

ORGANIC RESOURCE MANAGEMENT INC.

Management Discussion and Analysis for the three months ended September 30, 2008

Introduction

The following Management Discussion and Analysis (“MD&A”) is a discussion of the consolidated financial condition and results of operations of Organic Resource Management Inc. (the “Company” or “ORMI”) for the three months ended September 30, 2008. This discussion should be read in conjunction with the Unaudited Interim Consolidated Financial Statements of the Company and notes thereto for the three months ended September 30, 2008, the MD&A for the year ended June 30, 2008 and the Audited Consolidated Financial Statements and notes thereto for the year ended June 30, 2008. This MD&A is prepared as at November 12, 2008.

On September 29, 2008, the Company completed a voluntary wind-up of its two wholly-owned and inactive Bermuda companies, NCS Holdings Ltd. and NCS Environmental Services Ltd.

Forward-Looking Information

Certain statements made or incorporated by reference in this MD&A are forward-looking and relate to, among other things, anticipated financial performance, business projects, strategies, regulatory developments, new services, market forces, commitments and technological developments. By its nature, such forward-looking information is subject to various risks and uncertainties, including those discussed in this MD&A or in documents incorporated by reference in this MD&A, which could cause the Company’s actual results and experience to differ materially from the anticipated results or expectations expressed. Readers are cautioned not to place undue reliance on this forward-looking information, and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Non-GAAP Measures

Adjusted net earnings excluding non-cash expenses is not a recognized measure under generally accepted accounting principles (“GAAP”). Management believes that this is a useful supplemental measure of the Company’s ability to generate cash from operations necessary to fund future reinvestment and is more indicative of actual performance. The Company’s method of calculating this measure may differ from other issuers and accordingly, it may not be comparable to measures used by other issuers. (See further discussion under “Quarterly Review - Adjusted Net Earnings Excluding Non-Cash Expenses”.)

Corporate Overview

ORMI is Canada’s largest provider of vacuum truck services for the collection, treatment and recycling of organic and other non-hazardous liquid residuals. The vast majority of the residuals the Company collects are from customers in the food service, processing, production or retail business and include industrial, commercial and institutional operations. ORMI services more than 6,000 customers in Canada, with facilities in Ontario, Quebec and British Columbia.

At the heart of the Company are sophisticated, proprietary logistics and operational management software and systems, specifically designed for the Company’s business, vision and growth plans. These systems allow it to schedule and deliver complex customer services from a centralized call and logistics/dispatch center. Map-based GIS (Geographic Information System) routing and dispatch software, coupled with GPS (Global Positioning System) tracking and live, real-time handheld work order and data collection capabilities, allow the Company to deliver superior customer service at extremely high productivity levels.

Results of Operations

Revenues

The Company's core grease interceptor revenues for the first three months of fiscal 2009 were 15% greater than for the same period last year, all of which can be attributed to higher volume.

Revenues from industrial organics services were down 28% for the same period. Limited cost effective disposal capacity in Ontario affected the Company's ability to service the industrial food processing accounts. The lost revenue from these services was very competitively priced and therefore did not have a significant impact on the gross margin of the Company.

Revenues from the A&A non-core services for the first three months of fiscal 2009 were 43% greater than for the same period last year. This increase was mainly a reflection of poor revenues last year.

Overall, revenues were \$4,048,000 for the first quarter of fiscal 2009, an increase of 9% or \$325,000 from \$3,723,000 in the first quarter of fiscal 2008. The Company exited the compactor rental business in January 2008. Rental revenues included in the first quarter of last year were \$83,000.

Gross Margin and Operating Expenses

The gross margin for the quarter was \$1,517,000, an increase of 27% or \$319,000 from \$1,198,000 for the same period last year. As a percentage of revenue, gross margin for the quarter was 37.5% compared to 32.2% last year. During the quarter, the Company was able to source alternative disposal sites in Ontario and New York, thereby eliminating the need to transport its residuals to Quebec, which contributed to the higher margins realized during the quarter.

Selling, general and administrative expenses were \$925,000 in the first quarter of fiscal 2009, an increase of 11% or \$93,000 from \$832,000 in the first quarter of fiscal 2008. This increase mainly relates to new advertising initiatives and salary and rent increases.

Amortization of property, plant and equipment was \$239,000 in the first quarter of fiscal 2009, an increase of 64% or \$93,000 from \$146,000 in the first quarter of fiscal 2008. Interest expenses related to long-term debt and capital leases increased by a corresponding amount, rising by 58% or \$21,000, from \$36,000 last year to \$57,000 in the current quarter. These increases reflect the acquisition of ORMI Information Systems Inc. ("OIS"), new handheld equipment and four new trucks, during the last three quarters of fiscal 2008.

