the other for the supply of dried cannabis flower from Organigram Inc. to ACG. In addition, ACG and Organigram Inc. entered into an agreement pursuant to which the parties will jointly evaluate and, if deemed appropriate, bid on certain licenses to supply medical cannabis to the German market. As of the date hereof, the Company does not have the necessary certifications to import CBD isolate from Germany nor to export cannabis flowers to Germany. Under the agreement with ACG, the import and export obligations of the Company are subject to receipt by the Company of all necessary licensing and regulatory approvals, including the required Good Manufacturing Practices certification.

On October 16, 2018, the Company completed the sale of THCI. Harvest Medicine Inc., a wholly-owned subsidiary of VIVO Cannabis Inc. ("**Vivo**"), acquired 100% of the issued and outstanding shares of THCI in exchange for $1,200,000 satisfied by the issuance of common shares in the capital of Vivo at a price per share equal to the ten-day trading volume weighted average price immediately prior to the closing of the transaction. The Company divested of THCI as it was not a part of the Company's core business. The Company's focus is on the emerging adult-use recreational market.

On October 26, 2018, the Company signed a supply agreement with the Province of British Columbia. The Company signed an agreement with the BC Liquor Distribution Branch, the sole wholesale distributor of non-medical cannabis for the province that operates standalone, public retail stores and provides online sales.

On November 27, 2018, the Company completed the registration process with the Saskatchewan Liquor and Gaming Authority, making it an official supplier of cannabis for the Province of Saskatchewan.

On December 7, 2018, the Company secured a loan from Farm Credit Canada in the amount of $10,000,000 which will be used to finance the continued expansion of the Company's Moncton Campus. The debt was for a term of five years at a variable rate of interest, initially at 6.70%. The debt was secured against certain assets of the Company. The loan was repaid in May 2019 coinciding with when the Company entered into the Credit Agreement (as defined below).

On January 15, 2019, the Company introduced Integra Boost packaging technology into its entire line of dry flower products from 1 g to 15 g to help maintain freshness, extend shelf life and enhance the overall customer experience. Integra Boost packs comprise a glycerin gel and two-way membrane to create a patented humidity control technology, either releasing or absorbing moisture as needed to ensure the optimal environment for storing cannabis.

On January 16, 2019, the Company announced that it had partnered with Canada's Smartest Kitchen (" **CSK"**), a leader in food product development, to expand the Company's ongoing research and development related to edible cannabis products. The Company's initial strategic product development work with CSK is focused on the chocolate confectionary market. Along with a detailed look at current Canadian food flavor, color and texture trends, the research conducted by CSK will explore the different expectations and needs of medical and recreational cannabis consumers. This includes an in-depth investigation of consumer's preferred product functions, formats, applications, and product profiles (*e.g.* flavor, dosing) that adds to the Company's existing and growing expertise.

On January 18, 2019, the Nova Scotia Supreme Court certified the class action filed in respect of medical cannabis that was subject to the Company's voluntary product recalls in December 2016 and January 2017. Certification is not a decision on the merits of the lawsuit, but is a determination of whether the case is appropriate to be dealt with as a class proceeding. Certification allows the case to continue to the next stage of litigation. The Company filed an appeal of the certification of the claims alleging adverse health effects with the Nova Scotia Court of Appeal. The Appeal was heard on October 15, 2019 and the decision was taken under reserve. See update in Risk Factors "*Product Safety, Product Liability and Illegal Activity*" and " *Legal Proceedings and Regulatory Actions* ".

On January 18, 2019, the Company entered into an agreement with 1812 Hemp (the "**January Agreement**"), a New Brunswick based industrial hemp research company to secure supply and support research and development on the genetic improvement of hemp through traditional plant breeding methods. 1812 Hemp is focused on further developing a line of Canadian cultivars (specific varieties of plants cultivated to enhance desirable qualities) of high cannabidiol ("**CBD**") yielding hemp for the Canadian climate. Under the terms of the agreement, the Company will have access to a supply of hemp flower which targets significant levels of CBD (cultivars ranging from 4% to 8%) at a 25% discount to the agreed upon market price. CBD is a naturally occurring active ingredient in hemp and cannabis that is currently being studied for various therapeutic uses. The January Agreement also gave the Company access to approximately 6,000 kg of dried hemp flower the majority of which the Company purchased and sent for extraction. In addition, the Company has a right-of-first-refusal on future procurement of hemp from 1812 Hemp which is expected to increase significantly in 2019 and beyond. In connection with the parties entering into the January Agreement, the Company paid to 1812 Hemp a bonus in the amount of $1.5 million. The price payable by the Company for the hemp flower is determined in accordance with a formula set out in the agreement. On July 25, 2019, the Company entered into an advance payment and support agreement (the "**Payment Agreement**") with 1812 Hemp pursuant to which the Company agreed to pre-fund purchases of hemp to be delivered by 1812 Hemp under the January Agreement. The Company has pre-funded hemp purchases to receive access to as much as 60,000 kg of dried hemp flower to be harvested in calendar 2019 for extraction into cannabidiol ("CBD") isolate. Access to CBD rich hemp flower is being facilitated through the Payment Agreement as the Company has advanced funds to 1812 Hemp for their purchase of specialized large-scale hemp harvesting and processing equipment to maximize crop yields, contribute to increased efficiency and improve preservation of harvested cannabinoids. Purchase conditions for the dried hemp flower continue to be governed by the January Agreement which secures supply and supports research and development on the genetic improvement of hemp through traditional plant breeding methods. Funds advanced by Organigram are credited toward future hemp flower purchases under the January Agreement.

On January 28, 2019, the Company entered into a multi-year extraction agreement with Valens GroWorks Corp., a provider of cannabis products and services focused on various proprietary extraction methodologies, distillation, cannabinoid isolation and purification, as well as associated quality testing. Under the terms of the agreement, Valens will extract cannabis flowers and trim from Organigram's Moncton operation as well as hemp to produce extract concentrate. In turn, the concentrate will be used by Organigram to produce oils and, eventually, derivative edible and vaporizable cannabis products.

On February 26, 2019, the Company signed a letter of intent with the Société Québécoise du cannabis and has subsequently been registered with the Autorité des Marchés Publics. As a result, the Company now has distribution arrangements in place for all Canadian provinces.

On February 27, 2019, the Company announced that it had elected to exercise its right under the indenture (the " **Debenture Indenture**") governing the Company's 6.00% convertible unsecured debentures due January 31, 2020 (the "**Debentures**") to convert all of the principal amount outstanding of the remaining Debentures on April 1, 2019 (the "**Conversion Date**") into Common Shares. Pursuant to the terms of the Debenture Indenture, the Company was permitted to force the conversion of the Debentures at the conversion price of $5.42 per Common Share when the volume weighted average trading price of the Common Shares on the TSX-V for 10 consecutive days exceeded $7.05. As of close of markets on February 26, 2019, the volume average weighted average trading price exceeded $7.05 for 10 consecutive days. To facilitate conversion by holders of the Debentures, trading of Debentures was halted as at close of business on March 29, 2019. The majority of Debenture holders voluntarily converted their Debentures in accordance with the terms of the Debenture Indenture prior to the Conversion Date. On April 1, 2019, the outstanding Debentures were converted into Common Shares and accrued interest was paid to the Debenture holders. The Company estimates that the conversion saved it approximately $4,900,000 in cash interest payments that would have otherwise been payable if the outstanding Debentures were held to maturity. The Conversion also eliminated a significant liability from the Company's balance sheet.

On March 4, 2019, the Company announced the appointment of Helen Martin as Corporate Secretary. Ms. Martin brings her extensive experience in securities law and corporate governance and working with listed issuers.

On April 3, 2019, the Company announced the launch of the Organigram Mobile App (the " **App**"). The App aims to provide a platform for patients to optimize their medication regimen and keep up-to-date on products, programs and Company news.

On April 3, 2019, the Company announced the resignation of Kenneth Mitton from the Company's Board of Directors.

On April 7, 2019, James Cavanaugh was appointed as the Company's Chief of Staff. The Company also announced two additions to its senior management team: Matthew Rogers and Tina Shannon. Ray Gracewood was also appointed as Senior Vice President in Marketing and Communications and Helen Martin was appointed Senior Vice President, Strategic and Legal Affairs.

On April 30, 2019, the Company announced that it had received a license for expanded cultivation from Health Canada. This expansion will enable the Company to use an additional 163,000 square ft. of space accommodating 63 cultivation rooms.

On May 13, 2019, the Company announced the appointment of Cameron Bishop as Vice President, Public Affairs and Stakeholder Relations (North America).

On May 17, 2019, the Company announced that May 21, 2019 would be its inaugural day of trading on the Nasdaq, with the ticker symbol "OGI".

On May 20, 2019, the Company announced a $15 million investment commitment in a high-speed, high-capacity and fully-automated production line to allow the Company to make its foray into to producing chocolate cannabis infused edibles upon legalization of edible cannabis products.

On May 20, 2019, the Company also announced that it had entered into a master services agreement of approximately $270,000 with Native Ads to provide and manage digital marketing campaigns. The Company also announced it had entered into an agreement with Hybrid Financial Ltd ("**Hybrid**"). Under the terms of this agreement, Hybrid will provide Organigram marketing services to advisors, brokers and institutional investors in North America.

On May 29, 2019, Organigram announced that it had completed the shipment of more than 130,000 units of pure cannabidiol oil to markets across Canada. With the legalization of derivative based products, the Company anticipates using extract concentrates from its multi-year extraction contract with Valens GroWorks in the production of edible and vaporizable cannabis products.

On May 31, 2019, Organigram announced that its recreational cannabis plants and growing processes had been certified organic by Pro-Cert Organic Systems Ltd ("**Pro-Cert**"). Pro-Cert is one of North America's foremost certification bodies and is accredited by IONS to provide third party certification to the Canadian Organic Standards. As a result of the Pro-Cert certification, the Company can formalize its plans for launching ANKR Organics, its line of organic flower and organic edible extract oils.

On May 31, 2019, the Company announced the closing of a credit facility between the Bank of Montreal ("**BMO**") and a syndicate including three other lenders ("**Credit Agreement**"). BMO was the lead arranger and agent for this credit facility. The credit facility, which matures in May 2022 consists of a $115 million term loan and a $25 million revolving credit facility. The proceeds of the term loan have been used to fund the Phase 4 and 5 expansions of the Moncton Campus and to refinance the Company's existing long-term debt with Farm Credit Canada. The revolving facility may be used for general corporate and working capital purposes. The Company drew $50 million of the term loan as of the closing date of the Credit Agreement in May 2019. Principal repayments on the term loan were scheduled to commence on February 28, 2020 at a rate of 2.5% or approximately $2.9 million, per quarter thereafter. The Company may choose to repay the balance of the Credit Agreement at any time. The Company amended some of these terms by way of the Credit Agreement Amendment in November 2019 as described below.

One June 7, 2019, the Company announced it had been selected as one of the Canadian launch partners of PAX Era, a premium oil vaporizer created by PAX Labs Inc. With this arrangement, the Company will produce and fill its Edison Cannabis Co. branded pods specifically for the PAX Era platform. The Company plans to work with and offer Edison Cannabis Co. branded PAX Era pods to all of its provincial partners and achieve coast to coast distribution. There can be no assurance that offering such products to provincial partners will result in the listing of such products. In addition, each province may make individual determinations about whether they will list such products and if so, the timing, terms and conditions for acceptance of such products.

On June 18, 2019, the Company entered into an exclusive agreement with Feather Company Ltd. (" **Feather**"). Feather is a lifestyle brand committed to producing premium-quality products that enhance the cannabis experience for customers. The agreement allows the Company, through its Edison Cannabis Co. brand, to have the exclusive license to Feather's proprietary vaporizer pen technology and form factor. The Company plans to leverage its distribution network across all ten provinces in offering Feather's disposable and cartridge-based units. There can be no assurance that offering such products to provincial partners will result in the listing of such products. In addition, each province may make individual determinations about whether they will list such products and if so, the timing, terms and conditions for acceptance of such products.

On June 20, 2019, the Company registered with Autorité des Marchés Publics in Quebec and its first shipment of cannabis products to the province of Quebec.

On June 24, 2019, the Company received approval from Health Canada for the licensing of 17 additional cultivation rooms. This license will enable 14,000 kg per year of increased target production of the total licensed production capacity of 61,000 kg per year as at such date. This target capacity is based on a number of material factors and assumptions as described in this Annual Information Form.

On July 8, 2019, the Company announced it had developed a proprietary nano-emulsification technology for the production of both liquid and powdered cannabinoid products. The emulsion process developed in this technology generates micro-droplets that are small and uniform which potentially will help customers' experience in terms of absorption and onset of effect.

On July 10, 2019, the Company announced a partnership with Lift &Co. Corp (" **Lift & Co.**") to support the launch of Canada's first branded cannabis educational program through Lift &Co.'s CannSell program. The CannSell program, designed in partnership with MADD, provides brand education to front-line retailers to promote responsible sale of cannabis.

On August 8, 2019, the Company announced it had received conditional approval to graduate from the TSX-V to the TSX. The Company's Common Shares commenced trading on the TSX on August 22, 2019 under the OGI symbol.

Developments after the financial year ended August 31, 2019

Effective September 6, 2019, the Company received Health Canada's approval for the licensing of 17 additional cultivation rooms. This licensing brought the Company's Moncton Campus capacity to annualized licensed capacity to a target of 76,000 kgs. This target is based on a number of material factors and assumptions. The License is valid until March 27, 2020 and is subject to certain terms and conditions. The Company also announced that substantial construction of Phase 4B remained on schedule for completion. In October, the Company submitted a license amendment for the remaining 16 cultivation rooms of Phase 4B and made a licensing submission for the perimeter of Phase 5 of the Company's expansion, to include an edibles and derivative product facility and also extraction capacity.

On October 7, 2019, the Company announced that its Vice President of Public Affairs and Stakeholder Relations (North America), Cameron Bishop, had on behalf of the Company assumed board positions with the following three international organizations: the American Trade Association for Cannabis and Hemp, the Policy Centre for Public Health and Safety, and the European Alliance for Medical Cannabis. We believe that the Company's invitation to participate in a directorial capacity for these groups is a testament to its reputation among its peers in foreign markets.

On October 10, 2019, the Company announced it had been honoured with an Outstanding Member Contribution Award at the Excellence in Manufacturing Consortium Awards in Toronto. The award recognizes organizations which have demonstrated outstanding achievement in manufacturing. The Company was also nominated as a finalist in the Outstanding Manufacturer category.

On November 7, 2019, the Company announced its support for the Ontario government's announcement of planned improvements to its retail cannabis program.

On November 11, 2019, the Company announced that it was awarded a Top Product Award in the High THC Bottled Oil Category for its medical product, Rossignol at the Canadian Cannabis Awards. The Company was also recognized in eight other categories including Brand of the Year and Employer of the Year.

