

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States of America, its territories, possessions or the District of Columbia (the “United States”), and may not be offered, sold or delivered, directly or indirectly, in the United States unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act). See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of OrganiGram Holdings Inc. at 35 English Drive, Moncton, New Brunswick, E1E 3X3, telephone (506) 804-2552, and are also available electronically at [www.sedar.com](http://www.sedar.com).

## SHORT FORM PROSPECTUS

NEW ISSUE

December 11, 2017



### ORGANIGRAM HOLDINGS INC.

**\$50,000,003**

**14,285,715 Units**

This short form prospectus (the “**Prospectus**”) qualifies the distribution (the “**Offering**”) of 14,285,715 units (the “**Units**”) of OrganiGram Holdings Inc. (the “**Company**” or “**OrganiGram**”) at a price of \$3.50 per Unit (the “**Offering Price**”). Each Unit consists of one common share in the capital of the Company (each, a “**Unit Share**”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “**Warrant**”). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a “**Warrant Share**”) at an exercise price of \$4.00 for a period of 18 months following the Closing Date (as defined herein). The Units are issued pursuant to an underwriting agreement dated December 4, 2017 (the “**Underwriting Agreement**”), among the Company and Eight Capital (the “**Lead Underwriter**”), as lead underwriter on behalf of a syndicate of underwriters, including Canaccord Genuity Corp., GMP Securities L.P., Mackie Research Capital Corporation and PI Financial Corp. (collectively, with the Lead Underwriter, the “**Underwriters**”).

The Company’s common shares (the “**Common Shares**”) are traded on the TSX Venture Exchange (the “**TSXV**”) under the symbol “OGI” and on the OTCQB under the symbol “OGRMF”. On November 27, 2017, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the TSXV was \$3.84. On December 8, 2017, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the TSXV was \$3.79. The TSXV has conditionally approved the listing of the Unit Shares and Warrants to be distributed under this Prospectus, as well as the Warrant Shares. Listing will be subject to the Company fulfilling all of the requirements of the TSXV.

**There is currently no market through which the Warrants may be sold. See “Risk Factors”.**

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**Price: \$3.50 per Unit**

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	<u>Price to the Public<sup>(1)</sup></u>	<u>Underwriters’ Fee<sup>(2)</sup></u>	<u>Net Proceeds to the Company<sup>(3)</sup></u>
Per Unit.....	\$3.50	\$0.21	\$3.29
Total.....	\$50,000,003	\$2,985,000 <sup>(4)</sup>	\$47,015,003 <sup>(4)</sup>

- (1) The Offering Price was determined by arm’s length negotiation between the Company and Lead Underwriter, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares.
- (2) The Company has agreed to pay the Underwriters a cash fee (the “**Underwriters’ Fee**”) equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)), but excluding any gross proceeds raised from sales to “president’s list” purchasers on which the Underwriters will receive a cash fee equal to 3% of the gross proceeds raised therefrom. See “*Plan of Distribution*”.
- (3) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering (estimated to be approximately \$250,000), which will be paid from the proceeds of the Offering.
- (4) Assuming 142,858 Units are sold under the president’s list.

The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 2,142,857 Units (the “**Over-Allotment Units**”) at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes (the “**Over-Allotment Option**”). The Over-Allotment Option may be exercised by the Underwriters: (i) to acquire Over-Allotment Units at the Offering Price; or (ii) to acquire additional Unit Shares (the “**Over-Allotment Shares**”) at a price of \$3.39 per Over-Allotment Share; or (iii) to acquire additional Warrants (the “**Over-Allotment Warrants**”) at a price of \$0.22 per Over-Allotment Warrant; or (iv) to acquire any combination of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 2,142,857 Over-Allotment Shares and 1,071,428 Over-Allotment Warrants. The Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants are collectively referred to herein as the “**Over-Allotment Securities**”. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the Company” will be \$57,500,003, \$3,435,000 and \$54,065,003, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Securities issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Securities forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

The following table sets out information relating to the Over-Allotment Option:

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option <sup>(1)</sup>	2,142,857 Over-Allotment Units	For a period of 30 days from and including the Closing Date	\$3.50 per Over-Allotment Unit

- (1) This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of all securities issuable thereunder. See “*Plan of Distribution*”.

Unless the context otherwise requires, when used herein, all references to the “Offering”, “Units”, “Unit Shares”, “Warrants” and “Warrant Shares” assumes the exercise of the Over-Allotment Option and includes the Over-Allotment Securities, as applicable.

**Investing in the Units is speculative and involves significant risks. You should carefully review and evaluate the risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Units. See “*Forward-Looking Information*” and “*Risk Factors*”.**

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to the approval of certain legal matters

on behalf of the Company by Tripp | Business Law and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 18, 2017, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the (final) short form prospectus (the “**Closing Date**”). In connection with the Offering, and subject to applicable laws, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares or Warrants at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Units at a lower price than stated above.** See “*Plan of Distribution*”.

It is anticipated that the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. See “*Plan of Distribution*”.

**Denis Arsenaault, an officer and director of the Company, resides outside of Canada, and has appointed Michael Tripp, 1004 – 770 Main Street, 10th Floor, Moncton, New Brunswick, E1C 1E7 as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.**

The Company’s head office and registered office is located at 35 English Drive, Moncton, New Brunswick, E1E 3X3.

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## GENERAL MATTERS

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 OrganiGram Inc. and Trauma Healing Centers Incorporated, and the term “**marijuana**” has the meaning given to the term “marihuana” in the *Access to Cannabis for Medical Purposes Regulations* (“**ACMPR**”).

An investor should rely only on the information contained or incorporated by reference in this Prospectus. The Company or the Underwriters have not authorized anyone to provide investors with additional or different information. The Company and the Underwriters are not making an offer to sell or seeking offers to buy the Units in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Units. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise noted.

## FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain “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”, 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. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the 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 Company’s facilities, its costs and receipt of approval from Health Canada to complete such expansion and increase production and sale capacity;
- the expected growth in the number of patients using the Company’s medical marijuana;
- the expected growth in the number of 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 medical marijuana and the amount of cannabis oil extract related products used by each patient;
- the methods used by the Company to deliver medical marijuana and cannabis oil extract related products;
- the competitive conditions of the industry;
- the applicable laws, regulations and any amendments thereof;
- the competitive and business strategies of the Company;
- the grant and impact of any license or supplemental license to conduct activities with cannabis and/or cannabis oil extracts or any amendments thereof;
- the anticipated future gross revenues and profit margins of the Company’s operations;
- the proposed product supply arrangement with the New Brunswick provincial authority responsible for the future supply of marijuana for customers of the anticipated adult-use

- recreational market, and the future gross revenues expected to be generated through such arrangement;
- the proposed and anticipated changes to Canadian federal laws and provincial regulations regarding the adult-use recreational market and the business impacts on the Company;
  - the recertification process underway with ECOCERT Canada in order to revalidate the Company's organic certification; 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 initiated against the Company in connection with the recall of certain products commenced in December 2016.

In particular, this Prospectus contains forward-looking statements in connection with the anticipated Closing Date, anticipated TSXV approval and the anticipated use of the net proceeds of the Offering. Forward-looking statements contained in certain documents incorporated by reference in this Prospectus are based on the key assumptions described in such documents. Certain of the forward-looking statements contained herein and incorporated by reference concerning the medical marijuana and cannabis oil extracts industry, the anticipated adult-use recreational market, the general expectations of OrganiGram related thereto, and the Company's business and operations are based on estimates prepared by OrganiGram 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 OrganiGram believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While OrganiGram is not aware of any misstatement regarding any industry or government data presented herein, the current medical marijuana and cannabis oil extracts industry and the future anticipated adult-use recreational market involve risks and uncertainties and are subject to change based on various factors.