Other interest expense was \$18,000 in the first quarter of fiscal 2009, a decrease of 38% or \$11,000 from \$29,000 in the first quarter of fiscal 2008. This decrease was mainly due to the inclusion of amortized transaction costs in last year's interest expense. Transaction costs became fully amortized in fiscal 2008.

Net Income and Income Taxes

Net income for the first quarter of fiscal 2009 was \$175,000, an increase of 54% or \$61,000 from \$114,000 in the first quarter of fiscal 2008.

The Company has future income tax assets which are subject to periodic recoverability assessments. There was no change in these assets in the first quarter of fiscal 2009. Future income tax expense was \$98,000 for the first quarter of 2009 compared to \$60,000 for the same period last year. The Company estimates that it will be subject to minimum tax in fiscal 2009 and has recorded an expense of \$3,000 for the first quarter.

Quarterly Review

FINANCIAL INFORMATION - EIGHT QUARTER SUMMARY

Quarter Ending: (in 000's except income (loss) per share)	Fiscal 2009	Fiscal 2008				Fiscal 2007		
	Sep. 30 2008	Jun. 30 2008	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006
Revenue	\$ 4,048	\$ 3,855	\$ 3,828	\$ 3,800	\$ 3,723	\$ 3,834	\$ 3,928	\$ 3,810
Net income (loss)	175	(1,286)	(139)	82	114	(836)	(264)	(155)
Cash flows from operating activities	382	83	510	(162)	101	132	297	96
Earnings (loss) per share, basic and fully diluted	\$ 0.04	\$ (0.29)	\$ (0.03)	\$ 0.02	\$ 0.02	\$ (0.30)	\$ (0.13)	\$ (0.08)

Total revenue levels have remained relatively constant during the last eight quarters as the Company has replaced large volume, lower margin industrial organics business with smaller volume, higher margin core grease interceptor business. During this time, the Company's core grease interceptor revenues have increased 36%, slowly outpacing the decrease in industrial organics revenues.

The net losses recorded in the second and third quarter of 2007 reflected intangible amortization and preferred dividend charges (which are no longer applicable). The net loss of \$836,000 for the fourth quarter of 2007 included severance expenses of \$280,000, legal fees of \$173,000 related to restructuring, a \$125,000 MOE fine and several non-cash items described below.

During the third quarter, the Company incurred higher fuel, fleet repair and maintenance, waste disposal and labour costs, including a \$45,000 severance payment related to a former employee. The net loss for the fourth quarter was mainly due to the non-cash item described below.

The net income of \$175,000 in the most recent quarter was mainly due to the higher margins realized as a result of the shift away from Quebec recycling sites, noted above.

Cash flows from operating activities are a function of net income/loss, changes in operating assets and liabilities, and non-cash expenses. These non-cash items are summarized in the following table.

NON-CASH EXPENSES

Quarter Ending: (in 000's)	Fiscal 2009	Fiscal 2008				Fiscal 2007		
	Sep. 30 2008	Jun. 30 2008	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006
Amortization of property, plant & equipment	\$ 239	\$ 346	\$ 227	\$ 193	\$ 147	\$ 213	\$ 178	\$ 163
Amortization of intangibles	-	-	-	-	-	171	242	242
Accretion of interest expense	-	8	7	7	7	-	-	-
Share based compensation	7	91	8	9	2	-	21	-
Foreign exchange (gain) loss	-	-	-	-	-	-	-	-
(Gain) loss on disposal of property, plant & equipment	(6)	(10)	(8)	(16)	(20)	(18)	15	-
Write down of property, plant & equipment	-	-	-	-	-	235	-	-
Write-down of intangibles	-	-	-	-	-	992	-	-
Write-down of goodwill	-	1,383	-	-	-	-	-	-
Dividends accrued on preferred shares	-	-	-	-	-	62	91	88
Future income taxes	98	(136)	(69)	41	60	(1,135)	-	-
	\$ 338	\$ 1,682	\$ 165	\$ 234	\$ 196	\$ 520	\$ 547	\$ 493

The amortization of intangibles in 2007 related to the Company's software license agreement, customer relationships and patent license agreements. These intangible assets resulted from the acquisition of ORMI and A&A in 2002 and became fully amortized in 2007, following the write-off of the \$992,000 remaining on the direct land application patent ("DLAP"). Also in the fourth quarter, rental compactors were written down by \$235,000 and a future income tax recovery of \$1,135,000 was realized on the basis of an assessment of tax recoverability.