On November 15, 2019, the Company amended the Credit Agreement described above to (i) extend the final draw deadline of the term loan from November 30, 2019 to March 31, 2020; (ii) postpone the commencement of principal repayments on the term loan to May 31, 2020; and (iii) realign the financial covenants structure, effective November 30, 2019, to be more consistent with industry norms up to an including May 31, 2020, which will also provide the Company will greater flexibility around the timing and quantum of any incremental draws. The financial covenants will revert back to the original structure on August 31, 2020.

DESCRIPTION OF THE BUSINESS

Company Overview

The Company is a leading Canadian licensed producer of premium quality cannabis and cannabis-derived products in Canada under the *Cannabis Act*. The Company is focused on producing high-quality, indoor-grown cannabis primarily for adult recreational consumers in Canada and the medical market, as well as developing international business partnerships to extend the Company's global footprint.

A description of the regulatory framework is included below under the heading "Canadian Regulatory Framework". For a summary of the *Cannabis Act* and *Cannabis Regulations* as well as the Company's license issued under the *Cannabis Act*, see "*Canadian Regulatory Framework - Licenses, Permits and Authorizations*".

Principal Products and Brands

The Company has been working on establishing strong brands for use in the adult-use recreational market place and is seeking to create a portfolio of diverse brands and products. The Company's adult-use recreational brands strategy reflects the Company's views about current and potential consumers, the industry, future product development and opportunities for growth.

Adult Use Recreational Cannabis

The Company developed its initial portfolio of adult-use recreational brands to specifically meet the evolving needs of Canada's recreational use market. The suite of brands created by the Company for Canada's adult-use market include Edison Reserve, Edison Cannabis Co., ANKR Organics and Trail Blazer. Each brand is unique to a specific customer demographic with a product offering designed to meet the needs of its target audience, as described below, including as to strength and price point.



Edison Reserve is an ultra-premium cannabis brand for a discriminating cannabis consumer.



Edison Cannabis Co. is a premium quality cannabis brand offering a full line of cannabis flower, cannabis oil and pre-rolls.



ANKR Organics is an all-natural brand with organically-grown cannabis. ANKR Organics products have not yet launched.



Trail Blazer is a cannabis brand of lower-priced, high quality cannabis products that are ready for use, including in bud, pre-mill and pre-roll format. Trail Blazer complements the Company's premium and organic product offerings.

	TRAIL BLAZER	ankr ORGANICS	EDISON CANNABIS CO	EDISON CANNABIS CO RESERVE
Pricing Segment	Value	Premium	Premium	Ultra Premium
Available / Planned Formats	Whole Flower, Pre-Roll and Milled	Pre-Roll and Oil	Whole Flower, Pre-Roll and Oil	Large Whole Flower
Tangible Brand Attributes	Consistent Value Offering	Organic	High THC Premium Sorted Flower Robust Product Offering	Top Flower Craft Cured Hand Trimmed

Medical Cannabis

The Company was certified by ECOCERT Canada to produce organically grown medical cannabis until November 1, 2019 when it allowed that certification to lapse. The Company received its Pro-Cert certification on May 31, 2019, and began offering its organically grown medical cannabis under that certification body. The Company offers a broad offering of medical cannabis products, including cannabis flowers, cannabis oils and vaporizers to suit a variety of preferences.

New Product Development

The Company intends to, subject to applicable regulatory approvals and provincial listings, bring a variety of other cannabis-based products to market. Such products are at various stages of development, including edible products and specifically vape pens, chocolate and dissolvable powdered beverages. These products require 60 day advance new product notifications to be submitted to Health Canada before they can be offered. No assurance can be given that the Company will be successful in bringing these products to the market. See Risk Factors "*The Company May Not be Able to Successfully Develop New Products or Find a Market for Their Sale*"

Distribution and Sales

Adult-Use Recreational Cannabis

The *Cannabis Act* provides provincial, territorial and municipal governments with the authority to prescribe regulations regarding retail and distribution of recreational cannabis. As such the distribution model for recreational cannabis is prescribed by provincial regulations and differs from province to province. Some provinces have government run retailers, while others have government-licensed private retailers, and some have a combination of the two. The Company is authorized by its License for wholesale distribution of adult-use recreational cannabis and certain derivative products in all provinces of Canada and has supply arrangements in different forms with the responsible government agency or equivalent in each province.

The *Cannabis Act* introduced restrictions on the promotion of cannabis products, cannabis accessories and services related to cannabis. These include restrictions on the content of promotions as well as locations where promotions may take place. With this in mind, the Company has created a portfolio of brands that address unique customer needs, including strength yield, occasions, price points, volume discounts or promotional pricing. See "*Description of the Business - Canadian Regulatory Framework* " for additional information on current distribution channels under the *Cannabis Act*.

Medical Cannabis

The Company distributes medical cannabis primarily through the Company's online store or by telephone. Medical cannabis and derivative products are and will continue to be delivered by secured courier or other methods permitted under the *Cannabis Act*. The Company's prices for cannabis and derivative products vary based on growth time, strain yield and market prices. The Company may from time to time offer volume discount or promotional pricing. The Company is also authorized for wholesale shipping of medical cannabis plant cuttings and dried flower to other licensed producers. See "*Description of the Business - Canadian Regulatory Framework* " for additional information on current distribution channels under the *Cannabis Act*.

Cannabis Edibles

Effective October 17, 2019, the *Cannabis Regulations* permit the sale to the public of edible cannabis products and concentrates through medical and adult-use consumer channels. As the *Cannabis Regulations* require filing of a notice with Health Canada at least sixty days before releasing a new product to the market, these additional cannabis products are not expected to be available for purchase until at least mid December 2019. The Company expects to have its edible product offering ready for sale in 2020 which are expected to include cannabis-infused chocolates and a variety of dried powder formulation beverage products.

Revenue

The Company's revenue for its two most recently completed fiscal years from sales to customers was as follows:

Fiscal Year Ended August 31	Revenue from Net Sales ('000)
2019	$80,413
2018	$12,429

Operations

The Company has assembled a capable management team with significant experience in the management and growth of successful enterprises. Coupled with operational experience, the Company believes that it is a cost-competitive producer of cannabis, owing to various cost-saving attributes of its operations, such as: (i) competitive power costs; (ii) competitive labour costs; (iii) a growing operation that maximizes real property square footage (*e.g.* through the use of tiered grow rooms); (iv) competitive real property costs; (v) the adoption of various efficiencies; and (vi) access to various government assistance programs based on the geographical location of the Moncton Campus.

Substantially all of the Company's revenue is derived from the sale of cannabis and cannabis plant material produced, cultivated and/or processed by the Company at its Moncton Campus. The Company grows cannabis at its Moncton Campus for the purposes of sale and distribution of finished products in accordance with the *Cannabis Act*.

Storage and Security

The *Cannabis Act* prescribes physical security requirements that are necessary to secure sites where licensed producers conduct activities with cannabis. All facilities currently in production operate in accordance with the Cannabis Act requirements, including in relation to the security requirements. Health Canada conducts *ad hoc*, unscheduled site inspections of licensed producers under the *Cannabis Act*. The Company has been subject to these inspections numerous times, often on a monthly basis. The Company has responded to and complied with all requests from Health Canada within the time frames indicated in such requests. As of the date hereof, there are no outstanding inspection issues with Health Canada beyond day-to-day adjustments that may occur in order to ensure ongoing compliance. For a summary of the requirements, See Risk Factors "Canadian Regulatory Framework - Security Clearances" below.

Specialized Skill and Knowledge

The nature of growing cannabis is not substantially different from the nature of growing other agricultural products. Variables such as temperature, humidity, lighting, air flow, watering and feeding cycles are meticulously defined and controlled to produce consistent product and to avoid contamination. The product is cut, sorted and dried under defined conditions that are established to protect the activity and purity of the product. Once processing is complete, each and every processed batch is subjected to full testing against stringent quality specifications set for activity and purity. The Company has recruited a production team with specialized skill sets unique to indoor agricultural cultivation and processing of cannabis plants and products at industrial scale.

The Company also requires client care personnel for its medical sales. The Company believes that it has recruited the necessary customer care staff.

In addition, in order to ensure compliance with the *Cannabis Act* and any directives issued by Health Canada, which includes strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment to monitor and test product quality, the Company must employ a number of regulatory personnel to assist the Company to remain compliant with the complex and rapidly evolving regulations applicable to the industry. The Company has successfully recruited the necessary personnel with this skill set.

The Company's management includes individuals who have extensive expertise in the cannabis industry. In addition, the Company's Board of Directors is constituted by experienced professionals from various relevant industries. See "*Directors and Executive Officers*" for additional information.

Competitive Conditions

As of the date hereof, Health Canada has issued a total of 258 licenses on its list of licensed producers. There are also a number of unlicensed growers of cannabis which compete with the legal market.

On May 8, 2019, Health Canada introduced changes to the cannabis licensing process. Under the new system, new applicants for licenses will be required by Health Canada to have a fully built site that meets all the requirements under the *Cannabis Regulations* at the time of their application. The Company believes that this requirement in addition to the extensive regulatory restrictions and large amounts of financing required for operations, will result in a relatively small number of large-scale licensed producers that can compete nationally and internationally, at least in in the short term.

However, as the demand for cannabis and cannabis products increases both nationally and internationally, the Company believes new competitors will enter the market. The principal aspects of competition between the Company and its competitors will be the price and quality of the products offered and client service provided to patients, government entities and private retailers. While the Company will price its cannabis and its derivatives products according to market demands, the Company believes, based on the Company's review of publicly available information, that it currently has one of the lowest costs of production in Canada. This is expected to provide the Company with pricing flexibility.

As edible cannabis products have now been legalized in Canada, we expect that they will become a large market for licensed producers. Edibles are an attractive alternative and will likely appeal to a broader audience, particularly to those who are not interested in smoking. The Company is investing in new product development through research and development, the acquisition of new technologies and investing in new edible production facilities at the Moncton Campus. The Company deployed a strategy aimed at product depth as opposed to breadth to maintain its strong track record of delivering on supply commitments, which is critical to building brand equity. The Company intends to launch vaporizer pen products, cannabis-infused chocolates and dried powder beverage products.

In respect of hemp and hemp-derived CBD, with the increased interest in CBD in Canada and internationally, the industrial hemp market will likely continue to expand. Market entrants in Canada face regulatory hurdles which may impede or delay access to the market.

There is potential that the Company will face intense competition from other cannabis producers, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

Employees

As of August 31, 2019 and as of the date hereof, the Company employed approximately 770 employees.

Canadian Regulatory Framework

On October 17, 2018, the *Cannabis Act* and the *Cannabis Regulations* came into force, legalizing the sale of cannabis for adult recreational use in Canada. Prior to the *Cannabis Act* and the *Cannabis Regulations* coming into force, only the sale of medical cannabis was legal. Such sales of medical cannabis were regulated under the ACMPR.

The *Cannabis Act* and *Cannabis Regulations* establish a licensing and permitting scheme for the production, importation, exportation, testing, packaging, labelling, sending, delivery, transportation, sale, possession and disposal of cannabis both for medicinal and non-medicinal use (*i.e.* adult recreational use).

The *Cannabis Act* and the *Cannabis Regulations* replaced the CDSA and the ACMPR regarding rules for the production, sale and distribution of medical cannabis and related oil extract. The *Cannabis Act* maintains separate access to cannabis for medical purposes, including providing that import and export licenses and permits will be issued only in respect of cannabis for medical or scientific purposes or in respect of industrial hemp.

Transitional provisions of the *Cannabis Act* provided that every license issued under Section 35 of the ACMPR that was in force immediately before the day on which the *Cannabis Act* came into force (being October 17, 2018) is deemed to be a license issued under the *Cannabis Act* and that such license will continue in force until it is revoked or expires.

Given that the *Cannabis Act* and the *Cannabis Regulations* only recently came into force, the full impact of such regulatory changes on the Company's business is unknown. See Risk Factors "*Changes in Laws, Regulations and Guidelines*".

Licenses, Permits and Authorizations

The *Cannabis Regulations* establish six classes of licenses under the *Cannabis Act*: cultivation licenses; processing licenses; analytical testing licenses; sales for medical purposes licenses; research licenses; and cannabis drug licenses. The *Cannabis Regulations* also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery) and processing licenses (standard processing and micro-processing). Different licenses and each subclass therein carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and subclass. The *Cannabis Regulations* provide that all licenses issued under the *Cannabis Act* must include both the effective date and expiry date of the license, and may be renewed on or before the expiry date.

The *Cannabis Regulations* permit license holders to conduct activities only at the site and building set out in the license (except for destruction, antimicrobial treatment and distribution) and no licensed activities can take place in a "dwelling-house". The holder of a license must not produce, test, store, package or label cannabis outdoors, except for obtaining cannabis by cultivating, propagating or harvesting it.

The *Industrial Hemp Regulations* promulgated under the *Cannabis Act* came into force on October 17, 2018. The regulatory scheme for industrial hemp remained largely the same; however, the *Industrial Hemp Regulations* will permit the sale of hemp plants to licensed cannabis producers, the use of additional parts of the hemp plant and licensing requirements have been eased in accordance with the low risk posed by industrial hemp. The *Industrial Hemp Regulations* define “industrial hemp” as cannabis plants whose leaves and flowering heads do not contain more than 0.3% THC.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, significant shareholders and individuals identified by Canada's Minister of Health (the "**Minister**"), must hold a valid security clearance issued by the Minister. Under the *Cannabis Regulations*, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or in association with, drug trafficking, corruption or violent offences. This is largely the approach that has been in place under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have histories of nonviolent, lower-risk criminal activity (*e.g.* simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded by legislation from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister and such applications are reviewed on a case-by-case basis. Security clearances issued under the ACMPR are considered to be security clearances for the purposes of the *Cannabis Act* and the *Cannabis Regulations*.

Cannabis Tracking and Licensing System

Under the *Cannabis Act*, the Minister is authorized to establish and maintain a national cannabis tracking system. The *Cannabis Regulations* set out a national cannabis tracking system to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The *Cannabis Act* also provides the Minister with the authority to make a ministerial order requiring certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. Accordingly, the Minister has introduced the Cannabis Tracking and Licensing System, and license holders are required to use this system to submit monthly reports to the Minister, among other things, pursuant to the *Cannabis Tracking System Order*.

Cannabis Products

The *Cannabis Regulations* set out the requirements for the sale of cannabis products and at the retail level permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds. The THC content and serving size of cannabis products is limited by the *Cannabis Regulations*. On October 17, 2019, the sale of edibles containing cannabis, cannabis extracts and cannabis topicals was added as new classes of cannabis permitted to be sold through medical and adult-use consumer channels. The *Cannabis Regulations* require a filing of a notice with Health Canada at least sixty (60) days before releasing a new product to the market. As a result, these additional cannabis products are not expected to be available for purchase in medical or adult-use markets until at least mid-December 2019. See "*Developments During the Financial Year Ended August 31, 2019*" and "*Changes in Laws, Regulations and Guidelines*".