Purchasers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in 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 Prospectus or in any document incorporated by reference. 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. 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. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

#### **CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES**

The Company uses certain non-GAAP performance measures such as adjusted gross margin, adjusted net profit, adjusted EBITDA and cash flow from operations (in all cases, excluding fair value adjustment to inventory and biological assets) in this Prospectus or in documents incorporated by reference herein, which are not measures calculated in accordance with IFRS and have limitations as analytical tools. These performance measures have no meaning under IFRS and therefore amounts presented may not be comparable to similar data presented by other companies. The most direct comparable measure to adjusted gross margin (excluding fair value adjustment to inventory and biological assets) calculated in accordance with IFRS is gross margin. The most direct comparable measure to each of adjusted net profit, adjusted EBITDA and cash flow from operations (in all cases, excluding fair value adjustment to inventory and biological assets) calculated in accordance with IFRS is net income (loss). 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 gross margin, net income (loss) or other data prepared in accordance with IFRS.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been filed with the securities regulatory authorities in each province of Canada, are specifically incorporated by reference and form an integral part of this Prospectus:

- (a) the annual information form of the Company dated November 25, 2017 for the financial year ended August 31, 2016 (the “**Annual Information Form**”);
- (b) the Company’s audited consolidated financial statements as at and for the financial years ended August 31, 2016 and August 31, 2015, and related notes thereto, together with the independent auditors’ report thereon;
- (c) the management’s discussion and analysis for the financial year ended August 31, 2016;
- (d) the Company’s unaudited condensed consolidated interim financial statements (except for the notice of no auditor review) as at and for the three and nine months ended May 31, 2017 and May 31, 2016, and related notes thereto (the “**Interim Financial Statements**”);
- (e) the management’s discussion and analysis for the three and nine months ended May 31, 2017 (the “**Interim MD&A**”);
- (f) the management information circular of the Company dated November 7, 2017 in connection with the annual and special meeting of shareholders of the Company to be held on December 19, 2017;
- (g) the material change report of the Company dated September 1, 2016 in respect of the announcement of the entering into of a purchase and sale agreement to acquire the adjoining 10-acre property to its current facilities in Moncton for approximately \$6.9 million in cash and other non-cash consideration, including real property;
- (h) the material change report of the Company dated November 23, 2016 in respect of the announcement of a “bought deal” offering of 9,860,000 Common Shares at a price of \$3.55 per Common Share for aggregate proceeds of \$35,003,000 (the “**2016 Offering**”);
- (i) the material change report of the Company dated December 17, 2016 in respect of the closing of the 2016 Offering;
- (j) the material change report of the Company dated December 30, 2016 in respect of the announcement that the Company voluntarily recalled certain lots of medical marijuana which were supplied between August and December 2016 due to the detection of amounts of an unapproved pesticide not registered for use on marijuana under the *Pest Control Products Act* (Canada);
- (k) the material change report of the Company dated March 10, 2017 in respect of the announcement that the Company completed its investigation related to the contamination issue which resulted in the voluntary recall of medical cannabis products produced by the Company, that the results of the investigation were inconclusive, and that the Company implemented seven new company-wide initiatives in response to the events giving rise to the recall and will provide affected clients without insurance coverage with credits in the amount of their affected purchases;
- (l) the material change report of the Company dated March 10, 2017 in respect of the appointment of Greg Engel as Chief Executive Officer and as a director of the Company and the appointment of Denis Arsenault as Executive Chairman of the Company;
- (m) the material change report of the Company dated September 25, 2017 in respect of the announcement that the Company entered into a memorandum of understanding with a newly formed Crown corporation of the Province of New Brunswick for the supply of marijuana for

customers of the adult-use recreational market upon the implementation of the governing legislation; and

- (n) the material change report of the Company dated November 29, 2017 in respect of the announcement of the Offering.

Any documents of the type referred to in paragraphs (a)-(n) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management’s discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

**Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.**

## DESCRIPTION OF THE BUSINESS

### Corporate Structure

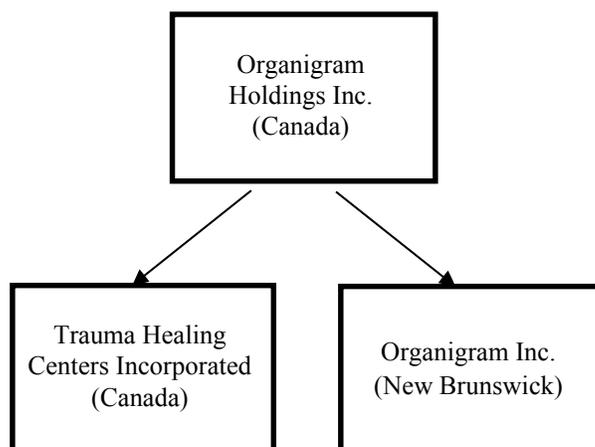
OrganiGram was incorporated under the *Business Corporations Act* (British Columbia) (the “BCBCA”) on July 5, 2010 as Inform Resources Corp. and changed its name to Inform Exploration Corp. (“**Inform**”) on February 16, 2011. On November 21, 2011, Inform completed its initial public offering and its common shares commenced trading on the TSXV on November 24, 2011. At this time, Inform was engaged in the acquisition, exploration and development of natural resource properties. Inform has since ceased all resource exploration activity. In August 2014, pursuant to a reverse takeover transaction in accordance with Policy 5.2 of the TSXV, Inform acquired all of the issued and outstanding shares of OrganiGram Inc. (the “**RTO Transaction**”). On or about the time of closing the RTO Transaction, Inform changed its name to OrganiGram Holdings Inc. On April 6, 2016, OrganiGram Holdings Inc. was continued from the BCBCA to the *Canada Business Corporations Act*.

The Common Shares are listed under the symbol “OGI” on the TSXV and under the symbol “OGRMF” on the OTCQB.

The Company is licensed to produce and sell medical marijuana, including dried marijuana, cannabis oil, cannabis resin, cannabis trichomes, marijuana plants and marijuana seeds as a Licensed Producer (as such term is defined under the ACMPR) under the provisions of the ACMPR. The Company received its initial License (as defined herein) to operate as a Licensed Producer of medical marijuana under the *Marihuana for Medical Purposes Regulations* in early March 2014, with such License having been subsequently renewed and currently existing under the ACMPR with a current term ending March 27, 2020, subject to further renewal. For a further description of the License, see “*Business of the Company*”.

OrganiGram’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 and its corporate website is [www.organigram.ca](http://www.organigram.ca).

The following chart illustrates, as of the date hereof, the Company's corporate structure.



### **Business of the Company**

The Company is licensed as a Licensed Producer of medical marijuana, including dried marijuana, cannabis oil, cannabis resin, cannabis trichomes, marijuana plants and marijuana seeds under the ACMPR. Pursuant to its License, the Company is permitted to possess, produce, sell, ship, deliver, transport and destroy dried marijuana, cannabis oil, cannabis resin, cannabis trichomes, marijuana plants and marijuana seeds in conformity with the ACMPR and, subject in all cases, to the restrictions imposed by its License, and made its first shipment of medical marijuana to registered patients in September 2014. The Company may sell these products to patients who have obtained a valid prescription from a doctor or authorized health care professional and is also permitted to sell and acquire these products on a wholesale basis to or from, as applicable, other Licensed Producers, in all cases in conformity with the ACMPR and subject to the restrictions imposed by its License.

As at the date hereof, the Company has one of 79 licenses to cultivate and/or sell medical marijuana and one of 32 licenses to produce and/or sell cannabis oil under the ACMPR across Canada. Of these licenses, only 32 Licensed Producers, including OrganiGram, have licenses to both cultivate and sell medical marijuana and only 21 Licensed Producers, including OrganiGram, have licenses to both produce and sell cannabis oil. As at the date hereof, the Company is one of only five Licensed Producers with a license issued in Atlantic Canada. Moreover, management believes that the Company benefits from a number of competitive advantages which will allow it to be strategically positioned for future potential developments in the industry.