During the fourth quarter of fiscal 2008, the Company recognized an impairment loss of \$1,383,000 which represented 100% of the remaining goodwill relating to the acquisition of A&A in 2002.

Non-cash expenses for the most recent quarter were \$142,000 greater than for the same period last year, due to the increase in amortization and the provision for future income taxes.

Adjusted net earnings excluding non-cash expenses as displayed in the table below is a non-GAAP measure that does not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. It should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP.

**ADJUSTED NET EARNINGS
EXCLUDING NON-CASH EXPENSES**

Quarter Ending:	Fiscal 2009	Fiscal 2008				Fiscal 2007		
	Sep. 30 2008	Jun. 30 2008	Mar. 31 2008	Dec. 31 2007	Sep. 30 2007	Jun. 30 2007	Mar. 31 2007	Dec. 31 2006
(in 000's)								
Net income (loss)	\$ 175	\$ (1,286)	\$ (139)	\$ 82	\$ 114	\$ (836)	\$ (264)	\$ (155)
Non-cash expenses	338	1,682	165	234	196	520	547	493
Adjusted net earnings excluding non-cash expenses	513	396	26	316	310	(316)	283	338
Changes in operating assets and liabilities	(131)	(313)	484	(478)	(209)	448	14	(242)
Cash flows from operating activities	\$ 382	\$ 83	\$ 510	\$ (162)	\$ 101	\$ 132	\$ 297	\$ 96

Liquidity and Capital Resources

Cash flows from operating activities were \$382,000 for the three months ended September 30, 2008 compared to \$101,000 for the same period last year. The main reason for the change was a \$204,000 increase in cash generated from operations, to \$513,000 in the current quarter compared to \$309,000 for the same period last year. Cash flow from operations were moderated by an increase in accounts receivable of \$165,000 in the quarter.

The Company added one vehicle to its fleet in the quarter, for \$106,000, partially financed through debt. During the same period last year, the Company purchased office equipment for \$70,000 under capital lease, and acquired 100% of the issued and outstanding shares of OIS, a company controlled by one of the Company's directors, for \$700,000, of which \$100,000 was paid in cash and the balance by way of issuing a six year promissory note.

The Company's revolving loan increased in the quarter by \$50,000 from \$766,000 at June 30, 2008 to \$816,000 at September 30, 2008. The Company's cash and cash equivalents increased by \$241,000 during this period, from \$33,000 to \$274,000.

Management of Capital

The Company's objectives in its management of capital are to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk, to maintain investor, creditor and market confidence in order to sustain the future development of the business, and to deliver value to its shareholders.

The capital structure of the Company consists of revolving bank loans, short and long-term debt facilities, and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth, reinvestment in plant, property and equipment, and changes in the business environment. Management is responsible for ensuring that financing is structured under the most favourable terms and conditions in light of current and expected economic conditions. Capital transactions are subject to the approval of the Company's Board of Directors.

The Company monitors its capital structure and financial leverage based on a number of key ratios. The Company's Board of Directors reviews these ratios and other key measurements on a quarterly basis and as part of the Company's strategic planning and budgeting process.

The Company is not subject to any financial ratios under its banking covenant, however it must maintain a minimum tangible net worth and comply with certain asset turns measures. The Company is in compliance with its covenant requirements.

Financial Instruments and Financial Risk Management

The Company's financial instruments include cash and cash equivalents, accounts receivable, revolving loans, accounts payable and accrued liabilities, and long term debt. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

Information on the Company's financial instruments and financial risk management is discussed in Note 8 to the unaudited interim consolidated financial statements.

Strategy and Corporate Outlook

The Company continues to make significant advances toward anaerobic digestion as a recycling solution.

Anaerobic digestion converts raw organic materials such as agricultural and other food-related residuals into reliable streams of biogas for electricity generation, thus creating a sustainable renewable energy supply.

In July 2007, the Company signed the first exclusive, 20-year contract to supply organic residuals as feedstock to an on-farm anaerobic digester ("AD") for the production of renewable biogas energy. The Klaesi AD located west of Ottawa, was the first Ontario on-farm AD to obtain all the necessary permits, including the Ontario Ministry of Environment ("MOE") Certificate of Approval for the use of off-farm organic residuals as a feedstock. Under the first stage of the contract, ORMI has been delivering small quantities of feedstock to the Klaesi AD for the past 15 months. An expansion of Klaesi's operations is scheduled to be completed by the end of the Company's second quarter of fiscal 2009. The newly expanded AD should reach maximum capacity within 90 days of coming on-stream. Once fully functional, the AD is expected to generate approximately 500 kW, 24 hours per day, 7 days per week.