Packaging and Labelling

The *Cannabis Regulations* set out requirements pertaining to the packaging and labelling of cannabis products, which requirements are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. These requirements include plain packaging for cannabis products, strict requirements for logos, colours and branding as well as packaging that is tamper-proof and child-resistant. The *Cannabis Regulations* further require mandatory health warnings, standardized cannabis symbol and specific product information. Amendments to the *Cannabis Regulations* that came into effect on October 17, 2019 aim to standardize the display of THC and CBD levels contained in cannabis products, including edible cannabis, cannabis extracts, cannabis topical and vaporized cannabis products. For existing classes of cannabis, a 12-month transition period will be provided to allow for modification of packaging and labelling practices. However, the sale to consumers of dried cannabis, fresh cannabis, cannabis plants and cannabis seeds packaged and labelled prior to the recent amendments will be allowed indefinitely, to allow for the sale of any products packaged and labelled prior to the end of the transition period.

Advertising

The *Cannabis Act* introduces restrictions regarding the promotion of cannabis products. All promotions of cannabis products must be conducted in accordance with the *Cannabis Act* and the regulations promulgated thereunder. Specifically, the *Cannabis Act* prohibits the promotion of cannabis, cannabis accessories or any services related to cannabis, unless such promotion is authorized under the *Cannabis Act*. Therefore, the Company may only advertise or promote its products in compliance with the provisions of the *Cannabis Act*.

Cannabis for Medical Purposes

The *Cannabis Regulations* sets out the regime for medical cannabis. Patients who have the authorization of their healthcare provider have access to cannabis, either purchased directly from a federally licensed producer, or by registering to produce a limited amount of cannabis for their own medical purposes, or designating someone to produce cannabis for them.

Provincial Regulatory Framework

While the *Cannabis Act* provides for the regulation of the commercial production of cannabis for adult-use recreational purposes and related matters by the Government of Canada, the *Cannabis Act* enables the provinces and territories of Canada to regulate other aspects of adult-use recreational cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

As at the date hereof, the Company has entered into arrangements with distributors in all the provinces of Canada. The nature of these arrangements vary by jurisdiction.

The governments of every Canadian province and territory have, to varying degrees, enacted regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Most of these Canadian jurisdictions have announced a minimum age of 19 years old, except for Québec and Alberta, where the minimum age is 18. However, on October 29, 2019, Québec passed Bill no. 2, *An Act to tighten the regulation of cannabis* ("**Bill 2**") which will raise the legal age to consume and purchase recreational cannabis from 18 to 21. Bill 2 will come into effect as of January 1, 2020.

There are three general frameworks enabled by provincial and territorial governments: (i) private cannabis retailers licensed by the provincial government; (ii) government run retail stores; and (iii) a combination of both frameworks (namely, privately licensed brick and mortar retail storefronts with online retail stores operated by the applicable government). Regardless of the framework, the recreational cannabis market is ultimately supplied by federally licensed cultivators and processors. In many instances, provinces with privately licensed retailers have a government run wholesaler. The wholesalers, in turn, acquire cannabis products from the federally licensed cultivators and processors. The following chart outlines the current basic regime in each province of Canada. These regimes are subject to change with some provinces announcing an intention to move toward privatization.

Activity	**Privately Operated**	**Publicly Operated**
Storefront Adult Use Sale	British Columbia Alberta Saskatchewan Manitoba Ontario Newfoundland and Labrador	British Columbia Quebec New Brunswick Nova Scotia Prince Edward Island
Online Adult Use Sale	Saskatchewan Manitoba	British Columbia Alberta Ontario Quebec New Brunswick Nova Scotia Prince Edward Island Newfoundland and Labrador

German Regulatory Framework

The Company, through its wholly-owned subsidiary 10870277 Canada Inc., acquired a 25% interest in the capital of alpha-cannabis Pharma GmbH ("**ACG**"). In addition, the Company entered into two supply agreements with ACG: one for the supply of CBD isolate from ACG, and the other for the supply of dried cannabis flower from Organigram Inc. to ACG.

On March 10, 2017, significant changes to the German Federal Law on Narcotic Drugs (" **BtMG**") as well as changes of other related legal rules entered into force. The new standards now allow the prescription of medical cannabis in Germany. This changes the overall legal framework for importing, trading and cultivating cannabis as well as the import and trade of cannabinoids such as CBD into and within Germany.

Cannabis itself is subject to German drug and narcotics law. The question of whether CBD is also subject to German drug law depends on the intended use and the corresponding dosage of the CBD. In any case, the narcotics law is not applicable to CBD. For the import of cannabis into the EU, various permits under German drug and narcotics law are required. For the trade and export of CBD, if classified as a drug or active pharmaceutical ingredient, permits under German drug law or at least notifications to authorities are required.

Furthermore, based on the United Nations Single Convention on Narcotic Drugs (1961) and Sec. 19 Para. 2a *BtMG*, the *Bundesinstitut fur Arzneimittel und Medizinprodukte* ("**BfArM**") established a so-called "Cannabis Agency" (Cannabisagentur) as soon as the latest changes of the law on narcotic drugs entered into force. The purpose of this agency is solely to control the future cultivation of medicinal cannabis in Germany. This includes the Cannabis Agency's competence for the actual cultivation as well as for harvesting, processing, quality control, storage, packaging and distribution of cannabis to pharmaceutical wholesalers.

The Cannabis Agency will only distribute cannabis that is grown in accordance with the "Good Agricultural and Collection Practice" for drugs and other relevant guidelines. The cultivation of cannabis will not technically be executed by the Cannabis Agency. The agency therefore enters into "supply contracts" with agricultural businesses. Those contracts are limited in respect of their duration and the quantity of cannabis the business is allowed to grow. Cultivation of medicinal cannabis is therefore not allowed by granting general licenses. To enter into a "supply contract", businesses must first be selected in a public call for tender procedure. Such tender procedures shall be open to be entered by suppliers in the whole European Union. The necessity of a tender process is based on the fact that medicinal cannabis must be bought as part of a public procurement procedure. The first allowances for the growing of medical cannabis in Germany based on a tender procedure were issued on April 17, 2019. Organigram and ACG jointly submitted a tender for domestic cultivation in that process, but were unsuccessful.

Related Corporate Activities

The activities contemplated to be undertaken by the Company and ACG will require numerous permits from the German government, including the following, which have not yet been obtained: a building permit for operating a laboratory, a wholesale license for pharmaceuticals, an import license for narcotic drugs, a narcotic drugs license, and a manufacturing license for repackaging pharmaceuticals and narcotics drugs.

Upon obtaining the aforementioned permits, the following activities will be legally authorized in Germany:

(a) the trade in CBD as an active pharmaceutical ingredient by purchasing the same from a German company and selling it to a German wholesaler;
(b) the contemplated export of CBD isolate to the Company;
(c) the import of cannabis flowers into the European Union and the trade in the same within the European Union; and
(d) the production of small-scale cannabis extract products for distribution into German pharmacies.

The participation in tendering procedures of BfArM for the cultivation and harvesting of cannabis for medical purposes in Germany, however, is not subject to any permits.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

Reliance on License Renewal

The Company's ability to produce, store and sell cannabis, cannabis oil extracts and derivative products in Canada is dependent on its 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 Company's License has a current expiry date of March 27, 2020.

Although management believes it will meet the requirements of the *Cannabis Act* 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 provide the amendments as requested for anticipated capacity increases, the business, financial condition and results of the operations of the Company will be materially adversely affected. The Company has also been issued a Cannabis license under the *Excise Act* which is required to package and distribute cannabis and a research license as described herein.

Changes in Laws, Regulations and Guidelines

The Company's business is subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of cannabis but also laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations.

The legislative framework pertaining to the Canadian recreational cannabis market is subject to significant provincial and territorial regulation, which varies across provinces and territories and results in an asymmetric regulatory and market environment, different competitive pressures and significant additional compliance and other costs and/or limitations on the Company's ability to participate in such markets.

The laws, regulations and guidelines applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company. The *Cannabis Act* became effective on October 17, 2018. However, uncertainty exists with respect to the implementation of the *Cannabis Act*, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use recreational purposes.

The laws and regulations may change both federally and provincially, with new rules and regulations arising regularly. The *Cannabis Regulations* were amended effective October 17, 2019, to allow for cannabis edibles to be introduced into the market and expand the use of cannabis derivatives commercially. However, they are highly restrictive, and include restrictions on adding caffeine, nicotine, or alcohol to cannabis edibles.

Additional restrictions on edible and other cannabis derivative based products may also be introduced by the Provincial governments. On October 29, 2019, the Quebec government passed Bill 2 that will raise the legal age to buy recreational cannabis to 21, with plans to ban any sale of edible cannabis product in the form of chocolate, candy, and other desserts. The legislation increasing the legal age to 21 becomes effective January 1, 2020. Staying on side of regularly changing rules and regulations will require ongoing time and attention from Company management. In addition, the Company's derivative product strategy includes vaporizable products which may be subject to negative consumer perception and may be subject to additional regulation and restriction over and above the current regulatory requirements in place under the *Cannabis Act*. This may include governmental restriction of the sale of such products and/or imposition of additional costs.

While the Company does not currently have a license issued under Section 9 of the *Industrial Hemp Regulations*, it may purchase industrial hemp from such licensees. Any change to the *Cannabis Act* or the *Industrial Hemp Regulations* promulgated thereunder that impacts suppliers' ability to cultivate, produce, or sell industrial hemp to the Company could adversely impact the Company's ability to deliver its products or services, should the Company depend on such supply to meet its product production goals or obligations.

Governmental Regulation

The business and activities of the Company are heavily regulated in all jurisdictions where the Company carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly Health Canada, relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis, cannabis oil, and cannabis derivatives. The Company is also subject to laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. 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 regarding its products and services.

Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company 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.

Failure to comply with the laws and regulations applicable to the Company's operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate the Company's business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and, the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, the Company's revenues may be adversely affected.

In light of the illegality of cannabis under U.S. federal law (other than recent measures to legalize hemp) any engagement in cannabis-related activities, both in Canada as well as in foreign jurisdictions, may lead to heightened scrutiny by regulatory bodies and other authorities that could negatively impact the Company and/or its personnel. For example, recent statements made by the U.S. Customs and Border Protection agency about working in or facilitating the legal cannabis industry, and the impact this involvement may have on admissibility to the U.S. may impede the Company in achieving some of its business objectives from time to time. The Company does not have U.S. cannabis-related activities. Specifically, the Company has no investment or ownership in any U.S. entity nor does it provide any products or services to U.S. entities.

Financing

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

The Company May Not be Able to Successfully Develop New Products or Find a Market for Their Sale

The medical and recreational cannabis industries are in the early stages of development and it is likely that the Company, and its competitors, will seek to introduce new products in the future, including edible cannabis products and cannabis derivatives. In attempting to keep pace with any new market developments, the Company may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain and maintain additional regulatory approvals from Health Canada and any other applicable regulatory authority, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

Product Recalls

On January 9, 2017, the Company expanded its voluntary recall to a further 69 lots of product in addition to the recall of five lots of product initiated on December 28, 2016. The recalled products included dried cannabis and cannabis oil supplied between February and December 2016, after testing revealed the presence of low levels of myclobutanil and/or bifenazate in some of the lots, which are unapproved pesticides not registered for use in cannabis production under the *Pest Control Products Act*. While the initial recall had classified the recall as a Type III recall (not likely to cause harm), the second recall elevated this classification to a Type II recall (product exposure may cause temporary adverse health consequences). As of the date hereof, Health Canada has received nine adverse reaction reports related to the Company's products. There can be no assurance that additional adverse reaction reports will not be filed with Health Canada. To the extent any additional adverse reaction reports are filed, such an occurrence could have an adverse impact on the business, results of operations and financial condition of the Company. A class action lawsuit has also been filed and is now certified, as more particularly described in Risk Factors "*Product Liability*" and "*Legal Proceedings and Regulatory Actions*". The decision to certify elements of the class action is under appeal.

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. Undiscovered product liability claims are always a potential risk. However moving forward, if any of the Company's products are recalled in the future due to an alleged product defect or for any other reason, the Company would be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company 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 thereby reducing the amount of time members of management would otherwise have focused towards managing the Company. Although the Company 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 the Company's significant brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Litigation

On January 18, 2019, the Nova Scotia Supreme Court certified a class action lawsuit by a class of persons and entities who purchased medical cannabis that was the subject of the Company's product recalls in December 2016 and January 2017, as such products may have contained trace elements of the pesticides myclobutanil and bifenazate, which are not approved for use in cannabis production. See "*Legal Proceedings and Regulatory Actions*".

In addition to ongoing 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 the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares, and could require the use of significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources.

Securities Class Action

Securities class action litigation is often brought against companies following a period of volatility in the market price of their securities. Litigation can result in significant costs and damages and divert management attention and resources.

Product Liability

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

Reliance on Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its executive management. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of member of the Company's executive management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. Further, as designated individuals of a licensee under the *Cannabis Act*, key personnel of the Company are subject to a security clearance by Health Canada. There is no assurance that any of the Company's key personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by any of those individuals to maintain or renew his or her security clearance, could result in a material adverse effect on the Company's business, financial condition and results of operations. In addition, if any such individual leaves the Company, and the Company is unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on the Company's business, financial condition and results of operations.

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 production and marketing experience than the Company.

Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company 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, the Company 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.

In addition, not all of the Company's supply arrangements with the various Canadian provinces contain purchase commitments or otherwise obligate the provincial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial wholesalers may purchase under any supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing and return decisions of the provincial or territorial wholesalers. If any of the provincial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, returns product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenues could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Competition from the Illicit Market

The Company also faces competition from unlicensed and unregulated market participants, including individuals or groups that process cannabis without a license under the *Cannabis Act*, including illicit medical dispensaries and other illicit participants selling cannabis in Canada. These competitors may be able to offer products with higher concentrations of active ingredients than the Company would be authorized to produce and sell, and use delivery methods, including cannabis extracts, cannabis topicals and edible cannabis, which are currently prohibited from being produced or sold in Canada. The competition presented by these participants, and any unwillingness by consumers currently using these illicit distribution channels to begin purchasing from the regulated market for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation, production and sale of cannabis, could adversely affect our market share, result in increased competition through the illicit market for cannabis or have an adverse impact on the public perception of cannabis use, and of Canadian federal license holders.

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

Difficulties with Forecasts

The Company 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 cannabis industry. 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.

Limited Operating History and History of Losses

The Company began its business in 2013 and generated minimal revenue until fiscal 2017 and incurred losses since inception. The Company's adult recreational business has only been operative since legalization in October 2018 and the sale of its new edible and derivative products has not yet occurred. The Company 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.