The Company has entered into agreements with several organizations committed to helping first responders and veterans deal with chronic ailments. Under the terms of the agreements, each of the organizations will refer patients to OrganiGram. On June 1, 2017, the Company acquired all of the issued and outstanding shares of Trauma Healing Centers Incorporated (“**THC**”). THC provides services to individuals suffering from conditions treatable with medical marijuana, including veterans and first responders. THC currently services over 3,500 patients across a number of locations. Through THC, the Company intends to provide assistance to patients and help educate them regarding the use of medical marijuana as a treatment option for specific conditions. Additionally, through THC, the Company has access to additional expertise and insight into the medical marijuana market. See “*Recent Developments*”.

The Company is also party to an exclusive product development and distribution agreement dated September 1, 2016 with TGS International LLC (“**TGS**”) pursuant to which TGS provides consulting services related to the development and operation of a commercial scale cannabis extracts production and processing facility, as well as exclusive licensing in Canada of over 225 unique cannabis products. The Company continues to pursue, as part of its business model, further strategic partnerships and opportunities with other suppliers and organizations and continues to actively evaluate such opportunities.

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. In October 2016, the Company also strategically acquired a building adjacent to the main facility as well as the adjoining 10-acre property, which includes a 136,000 square foot industrial building. During 2017, the Company also completed the acquisition of an additional 2.6-acre property located at 91 English Drive and an additional 1.65-acre property located at 55 English Drive. Through the acquisition of these adjacent properties, OrganiGram intends to develop a campus on which it will centralize its operations and production with a view to achieving certain efficiencies and economies of scale through the sharing of resources and on-site expertise. The intention of management is to build Canada's leading indoor production facility using state of the art technology and expertise which utilizes real-time analytics and to adopt standardization protocols ensuring a consistent and high quality product.

As of the date hereof, management of the Company anticipates that the ongoing and proposed expansion plans would permit the Company to produce up to 65,000 kilograms per year of medical and adult-recreational cannabis products, including oils, edibles, infused products and other related extract products. The expansion plan also includes development of the land and building purchases made at 55 English Drive and 91 English Drive, both natural extensions of OrganiGram's original location. The expansion program in its entirety is expected to be funded by the proceeds of the Offering, additional equity and/or debt financing and expected positive cash flow from operations following the anticipate legalization of the adult-use recreational market. The Company is currently reviewing options with respect to obtaining debt financing. See "*Use of Proceeds*" and "*Risk Factors – Additional Financing*". Management believes that the proposed expansion plans for its facilities will provide sufficient space for further diversification into the cannabis oil extracts and related products market, in each case, subject to the requisite approvals from applicable governmental authorities.

The Company's license was most recently amended on August 10, 2017, allowing the Company to store, subject to all other applicable conditions of the License, substances inventory at any given time up to a maximum storage capacity value of \$31,250,000 in its security level 8 vault and \$250,000 in its then utilized security level 5 safe (the "**License**"). The security level 5 safe is no longer in use by the Company. The License has a current term that expires March 27, 2020 and is subject to renewal. The Company anticipates that Health Canada will renew and provide an extension of the License at the end of its current term but there can be no assurance or guarantee that Health Canada will extend or renew the License or, if extended or renewed, that the License will be extended or renewed on the same or similar terms. See "*Risk Factors – Reliance on License Renewal*".

## **Products and Distribution**

Medical marijuana can be ingested in a variety of ways, including smoking, vaporizing, consumption in the form of oil, or edibles. Unlike the pharmaceutical options, individual elements within medical marijuana have not been isolated, concentrated and synthetically manipulated to deliver a specific therapeutic effect. Instead medical marijuana addresses ailments holistically through the synergistic action of naturally occurring phytochemicals.

Sativa and Indica are the two main types of cannabis plants, and hybrids can be created when the genetics of each of the two plants are crossed. Within these different types of cannabis plants there are many different varieties. Within each variety of medical cannabis there are many different cannabinoids, with the most common being Tetrahydrocannabinol (commonly referred to as THC), the psychoactive ingredient, and cannabidiol, which is responsible for many of the non-psychoactive effects from medical marijuana. The Company has access to many strain varieties and will continue to establish a variety of strains to best suit patient needs. The Company most recently launched The Edison Project which is an initiative aimed at producing and providing the Company's patients with the highest quality of indoor grown cannabis and post-harvest, hand-treated flower.

Medical marijuana and cannabis oil patients order from the Company primarily through the Company's online store or through the phone. Medical marijuana and cannabis oil is and will continue to be delivered by secured courier or other methods permitted by the ACMPR. The Company's prices vary based on grow 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 both the wholesale shipping and acquisition of dried marijuana, cannabis oil, cannabis resin, cannabis trichomes, marijuana plants and marijuana seeds to or from, as applicable, other Licensed Producers. The Company has in the past completed sales through its wholesale strategy and based on current costs,

management expects the wholesale shipment strategy to continue. This sales channel requires minimal selling, general and administrative costs over and above the cost to produce the product.

### **Recent Developments**

On December 4, 2017, the Company announced that it was the recipient of three awards presented at the 2017 Lift Canadian Cannabis Awards, including Top Sativa Flower for its premium flower, Wabanaki. The 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 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 are #3 Edison and #7 Edison which are now available to registered patients of the Company.

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 currently owned by the Company. The acquisition is part of the Company's plan to develop its centralized campus and provides the ability for future anticipated expansion.

On September 15, 2017, the Company entered into a memorandum of understanding (the "MOU") with a newly formed Crown corporation (the "Provincial Authority") of the Province of New Brunswick for the supply of marijuana for customers of the adult-use recreational marijuana market upon the implementation of the governing legislation. Pursuant to the MOU, the Company has guaranteed the Provincial Authority an annual supply of a minimum of 5 million grams of marijuana product, an arrangement which management of the Company estimates will generate gross revenues of between \$40 million to \$60 million per annum.

On September 6, 2017, the Company announced it had entered into a memorandum of understanding with the New Brunswick Innovation Research Chair in Medical Technologies pursuant to which the parties will jointly develop an industry leading method of microwave extraction of cannabinoid extracts from marijuana plants.

On June 1, 2017, the Company finalized the acquisition of THC, an entity which specializes in medical cannabis assessment and prescribing. THC, which currently services patients across seven Canadian locations, will continue to operate independently by providing referrals based on client need to any Licensed Producer in Canada. The purchase price consisted of the issuance of 719,425 Common Shares at a deemed value of \$2.78 per Common Share.

On March 7, 2017, the Company announced that it had retained legal counsel and would launch a defense against a proposed class-action lawsuit filed against the Company related to the voluntary recall of its products which was commenced in December 2016. The proposed class-action lawsuit was filed with the Supreme Court of Nova Scotia seeking to represent clients of the Company who purchased and consumed medical marijuana that was later found to contain trace elements of the pesticides myclobutanil and bifentazate which are not approved for use by Licensed Producers. See "*Litigation and Regulatory Proceedings*" and "*Risk Factors – Product Recall*" and "*– Litigation*".

On March 1, 2017, the Company announced the appointment, effective March 13, 2017, of Greg Engel as the Chief Executive Officer and as a director of the Company. Additionally, Denis Arseneault was appointed to the newly created role of Executive Chairman. Mr. Engel has served in a number of senior-level and executive positions in related industries over the past 25 years in Canada, in the United States and internationally. Most recently, he was Chief Executive Officer for Tilray Canada Inc., an early medical marijuana leader and the first Canadian company to export medical cannabis products to Europe. Mr. Engel is active in the cannabis industry and widely respected as a leader in this industry.

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 million, with approximately 70% of such credits having been utilized by OrganiGram clients as of the date hereof. See “*Litigation and Regulatory Proceedings*” and “*Risk Factors – Product Recall*” and “*– Litigation*”.

On February 9, 2017, the Company announced that its organic certification through ECOCERT Canada had been suspended and that it was in the process of 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 December 30, 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 an unapproved pesticide not registered for use on marijuana under the *Pest Control Products Act* (Canada). 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 “*Litigation and Regulatory Proceedings*” and “*Risk Factors – Product Recall*” and “*– Litigation*”.