In August and September 2008 the Company signed three more exclusive, 20-year agreements to supply organic residuals to the following Ontario farm-based ADs:

- (i) Ledgecroft Farms Inc., located north of Kingston at Seeley's Bay;
- (ii) Donnandale Farms Inc., located north of Belleville at Stirling;
- (iii) Clearydale Farms Inc., located north of Prescott at Spencerville.

Two of these ADs are expected to be fully operational by the end of fiscal 2009 and the third AD should be fully operational during the first quarter of fiscal 2010. Each AD is expected to generate approximately the same level of energy output as the Klaesi AD.

During the term of the agreements, ORMI will deliver a minimum of 5,000 cubic metres per year of organic residuals to each facility. ORMI will pay a “Tip Fee” that will be adjusted downward based on the actual performance of biogas renewable energy produced from ORMI’s high-energy organic feedstock, which is expected to generate in excess of 75% of the energy produced by the ADs. The resulting net Tip Fee is expected to be significantly more competitive than other organic residual recycling options currently available. In effect, ORMI will share the power generation revenue that its residuals produce. By the end of fiscal 2009, with the above four farms in full production, the Company expects to be the major feedstock source for the generation of approximately 2.0 MW of electricity, enough energy to supply 1600 homes.

In September 2008, the Company also commenced transporting a small quantity of its residuals to New York based ADs. The total cost of this method of disposal is approximately equal to the combined Tip Fee and transport costs related to non-AD Ontario disposal sites.

Subsequent Event

On October 31, 2008 the Company sold the non-core assets of its wholly-owned subsidiary, A&A Anderson Tank Services Ltd. (“A&A”) to McRae’s Environmental Services Ltd. (“McRae’s”) for \$2,075,000 plus McRae’s grease interceptor customer list. A&A retained the assets related to its grease interceptor and organic recycling business. McRae’s purchased 17 trucks and trailers, A&A’s customer list for its non-core business, and the A&A name. McRae’s paid for the A&A non-core assets by way of a cash payment to the Company of \$1,245,000, the provision of a note payable of \$575,000 and the assumption of capital lease liabilities of \$255,000 related to certain A&A trucks. The note is secured by a first charge on certain trucks and is repayable in 55 equal monthly installments of principal with interest at prime plus ¼ percent. The asset sale generated a gain on disposal to the Company of approximately \$1.7 million. The proceeds of the A&A asset sale will be used to reduce debt, including eliminating the outstanding balance on the Company’s operating line of credit.

On November 5, 2008, the Company changed the name of A&A to Organic Resource Management (BC) Inc.

Revenue generated from A&A’s non-core customers was approximately \$3.1 million in fiscal 2008 and contributed to earnings. Management believes that the reduction in Company revenue and earnings resulting from this transaction will be partially offset by the acquisition of McRae’s customer list in the Company’s core business (approximately \$300,000 per year) as well as interest savings from the reduction of the Company’s debt and other measures that will be undertaken to reduce overhead, but the final impact on the Company’s revenues and earnings is not presently determinable. As a result, the Company’s first quarter financial statements have not been adjusted to reflect the sale of these assets.

The British Columbia operations moved to a new Vancouver area service hub located on Annacis Island, where it can now focus its attention on the expansion of its core grease interceptor and organics collection business. The new facility is properly zoned for commercial organic recycling/collection and includes the necessary infrastructure required to establish an organic residuals processing facility similar to ORMI’s Ontario facilities. The Company plans to use this facility to produce the same type of high-energy feedstock for anaerobic digestion as it does in Ontario.

Risks and Uncertainties

Technology and Competition

The Company’s success depends on remaining competitive in the development of systems, technologies and services in its area of expertise. Competition in the non-hazardous liquid waste services industry is intense and expected to increase, both from within the industry and from those diversifying into the field. Some of the Company’s competitors and potential competitors may have greater development, financial or personnel resources.

The Company is subject to the risks generally associated with new systems development and deployment, including lack of acceptance, delays in development and failure of systems to function properly. The market growth potential is subject to certain risks, including costs to develop and deploy such systems, the cost and feasibility of development, introduction of competing technologies and regulatory forces.

The Company has offset the erosion to the gross margin that occurred from the increase in Ontario recycling costs by increasing rates several times to Ontario based customers over the last several years. The Company has successfully increased customer rates in the past, but with any price increase there is a risk that accounts could be lost.