Sufficiency of Insurance

The Company maintains various types of insurance which may include financial institution bonds; errors and omissions insurance; directors' and officers' insurance; property coverage; product liability recall insurance; and, general commercial and liability insurance. There is no assurance that claims will not exceed the limits of available coverage, if any, 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. There is also no assurance that coverage will be available to cover any or all claims. A judgment against the Company or 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. There can also be no assurance that the Company will be able to secure insurance coverage on commercially reasonable terms, or at all, as it may require to implement its business objectives, including with respect to derivative products.

Uninsured or Uninsurable Risks

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Reliance on a Single Facility

To date, the Company's activities and resources have been primarily focused on the Moncton Campus in Moncton, New Brunswick and the Company will continue to rely on it for the foreseeable future. Adverse changes or developments affecting the Moncton Campus could have a material and adverse effect on the Company's business, financial condition and prospects, including impacting the quantity of product produced by the Company.

Third Party Transportation

In order for customers of the Company to receive their product, the Company must rely on third-party transportation services. This can cause logistical problems with and delays in patients, government entities and private retailers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Moncton Campus is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's ability to continue operating under its licenses or the prospect of renewing its licenses.

Ability to Meet Target Production Capacity

The Company sets production targets on dried flower, extracted oil and formulated oil. Actual production amounts may not achieve targeted production figures as a result of many factors including but not limited to: genetic drift in the strains of cannabis plants grown, shift in strains grown as a result of competitive pressure, natural variations in plant development, inability to precisely influence growth measures as a result of numerous variables that may influence the plant growth that are varied from one growth cycle to another, product that does not meet quality assurance specifications including, but not limited to, pesticide or heavy metals testing, tetrahydrocannabinol and cannabidiol specifications, terpene profile or visual appearance, operational inefficiencies from extraction processes or in production of formulated oil for sale.

TSX and Nasdaq Requirements

The Common Shares commenced trading on the TSX on August 22, 2019 following the Company's graduation from the TSX-V. The Company's Common Shares also began trading on Nasdaq for the first time on May 21, 2019.

Listing on the TSX and Nasdaq creates different restrictions and requirements, and creates more exposure than did the TSX-V. The Company needs to comply with TSX and Nasdaq rules, policies and guidelines, especially when pursuing business internationally. As a public company, the business is subject to corporate governance and public disclosure requirements that may at times increase the Company's compliance costs and risk of non-compliance. These regulations, rules, policies and guidelines may change over time, and failure to continue to meet them could result in significant material adverse consequences.

The TSX has issued guidance directed at cannabis companies, and specifically with respect to any company operating in the United States. In addition, in connection with its listing on Nasdaq, the Company certified that neither it nor any of its subsidiaries will conduct any business activities in the U.S., or utilize any employees, facilities or operations in the U.S. Presently, the Company has no business in the U.S., but this could present additional barriers in the future should the Company seek to do business in any form in the U.S. Any violation of U.S. federal law regarding cannabis could result in delisting of the Company from TSX and Nasdaq.

As a public company in the U.S., The Company is subject to additional legal, insurance, accounting, administrative and other costs and expenses. If the Company is unable to continue to meet these requirements, it may result in failure to remain listed on Nasdaq.

Continuance of Contractual or Other Relations with Provincial Governments Cannot be Guaranteed

The Company expects to derive a significant portion of its future revenues from its supply arrangements with the various Canadian provinces. There are many factors which could impact the Company's contractual arrangements with the provinces, including but not limited to availability of supply, product selection and the popularity of the Company's products with retail customers. If the Company's supply arrangements with certain Canadian provinces are amended, terminated or otherwise altered, the Company's sales and results of operations could be adversely affected, which could have a material adverse effect on the Company's business, financial condition and results of operations. Some provinces have letters of intent or have moved to purchase orders or other listing agreements to form the basis of their distribution arrangements.

In addition, not all of the Company's supply arrangements with the various Canadian provinces contain purchase commitments or otherwise obligate the provincial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial wholesalers. If any of the provincial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenues could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

No Assurance That Listing Standards of TSX & Nasdaq Will Continue to be Met

The Company must meet continuing listing standards to maintain the listing of the Common Shares on the TSX and Nasdaq. If the Company fails to comply with listing standards and the TSX or Nasdaq delists the Common Shares, the Company and its shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for the Common Shares; (ii) reduced liquidity for the Common Shares; (iii) a determination that the Common Shares are "penny stock," which would require brokers trading in the Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for the Common Shares; (iv) a limited amount of news about the Company and analyst coverage; and (v) a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Failure to Develop and Maintain Effective Internal Controls for Reliable Financial Results and to Prevent Fraud (SOX)

Under Section 404 of the Sarbanes-Oxley Act ("**SOX**") and SEC rules promulgated thereunder, the Company will be required to design, document and test the effectiveness of our internal controls over financial reporting ("**ICFR**") during future periods. There is no assurance that our efforts to develop and maintain our internal controls will be successful or sufficient to meet our obligations under SOX. Effective internal controls are required for the Company to accurately and reliably report our financial results and other financial information. Any failure to design, develop or maintain effective controls; or difficulties encountered in implementing, improving or remediating lapses in internal controls may affect the Company's ability to prevent fraud, detect material misstatements, and fulfill its reporting obligations. While the Company is not yet subject to Section 404 of SOX, in connection with its reporting requirements in Canada, the Company's management, under the supervision and with the participation of its CEO and CFO, has determined for the fiscal years ended August 31, 2018 and 2019, that its ICFR was not effective due to certain material weaknesses. In addition, due to the same material weaknesses, management has determined that the Company's disclosure controls and procedures were not effective as of August 31, 2019. If the Company is not able to remediate these deficiencies and maintain effective internal control over financial reporting and disclosure controls and procedures, investors may lose confidence in the Company's ability to report timely, accurate and reliable financial and other information, which may expose the Company to certain legal or regulatory actions, thus negatively impacting its business, the trading price of Common Shares and market value of any other securities.

Canadian Company and Shareholder Protection may Differ from Shareholder Protection in US or Elsewhere

We are organized and exist under the laws of Canada and, accordingly, are governed by the *Canada Business Corporations Act* (the "**CBCA**"). The CBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

Wholesale Price of Cannabis Volatility

The Company's revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

Emerging Growth Company

The Company is an "emerging growth company," as defined in the US Jumpstart Our Business Start-ups Act, and it uses the exemption provided to emerging growth companies from the auditor attestation requirements of Section 404(b) of SOX. Therefore, the Company's ICFR will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are not using an exemption. The Company may fail to maintain the adequacy of the Company's ICFR as such standards are modified, supplemented or amended from time to time, and may not be able to ensure that the Company can conclude, on an ongoing basis, that the Company has effective ICFR in accordance with Section 404 of SOX or equivalent Canadian legislation. Failure to satisfy the requirements of Section 404 of SOX and equivalent Canadian legislation on an ongoing, timely basis could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm the Company's business and negatively impact the trading price of the Common Shares or the market value of the Company's other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet reporting obligations. Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in the Company's acquired operations. No evaluation can provide complete assurance that the Company's ICFR will detect or uncover all failures of persons to disclose material information otherwise required to be reported. The effectiveness of the Company's processes, procedures and controls could also be limited by simple errors or faulty judgments. In addition, as the Company expands, the challenges involved in implementing appropriate ICFR will increase and will require that the Company continues to improve its ICFR. In addition, the Company cannot predict if investors will find the Common Shares less attractive because it relies on the aforementioned exemption. If some investors find the Common Shares less attractive as a result, there may be a less active trading market for the Common Shares and trading price for the Common Shares may be negatively affected.

Volatile Market Price of the Company's Securities

The market price of the Company's securities may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Company's securities to sell their securities at an advantageous price. Market price fluctuations in the Company's securities may be due to the Company's operating results, failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions, economic trends, acquisitions, dispositions, or material public announcements by government and regulatory authorities, the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Company's securities.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company's securities may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company's securities may be materially adversely affected.

Increased Volatility for Dual Listed Shares

The Company's listing on both the TSX and Nasdaq may increase volatility due to the ability to buy and sell Common Shares in two places, different market conditions in different capital markets, and different trading volumes. This may result in less liquidity on both exchanges, different liquidity levels, and different prevailing trading prices.

Limited Market for Securities

The Common Shares are listed on the TSX and on Nasdaq, 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 Company**.** The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are outside of the Company's control.

Risks Inherent in an Agricultural Business

The Company's business involves the growing of cannabis, 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 the Company 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.

The Company is a Foreign Private Issuer Within the Meaning of the U.S. Securities Exchange Act of 1934

The Company is a foreign private issuer under the United States *Securities Exchange Act of 1934*, as amended (the "**Exchange Act**"), and exempt from certain securities rules applicable to U.S. domestic issuers. Some of these rules require reduced reporting and disclosure requirements. As a result, the shareholder may not receive as much information or information as frequently from the Company as would otherwise be made available by a U.S. domestic issuer. The Company's status as a foreign private issuer under the Exchange Act would be lost if a majority of our Common Shares were held by persons in the United States and the Company failed to meet any of the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer would be greater than the cost incurred as a Canadian foreign private issuer.

Expansion into New Markets

The Company's expansion into jurisdictions outside of Canada is subject to risks. In jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, financial condition and results of operations. The Company has no investment or ownership in any U.S. entity nor does it provide any products or services to U.S. entities.

Foreign Investment

In relation to investments in international operations, in addition to the foregoing, there is also the risk of increased disclosure requirements; currency fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars or other foreign currencies in offshore bank accounts; import and export regulations; increased regulatory requirements and restrictions; limitations on the repatriation of earnings; and increased financing costs.

These risks may limit or disrupt the Company's strategic alliances or investments, restrict the movement of funds, cause the Company to have to expend more funds than previously expected or required, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect the Company's financial position and/or results of operations. In addition, the enforcement by the Company of its legal rights in foreign countries, including rights to exploit properties or utilize permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law.

The Company's Operations in Emerging Markets are Subject to Political and Other Risks Associated with Operating in a Foreign Jurisdiction

The Company's investments have operations in various emerging and foreign markets and the Company will be seeking to grow its operations through prudent synergistic acquisitions or development of international operations.

Such operations expose the Company to the socioeconomic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company operates may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company continues to monitor developments and policies in the emerging and foreign markets in which it operates or invests and assess the impact thereof to its operations; however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Intellectual Property

The ownership and protection of trademarks, patents, if any, trade secrets and intellectual property rights, if any, are significant aspects of the Company’s future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company’s products and technology or the Company may not be able to secure required protection. Policing the unauthorized use of the Company’s current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. Such licenses, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

Wholesale Price of Cannabis Volatility

The Company's revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

Credit Risk

Credit risk arises from deposits with banks, short term investments and outstanding receivables. For trade 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. For other receivables, out of the normal course of business, management may obtain guarantees and general security agreements.

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.

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 the number of financial instruments denominated in a foreign currency held by the Company is non-material.

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 pursuant to long-term debt. A 1% change in prime interest rates will increase or decrease the Company's annual interest expense by $500.

Concentration Risk

The Company's accounts receivable are primarily due from the Government of Canada, provincial government agencies, legal trusts and patients covered under group insurance, and, thus, the Company believes that the accounts receivable balance is collectible.

Negative Cash Flow from Operations

During the year ended August 31, 2019, the Company had negative cash flow from operating activities. The Company's cash and short-term investments as at August 31, 2019, was approximately $47,935.

Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future due to its desire to increase the number of employees and its level of participation in the adult-use recreational market in Canada. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from its offerings may be used to fund such negative cash flow from operating activities.

Dividends

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

Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and other products produced by the Company from time to time. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis 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 cannabis 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 the Company's products and the business, results of operations, financial condition and the Company's cash flows. The Company'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 the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by licensed producers generally, which could have a material adverse effect on the Company's business, financial condition and results of operations. Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and derivative products in general, or the Company's products specifically, or associating the consumption of cannabis or use of derivative products 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.

Research in Canada, the U.S. and internationally regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of securities should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Annual Information Form or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Cyber Security and Privacy

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays, and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Product Security

Given the nature of the Company's products and the lack of legal availability of such products outside of channels approved by the Government of Canada, as well as the concentration of inventory at the Moncton Campus, despite meeting or exceeding legislated security requirements, there remains a risk of shrinkage as well as theft. A security breach at the Moncton Campus could expose the Company to additional liability and to potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential patients or recreational users from choosing the Company's products.

Privacy

In addition, the Company collects and stores personal information about its patients and customers, and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, there are a number of federal and provincial laws protecting the privacy and confidentiality of certain patient health information, including patient records, and restricting the collection, use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**") and provincial statutes regulating the collection, use and disclosure of personal information, protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If the Company was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the privacy and confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of the Company.

Environmental and Employee Health and Safety Regulations

The Company'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. The Company 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 the Company's 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 the Company'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.

Government approvals and permits are currently and may in the future be required in connection with, the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical and/or recreational cannabis or from proceeding with the development of its operations as currently proposed.

Reliance on Key Inputs

The Company'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 the Company. 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, the Company 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 the Company 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.

Regulatory Proceedings, Investigations, and Audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operation.

Fraudulent or Illegal Activity by the Company's Employees, Contractors and Consultants

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Inherent in Investments

The Company is not directly involved in the ownership or operation of and may have limited contractual rights relating to the operations of its current and future investee entities. An investee generally has the power to determine the manner in which its business is developed, expanded and operated, and the Company’s interest in an investee is subject to the risks applicable to the business carried on by the investee, and the Company may fail to realize all of the potential benefits from its investments. The interests of the Company and its investees may not always be aligned. As a result, any cash flows of the Company from investees will be dependent upon the activities of the investees, which creates the risk that at any time those investees may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company’s policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend an investee’s ability to perform its obligations under agreements with the Company or (v) fail to comply with applicable laws or best practices. For example, the Company believes that Eviana may be in breach of its covenants under the Eviana Debenture, Eviana is subject to a cease-trade order for failing to timely file its annual continuous disclosure materials and the Company has recently recorded an impairment loss in connection with its investment in Eviana.

Corruption and Fraud in Certain Emerging Markets Relating to Ownership of Real Property May Adversely Affect the Company's Business

There are uncertainties, corruption and fraud relating to title ownership of real property in certain emerging markets in which the Company may invest. Property disputes over title ownership are frequent in emerging markets, and, as a result, there is a risk that errors, fraud or challenges could adversely affect the Company's ability to successfully invest in such jurisdictions.