## **CONSOLIDATED CAPITALIZATION**

There have been no material changes in the consolidated share and loan capital of the Company since May 31, 2017, the date of the Company’s most recent unaudited interim financial statements. As at the close of business on December 8, 2017, the Company had 106,971,868 Common Shares issued and outstanding. Upon completion of the Offering, there will be an aggregate of 121,257,583 Common Shares issued and outstanding (123,400,440 Common Shares outstanding if the Over-Allotment Option is exercised in full).

In addition, as at the close of business on December 8, 2017, the Company had Common Share purchase warrants outstanding to purchase up to an aggregate of 746,183 Common Shares. Upon completion of the Offering, the Company will have Common Share purchase warrants outstanding to purchase up to an aggregate of 7,889,040 Common Shares (8,960,468 Common Shares if the Over-Allotment Option is exercised in full).

The above should be reviewed in conjunction with the Interim Financial Statements and Interim MD&A of the Company.

## **USE OF PROCEEDS**

### **Proceeds**

The net proceeds to the Company from the Offering are estimated to be \$47,015,003, after deducting the payment of the Underwriters’ Fee of \$2,985,000, but before deducting the expenses of the Offering (estimated to be approximately \$250,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the Offering are estimated to be \$54,065,003, after deducting the Underwriters’ Fee of \$3,435,000, but before deducting the expenses of the Offering (estimated to be approximately \$250,000).

### **Principal Purposes**

The Company intends to use the net proceeds of the Offering to commence its incremental expansion program to construct one of the largest indoor cannabis production facilities in Canada within the next 18 to 24 months. The expansion plans are expected to add up to 40,000 kilograms per year of incremental capacity which would bring the Company’s total production capacity to approximately 65,000 kilograms per year, as further described below. In addition to its expansion program, the Company intends to use a portion of the net proceeds of the Offering for

working capital, general corporate purposes and to actively pursue strategic investments through international opportunities.

Upon completion of the Offering, the Company intends to allocate and use the net proceeds in the following manner:

- *Expansion of OrganiGram Campus* – It is intended that approximately 80% of the net proceeds will be used to commence and carry out part of the construction on an additional 255,000 incremental square feet of space, with the aim of bringing the Company’s production space to a total of 429,000 square feet over 17.5 acres at its Moncton location. The aggregate cost of construction for the incremental 255,000 square feet expansion is estimated to be approximately \$95 million. The expansion program in its entirety is expected to be funded by the proceeds of the Offering, additional equity and/or debt financing and expected positive cash flow from operations. See “*Description of the Business*” and “*Business of the Company*”.
- *Working Capital & General Corporate Matters* – It is intended that approximately 10% of the net proceeds will be used by the Company for general corporate matters and working capital purposes of a nature typical for a company engaged in the cultivation and sale of marijuana and related products. This will include product development and expenses associated with preparing for the adult-use recreational marijuana market.
- *Strategic International Opportunities* – The Company has recently appointed a seasoned executive to spearhead its international business development opportunities. Upon completion of the Offering, the Company will set aside approximately 10% of the net proceeds for the research and development of potential strategic international opportunities intended to enhance the long-term interests of the Company.

The above noted allocation represents the Company’s intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of proceeds. See “*Risk Factors – Discretion in the Use of Proceeds*” and “*Risk Factors – Additional Financing*”.

Until applied, the net proceeds will be held as cash balances in the Company’s bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

During the fiscal year ended August 31, 2016 and the nine-month period ended May 31, 2017, the Company had negative cash flow from operating activities. The Company’s cash and cash equivalents as at August 31, 2016 was approximately \$9.8 million, and as at May 31, 2017 was approximately \$2.7 million. 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 from operating activities in future periods. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities. See “*Risk Factors – Negative Cash Flow from Operations*”.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of \$7,050,000 after deducting the Underwriters’ Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to general working capital.

The table included below provides a comparison of the intended use of proceeds as disclosed in the prospectus for the 2016 Offering against the Company’s actual use of proceeds from the 2016 Offering, along with a brief explanation of the reasons for variances, as applicable. The Company believes that its ability to achieve its business objectives and milestones is not materially impacted by any variance outlined below, although the Company’s business objectives and milestones as they relate to the proposed expansion of its facilities are contingent upon raising financing pursuant to the Offering, as well as through additional equity and/or debt financing and expected positive cash flow from operations.

<b>2016 Offering</b>		<b>Net Proceeds: \$37,913,326</b>	
<b>Disclosed Use:</b>	<b>Est. Use (\$)</b>	<b>Actual (\$)</b>	<b>Variance (\$)</b>
Facilities – 35 English – mechanical, safety & electrical	14,000,000	14,000,000	-nil-
Facilities –building connection from 35 English facility to 320 Edinburgh facility	8,000,000	8,000,000	-nil-
Working Capital	4,000,000	7,000,000	(3,000,000) <sup>(1)</sup>
Future Expansion & General Corporate	12,000,000	9,000,000	3,000,000 <sup>(2)</sup>
<b>Totals</b>	<b>38,000,000</b>	<b>38,000,000</b>	<b>-nil-</b>

Notes:

- (1) Actual working capital use exceeded estimate due to lower than anticipated net revenue during the period.
- (2) Actual future expansion expenditures and general corporate expenses were less than anticipated due to an increase in working capital usage.

### **PLAN OF DISTRIBUTION**

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase, as principals, on the Closing Date, 14,285,715 Units at the Offering Price, for aggregate gross consideration of \$50,000,003, payable in cash to the Company against delivery of the Units. The Offering Price was determined by arm’s length negotiation between the Company and Lead Underwriter, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of “disaster out”, “material change out” and “breach out” provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of \$4.00 for a period of 18 months following the Closing Date. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture (as defined herein) to be dated as of the Closing Date between the Company and the Warrant Agent (as defined herein). The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. No fractional Warrants will be issued.

The Company has granted to the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date, to purchase up to an additional 2,142,857 Over-Allotment Units at the Offering Price to cover the Underwriters’ over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters: (i) to acquire Over-Allotment Units at the Offering Price; or (ii) to acquire Over-Allotment Shares at a price of \$3.39 per Over-Allotment Share; or (iii) to acquire Over-Allotment Warrants at a price of \$0.22 per Over-Allotment Warrant; or (iv) to acquire any combination of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants that may be issued under such Over-Allotment Option does not exceed 2,142,857 Over-Allotment Shares and 1,071,428 Over-Allotment Warrants. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Securities issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Securities forming part of the Underwriters’ over-allocation position acquires those Over-Allotment Securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters’ Fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-

Allotment Option), but excluding any gross proceeds raised from sales to “president’s list” purchasers on which the Underwriters will receive a cash fee equal to 3% of the gross proceeds raised therefrom.

The Offering is being made in each of the provinces of Canada, excluding the province of Québec. The Units will be offered in each of the relevant provinces of Canada through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Units in the United States and such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters.

The TSXV has conditionally approved the listing of the Unit Shares and Warrants to be distributed under this Prospectus, as well as the Warrant Shares. Listing will be subject to the Company fulfilling all of the requirements of the TSXV. There is currently no market through which the Warrants may be sold. See “*Risk Factors*”.

**The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company.**

Pursuant to the Underwriting Agreement, the Company has agreed not to, directly or indirectly, issue or sell or agree to issue or sell, any additional debt or securities (including those that are convertible into or exchangeable into securities of the Company) for a period of 90 days from the Closing Date without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed, other than pursuant to (i) the Offering, (ii) the exchange, transfer, conversion or exercise rights of existing outstanding securities or commitments to issue securities, or (iii) arm’s length acquisitions.