Government Regulation

The Company is actively working on additional potential AD sites that, if successfully funded and permitted, would result in an Ontario in-province solution for the residuals the Company collects. This additional capacity would allow the Company to pursue a number of long-term contracts that it is unable to acquire today because of a lack of secure and competitively priced recycling options. The development of AD sites is subject to regulatory requirements and specific standards that must be met in order to connect to the Hydro One distribution grid.

The movement of residuals across the border to New York ADs is subject to government regulations that stipulate the nature and content of the residuals that can be transported. These regulations are subject to change, which could impact the Company's ability to continue transporting residuals to these ADs.

Over the past few years the Company has been impacted by a number of government regulatory changes that directly affect the way liquid organic waste is handled and processed in Ontario. As a result of these changes, most of the third-party recycling facilities in Ontario that receive and process liquid organic waste significantly reduced their capacity, or closed down altogether. This had a major impact on the cost of disposing the Company's residuals since it has had to transport a large portion of its residuals to alternative third-party recycling sites located in Quebec.

During the recent quarter, the Quebec disposal site which received some of the Company's residuals went out of business. Although the Company was able to source an alternate disposal site in Ontario, the Company, with the exception of its AD contracts, has no long-term contracts with these recycling sites and therefore cannot predict with certainty the volume of material they will continue to receive. The Company's profitability can be materially impacted by the volume of residuals these disposal sites receive.

Environmental Protection

The Company provides vacuum truck services for the collection and recycling of organic and other liquid residuals. The Company does not believe it has any significant risks or exposures with respect to environmental protection, as the residuals it collects and transports are non-hazardous.

The Company stopped using the last of its DLAP sites in 2007 and now transports its non-hazardous residuals to third-party disposal sites. The Company has not experienced any significant environmental issues relating to the closure of its DLAP sites.

Financial Risk

Although the Company does not have any significant exposure to credit, liquidity or market risk as a result of its use of financial instruments based on management's assessment, there can be no absolute assurance that operating levels will not change over the ensuing fiscal year such that the Company would be unable to meet its current working capital and debt service requirements. In addition, other factors, not presently known to management, could materially and adversely affect the Company's future cash flow. In such events, the Company would be required to obtain additional capital as is necessary to satisfy working capital and debt service requirements from other sources. Alternative sources of capital could result in increased dilution to shareholders and may be on terms that are not favourable to the Company.

Acquisitions

The Company is seeking acquisitions that are a good fit for its strategic direction. The Company does not have control over the market conditions prevailing or likely to prevail in the future, which may impact the ability to finance and execute this strategy. These variables include market valuations of potential targets and the Company's stock price volatility. There can be no assurances that the Company will be able to identify suitable acquisition candidates available for sale at reasonable valuations, consummate any acquisition or successfully integrate any acquired business into its operations. However, the Company continues to believe that with its technologies, systems and experienced management team, it is uniquely positioned to capitalize on a substantial opportunity.

Labour

ORMI's hourly employees at its Toronto operation are represented by the Universal Workers Union Local 183 under a three year contract that runs from October 1, 2006 to September 30, 2009. The hourly employees at A&A are under a three year collective agreement with the Service Employees Union from May 1, 2007 to April 30, 2010.

Dependence on Key Personnel

The Company's success will depend to a significant extent upon its management group. The loss of the services of key executive personnel could have a material adverse effect on the Company.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions include those related to: the valuation of goodwill; property, plant and equipment; share based compensation; and recoverability of future income tax assets. Actual results could differ from these estimates.

Changes in Accounting Policies

Effective July 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

- (i) Handbook Section 1400, "General Standards of Financial Statement Presentation". This section was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The adoption of this section did not result in any changes in disclosure within the Company's interim consolidated financial statements.
- (ii) Handbook Section 1535, "Capital Disclosures". This section establishes standards for disclosing information about an entity's objectives, policies, and processes for managing capital, including quantitative data. The additional disclosure required as a result of this section is included in Note 5 of the interim consolidated financial statements.
- (iii) Handbook Section 3031, "Inventories". This section establishes new standards for the measurement and disclosure of inventories. The adoption of this standard did not affect the presentation of the financial statements. The additional disclosure required as a result of this section is included in Note 4 of the interim consolidated financial statements.
- (iv) Handbook Section 3862, "Financial Instruments' Disclosure" and Handbook Section 3863, "Financial Instruments' Presentation". These sections revise and enhance the disclosure requirements and carry forward, substantially unchanged, the presentation requirements. These standards also emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how these risks are managed. The additional disclosure required as a result of this section is included in Note 8 of the interim consolidated financial statements.

The above sections have been applied prospectively, with the exception of Section 3031 which is required to be applied retrospectively, although it had no impact on the interim consolidated financial statements.