The Company's Operations may be Impaired as a Result of Restrictions on the Acquisition or Use of Properties by Foreign Investors or Local Companies under Foreign Control

Non-resident individuals and non-domiciled foreign legal entities may be subject to restrictions on the acquisition or lease of properties in certain emerging markets. Limitations also apply to legal entities domiciled in such countries which are controlled by foreign investors, such as the entities through which the Company may make investments. Accordingly, the Company's current and future operations may be impaired as a result of such restrictions on the acquisition or use of property, and the Company's ownership or access rights in respect of any property it owns or leases in such jurisdictions may be subject to legal challenges, all of which could result in a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company May Expand into Other Geographic Areas, which could Increase the Company's Operational, Regulatory and Other Risks

In addition to the jurisdictions described elsewhere in this Annual Information Form, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations.

The Company Relies on International Advisors and Consultants in Order to Keep Abreast of Material Legal, Regulatory and Government Developments that Impact the Company's Business and Operations in the Jurisdictions in Which it Operates

The legal and regulatory requirements in the foreign countries in which the Company may invest or operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. The Company's officers and directors must rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist with governmental relations. The Company must rely, to some extent, on those members of management and the board of directors who have previous experience working and conducting business in these countries, if any, in order to enhance our understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labor, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business.

The Company may be held Responsible for Corruption and Anti-bribery Law Violations

The Company's business is subject to Canadian laws, which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares on the TSX and Nasdaq.

Future Acquisitions or Dispositions and Management of the Impact of Such Transactions on the Company's Operations

In the event that the Company proceeds with a material acquisition, disposition or other strategic transaction, such transaction would be subject to a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations, and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the results of operations, business prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

General Business Risk and Liability

Given the nature of the 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 the Company, 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.

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings, or a holder of a convertible security's underlying relative interest, in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares and preferred shares, and shareholders will have no pre-emptive rights in connection with any such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under its stock option plan and pursuant to the Company's Equity Incentive Plan pursuant to which the Company has issued Restricted Share Units and Performance Share Units.

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 the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Constraints on Marketing Products

In view of the restrictions on marketing, advertising and promotional activities set forth in the *Cannabis Act* and related regulations, the Company's business and operating results may be hindered by applicable restrictions on sales, branding and marketing activities. If the Company is unable to effectively brand and market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

Marketing Risks Arising from Provincial Legislative Controls

The provincial recreational markets are end consumer driven. It is not possible to predict the quantities of product that will be purchased and made available to the end consumer in the provincial recreational markets. Further, regulations like those currently proposed in Quebec may limit the marketability of some of the Company's products and the Company's number of end consumers. These factors may have an adverse effect on the Company's business.

Suppliers and Skilled Labour

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

The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants now that production and selling operations have begun. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Physical Expansion of Operations at the Moncton Campus

The Company's strategic growth strategy includes the previously announced expansion of its Moncton Campus and adding additional production resources thereto. 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;
- liquidity constraints;
- plant design errors, non-performance by third party contractors, increases in materials or labour costs;
- 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;
- 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.

The failure of the Company to successfully execute its expansion strategy either at the Moncton Campus or otherwise, in a timely manner, including securing any required regulatory consents, could adversely affect the business and its operations and may negatively impact the financial condition of the Company. Additionally, the risk of failure to execute on expansion plans 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.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In some cases, the executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company and its affairs, and that could adversely affect Company operations. These business interests could require significant time and attention of the Company's executive officers and directors. In addition, the Company may also become involved in other transactions which conflict with the interests of the Company's directors and officers who may from time to time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, directors are required to act honestly, in good faith and in the Company's best interests.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its primary subsidiary, Organigram Inc. As a result, investors in the Company are subject to the risks attributable to its subsidiary. As a holding company, the Company conducts substantially all of its business through its subsidiary, which generates substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of the subsidiary and the distribution of those earnings to the Company.

DIVIDENDS

As of the date of this Annual Information Form, the Company has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of the Company's board of directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any contractual restrictions and financing agreement covenants, including those in the Credit Agreement, solvency tests imposed by corporate law and other factors that the Company's board of directors may deem relevant.

CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of August 31, 2019, there were 156,196,347 Common Shares issued and outstanding and as of the date hereof, there are 156,243,447 Common Shares issued and outstanding. There are no Preferred Shares issued and outstanding. The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company. The holders of Common Shares are also entitled to dividends, if and when declared by the Company’s board of directors, and to the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company. Should the Company issue preferred shares, the holders would be entitled to receive, before any distribution is made to holders of Common Shares, the amount required to be paid in accordance with the special rights and restrictions attached to the series of shares held by them, including any fixed premium and any accrued and unpaid preferential dividends. Following any such payment, preferred shareholders would not, as such, be entitled to share in any further distribution of the property or assets of the Company except as may be specifically provided in the special rights and restrictions attached to any particular series. Preferred shareholders would only be entitled to receive notice of and/or attend and/or vote at any general meeting of shareholders as provided in any special rights and restrictions that may attach to any particular series if and when issued.

On December 18, 2017, the Company issued 8,214,286 Common Share purchase warrants entitling the holders thereof to purchase an aggregate of 8,214,286 Common Shares at an exercise price of $4.00 per Common Share until June 18, 2019. As of August 31, 2019, there were no outstanding warrants.

On January 31, 2018, the Company issued Debentures at a price of $1,000 per debenture. Each Debenture has a maturity date of January 31, 2020, bore interest at 6.00% per annum and was convertible into Common Shares at $5.42 per share. The Company notified the Debenture holders that it would convert all of the principal amount outstanding of the Debentures on April 1, 2019 (the "**Conversion Date**") into Common Shares pursuant to the terms of the Debenture Indenture at the conversion price of $5.42 per Common Share. Debentureholders continued to voluntarily convert Debentures prior to the Conversion Date. As of August 31, 2019, there were no Debentures outstanding.

The Company adopted a stock option plan (the " **SOP**") under which it is authorized to grant options to officers, directors, employees, and consultants enabling them to acquire Common Shares. The maximum number of Common Shares issuable under the SOP, together with all of the Company's other previously established or proposed share compensation arrangements, including the Plan described below, may not exceed 10% of the total number of issued and outstanding Common Shares. The options granted can be exercised for a maximum of 10 years and vest as determined by the Company's Board of Directors. As of August 31, 2019, there were 8,833,194 options issued and outstanding. As of the date hereof, there are 9,091,094 options issued and outstanding.

The Company adopted an Equity Incentive Plan (the " **Plan**") pursuant to which the Company may, subject to regulatory approval, issue restricted share units and/or performance share units of the Company to participants under the Plan as compensation. The maximum number of Common Shares that may be issued upon exercise of share units may not exceed 2,500,000 Common Shares and shall not exceed 10% of the issued and outstanding equity securities of the Company from time to time, combined with any equity securities granted under all other compensation arrangements adopted by the Company including the SOP described above. As of August 31, 2019, there were 842,362 restricted share units issued and outstanding. As of the date hereof, there are 1,060,732 restricted share units issued and outstanding. The Company did not issue any performance share units during the fiscal year. As of August 31, 2019, there were nil performance share units issued and outstanding. As of the date hereof, there are 142,187 performance share units issued and outstanding.

MARKET FOR SECURITIES

Common Shares

Common Shares are listed and traded on the TSX under the trading symbol "OGI". The following table sets forth the price range per share and trading volume for the Common Shares on the TSX since the graduation date of August 22, 2019. Prior to August 22, 2019, the table below the price range per share and trading volume for the Common Shares on the TSX-V for each month of the period between September 1, 2018 and August 21, 2019:

Period	High Trading Price ($)	Low Trading ($)	Volume (#)
August 2019	7.95	5.55	13,252,344
July 2019	9.50	7.03	15,844,543
June 2019	10.21	7.92	13,748,218
May 2019	11.30	8.96	37,889,413
April 2019	10.31	8.40	31,396,326
March 2019	9.91	8.12	34,163,328
February 2019	8.87	6.57	37,903,316
January 2019	7.84	4.79	33,098,590
December 2018	5.72	4.11	15,095,031
November 2018	6.78	4.91	18,325,287
October 2018	8.55	4.98	48,088,263
September 2018	8.07	6.24	47,276,377

Common Shares are listed and traded on the Nasdaq under the trading symbol "OGI". The following table sets forth the price range per share and trading volume for the Common Shares on the Nasdaq since the listing date of May 21, 2019.

Period	High Trading Price (USD)	Low Trading (USD)	Volume (#)
August 2019	6.02	3.97	20,662,178
July 2019	7.31	5.40	28,791,337
June 2019	7.65	6.02	15,883,302
May 2019	8.44	7.15	10,308,247

Warrants

The Warrants were listed and traded on the TSX-V under the trading symbol "OGI.WT.A" until their expiry date of June 18, 2019. The following table sets forth the price range per Warrant and trading volume for the Warrants on the TSX-V for each month of the period between September 1, 2018 and June 18, 2019:

Period	High Trading Price ($)	Low Trading ($)	Volume (#)
June 1 - June 18, 2019	6.12	4.11	1,028,073
May 2019	7.25	5.00	2,392,151
April 2019	6.27	4.48	2,224,636
March 2019	5.89	4.11	3,528,481
February 2019	4.85	2.67	4,148,442
January 2019	3.78	1.56	3,433,350
December 2018	1.98	1.11	1,251,083
November 2018	2.80	1.60	2,452,395
October 2018	4.50	1.85	6,900,838
September 2018	4.05	2.45	5,602,632

Convertible Debentures

The Debentures were listed and traded on the TSX-V under the trading symbol "OGI.DB" until the Debentures were delisted at market close on March 29, 2019, to facilitate the Conversion described below. The following table sets forth the price range per Debenture and trading volume for the Debentures on the TSX-V for each month of the period between September 1, 2018 and March 29, 2019.

Period	High Trading Price ($)	Low Trading ($)	Volume (#)
March 1- March 29, 2019	180.00	157.50	1,872,000
February 2019	163.00	138.01	559,000
January 2019	145.00	112.36	738,000
December 2018	115.00	104.00	661,000
November 2018	125.00	105.26	743,000
October 2018	154.16	105.01	2,241,000
September 2018	146.90	118.00	5,278,000

On February 27, 2019, the Company announced that it had elected its right under the Debenture Indenture for the Debentures to force the conversion all of the principal amount outstanding into Common Shares on the Conversion Date at a conversion price of $5.42. Debenture holders continued to voluntarily convert their Debentures in accordance with the terms of the Debenture Indenture prior to the Conversion Date.

PRIOR SALES

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by the Company during the period between September 1, 2018 and August 31, 2019:

Date of Issuance	Security	Issuance/Exercise Price Per Security ($)	Number of Securities
September 1, 2018	Options	6.99	100,000
October 1, 2018	Options	7.50	85,000
December 15, 2018	Options	6.02	90,000
December 17, 2018	Options	4.75	847,500
December 17, 2018	RSU's	4.75	794,449
January 2, 2019	Options	4.92	65,000
February 1, 2019	Options	7.84	185,000
February 11, 2019	Options	6.57	75,000
March 1, 2019	Options	9.00	212,000
March 18, 2019	Options	9.04	70,000
April 1, 2019	Options	9.90	290,000
May 1, 2019	Options	10.16	220,000
June 1, 2019	Options	11.27	285,000
July 1, 2019	Options	8.43	150,000
July 1, 2019	RSU's	8.43	1,186
July 18, 2019	Options	9.07	170,000
August 1, 2019	Options	8.56	285,000
August 12, 2019	Options	8.56	75,000

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holding

Below are the names, province and country of residence, principal occupation and periods of service of the directors and executive officers of the Company as of the date hereof.

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company(1)	Number of Shares Beneficially Owned or Controlled(2)
Greg Engel Toronto, Ontario Canada	November 2010 to August 2014 - *General Manager of Forest Laboratories Canada;* January 2015 to June 2016 - *Chief Executive Officer of Tilray Canada Inc*; March 2017 to present - *Chief Executive Officer of the Company*	Director and Chief Executive Officer since March 13, 2017	75,000 (~0.0480%)
Paolo De Luca, CPA, CFA Woodbridge, Ontario Canada	December 2013 to December 2017 - *Chief Financial Officer, Meridian LNG (a West Face Capital portfolio company)*; December 2017 to present - *Chief Financial Officer of the Company;* September 2011 to July 2013 - *Chief Financial Officer and Consultant, Potash Ridge Corporation*	Chief Financial Officer since December 19, 2017	45,950 (~0.0294%)

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company(1)	Number of Shares Beneficially Owned or Controlled(2)
Raymond Gracewood Saint John, New Brunswick Canada	August 2004 to January 2016 - *Senior Director of Sales and Marketing at Moosehead Breweries Limited*; February 2016 to April, 2019 - *Chief Commercial Officer of the Company;* April 2019 - present - *Senior Vice President, Marketing and Communication of the Company*	Senior Vice President, Marketing and Communications since April 5, 2019; Chief Commercial Officer from February 24, 2016 to April 4, 2019	71,550 (~0.0457%)
Timothy Emberg Ottawa, Ontario Canada	April 2012 to September 2017 - *Executive Director of Marketing of Roche Diabetes Care-Canada*; October 2017 to present - *Senior Vice President, Sales and Commercial Operations of the Company*	Senior Vice President, Sales and Commercial Operations since September 9, 2018; Vice President of Sales and Commercial Operations from October 2, 2017 to September 8, 2018	0 (0%)
Jeffrey Purcell Moncton, New Brunswick Canada	April 2009 to June 2017 - *VP of Operations of Ganong Bros. Limited*; June 2017 to present - *Senior Vice President of Operational Services of the Company*	Senior Vice President, Operational Services since August 20, 2019; Senior Vice President, Operations from September 9, 2018 to August 19, 2019; Vice President Operations from June 12, 2017 to September 8, 2018	0 (0%)
Helen Martin Toronto, Ontario Canada	November 2014 - October 2018 - *Chief Operating Officer of Crosswinds Holdings Inc.;* November 2018 to present - *Vice-President, Strategic Initiatives and Legal Affairs of the Company*	Senior Vice President, Strategic and Legal Affairs since April 5, 2019; Vice President, Strategic Initiatives and Legal Affairs from November 26, 2018 to April 4, 2019; Corporate Secretary since March 4, 2019	0 (0%)
Matthew Rogers Moncton, New Brunswick Canada	April 2014-March 2015 - *Supply Chain Manager at Ganong Bros. Limited*; March 2015-March 2016 - *Director of Customer Experience and Business Analytics of the Company*; March 2016 - August 2016 - *Director of Operations and Plant Manager of the Company*; August 2016-present - *Vice President, Operation of the Company*	Vice President, Operations since August 20, 2019; Plant Manager from September 9, 2018 to August 19, 2019; Director of Operations from June 1, 2016 to September 8, 2018; Director of Production from February 22, 2016 to May 31, 2016; Director of Customer Experience & Business Analytics from March 16, 2015 to February 21, 2016	22,300 (~0.014%)

Name, Province and Country of Residence	Principal Occupation for the Past Five Years	Position and Offices held with the Company(1)	Number of Shares Beneficially Owned or Controlled(2)
Michel J. Bourque(3)(4) Dieppe, New Brunswick Canada	February 2012 to 2015 - *Senior Director at Pharmascience Inc.*; 2015 to present - *Management Consultant, Michel Bourque Consulting Inc.*	Director since January 21, 2015 Chair of the Governance, Nominating, Compensation and Human Resources Committee	0 (0%)
Derrick West, CPA(3)(5) Toronto, Ontario Canada	March 2008 to June 2012 - *Chief Financial Officer of Landdrill International Inc.*; 2014 to present - *Chief Financial Officer of Partners Real Estate Investment Trust*	Director since December 19, 2017 Chair of the Audit Committee	6,570 (~0.004)
Peter Amirault(5) Toronto, Ontario Canada	2009 to present - *President of BML Group Limited*.	Director since June 2, 2016 Chairman of the Board of Directors	160,000 (~0.102%)
Sherry Porter, CM(3)(4) Halifax, Nova Scotia Canada	2010 to 2017 - *Board member of the Nova Scotia Liquor Corporation*; 2014 to present - *Board member of the Halifax International Airport Authority*; March 2015 to present - *Board member of Pharmasave Drugs (Atlantic) Limited*	Director since December 17, 2018	3,500 (0.002%)
Dexter John(4)(5) Toronto, Ontario Canada	August 2010 - May 2014 - *Senior Vice President of D.F. King (Canada)*; June 2014 to April 2019 - *Executive Vice President of D.F. King (Canada);* April 2019 - present - *President and CEO of Gryphon Advisors Inc.*	Director since December 17, 2018 Chair of the Investment Committee	5,865 (~0.003%)

Notes:

(1) The previous term of the current directors of the Company expired at the conclusion of the Annual Meeting of the Shareholders held on December 17, 2018 (the "**2018 Shareholder Meeting**"), excluding the new directors elected at the 2018 Shareholder Meeting. All of the directors noted above were re-elected and their terms will expire at the conclusion of the next following Annual Meeting of Shareholders. Dexter John and Sherry Porter were elected to the Company's board of directors at the 2018 Shareholder Meeting and their terms as directors will also expire at the next following Annual Meeting of Shareholders.