The Company has also agreed to use its best efforts to cause each of the directors and officers of the Company to enter into lock up agreements in favour of the Underwriters evidencing their agreement not to, for a period of 90 days following the Closing Date, directly or indirectly, offer, sell, contract to sell, grant an option to purchase, make any short sale or otherwise dispose of or transfer, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of the Common Shares, or announce its intention to do any of the foregoing, whether now owned directly or indirectly, or under their control or direction, other than pursuant to the terms of the lock up agreements.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares or Warrants at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSXV, in the over-the-counter market or otherwise.

The Unit Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants have not been and will not be registered under the U.S. Securities Act or any state securities laws and, subject to registration under the U.S. Securities Act and applicable state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person or any person in the United States.

Each Underwriter has agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable laws of the United States, it will not offer or sell the Units at any time within the United States as part of its distribution. The Underwriting Agreement permits the Underwriters to re-offer and re-sell the Units that they have acquired pursuant to the Underwriting Agreement to “qualified institutional buyers” (as defined in Rule 144A of the U.S. Securities Act) in the United States in accordance with Rule 144A under the U.S. Securities Act (and pursuant to similar exemptions under applicable state securities laws). Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Units outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Units, including the Unit Shares and the Warrants comprising the Units, that are sold in the United States, and any Warrant Shares issued to U.S. holders of the Warrants, will be “restricted securities” within the meaning of Rule 144 of the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act.

Subscriptions will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about December 18, 2017, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the (final) short form prospectus. It is anticipated that the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Units on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act and similar exemptions under applicable state securities laws.

## **DESCRIPTION OF SECURITIES BEING DISTRIBUTED**

### **Offering**

The Offering consists of Units, each of which is comprised of one Unit Share and one-half of one Warrant. The Units will separate into Unit Shares and Warrants immediately upon the closing of the Offering. The Units are offered at the Offering Price of \$3.50 per Unit.

### **Authorized Share Capital**

The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As at the close of business on December 8, 2017, there were 106,971,868 Common Shares issued and outstanding; there are no Preferred Shares issued and outstanding.

### **Common Shares**

The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company either in person or by proxy. The holders of Common Shares are also entitled to dividends, if and when

declared by the directors of the Company and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company.

The Common Shares rank equally as to all benefits which might accrue to the holders thereof, including the right to receive dividends, voting powers, and participation in assets and in all other respects, on liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other disposition of the assets of the Company among its shareholders for the purpose of winding up its affairs after the Company has paid out its liabilities. The Common Shares are not subject to call or assessment rights or any pre-emptive or conversion rights. There are no provisions for redemption, purchase for cancellation, surrender or purchase of funds.

## **Dividends**

As of the date of this Prospectus, OrganiGram has not declared dividends and 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 OrganiGram'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 future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the board of directors may deem relevant.

## **Warrants**

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned hereunder. The summary does not purport to be complete and is qualified in its entirety by the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company's corporate secretary and will be available electronically at [www.sedar.com](http://www.sedar.com) and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each full Warrant entitles its holder, upon the payment of the exercise price of \$4.00, to purchase one Warrant Share for a period of 18 months from the Closing Date. See "*Plan of Distribution*".

The Warrants will be governed by an agreement to be entered into on the Closing Date (the "**Warrant Indenture**") between the Company and TSX Trust Company (the "**Warrant Agent**"). The Company will designate the Warrant Agent, in its Toronto office, as agent for the Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and
- (v) the issuance or distribution to all or substantially all of the holders of Common Shares of securities, including rights, options or warrants to acquire shares of any class or securities

exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

- (i) the reclassification of the Common Shares;
- (ii) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or
- (iii) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth ( $\frac{1}{100}$ <sup>th</sup>) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than 66 $\frac{2}{3}$ % of the aggregate number of all then outstanding Warrants.

The Warrants will not be exercisable in the United States or by or on behalf of a "U.S. Person" or a person in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available.

#### PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

Date	Type of Security Issued	Issuance/Exercise Price per Security	Number of Securities Issued
08-Dec-17	Common Shares <sup>(2)</sup>	\$1.01	500
02-Dec-17	Common Shares <sup>(1)</sup>	\$1.40	787,788
01-Dec-17	Common Shares <sup>(1)</sup>	\$1.40	84,100
30-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	96,499

<b>Date</b>	<b>Type of Security Issued</b>	<b>Issuance/Exercise Price per Security</b>	<b>Number of Securities Issued</b>
29-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	11,516
28-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	140,500
28-Nov-17	Common Shares <sup>(2)</sup>	\$0.30	5,083
28-Nov-17	Common Shares <sup>(2)</sup>	\$0.67	7,000
27-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	30,400
24-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	270
23-Nov-17	Common Shares <sup>(2)</sup>	\$0.30	1,000
23-Nov-17	Common Shares <sup>(1)</sup>	\$1.00	208,096
23-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	19,300
22-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	120
20-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	28,300
17-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	129,950
16-Nov-17	Common Shares <sup>(2)</sup>	\$0.40	5,000
16-Nov-17	Common Shares <sup>(2)</sup>	\$1.25	450
16-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	314,800
15-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	300
13-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	700
10-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	244,300
09-Nov-17	Common Shares <sup>(2)</sup>	\$2.88	1,700
09-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	178,950
08-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	144,200
02-Nov-17	Common Shares <sup>(2)</sup>	\$1.25	600
01-Nov-17	Common Shares <sup>(2)</sup>	\$0.30	1,000
01-Nov-17	Common Shares <sup>(1)</sup>	\$1.40	60,200
01-Nov-17	Options	\$3.21	20,000
31-Oct-17	Common Shares <sup>(2)</sup>	\$1.52	30,000
31-Oct-17	Common Shares <sup>(1)</sup>	\$1.00	21,291
27-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	16,300
24-Oct-17	Common Shares <sup>(2)</sup>	\$0.30	1,167
23-Oct-17	Common Shares <sup>(3)</sup>	\$2.87	50,000
17-Oct-17	Common Shares <sup>(2)</sup>	\$1.52	120,000
13-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	96,300
10-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	89,500
06-Oct-17	Common Shares <sup>(2)</sup>	\$0.85	1,500
06-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	100,400
05-Oct-17	Common Shares <sup>(2)</sup>	\$0.40	5,000
04-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	23,850
03-Oct-17	Common Shares <sup>(2)</sup>	\$0.30	1,200
03-Oct-17	Common Shares <sup>(1)</sup>	\$1.40	70,000
01-Oct-17	Options	\$3.11	30,000
26-Sep-17	Common Shares <sup>(1)</sup>	\$1.40	86,100
21-Sep-17	Common Shares <sup>(1)</sup>	\$1.40	113,970
21-Sep-17	Options	\$2.59	166,648