Pending Accounting Pronouncements

Goodwill and intangible assets

CICA Handbook Section 3064, “Goodwill and Intangible Assets” intends to reduce the differences with international financial reporting standards (“IFRS”) in the accounting for intangible assets. Under current Canadian standards, more items are recognized as assets than under IFRS. These changes are effective for fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effects of adopting this standard which is expected to enhance current note disclosure.

International financial reporting standards

The Canadian Accounting Standards Board has confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises, replacing Canada’s current GAAP for those enterprises. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to provide financial statements on the new basis, with comparative information for the previous fiscal year, effective July 1, 2012. As of the date of these financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably determined.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

In accordance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design of disclosure controls and procedures and the design of internal control over financial reporting.

The Company has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer, particularly during the period in which the interim filings are being prepared.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company’s GAAP.

No change in the Company’s internal control over financial reporting occurred during the first quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Additional Information

Further information about ORMI may be obtained at the Company’s web site at www.ormi.com.

Interim Consolidated Financial Statements of
ORGANIC RESOURCE MANAGEMENT INC.

(Unaudited)

For the three months ended September 30, 2008

The accompanying unaudited interim financial statements of the Company for the three months ended September 30, 2008 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

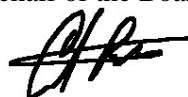
ORGANIC RESOURCE MANAGEMENT INC.
INTERIM CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30 2008 (UNAUDITED)	JUNE 30 2008 (AUDITED)
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 274,458	\$ 33,269
Accounts receivable	2,405,674	2,240,715
Inventory (Note 4)	110,575	132,388
Prepaid expenses	237,367	206,367
Current portion of future income tax asset	444,000	444,000
	3,472,074	3,056,739
PROPERTY PLANT AND EQUIPMENT	4,057,835	4,130,740
GOODWILL	2,434,793	2,434,793
FUTURE INCOME TAX ASSET	1,267,000	1,267,000
	\$ 11,231,702	\$ 10,889,272
LIABILITIES		
CURRENT		
Revolving loan	\$ 816,099	\$ 765,795
Accounts payable and accrued liabilities	1,783,961	1,740,598
Current portion of long-term debt	189,459	169,886
Current portion of obligations under capital lease	341,449	338,527
Current portion of future income tax liability	44,561	44,561
	3,175,529	3,059,367
LONG-TERM DEBT	1,273,121	1,238,457
OBLIGATIONS UNDER CAPITAL LEASE	977,324	1,065,373
FUTURE INCOME TAX LIABILITY	243,096	144,821
	5,669,070	5,508,018
SHAREHOLDERS' EQUITY		
COMMON SHARES	8,250,052	8,250,052
CONTRIBUTED SURPLUS	327,945	321,254
DEFICIT	(3,015,365)	(3,190,052)
	5,562,632	5,381,254
	\$ 11,231,702	\$ 10,889,272

Subsequent events (Note 10)

See accompanying notes to the consolidated financial statements.

On behalf of the Board of Directors:



Charles H. Buehler, Director



Matthew Gaasenbeek, Director

ORGANIC RESOURCE MANAGEMENT INC.INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
UNAUDITED

	Three Months Ended September 30	
	2008	2007
REVENUES		
Non hazardous vacuum services	\$ 4,048,019	\$ 3,639,499
Compactor sales, service & rental income	-	83,284
	4,048,019	3,722,783
COST OF SALES	2,531,446	2,524,748
GROSS MARGIN	1,516,573	1,198,035
OPERATING EXPENSE		
Selling, general and administrative	925,191	831,530
Amortization of property, plant and equipment	239,407	146,412
Share based compensation	6,691	2,142
	1,171,289	980,084
INCOME BEFORE THE UNDERNOTED	345,284	217,951
OTHER EXPENSE (INCOME)		
Gain on disposal of property, plant and equipment	(6,526)	(20,066)
Interest on long-term debt and obligations under capital lease	57,197	35,531
Other interest	18,158	28,842
	68,829	44,307
NET INCOME BEFORE INCOME TAXES	276,455	173,644
INCOME TAXES		
Current income tax expense	3,494	-
Future income tax expense	98,274	60,140
	101,768	60,140
NET INCOME AND COMPREHENSIVE INCOME (Note 6)	174,687	113,504
DEFICIT, BEGINNING OF YEAR	\$ (3,190,052)	\$ (9,541,600)
Net income	174,687	113,504
Reduction of stated value of common shares	-	-
DEFICIT, END OF YEAR	\$ (3,015,365)	\$ (9,428,096)
INCOME PER SHARE, BASIC AND DILUTED (Note 7)	\$ 0.04	\$ 0.02

See accompanying notes to the consolidated financial statements.