(2) As of the date hereof, all directors and executive officers noted above of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 390,735 Common Shares of the Company, representing 0.25% of the Company's outstanding Common Shares. The total number of issued and outstanding shares as of the date hereof is 156,243,447 Common Shares.
(3) Member of the Audit Committee.
(4) Member of the Governance, Nominating and Compensation Committee.
(5) Member of the Investment Committee.

DIRECTOR & EXECUTIVE OFFICER BIOGRAPHIES

Greg Engel - Director and Chief Executive Officer

Mr. Engel is a senior executive with 30 years of national and international experience in the pharmaceutical, biotechnology, cannabis and consumer packaged goods industries. Mr. Engel has led the creation, development and growth of several companies over the span of his career. An articulate and trusted voice in the burgeoning Canadian cannabis space, Mr. Engel most recently worked with a competitive licensed producer to become the first Canadian exporter of medical cannabis, as well as the establishment of several trailblazing industry standards. As the leader at Organigram, Mr. Engel is focused on reputational excellence through product quality and safety, expansion of the Moncton Campus, and production efficiencies to position the Company as a leader in the medical and adult-use recreational cannabis industries. Mr. Engel graduated from the University of Guelph with an Honours Bachelor of Science in Microbiology.

Paolo De Luca , CPA, CA, CFA - Chief Financial Officer

Mr. De Luca assumed the role as the Company's Chief Financial Officer on December 19, 2017. With more than 20 years of diversified financial business experience, Mr. De Luca has held senior financial, investor relations, and accounting leadership roles at companies, including West Face Capital, one of Canada's leading alternative asset management firms; Meridian LNG; Potash Ridge; C.A. Bancorp; and TD Securities. With this diverse industry and international background, he has extensive experience with both traditional and non-traditional financings and debt offerings as well as M&A activities. Mr. De Luca is a graduate of York University's Schulich School of Business, is a Chartered Professional Accountant and a member of the Chartered Professional Accountants of Ontario, and is a CFA Charterholder.

Raymond Gracewood - Senior Vice President, Marketing and Communications

As the previous Senior Director of Sales and Marketing for Moosehead Breweries Limited, Mr. Gracewood is a leading brand and marketing professional in Atlantic Canada. With more than 15 years' experience in the marketing space, he is a strong speaker on brand, packaging and positioning, both locally and throughout North America. He has extensive experience in building and developing brands, positioning and segmentation. Mr. Gracewood holds a Bachelor of Business Administration degree from the University of New Brunswick.

Timothy Emberg - Senior Vice President, Sales and Commercial Operations

Mr. Emberg, Senior Vice President, Sales and Commercial Operations, is an accomplished, bilingual, senior sales and marketing leader with a proven track record in healthcare, over-the-counter and consumer packaged goods organizations including Roche Canada, Jamieson Laboratories and Frito-Lay Canada. Mr. Emberg also brings an extensive knowledge of the Canadian market access and regulatory environments to the role, which will be an asset moving forward. As Senior Vice President of Sales and Commercial Operations, his role is to lead both recreational and medical cannabis sales while ensuring that the Company is well established and strongly represented nationally. Mr. Emberg will also play a key role in other commercially driven initiatives that will help set the stage for future growth and development of the organization while further enhancing the Company's position as an industry leader in Canada.

Jeffrey Purcell - Senior Vice President, Operational Services

As Senior Vice President, Operations, Mr. Purcell brings over 25 years of experience to the role, most recently as Vice President of Operations at Ganong Bros. Limited with responsibilities including implementation of quality systems, safety, and continuous improvement initiatives. While in the role, he was also responsible for a significant facility expansion, essentially creating an entirely new production environment. Prior to Ganong, Mr. Purcell spent over 15 years in progressively senior roles leading operations at McCain Foods.

Helen Martin - Senior Vice President, Strategic and Legal Affairs, and Corporate Secretary

Ms. Martin joined the Company as its Vice President Strategic Initiatives and Legal Affairs in November 2018 and was appointed Corporate Secretary in March 2019. She was promoted to Senior Vice President, Strategic and Legal Affairs, in April 2019. Prior to joining Organigram, she was the Chief Operating Officer of Crosswinds Holdings Inc. from November 2014 to October 2018. She was Senior Legal Counsel at AUM Law Professional Corporation where she held various legal roles since 2011. Ms. Martin was employed as General Counsel and Corporate Secretary of C.A. Bancorp Inc. from 2009 to 2011 and In-House Counsel at Sentry Select Capital Corp. from 2007 to 2008. Prior to joining Sentry Select, Ms. Martin was a lawyer in the securities group at Blake, Cassels & Graydon LLP from 2005 to 2007. Ms. Martin is a member of the Law Society of Ontario. She received her law degree from the University of Toronto and a Bachelor of Arts (Honours) from the University of Victoria.

Matthew Rogers - Vice President, Operations

As Vice President, Operations, Mr. Rogers brings a strong analytical and cost control background into his role from his previous work at Ganong Bros. Limitied as Financial and Operational Analyst advising the Executive Team while reporting to the President & CEO. Mr. Rogers joined OrganiGram as one of the first employees in 2014 and served in various roles such as: Director of Business Analytics & Customer Experience, Director of Operations, Plant Manager, and now VP Operations. His breath of roles has allowed him to work in many functions of the business gathering a well-rounded perspective to add to the Executive Team. His work has been instrumental in both scaling the infrastructure and staff base of OrganiGram while maintaining prudent cost controls while working in exponential growth mode. Mr. Rogers attended the University of New Brunswick where he majored in Both Accounting and Finance.

Derrick West - Director (Chair of Audit Committee)

Mr. West currently serves as the Chief Financial Officer and Corporate Secretary of Partners Real Estate Investment Trust (TSX:PAR.UN), an open end real estate investment trust focused on managing a portfolio of retail community centres across Canada. Mr. West previously served as the Chief Financial Officer of Landdrill International Inc. (TSXV:LDI), an international mining services corporation with operations in Canada, Russia, Mongolia, and Mexico. Additionally, Mr. West served as the Vice-President of Accounting and Administration for Plazacorp Retail Properties Limited (renamed Plaza Retail REIT, TSX:PLZ.UN). Mr. West has 28 years business experience, the last 13 in senior positions with publicly traded enterprises. He has financial reporting, finance, treasury management, internal control, human resource, strategy and business development experience. Mr. West is a Chartered Professional Accountant, obtaining his Chartered Accountancy designation in New Brunswick with Grant Thornton LLP. He holds a Bachelor of Commerce degree from Mount Allison University.

Michel Bourque - Director

Mr. Bourque brings extensive experience in senior management, sales and marketing leadership roles having spent his entire career in the pharmaceutical industry. He has successfully led teams in the branded prescription drug category as well as the branded and private label over-the-counter sectors with industry leaders Novartis and most recently Pharmascience Inc. Mr. Bourque is known for driving profitable growth through emphasis on strategic planning, strong customer focus and the ability to manage corporate cross-functional initiatives. Mr. Bourque holds a Bachelor of Business Administration from l'Université de Moncton.

Peter Amirault - Chairman of the Board

Mr. Amirault is currently the President of BML Group Limited in Toronto, a holding company with interests in real estate development and private investments. Prior to joining BML Group, Mr. Amirault held varying executive roles including: President of Swiss Chalet North America for the Cara Group of Companies, CEO of Creemore Springs Brewery Ltd, Senior Vice President of Molson Coors Canada, Managing Director of Sleeman Brewing Ltd, along with senior roles at Nestle Canada and The Premium Beer Company of Toronto. Mr. Amirault holds a Bachelor of Business Administration from Acadia University and a Master of Business Administration from The Schulich School of Business. Mr. Amirault's previous board experience and roles at senior management levels will bring a wealth of knowledge to the corporate director team at the Company.

Dexter John - Director

Mr. John is currently the President and CEO of Gryphon Advisors Inc. Prior to that he was the Executive Vice President of D.F. King (Canada) and was responsible for sales across the Canadian enterprise. Mr. John has over 20 years of experience in the capital markets and has spent six years in structured finance where he executed over $4 billion in transactions. He has worked at a major Canadian law firm as a securities associate, focusing on the public equities market with emphasis on mergers and acquisitions. In addition, Mr. John also has regulatory experience through his tenure at Investment Industry Regulatory Organization of Canada, the Ontario Securities Commission and the Toronto Stock Exchange. Mr. John holds a Bachelor of Laws degree from Queens University and the ICD.D designation. He currently serves on the board of directors of Prosper Gold Corp.

Sherry Porter, CM - Director

Ms. Porter is a seasoned executive with 30 years of experience with a myriad of organizations in Canada. She has held senior corporate roles with Sobeys Inc., Nova Scotia Power, Shoppers Drug Mart and The Caldwell Partners. She also has experience with trade associations in the grocery and retail drug area. She was the founding President and CEO of the Canadian Association of Chain Drug Stores, working with the chief executive officers of the traditional drug chains, mass merchants and grocery operations in Canada. Ms. Porter chaired the Board of Directors of the Nova Scotia Liquor Corporation from 2010-2017 and is currently a board member of the Halifax International Airport Authority and Pharmasave Atlantic. She is a board member of Dalhousie University, where she serves as Chair of the Governance, Human Resources and Nomination committee, and she also serves as a board member of the QEII Health Sciences Centre Foundation and the Symphony Nova Scotia Foundation.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Other than as set out below, no director or executive officer of the Company is, as of the date of this Annual Information Form or within ten years prior to the date of this Annual Information Form has been, a director, chief executive officer of chief financial officer of any company (including the Company) that:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, and was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(i) is, or within ten years prior to the date of this Annual Information Form has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(ii) has, within ten years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Derrick West acted for Landdrill International Ltd. ("**Landdrill**") as its Chief Financial Officer from March 2007 through June 2012. On October 12, 2012, the New Brunswick Securities Commission issued a cease trade order against Landdrill under Section 188.2 of the *Securities Act* (New Brunswick) for failure to file interim financial statements together with the related Management's Discussion and Analysis and certification of interim filings for the period ended June 30, 2012. On October 15, 2012, the British Columbia Securities Commission issued a similar cease trade order under Section 164 of the *Securities Act* (British Columbia) against Landdrill. On January 11, 2013, the Alberta Securities Commission issued a cease trade order under Section 33.1 of the *Securities Act* (Alberta) for failure to file interim financial statements together with the related Management's Discussion and Analysis and certification of interim filings for the periods ended June 30, 2012, and September 30, 2012. The filing deficiencies were attributable to Landdrill having had made a filing under the *Companies' Creditors Arrangement Act* (Canada) in an effort to restructure its affairs in order to continue as a going concern. The TSX-V suspended trading in Landdrill's shares on October 12, 2012. On May 30, 2013, Landdrill was declared bankrupt pursuant to the *Bankruptcy and Insolvency Act* (Canada).

CONFLICTS OF INTEREST

The Company may from time to time become involved in transactions which conflict with the interests of the directors and the officers of the Company. The interest of these persons could conflict with those of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws.

In particular, in the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the board of directors of the Company are required to act honestly, in good faith and in the best interest of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On March 3, 2017, a claim (the "**Claim**") in connection with a proposed class action lawsuit was filed with the Nova Scotia Supreme Court seeking to represent a class of persons and entities who purchased medical cannabis that was the subject of the Company's product recalls in December 2016 and January 2017, as it may have contained trace elements of the pesticides myclobutanil and bifenazate which are not approved for use in cannabis production. The Claim identifies several causes of action including, among others: (i) negligent design, development and testing, (ii) negligent manufacturing, (iii) negligent distribution, marketing and sale, (iv) breach of contract, (v) unjust enrichment, and (vi) breach of *the Competition Act*, the *Consumer Protection Act*, and the *Sale of Goods Act*, and is seeking remedy in the form of, among other things, the disgorgement of profits accrued to the Company for the sale of contaminated products, exemplary or punitive damages and certain costs. The Claim was amended on November 16, 2017, to include a claim for alleged adverse health consequences caused as a result of using the recalled product. As at the date hereof, the Company has not received any medical information demonstrating adverse health effects caused as a result of using the recalled product. The class action alleges damages for two main types of claims: 1) consumer based claims relating to the transaction costs for the product and 2) claims for damages resulting from adverse health effects of the recalled product.

The Nova Scotia Supreme Court certified the Claim as a class action on January 18, 2019. Certification is not a decision on the merits of the lawsuit, but deals with the proper procedure and allows it to continue to the next stage of litigation. The Company filed an appeal of the certification of the claims alleging adverse health effects with the Nova Scotia Court of Appeal. The Appeal was heard on October 15, 2019 and the decision was taken under reserve. Under a class action proceeding, each potential class member has the option to opt-out of the class proceeding, which would enable that person or entity to pursue an individual claim against the Company. Unless a class member opts-out, that class member is bound by the outcome of the class action.