<b>Date</b>	<b>Type of Security Issued</b>	<b>Issuance/Exercise Price per Security</b>	<b>Number of Securities Issued</b>
20-Sep-17	Common Shares <sup>(2)</sup>	\$0.30	1,000
20-Sep-17	Common Shares <sup>(1)</sup>	\$1.40	147,300
18-Sep-17	Common Shares <sup>(1)</sup>	\$1.40	43,000
13-Sep-17	Common Shares <sup>(2)</sup>	\$1.25	250
13-Sep-17	Common Shares <sup>(1)</sup>	\$1.40	40,000
01-Sep-17	Options	\$2.39	10,000
25-Aug-17	Options	\$2.70	50,000
21-Aug-17	Common Shares <sup>(2)</sup>	\$0.85	1,300
21-Aug-17	Common Shares <sup>(1)</sup>	\$1.40	13,000
01-Aug-17	Common Shares <sup>(1)</sup>	\$1.40	17,200
01-Aug-17	Options	\$2.70	50,000
28-Jul-17	Common Shares <sup>(2)</sup>	\$0.84	1,000
28-Jul-17	Common Shares <sup>(2)</sup>	\$0.30	1,000
28-Jul-17	Common Shares <sup>(2)</sup>	\$1.25	1,500
28-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	17,700
27-Jul-17	Common Shares <sup>(2)</sup>	\$0.85	1,200
25-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	125,000
24-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	42,100
21-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	18,300
20-Jul-17	Common Shares <sup>(2)</sup>	\$0.85	1,000
18-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	41,700
13-Jul-17	Common Shares <sup>(2)</sup>	\$0.30	1,000
07-Jul-17	Common Shares <sup>(1)</sup>	\$1.40	6,500
01-Jul-17	Options	\$2.42	5,000
01-Jun-17	Common Shares <sup>(4)</sup>	\$2.78	719,425
01-Jun-17	Common Shares <sup>(2)</sup>	\$1.01	500
01-Jun-17	Options	\$2.73	10,000
27-May-17	Common Shares <sup>(1)</sup>	\$1.40	87,019
25-May-17	Common Shares <sup>(1)</sup>	\$1.00	81,000
24-May-17	Common Shares <sup>(1)</sup>	\$1.40	97,595
23-May-17	Common Shares <sup>(1)</sup>	\$1.00	219,000
19-May-17	Common Shares <sup>(2)</sup>	\$0.85	2,000
19-May-17	Common Shares <sup>(1)</sup>	\$1.40	12,019
18-May-17	Common Shares <sup>(2)</sup>	\$0.85	1,500
18-May-17	Common Shares <sup>(1)</sup>	\$1.40	55,288
17-May-17	Common Shares <sup>(1)</sup>	\$0.45	100,000
17-May-17	Common Shares <sup>(1)</sup>	\$1.40	11,057
16-May-17	Common Shares <sup>(2)</sup>	\$1.01	1,000
16-May-17	Common Shares <sup>(2)</sup>	\$1.25	250
09-May-17	Common Shares <sup>(1)</sup>	\$1.40	25,500
08-May-17	Common Shares <sup>(1)</sup>	\$1.00	101,428
08-May-17	Common Shares <sup>(1)</sup>	\$1.40	93,350
04-May-17	Common Shares <sup>(2)</sup>	\$0.30	1,500

<b>Date</b>	<b>Type of Security Issued</b>	<b>Issuance/Exercise Price per Security</b>	<b>Number of Securities Issued</b>
04-May-17	Common Shares <sup>(1)</sup>	\$1.40	12,019
01-May-17	Options	\$2.89	10,000
17-Apr-17	Common Shares <sup>(1)</sup>	\$1.40	400
13-Apr-17	Common Shares <sup>(2)</sup>	\$1.01	1,000
13-Apr-17	Common Shares <sup>(1)</sup>	\$1.40	8,600
12-Apr-17	Common Shares <sup>(1)</sup>	\$1.40	26,400
11-Apr-17	Common Shares <sup>(1)</sup>	\$1.40	47,650
04-Apr-17	Common Shares <sup>(1)</sup>	\$1.00	285,357
04-Apr-17	Common Shares <sup>(1)</sup>	\$1.40	48,076
01-Apr-17	Options	\$2.77	15,000
30-Mar-17	Common Shares <sup>(1)</sup>	\$1.00	4,500
30-Mar-17	Common Shares <sup>(2)</sup>	\$0.30	12,000
30-Mar-17	Common Shares <sup>(2)</sup>	\$0.85	14,000
14-Mar-17	Common Shares <sup>(1)</sup>	\$1.00	3,278
14-Mar-17	Options	\$2.36	1,500,000
08-Mar-17	Common Shares <sup>(1)</sup>	\$1.40	119,230
01-Mar-17	Options	\$2.88	20,000
27-Feb-17	Common Shares <sup>(2)</sup>	\$1.39	20,000
27-Feb-17	Common Shares <sup>(2)</sup>	\$2.05	7,500
23-Feb-17	Common Shares <sup>(1)</sup>	\$1.40	100,000
17-Feb-17	Common Shares <sup>(2)</sup>	\$0.40	10,000
10-Feb-17	Common Shares <sup>(2)</sup>	\$1.53	5,000
01-Feb-17	Common Shares <sup>(5)</sup>	\$2.68	25,000
31-Jan-17	Common Shares <sup>(2)</sup>	\$0.30	833
30-Jan-17	Common Shares <sup>(2)</sup>	\$1.01	1,000
27-Jan-17	Common Shares <sup>(1)</sup>	\$1.40	19,000
26-Jan-17	Common Shares <sup>(2)</sup>	\$0.40	10,000
12-Jan-17	Common Shares <sup>(2)</sup>	\$0.30	3,000
31-Dec-16	Common Shares <sup>(1)</sup>	\$0.85	4,500
23-Dec-16	Common Shares <sup>(2)</sup>	\$0.85	1,500
22-Dec-16	Common Shares <sup>(2)</sup>	\$1.25	250
15-Dec-16	Common Shares <sup>(2)</sup>	\$0.84	5,000
15-Dec-16	Common Shares <sup>(2)</sup>	\$0.85	2,000
14-Dec-16	Common Shares <sup>(2)</sup>	\$0.85	3,000
12-Dec-16	Common Shares <sup>(2)</sup>	\$1.01	1,000
08-Dec-16	Common Shares <sup>(2)</sup>	\$0.85	1,000
07-Dec-16	Common Shares <sup>(6)</sup>	\$3.55	11,339,000
07-Dec-16	Common Shares <sup>(2)</sup>	\$0.30	5,000

(1) Issued pursuant to the exercise of warrants.

(2) Issued upon exercise of outstanding options.

(3) Issued to 9250-5999 Québec in consideration of the payment of consulting and advisory fees pursuant to a consulting agreement dated December 4, 2016.

(4) Issued in connection with the acquisition of THC on June 1, 2017.

- (5) Issued to XIB Consulting Inc. in consideration of the payment of an engagement fee pursuant to an engagement letter dated October 31, 2016.
- (6) Issued in connection with the 2016 Offering.

### TRADING PRICE AND VOLUME

The outstanding Common Shares are traded on the TSXV under the trading symbol “OGI”. The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares for the 12-month period prior to the date of this Prospectus (Source: TMX Data).

Period	High Trading Price	Low Trading Price	Volume
December 1-8, 2017	\$3.94	\$3.28	17,148,318
November, 2017	\$4.00	\$2.91	39,588,967
October 2017	\$3.17	\$2.68	15,016,043
September 2017	\$3.03	\$2.16	11,150,625
August 2017	\$2.40	\$2.11	3,354,713
July 2017	\$2.59	\$2.04	5,324,402
June 2017	\$2.42	\$2.00	6,771,580
May 2017	\$2.89	\$2.38	8,644,941
April 2017	\$3.61	\$2.42	28,783,736
March 2017	\$2.63	\$1.81	21,502,527
February 2017	\$3.05	\$2.45	19,529,111
January 2017	\$2.85	\$2.51	14,396,746
December 2016	\$3.63	\$2.53	27,872,270
November 2016	\$4.49	\$2.32	85,713,274

On December 8, 2017, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the TSXV was \$3.79 and on November 27, 2017, the last trading day prior to the announcement of the Offering, the closing price per Common Share on the TSXV was \$3.84.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Units pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), and at all relevant times: (i) deals at arm's length and is not affiliated with the Company or the Underwriters; and (ii) holds the Common Shares and Warrants as capital property (a “**Holder**”).

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure in the nature of trade.

A purchaser who is resident in Canada for purposes of the Tax Act and whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other “Canadian security” (as defined in the Tax Act) owned by such purchaser in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Purchasers should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances. Such election is not available in respect of Warrants.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder (“**Regulations**”) in force as of the date hereof; (ii) all specific proposals (“**Proposed Amendments**”) to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof; and (iii) counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. Other than the Proposed Amendments, this summary does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

On July 18, 2017, the Minister of Finance (Canada) released a consultation paper that included an announcement of the Government's intention to amend the Tax Act to increase the amount of tax applicable to passive investment income earned through a private corporation. No specific amendments to the Tax Act have been proposed in connection with this announcement. Holders that are private corporations should consult their own tax advisors.