ORGANIC RESOURCE MANAGEMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

Three Months Ended September 30
2008 **2007**

	2008	2007
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income for the quarter	\$ 174,687	\$ 113,504
Add (deduct) items not involving cash:		
Amortization of property, plant and equipment	239,407	146,412
Accretion of interest expense	-	7,296
Share based compensation	6,691	2,142
Gain on disposal of property, plant and equipment	(6,526)	(20,066)
Future income tax expense	98,274	60,140
	512,533	309,428
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(164,960)	185,684
Decrease (increase) in inventory	21,812	7,124
(Increase) decrease in prepaid expenses	(31,000)	16,000
(Increase) decrease in accounts payable and accrued liabilities	43,365	(416,977)
	381,750	101,259
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(168,927)	(151,563)
Proceeds on disposal of property, plant and equipment	8,951	35,172
	(159,976)	(116,391)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advance of revolving loan	50,304	420,410
Advance of long-term debt	90,754	-
Repayment of long-term debt	(36,517)	(102,249)
Repayment of capital lease obligations	(85,126)	(64,962)
	19,415	253,199
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE QUARTER	241,189	238,067
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	33,269	206,771
CASH AND CASH EQUIVALENTS END OF QUARTER	\$ 274,458	\$ 444,838
Supplemental cash flow information:		
Interest paid	\$ 75,356	\$ 57,077
Non-cash transactions:		
Capital assets acquired through capital leases	\$ -	\$ 70,160
Acquisition of OIS software through notes payable	-	600,000

See accompanying notes to the consolidated financial statements.

ORGANIC RESOURCE MANAGEMENT INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

1. NATURE OF OPERATIONS

Organic Resource Management Inc. (the “Company” or “ORMI”) is incorporated under the Canada Business Corporations Act. The primary operations of the Company consist of providing vacuum truck services for the collection, treatment and recycling of organic and other non-hazardous liquid residuals. The Company’s shares are listed on the Toronto Stock Exchange under the symbol “ORI”.

On September 29, 2008, the Company completed a voluntary wind up of its two Bermuda companies, NCS Holdings Ltd. and NCS Environmental Services Ltd. Both companies were wholly-owned by the Company and were inactive.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and follow the same accounting policies and methods outlined in the Company’s audited financial statements for the year ended June 30, 2008, except for the changes to the accounting policies noted below. The results of operations for the interim period are not necessarily indicative of the operating results for the full year. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations for the interim period are reflected in these financial statements.

The unaudited interim consolidated financial statements do not include all the disclosures required according to Canadian GAAP for annual financial statements and should therefore be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 2008 found on SEDAR at www.sedar.com or on the Company’s website at www.ormi.com.

B. Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, A&A Anderson Tank Service Ltd. (active) and ORMI Information Systems Inc. (“OIS”, inactive) after the elimination of all material inter-company transactions and balances.

C. Changes in accounting policies

On July 1, 2008, the Company adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants (“CICA”):

- (i) Handbook Section 1400, “General Standards of Financial Statement Presentation”, was amended to include requirements to assess and disclose an entity’s ability to continue as a going concern. This assessment takes into account all available information, which is at least but not limited to 12 months from the balance sheet date, and should disclose material uncertainties related to events or conditions that may cast doubt on the entity’s ability to continue as a going concern. The adoption of this section did not result in any changes in disclosure within the Company’s interim consolidated financial statements.
- (ii) Handbook Section 1535, “Capital Disclosures”, establishes standards for disclosing information about an entity’s objectives, policies, and processes for managing capital, the quantitative data relating to what the entity regards as capital, and whether the entity has complied with externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The additional disclosure required as a result of this section is included in Note 5.

ORGANIC RESOURCE MANAGEMENT INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- (iii) Handbook Section 3031, "Inventories", establishes new standards for the measurement and disclosure of inventories, replacing the old Section 3030, "Inventories". Under the new section, inventories are required to be measured at the lower of cost and net realizable value, which is different from the existing guidance of the lower of cost and market. This section also requires, where applicable, the reversal of any write-downs previously recognized. The standard requires retrospective application with no restatement of prior year results. The adoption of this standard did not require re-statement of deficit or comparative figures, and does not effect the presentation of the financial statements. The additional disclosure required as a result of this section is included in Note 4.
- (iv) Handbook Section 3862, "Financial Instruments' Disclosure" and Handbook Section 3863, "Financial Instruments' Presentation" replace Handbook Section 3861, "Financial Instruments' Disclosure and Presentation". These new standards revise and enhance the disclosure requirements and carry forward, substantially unchanged, the presentation requirements. These standards also emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of risks arising from financial instruments, and how these risks are managed. The additional disclosure required as a result of this section is included in Note 8.