If the class action certification of the claims alleging adverse health consequences is reversed on appeal, any person or entity is still permitted to bring an individual claim against the Company in relation to health impacts alleged to have been suffered as a result of use of the recalled product. Regardless of the outcome of the appeal, the consumer based claims remain. After the decision under appeal is released, class members will be notified of the class action and will have a period of time during which they may opt-out of the class action. As of the date hereof, one individual has filed an action against the Company in relation to the alleged adverse health consequences caused by using the recalled product.

The Company is contesting the litigation. The Company reported the Claim to its insurance provider which appointed counsel to defend the Claim. Insurance may be available to cover all or a portion of the fees or damages which may be associated with the Claim although the Company's coverage may be subject to varying limits and exclusions.

The litigation process will continue into the foreseeable future unless settled out of court. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, or principal shareholder of the Company and no associate or affiliate of the foregoing have had a material interest, direct or indirect, in any transaction in which the Company has participated within the three most recently completed financial years or during the current financial year, which has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Company is TSX Trust Company at its offices in Vancouver, British Columbia and Toronto, Ontario. VStock Transfer, LLC is the Company's co-transfer agent in the United States.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there are no contracts entered into by the Company during the twelve-month period ending August 31, 2019, which are material or entered into before the twelve-month period ending August 31, 2019, but are still in effect which are material, except as disclosed below:

- the License (as described under "*General Development of the Business - Licenses*" and "*Description of the Business - Organigram Licenses*"); and
- the Credit Agreement, as amended.

Copies of the License and the Credit Agreement, as amended are available under the Company's corporate profile on SEDAR.

INTERESTS OF EXPERTS

Deloitte LLP is the independent auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of New Brunswick.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Company's Audit Committee is attached to this Annual Information Form as Appendix "A".

Composition of Audit Committee & Relevant Education and Experience

As of August 31, 2019 and the date hereof, the members of the Audit Committee are Derrick West (Chair), Sherry Porter and Michel J. Bourque, each of whom is independent and financially literate within the meaning of National Instrument 52-110. The education and experience of each Audit Committee member are described in this Annual Information Form under the section entitled "*Directors and Executive Officers*".

Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Company's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of the Company's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of the Company's internal auditors. The Audit Committee has specific responsibilities relating to the Company's financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; legal or compliance matters that have a material impact on the Company; and the Company's whistleblowing procedures. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. Information concerning the relevant education and experience of the Audit Committee members can be found in "*Directors and Executive Officers*" above. The full text of the Audit Committee's charter is disclosed in Appendix "A".

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Company's external auditor not been adopted by the board of directors of the Company.

Pre-Approval Policies and Procedures

The Audit Committee will pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Audit Committee may delegate to one or more of its members the authority to pre-approve non- audit services but preapproval by such member or members so delegated shall be presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

External Auditor Service Fees

The following table sets forth, by category, the fees for all services rendered by the Company's external auditors, Deloitte LLP, for the financial years ended August 31, 2019 and 2018, are as set out below (including estimates).

Type of Work	Year ended 31-Aug-19		Year ended 31-Aug-18	
	Fees	Percentage	Fees	Percentage
Audit fees (1)(5)	$734,200	91%	$310,000	74%
Audit-related fees (2)	$1,854	1%	$27,381	6%
Tax fees (3)	$68,299	8%	$53,450	13%
All other fees (4)	$-	0%	$27,374	7%
Total	**$804,353**	100%	**$418,205**	**100%**

Notes:

(1) For the year ended August 31, 2019 ("**FY'2019**") audit fees were comprised of quarterly reviews and the annual audit and a securities engagement. For the year ended August 31, 2018 ("**FY'2018**") audit fees were comprised of quarterly reviews, the annual audit, and two bought deal financing transactions.
(2) For FY'2019 audit related fees were comprised of fees for Canadian Public Accountability Board (CPAB) participation while for FY'2018 audit related fees are comprised of accounting advisory for new IFRS standards and CPAB participation fees.
(3) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance in FY'2019 while in FY'2018 this includes fee for tax compliance and tax advisory services. Tax advice includes related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
(4) For FY'2018, includes fees in respect of an economic impact assessment of the Company's activities.
(5) FY'2018 includes a restatement of the base audit fee given the additional fees of $100,000 related to the FY'2018 audit that had not been billed by the time of the FY'2018 AIF issuance. The associated percentages of the total have also been restated.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, is contained in the Company's Management Information Circular relating to the most recent annual meeting of shareholders of the Company. Additional financial information is contained in the Company's financial statements and management discussion and analysis for the year ended August 31, 2019. Additional information relating to the Company may also be found on SEDAR at www.sedar.com. Copies of all of these documents may be obtained upon request from Organigram's Investor Relations department at 35 English Drive, Moncton, New Brunswick E1E 3X3.

APPENDIX "A" - AUDIT COMMITTEE CHARTER

ORGANIGRAM HOLDINGS INC.
(THE "CORPORATION")
CHARTER OF THE AUDIT COMMITTEE

This Charter of the Audit Committee (the " **Charter**") was adopted by the board of directors of the Corporation (the " **Board**") on August 26, 2019 and further amended on November 23, 2019.

1. **Purpose**

The Audit Committee (the "**Committee**") is a committee of the Board. The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. **Composition**

(a) The Committee should be comprised of a minimum of three directors of the Corporation.

(b) All members of the Committee must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies having jurisdiction over the Corporation as may be in effect from time to time, including Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 5605 of the Nasdaq Marketplace Rules, National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"), and the relevant rules of any other stock exchanges on which the Corporation's securities are listed. In general, each member of the Committee must be free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(c) All members of the Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements). At least one member of the Committee must satisfy the definition of "financial expert" as set out in Item 407(d)(5)(ii) of Regulation S-K under the United States Securities Act of 1933, as amended, and the Exchange Act.

(d) The Board shall designate the Chair of the Committee, who shall have responsibility for overseeing that the Committee fulfills its mandate and duties effectively. If the Board does not designate a Chair, the Committee will elect a Chair from among their members.

(e) Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

(f) No members of the Committee shall receive, directly or indirectly, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Corporation or any of its related parties or subsidiaries.

3. **Limitations on Committee's Duties**

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (a) the integrity of the persons and organizations from whom they receive information, (b) the accuracy and completeness of the information provided, (c) representations made by management of the Corporation ("**Management**") as to the non-audit services provided to the Corporation by the external auditor, (d) financial statements of the Corporation represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (e) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. **Meetings**

The Committee shall meet regularly, but not less frequently than quarterly. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's interim financial statements.

The Committee will determine any desired agenda items.

5. **Committee Responsibilities**

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee is mandated to carry out the following responsibilities:

External Auditors

(a) Subject to applicable law, appointing, compensating, overseeing and terminating the external auditors. The external auditors shall report directly to the Committee and shall be accountable to the Board and the Committee as representatives of the shareholders.

(b) Pre-approving all non-audit mandates and fees for services the external auditor shall undertake, and considering whether the nature of such services will harm the firm's independence in carrying out its audit function.

(c) Reviewing, negotiating and either signing or recommending to the Board the execution of all engagement letters of the external auditors, both for audit and non-audit services.

(d) Satisfying itself, on behalf of the Board, that the external auditor is independent of Management. In assessing such independence, the Committee shall discuss with the external auditors, and may require a letter from the external auditor outlining any relationships between the external auditors and the Corporation or its affiliates.

(e) Reviewing the audit plan of the external auditors, the integration of the external audit with the internal control program, and the results of the audit, which shall include reviewing the external auditor's letter to Management and Management's response thereto and other material written communications between Management and the external auditors.

(f) Reviewing the performance of the external auditors, including the compensation, scope, and timeliness of the audits and all other related services and any non-audit services provided by the external auditors.

(g) Satisfying itself, annually or more frequently as the Committee considers appropriate, as to the external auditors' internal quality control procedures and any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any public enquiry, review, or investigation by governmental, professional or other regulatory authorities.

(h) Periodically reviewing and discussing with Management and the external auditors the quality and acceptability of the Corporation's accounting policies and practices, the materiality levels which the external auditors propose to employ, any significant changes in the accounting policies and any proposed changes in accounting or financial reporting that may have a significant impact on the Corporation.

(i) Discussing with Management and the external auditors of the Corporation all alternative treatments of financial information within International Financial Reporting Standards ("**IFRS**") accounting principles that have been discussed with Management by the external auditors, the ramifications of these alternative treatments and the treatment preferred by the external auditors.

(j) Reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 - *Continuous Disclosure Obligations* or any successor legislation ("**NI 51-102**"), and the planned steps for an orderly transition. The Committee shall further review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor.

(k) Establishing and overseeing policies with regards to the hiring by the Corporation of any partners, employees, and any former partners or employees of any present or former firms that acted as external auditors of the Corporation.

Financial Information

(l) Ensuring, through discussions with Management and the external auditors, that the audited annual financial statements and the unaudited quarterly financial statements, as applicable, present fairly (in accordance with IFRS) in all material respects the financial condition, results of operations and cash flows of the Corporation as of and for the periods presented and, where appropriate, recommending for approval to the Board such financial statements of the Corporation.

(m) Reviewing any errors or omissions in the current or prior year's financial statements.

(n) Reviewing with the external auditors the level of co-operation they received from Management, employees and personnel of the Corporation during the audit process, any issues encountered by the auditors and any impediments on the external auditor's work.

(o) Reviewing and resolving any disagreements between Management and the external auditors with respect to accounting practices and principles.

(p) Monitoring the objectivity and credibility of the Corporation's financial reports.

(q) Reviewing the status of material contingent liabilities as reported to the Committee by the Corporation's Management, and the manner in which any material contingent liability has been disclosed in the Corporation's financial statements.

(r) Reviewing any legal matters or claims that could have a material impact on the financial statements of the Corporation, and the manner in which any such legal matters or claims have been disclosed in the Corporation's financial statements.

(s) Reviewing any reserves, accruals, provisions, estimates or adopted programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition that may have a material effect upon the financial statements of the Corporation.

(t) Reviewing the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and their impact on the reported financial results of the Corporation.

(u) Reviewing the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations.

(v) Reviewing Management's determination of tangible or intangible asset impairment, if any, as required by applicable accounting standards.

(w) Reviewing the annual report to shareholders and other financial information (including the annual and quarterly management's discussion and analysis, the annual information form and any prospectus, offering circular or other disclosure document issued by the Corporation or on behalf of the Corporation) prepared by the Corporation with Management and, where appropriate, recommending such documents for approval to the Board and for filing with regulatory bodies.

(x) Reviewing any news releases and reports to be issued by the Corporation containing earnings guidance or financial information for research, analysts and rating agencies. The Committee shall also review the Corporation's policies relating to financial disclosure and the release of earnings guidance and the Corporation's compliance with financial disclosure rules and regulations.

(y) Remaining apprised, through discussions with Management and the external auditors, of important trends and developments in financial reporting practices and requirements and their effect on the Corporation's financial statements, including consolidated financial statements.

(z) Reviewing the financial statements and other financial information of material subsidiaries of the Corporation and any auditor recommendations concerning such subsidiaries.

(aa) Reviewing the financial reporting obligations of the Corporation pursuant to its by-laws, its borrowing covenants, the *Canada Business Corporations Act* and applicable securities regulation and monitor the Corporation's compliance thereunder.

Internal Control

(bb) Annually and in advance of each respective fiscal period, completing a financial review of the Corporation's strategic plan and annual budget, and reporting to the Board the results of its review.

(cc) Overseeing the adequacy and effectiveness of the Corporation's internal control systems, through discussions with the Corporation's external auditors and Management, and reporting its findings to the Board on an annual basis.

(dd) Reviewing and comparing Management's quarterly report of operating against its budget variances and reporting the results of such review and comparison to the Board.

(ee) Establishing procedures for:

(i) The receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(ff) Annually reviewing the Corporation's Whistleblower Policy and its effectiveness and enforcement.

Compliance with Legal and Regulatory Requirements

(gg) Reviewing with Management, and/or any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Corporation and any material reports.

(hh) Reviewing with Management and the Board any issues with regulatory agencies that are likely to have a significant financial impact on the Corporation.

(ii) Reviewing with counsel the adequacy and effectiveness of the Corporation's procedures to ensure compliance with the legal and regulatory responsibilities.

(jj) Reviewing the status of income tax returns and any significant tax issues as they are reported to the Committee by Management or the Board.

(kk) Reviewing any inquiries, investigations, or audits of a financial nature by any government, regulatory, or taxation authorities.

(ll) Reviewing any legal matters or claims that could have a material impact on the Corporation's compliance policies or any material reports, inquiries, or other correspondence received from regulators or governmental agencies.

Other

(mm) Assisting the Board in the discharge of its duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls, including under its by-laws, securities regulations and otherwise.

(nn) Reviewing the appointments of the Corporation's Chief Financial Officer, internal auditor (or persons appointed to perform the internal audit function), and any key financial executives involved in the financial reporting process of the Corporation and any material subsidiary.

(oo) Establishing and overseeing the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing under the Corporation's Whistleblower Policy.

(pp) Ensuring that this Charter or an appropriate summary of it which has been granted approval by the Committee is properly disclosed in accordance with any securities laws or regulatory requirements.

(qq) Reviewing the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.

(rr) Periodically assessing the Corporation's need for an internal audit function, if not present.

(ss) Reviewing all material balance sheet issues, material contingent obligations and material related party transactions.

(tt) Taking such other actions within the general scope of its responsibilities as the Committee shall deem appropriate or as directed by the Board.

6. **Resources**

(a) The Committee shall have the authority, in its sole discretion, to retain independent legal, accounting and other consultants to advise the Committee at the expense of the Corporation. The Committee shall be provided with the necessary funding to compensate the external auditors and any other advisors they engage.

(b) The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors and legal counsel, and any information with regards to the Corporation as it considers necessary in order to discharge its duties under this Charter.

(c) The Committee, through the Chair, may contact any director, member of Management or other officer or employee of the Corporation as it deems necessary, and any director, member of Management or other officer or employee of the Corporation may bring any matter before the Committee involving illegal, questionable, improper, or unethical practices or transactions.

(d) The external auditors shall be entitled to communicate directly with the Chair of the Committee and may meet separately with the Committee and any member of the Committee.

(e) The Committee may request any director, member of Management or other officer or employee of the Corporation or the Corporation's external counsel or external auditors to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee. The Committee shall have full access to all of the Corporation's books, records, properties, facilities and personnel, subject to compliance with any leases or similar contacts governing same.

(f) The Committee may delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate from time to time.

7. **Annual Evaluation**

At least annually, the Committee shall, in a manner it determines to be appropriate:

(a) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.