**This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.**

#### Allocation of Cost

A Holder who acquires Units pursuant to this Offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Unit Share and the one-half Warrant comprising each Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Company has advised counsel that, of the \$3.50 subscription price for each Unit, it intends to allocate \$3.39 to each Unit Share and \$0.11 to each one-half Warrant and believes that such allocation is reasonable. The Company's allocation, however, is not binding on the CRA or on a Holder.

The adjusted cost base to a Holder of each Unit Share comprising a part of a Unit acquired pursuant to this Offering will be determined by averaging the cost of such Unit Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

#### Exercise of Warrants

No gain or loss will be realized by a Holder of a Warrant upon the exercise of such Warrant. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of a Warrant, the cost of such Warrant Share must be averaged with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

#### **Holders Resident in Canada**

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (“**Resident Holder**”). This section of the summary is not applicable to a Holder: (i) that is a “financial institution” within the meaning of section 142.2 of the Tax Act; (ii) that is a “specified financial institution” as defined in the Tax Act; (iii) that has made a “functional currency” reporting election under section 261 of the Tax Act; (iv) an interest in which is, or for whom a Common Share or Warrant would be, a “tax shelter investment” for the purposes of the Tax Act; or (v) that has entered into a “derivative forward agreement”, as defined in the Tax Act, in respect of Common Shares or Warrants. Such Holders should consult their own tax advisors.

### Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as “eligible dividends” will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend or deemed dividend received by a Resident Holder that is a corporation may be treated as a capital gain or proceeds of disposition. Resident Holders should contact their own tax advisors in this regard.

A Resident Holder that is a “private corporation” or a “subject corporation”, as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder’s taxable income for the year. A “subject corporation” is generally a corporation (other than a private corporation) controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

### Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant immediately before the disposition or deemed disposition.

Generally, the expiry of an unexercised Warrant will give rise to a capital loss equal to the adjusted cost base to the Resident Holder of such expired Warrant.

### Taxable Capital Gains and Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

### Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act) for the year, including taxable capital gains.

In general terms, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

### **Holders Not Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada (“**Non-Resident Holder**”). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an “authorized foreign bank” (as defined in the Tax Act) and such Holders should consult their own tax advisors.

### Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

### Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant (as applicable) is, or is deemed to be, “taxable Canadian property” of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder provided that the Common Shares are listed on a “designated stock exchange” for the purposes of the Tax Act (which currently includes Tiers 1 and 2 of the TSXV), unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, “Canadian resource property” (as defined in the Tax Act), “timber resource property” (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings “*Holders Resident in Canada — Dispositions of Common Shares and Warrants*” and “*— Taxable Capital Gains and Losses*” will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Tripp | Business Law, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, in force as of the date hereof and the Proposed Amendments, the Unit Shares, Warrants, and Warrant Shares, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), registered disability savings plan (“RDSP”), tax-free savings account (“TFSA”) (collectively referred to as “Registered Plans”) or a deferred profit sharing plan (“DPSP”), provided that:

- (i) in the case of Unit Shares and Warrant Shares, the Unit Shares or Warrant Shares are listed on a designated stock exchange in Canada for the purposes of the Tax Act (which currently includes Tiers 1 and 2 of the TSXV) or the Company qualifies as a “public corporation” (as defined in the Tax Act); and
- (ii) in the case of the Warrants: (a) the Warrants are listed on a designated stock exchange for purposes of the Tax Act (which currently includes Tiers 1 and 2 of the TSXV); or (b) the Warrant Shares are qualified investments as described in (i) above, provided that the Company is not, and deals at arm’s length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan or DPSP.

Notwithstanding the foregoing, the holder of, or annuitant under, a Registered Plan (the “**Controlling Individual**”) will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a “prohibited investment” for a Registered Plan if the Controlling Individual does not deal at arm’s length with the Company for the purposes of the Tax Act or the Controlling Individual has a “significant interest” (as defined in subsection 207.01(4) the Tax Act) in the Company. Controlling Individuals should consult their own tax advisors as to whether the Unit Shares, Warrant Shares, or Warrants will be a prohibited investment in their particular circumstances.

## LITIGATION AND REGULATORY PROCEEDINGS

On March 3, 2017, a statement of claim (the “**Claim**”) in connection with a proposed class-action lawsuit was filed with the Supreme Court of Nova Scotia seeking to represent clients of the Company (the “**Class**”) who purchased and consumed medical marijuana that was later found to contain trace elements of the pesticides myclobutanil and bifentazate which are not approved for use by Licensed Producers and were the subject of the Company’s product recalls in December 2016 and January 2017. 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*, the *Sale of Goods Act* and the *Food and Drugs 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, damages in the form of the total funds required to establish a medical monitoring process for the benefit of the Class, exemplary or punitive damages and certain costs. The Claim also contains a request for an order certifying the proceeding as a class proceeding. A certification hearing in respect of this Claim has been scheduled for June 19-21, 2018.

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.

As at the date hereof, no order to certify the proceeding as a class proceeding has been issued and the Company is unable to determine the outcome of the Claim or the impact of the allegations on its business. However, the Company, in consultation with its litigation counsel, believes it is unlikely that the outcome of the proceeding will have a material adverse effect on the business and operations of the Company. With that being said, the defence of the proposed proceeding will require certain of the Company’s resources as well as the time, attention and effort of certain members of the Company’s management.

See “*Risk Factors – Product Recalls*” and “*– Litigation*”.

## **RISK FACTORS**

An investment in the Units is speculative and involves certain risks. When evaluating the Company and its business, prospective purchasers of the Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading “*Risk Factors*” in the Annual Information Form, which is incorporated by reference herein.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business.

### **Risks Related to the Offering**

#### ***Discretion in the Use of Proceeds***

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading “*Use of Proceeds*” if they believe it would be in the Company’s best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company’s results of operations may suffer.

#### ***Additional Financing***

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its business objectives, including with respect to the completion of its expansion program. The Company intends to fund its expansion program by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company is currently reviewing options with respect to obtaining debt financing, however there is no assurance that any such funding will be available or will be completed on terms which are satisfactory to the Company. Even if definitive terms are agreed upon, there is no assurance that the Company will complete any debt financing or meet conditions that may be required for drawdowns. Any debt financing secured in the future could involve the granting of security against assets of the Company and also contain 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. The Company will require additional financing to fund its operations until positive cash flow is achieved. See “*Risk Factors – Negative Cash Flow from Operations*”.

#### ***No Current Market for Warrants***

There is currently no market through which the Warrants may be sold. The Company has received conditional approval from the TSXV to list the Warrants, which remains subject to final TSXV approval. Even if listed, there is no assurance that a liquid market for the Warrants will develop.

#### ***Volatile Market Price of the Common Shares***

The market price of the Common Shares 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 Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares 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 or economic trends, acquisitions, dispositions or other 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 Common Shares.

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 Common Shares 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 Common Shares may be materially adversely affected.

### ***Risk Factors Related to Dilution***

The Company may issue additional securities in the future, which may dilute a shareholder's holdings 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 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 the Company's stock option plan and upon the exercise of outstanding warrants.

### ***Negative Cash Flow from Operations***

During the fiscal year ended August 31, 2016 and the nine-month period ended May 31, 2017, the Company had negative cash flow from operating activities. The Company's cash and cash equivalents as at August 31, 2016 was approximately \$9.8 million, and as at May 31, 2017 was approximately \$2.7 million. 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 preparedness for the anticipated 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 the Offering may be used to fund such negative cash flow from operating activities.

### **Risks Related to the Business of the Company**

#### ***Governmental Regulation***

The business and activities of the Company are heavily regulated in all jurisdictions where it 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 medical marijuana and cannabis oil, and also including 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's products and services.

Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the 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 its 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.