(b) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

8. **Inconsistencies with Applicable Laws**

In the event of any conflict or inconsistency between this Charter and the applicable laws, in each case as amended, restated or amended and restated from time to time, the provisions hereof shall be ineffective and shall be superseded by the provisions of such applicable laws to the extent necessary to resolve such conflict or inconsistency.

ORGANIGRAM HOLDINGS INC.
(the "Corporation")

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (the "**Code**") was adopted by the board of directors of the Corporation (the "**Board**") on August 26, 2019.

The objective of this Code is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Corporation and its subsidiaries (collectively, the "**Organigram Entities**"). This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but sets out basic principles to guide all directors, officers and employees of the Organigram Entities (collectively, "**Organigram Personnel**" or "**you**"). All Organigram Personnel must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code and specific related policies and guidelines (including the Corporation's Insider Trading Policy) put in place from time to time by the Organigram Entities will govern your employment or other relationship with the Organigram Entities.

Each director, officer and employee must act with integrity and observe the highest ethical standards of business conduct in his or her dealings with the Corporation's security holders, customers, suppliers, partners, service providers, competitors, employees and anyone else with whom he or she has contact in the course of performing his or her job. While the Code does not, and cannot, deal with every situation that may arise, the principles outlined in the Code should be seen as providing a baseline for honest and ethical decision-making. The Corporation shall ensure that each director, officer and employee is provided with a copy of the Code and signs an acknowledgment of receipt and review in Section 5 hereto on an annual basis.

If a law conflicts with a policy in this Code, Organigram Personnel must comply with the law. If a local custom or policy conflicts with this Code, Organigram Personnel must comply with this Code. If you have any questions about these conflicts, you should ask a senior officer of the Corporation how to handle the situation. **Any questions regarding the Code should be addressed to your supervisor or the Chair of the Board of the Corporation.**

Organigram Personnel who violate the standards in this Code will be subject to disciplinary action, up to and including termination of their employment or other relationship with the Organigram Entities. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described below under "Compliance Procedures".

1. **The Code**

A. **Compliance with Laws, Rules and Regulations (including Insider Trading Laws)**

Obeying the law, both in letter and in spirit, is the foundation on which the Organigram Entities' ethical standards are built and is critical to our reputation and continued success. All Organigram Personnel must respect and obey the laws of the various jurisdictions in which the Organigram Entities operate and avoid even the appearance of impropriety. Although not all Organigram Personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from senior management or other appropriate personnel. The Chair of the Board is available to assist in determining applicable legal requirements and to seek the advice of legal counsel where appropriate.

Organigram Personnel must cooperate fully with those (including the Chief Executive Officer and the Chief Financial Officer) responsible for preparing reports filed with the securities regulatory authorities and all other materials that are made available to the investing public to ensure those persons are aware in a timely manner of all information that is required to be disclosed. Organigram Personnel should also cooperate fully with the independent auditors in their audits and in assisting in the preparation of financial disclosure.

B. **Conflicts of Interest**

Organigram Personnel are required to act with honesty and integrity and to avoid or fully disclose any interest, relationship or activity that may be harmful or detrimental to the Corporation's best interests or that may give rise to real, potential or the appearance of a conflict of interest with the interests of any of the Organigram Entities.

A "**conflict of interest**" exists when a person's private interests interfere in any way with the interests of the Corporation. A conflict of interest can arise when Organigram Personnel take actions or have interests that may make it difficult for them to perform their work for the Corporation objectively and effectively. Conflicts of interest also may arise when Organigram Personnel or members of their families receive improper personal benefits as a result of their positions with any Organigram Entity.

Conflicts of interest are prohibited as a matter of policy, except as may be approved by the board of directors of the Corporation. Conflicts of interest may not always be clear-cut. If you have a question, you should consult with your supervisor or department head. Any Organigram Personnel who become aware of a conflict or potential conflict should bring it to the attention of a supervisor and consult the procedures described below under "Compliance Procedures".

C. **Confidentiality**

Organigram Personnel must maintain the confidentiality of confidential information entrusted to them by any Organigram Entity and persons with whom the Organigram Entities do business, except when disclosure is required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to any Organigram Entity or the person to whom it relates if disclosed. The obligation to preserve the confidentiality of confidential information continues even after Organigram Personnel cease to have a relationship with any of the Organigram Entities.

Organigram Personnel who have access to confidential information are not permitted to use or share that information for trading purposes or for any other purpose except the conduct of the Organigram Entities' business. All Organigram Personnel should read and abide by the Corporation's Disclosure and Confidential Information Policy.

D. **Corporate Opportunities**

Organigram Personnel are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or positions without the consent of the Corporation's Board and from using corporate property, information or positions for improper personal gain. No Organigram Personnel may compete with the any of the Organigram Entities directly or indirectly. Organigram Personnel owe a duty to each Organigram Entity to advance its legitimate interests when the opportunity to do so arises.

E. **Protection and Proper Use of the Organigram Entity Assets**

All Organigram Personnel should endeavor to protect the Organigram Entity assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the profitability of the Organigram Entities. Any suspected incident of fraud or theft should be reported immediately to your immediate supervisor or the Chair of the Board of the Corporation for investigation.

The obligation of Organigram Personnel to protect the assets of the Organigram Entities includes the Organigram Entities' proprietary information. Proprietary information includes any information that is not known generally to the public or would be helpful to competitors of any of the Organigram Entities. Examples of proprietary information include intellectual property (such as trade secrets, patents, trademarks and copyrights), business, marketing and service plans, designs, databases, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate the Organigram Entity policy and could be illegal and result in civil or criminal penalties.

The obligation to preserve the confidentiality of proprietary information continues even after Organigram Personnel cease to have a relationship with any of the Organigram Entities.

The Corporation's assets may never be used for illegal purposes.

F. **Information Protection**

The Organigram Entities have physical and electronic safeguards in place to protect their information and all personal and confidential information entrusted to them. Organigram Personnel should use these safeguards to minimize the risk of unauthorized or accidental disclosure of such information. Unauthorized collection, use or disclosure of personal or confidential information can harm the Organigram Entities and their stakeholders and damage the trust that has been built. Breaches can be verbal, written or electronic and can be caused by error or malicious intent. If you become aware of a potential privacy, confidentiality or information security breach, you must promptly report it.

G. **Competition and Fair Dealing**

The Organigram Entities seek to excel and to outperform any competitors fairly and honestly through superior performance and not through unethical or illegal business practices. Taking proprietary information without the owner's consent, inducing disclosure of that information by past or present employees of other persons or using that information is prohibited. Organigram Personnel should respect the rights of, and deal fairly with, the Organigram Entities' competitors and persons with whom the Organigram Entities have a business relationship. No Organigram Personnel should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of proprietary information, misrepresentation of material facts or any other intentional unfair-dealing practice. Nor should any Organigram Personnel act in a manner that may be anti-competitive under anti-trust laws. The Corporation's senior management and Chair of the Board are available to assist Organigram Personnel in determining the application of those laws and to seek the advice of legal counsel where appropriate.

H. **Gifts and Entertainment**

Business gifts and entertainment are customary courtesies designed to build goodwill and constructive relationships among business partners. These courtesies may include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, accommodation and other merchandise or services. In some cultures, they play an important role in business relationships. However, a problem may arise when these courtesies compromise, or appear to compromise, an Organigram Entity's ability to make fair and objective business decisions or to gain an unfair advantage.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times and do not change during traditional gift-giving seasons.

No gift or entertainment should ever be offered, given, provided, authorized or accepted by any Organigram Personnel or their family members unless it is consistent with customary business practices, is not excessive in value, cannot be construed as a bribe or payoff and does not violate any laws. If a disinterested third party would be likely to believe that the gift affected your judgment, then it must not be offered, given, provided, authorized or accepted. All business dealings must be on arm's-length terms and free from any favourable treatment resulting from the personal interests of Organigram Personnel.

Strict rules apply when an Organigram Entity does business with governmental agencies and officials (as discussed in more detail below). Organigram Personnel should discuss with senior management of the Corporation any gifts or proposed gifts about which they have any questions.

I. **Payments to Government Personnel**

All Organigram Personnel must comply with all laws prohibiting improper payments to domestic and foreign officials. Other governments have laws regarding business gifts that may be accepted by government personnel. The promise, offer or delivery to an official or employee of various governments of a gift, favour or other gratuity in violation of these laws would not only violate the Organigram Entity's policies but could also be a criminal offence. Illegal payments should not be made to government officials of any country. The Corporation's Chair of the Board can provide guidance to Organigram Personnel in this area and seek the advice of legal counsel where appropriate.

J. **Lobbying**

Any contact with government personnel for the purpose of influencing legislation or rule making, including such activity in connection with marketing or procurement matters, is considered lobbying. You are responsible for knowing and adhering to all relevant lobbying laws and associated gift laws, if applicable and for compliance with all reporting requirements. You must obtain the prior approval of the Chair of the Board of the Corporation to lobby or authorize anyone else (for example, a consultant or agent) to lobby on behalf of any Organigram Entity, except when lobbying involves only normal marketing activities and not influencing legislation or rule making.

K. **Discrimination and Harassment**

The diversity of Organigram Personnel is a tremendous asset. The Organigram Entities are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination, violence or harassment of any kind. Examples include derogatory comments based on race, ethnicity, religion, sexual orientation, age or gender and sexual advances. Violence and threatening behavior are not permitted. Organigram Personnel are encouraged to speak with their supervisor or the Chief Executive Officer when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs.

L. **Health, Safety and Respect**

The Corporation strives to provide all Organigram Personnel with a safe and healthy work environment. All Organigram Personnel have responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or department head. Being under the influence, and the possession, of recreational and/or illegal drugs in the workplace will not be tolerated. Organigram Personnel should report to work in condition to perform their duties, free from the influence of recreational and/or illegal drugs or alcohol.

The Corporation expects Organigram Personnel to interact with other Organigram Entity employees, customers and business partners with respect, honesty, and integrity.

M. **Accuracy of Records and Reporting**

The Organigram Entities require honest and accurate recording and reporting of information of the Corporation to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for management, directors, managers, securityholders, governmental agencies and persons with whom the Corporation does business. All of the Corporation's financial statements and the books, records and accounts on which they are based must appropriately reflect the Corporation's activities and conform to applicable legal, accounting and auditing requirements and to the Corporation's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless required by applicable law or regulation.

All Organigram Personnel have a responsibility, within the scope of their positions, to ensure that the Corporation's accounting records do not contain any false or intentionally misleading entries. The Corporation does not permit intentional misclassification of transactions as to accounts, departments or accounting records. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper accounts and in the proper accounting period.

Organigram Personnel business expense accounts must be documented and recorded accurately. If Organigram Personnel are not sure whether a certain expense is legitimate, a supervisor or department head can provide advice. General rules and guidelines are available from the Corporation's Chief Executive Officer or Chair of the Board.

Business records and communications often become public through legal or regulatory proceedings or the media. Organigram Personnel should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations that can be misunderstood. This requirement applies equally to communications of all kinds, including e-mail, informal notes, internal memos and formal reports.

N. **Use of E-mail and Internet Services**

E-mail and internet services are provided to assist Organigram Personnel in carrying out their work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Organigram Personnel may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, derogatory messages based on racial or ethnic characteristics, or any other message that could reasonably be viewed as harassment. Flooding Organigram Entities' system with junk mail and trivia hampers the ability of the system to handle legitimate business and is prohibited.

Messages (including voice-mail) and computer information sent, received or created by Organigram Personnel are considered property of the Organigram Entities and Organigram Personnel should recognize that these messages and information are not "private". Unless prohibited by law, the Organigram Entities reserve the right to access and disclose those messages and information as necessary for business purposes. Organigram Personnel should use good judgment and not access, send messages or store any information that they would not want to be seen or heard by others.

O. **Fraud and Similar Irregularities**

The Corporation's policy prohibits fraud and establishes procedures to be followed concerning the recognition, reporting and investigation of suspected fraud. Fraud includes, but is not limited to:

- Dishonest or fraudulent act;
- Embezzlement;
- Forgery or alteration of negotiable instruments such as corporate checks and drafts;
- Misappropriation of Corporation, employee, customer, partner or supplier assets;
- Conversion to person use of cash, securities, supplies or any other corporate asset;
- Unauthorized handling or reporting of corporate transactions; and
- Falsification of the Corporation's records or financial statements for personal or other reasons.

Directors and employees are obligated to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste of corporate assets by Directors and employees are prohibited since such actions and conduct have a direct and negative impact on the Corporation's profitability. All of the Corporation's assets shall only be used for the legitimate business purposes of the Corporation.

Any director, employee or agent who suspects that any fraudulent activity may have occurred is required to report such a concern to one of the following individuals: Legal Counsel, Director of Internal Audit, Chair of the Audit Committee, the Security Department or the Chief Financial Officer.

All fraud investigations will be conducted under the direction of the Legal Department.

2. **Waivers of the Code**

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Any waiver of this Code for directors or officers may be made only by the directors of the Corporation (or a committee of the Board to whom that authority has been delegated) and will be promptly disclosed as required by law or stock exchange regulation.

3. **Reporting and Illegal or Unethical Behavior**

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Each of the Organigram Entities has a strong commitment to the conduct of its business in a lawful and ethical manner. Organigram Personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Organigram Entities to maintain confidentiality and not to allow retaliation for reports of misconduct by others made in good faith. It is, at the same time, unacceptable to file a report knowing that it is false. All Organigram Personnel are expected to cooperate in internal investigations of misconduct.

4. **Compliance Procedures**

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All Organigram Personnel must work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that the Organigram Entities have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.

- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will help you to focus on the specific question you are faced with and the alternatives you have. Use your judgement and common sense - if something seems like it might possibly be unethical or improper, it probably is.

- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.

- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your manager's responsibility to help solve problems.

- Seek help from internal resources. In the rare case where it may not be appropriate to discuss an issue with your manager, or where you do not feel comfortable approaching your manager with your question, discuss it locally with your "two-up". If that is not appropriate for any reason, contact the Corporation's Chief Financial Officer, Chief Executive Officer or the Chair of the Board.

- You may report ethical violations without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected to the extent possible. The Organigram Entities do not permit retaliation of any kind against employees for good faith reports of ethical violations.

- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

5. **Acknowledgement of Receipt and Review**

I, _____ (name), acknowledge that on _____ (date), I received a copy of Organigram Holdings Inc.'s Code of Business Conduct and Ethics and I read it, understood it and agree to comply with it.

_____
Signature

_____
Printed Name

_____
Date

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Amendment No. 1 to the Registration Statement No. 333-234564 on Form F-10 of Organigram Holdings Inc. (the "Company") and to the use of our reports dated November 24, 2019 relating to the consolidated financial statements as of and for the year ended August 31, 2019 and November 24, 2019 relating to the consolidated financial statements as of and for the year ended August 31, 2018 of the Company appearing in this Annual Report on Form 40-F.

/s/ Deloitte LLP

Chartered Professional Accountants
Moncton, Canada
November 26, 2019