### ***Changes in Laws, Regulations and Guidelines***

On June 30, 2016, the Government of Canada established the Task Force on Cannabis Legalization and Regulation (the "**Task Force**") to seek input on the design of a new system to legalize, strictly regulate and restrict access to adult-use recreational cannabis. On December 13, 2016, the Task Force completed its review and published a report outlining its recommendations. On April 13, 2017, the Government of Canada released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* (Canada) (the "**Cannabis Act**"). If enacted, the Cannabis Act will regulate the production, distribution and sale of cannabis for adult use. The target implementation date of the Cannabis Act will be no later than July of 2018. However, it is unknown if this regulatory change will be implemented at all.

Several recommendations made by the Task Force reflected in the Cannabis Act could materially and adversely affect the business, financial condition and results of operations of the Company. These recommendations include, but are not limited to, permitting home cultivation, potentially easing barriers to entry into a Canadian recreational cannabis market and restrictions on advertising and branding. Their advice will be considered by the Government of Canada as a new framework for recreational cannabis is developed and it remains possible that such developments could significantly and adversely affect the business, financial condition and results of operations of the Company.

While the production of cannabis will be under the regulatory oversight of the Government of Canada, the distribution of adult-use recreational cannabis will be the responsibility of the provincial and territorial governments. To date, no provincial legislation has been approved to govern the retail sales. However, all of the provinces in Canada, other than Saskatchewan who has yet to announce any definitive plans, have announced that the wholesale distribution of cannabis will fall under the responsibility of their provincial liquor authorities. The legal retail business for adult-use recreational cannabis will initially fall under a framework of new provincially owned and run stand-alone cannabis outlets in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island. Crown corporation run retail outlets will thus have a monopoly over the legal retailing and distribution of cannabis in these provinces, which represent approximately 67% of the Canadian population. The provinces of Alberta, Manitoba and Newfoundland and Labrador have indicated they would allow private retailers to manage the retail sales of cannabis in their provinces, while British Columbia will allow a mix of private and Crown corporation run retail stores.

On October 3, 2017, the Parliamentary Standing Committee on Health proposed amendments to the Cannabis Act, which if approved would allow for cannabis edibles and concentrates to be available for sale within 12 months of the Cannabis Act coming into force. Health Canada launched a 60-day public consultation on the proposed approach to the regulation of cannabis on November 21, 2017. A few of the provisions under consideration, such as the inclusion of micro-producers and micro-processors and the allowance of outdoor production, could significantly adversely affect the business, financial condition and results of operations of the Company. Conversely, several provisions under consideration, such as the elimination of a storage vault, the elimination of security cameras in areas where plants are grown and a reduction in the data storage requirements, would significantly reduce the operating costs and improve the operational efficiency of the Company. As of November 30, 2017, Bill C-45 passed a second reading of the Senate.

### ***Product Recalls***

On January 9, 2017, OrganiGram expanded its voluntary recall to a further 69 lots of product in addition to the recall of five lots of product initiated on December 30, 2016. The recalled products included dried marijuana and cannabis oil supplied between February and December 2016, after testing revealed the presence of low levels of myclobutanil and/or bifentazate, which are unapproved pesticides not registered for use on marijuana under the *Pest Control Products Act* (Canada). 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). Health Canada has received one adverse reaction report related to the Company's products sold during the period covered by the recall. 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 proposed class action lawsuit has also been filed, as more particularly described herein. See "*Litigation and Regulatory Proceedings*" and "*Risk Factors – Litigation*".

Moving forward, if any of OrganiGram's products are recalled in the future due to an alleged product defect or for any other reason, OrganiGram would be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. OrganiGram 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 OrganiGram 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 OrganiGram's significant brands were subject to recall, the image of that brand and OrganiGram could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for OrganiGram's products and could have a material adverse effect on the results of operations and financial condition of OrganiGram. Additionally, product recalls may lead to increased scrutiny of OrganiGram's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

### ***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 OrganiGram becomes involved be determined against the Company, such a decision could adversely affect OrganiGram'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.

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 represent a Class who purchased and consumed medical marijuana that was later found to contain trace elements of the pesticides myclobutanil and bifentazate which are not approved for use by Licensed Producers and were the subject of the Company's product recalls in December 2016 and January 2017. 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*, the *Sale of Goods Act* and the *Food and Drugs 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, damages in the form of the total funds required to establish a medical monitoring process for the benefit of the Class, 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.

The Company is unable to determine the outcome of the Claim or the impact of the allegations on its business. The Company intends to vigorously defend such Claim or negotiate a settlement, but there can be no assurance that a settlement satisfactory to the Company and the claimants will be reached or that a class action lawsuit will not proceed. An inability to reach settlement or to successfully defend the proposed class action lawsuit could have an adverse effect on the Company and its business.

### ***Reliance on License Renewal***

The Company's ability to produce, store and sell medical marijuana and cannabis oil extracts 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 License was renewed March 27, 2017 and expires March 27, 2020, subject to renewal. Although management believes it will meet the requirements of the ACMPR 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.

### ***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 medical marijuana and cannabis oil 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.

### ***Privacy and Cyber-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 in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at the Company's facilities could expose Organigram to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

In addition, Organigram collects and stores personal information about its patients 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 confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), 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 Organigram was found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the 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.

### ***TSXV Restrictions on Business***

As a condition to initially listing on the TSXV, the TSXV required that the Company deliver an undertaking (the “**Undertaking**”) confirming that, while listed on TSXV, the Company will only conduct the business of production, acquisition, sale and distribution of medical marijuana and cannabis oil in Canada as permitted under the License, including any amendments thereto. The Undertaking could have an adverse effect on the Company’s ability to do business or operate outside of Canada and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if the Company is still listed on the TSXV and remains subject to the Undertaking at such time. The Undertaking may prevent the Company from expanding into new areas of business when the Company’s competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the Warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of this right of action for damages or consult with a legal adviser.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, there are no contracts entered into by the Company since the end of the last financial year, or entered into by the Company prior to the end of the last financial year that are still in effect, other than as follows:

- the License (as described under “*Description of the Business – Business of the Company*”); and
- the Undertaking (as described under “*Risk Factors – Risks Related to the Business of the Company – TSXV Restrictions on Business*”).

Copies of the License and the Undertaking are available under the Company’s corporate profile on SEDAR.

### **LEGAL MATTERS**

Certain legal matters in connection with this Offering will be passed upon on behalf of the Company by Tripp | Business Law, and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. As at the date hereof, the partners and associates of Tripp | Business Law and Cassels Brock & Blackwell LLP, each as a group, beneficially own, directly and indirectly, in the aggregate, less than one percent of the Common Shares.

### **AUDITOR, TRANSFER AGENT AND REGISTRAR**

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.

The registrar and transfer agent for the Common Shares is TSX Trust Company at its offices in Toronto, Ontario and Vancouver, British Columbia.

**CERTIFICATE OF THE COMPANY**

December 11, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding the province of Québec.

*/signed/ "Greg Engel"*

Greg Engel  
Chief Executive Officer

*/signed/ "Peter Hanson"*

Peter Hanson  
Chief Financial Officer (Interim)

**On behalf of the Board of Directors:**

*/signed/ "Peter Amirault"*

Peter Amirault  
Director

*/signed/ "Kenneth Mitton"*

Dr. Kenneth Mitton  
Director

**CERTIFICATE OF THE UNDERWRITERS**

December 11, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding the province of Québec.

**EIGHT CAPITAL**

*/signed/ "Patrick McBride"*  
By: Patrick McBride  
Head of Origination

**CANACCORD GENUITY CORP.**

*/signed/ "Steve Winokur"*  
By: Steve Winokur  
Managing Director

**GMP SECURITIES L.P.**

*/signed/ "Steve Ottaway"*  
By: Steve Ottaway  
Managing Director

**MACKIE RESEARCH CAPITAL  
CORPORATION**

*/signed/ "Jeff Reymer"*  
By: Jeff Reymer  
Managing Director

**PI FINANCIAL CORP.**

*/signed/ "Blake Corbet"*  
By: Blake Corbet  
Managing Director