The above sections have been applied prospectively, with the exception of Section 3031 which is required to be applied retrospectively, although it had no impact on these financial statements.

D. Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions include those related to: the valuation of goodwill and intangibles; estimated useful lives of intangibles, property, plant and equipment; share based compensation; and recoverability of future income tax assets. Actual results could differ from these estimates.

3. NEW ACCOUNTING PRONOUNCEMENTS

A. Goodwill and intangible assets

CICA Handbook Section 3064, "Goodwill and Intangible Assets", will replace CICA Handbook Section 3062, "Goodwill and Other Intangible Assets", and results in withdrawal of CICA Handbook Section 3450, "Research and Development Costs", and amendments to Accounting Guideline 11, "Enterprises in the Development Stage" and CICA Handbook Section 1000, "Financial Statement Concepts". Handbook Section 3064 intends to reduce the differences with International Financial Reporting Standards ("IFRS") in the accounting for intangible assets. Under current Canadian standards, more items are recognized as assets than under IFRS. The objectives of Handbook Section 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing as assets items that do not meet the definition and recognition criteria is eliminated. The standard will also provide guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. These changes are effective for fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the effects of adopting this standard which is expected to enhance current note disclosure.

ORGANIC RESOURCE MANAGEMENT INC.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

3. NEW ACCOUNTING PRONOUNCEMENTS (cont'd)

B. International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises, replacing Canada's current GAAP for those enterprises. This includes listed companies and other profit-oriented enterprises that are responsible to large or diverse groups of stakeholders. The official changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to provide financial statements on the new basis, with comparative information for the previous fiscal year, effective July 1, 2012. As of the date of these financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably determined.

4. INVENTORY

The Company's inventory is comprised of costs related to the manufacturing of grease traps, the purchase of spare parts for its fleet of trucks, the purchase for resale of Organic Resource Recovery System ("ORRS") machines and the purchase of diesel fuel. Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first out ("FIFO") basis and net realizable value is considered to be the amount the Company expects to realize from the sale of its inventory in the ordinary course of business. Inventory is not pledged as security for the Company's credit facilities.

5. MANAGEMENT OF CAPITAL

The Company's objectives in its management of capital are to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk, to maintain investor, creditor and market confidence in order to sustain the future development of the business, and to deliver value to its shareholders. The capital structure of the Company consists of revolving bank loans, short and long-term debt facilities, and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth, reinvestment in plant, property and equipment, and changes in the business environment. Management is responsible for ensuring that financing is structured under the most favourable terms and conditions in light of current and expected economic conditions. Capital transactions are subject to the approval of the Company's Board of Directors.

The Company monitors its financial leverage based on the ratio of total debt (net of future tax liabilities) to tangible net worth, which is defined as shareholders' equity less goodwill, intangible assets, future tax assets and deferred charges. The Company's objective is to maintain a total debt to tangible net worth ratio of less than 5.0:1. As at September 30, 2008, the Company's total debt to tangible net worth was 3.2:1 compared to a ratio of 3.7:1 as at June 30, 2008. The Company is not subject to any financial ratios under its banking covenant, however it must maintain a minimum tangible net worth of \$900,000 and accounts receivable turns cannot exceed 60 days on average. The Company is in compliance with these covenants.

The Company also monitors its capital structure based on the ratio of net debt to annualized cash flow (before changes in non-cash working capital from operating activities). Net debt is defined as long-term debt, long-term obligations under capital lease and net working capital, excluding future tax assets and liabilities. The Company's objective is to maintain a net debt to annualized cash flow from operations ratio of less than 3.0:1. As at September 30, 2008, the Company's net debt to annualized cash flow from operations was 1.1:1 compared to a ratio of 2.6:1 as at June 30, 2008.

The Company's Board of Directors reviews these ratios and other key measurements on a quarterly basis and as part of the Company's strategic planning and budgeting process.

ORGANIC RESOURCE MANAGEMENT INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

6. COMPREHENSIVE INCOME

Comprehensive income is defined as the change in net assets of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in net assets during a period except those resulting from investments by owners and distributions to owners. A separate statement of comprehensive income has not been presented as there is no difference between net income and comprehensive income.

7. INCOME PER SHARE

The following table sets forth the number of shares used in the computation of basic and fully diluted income per share as at September 30, 2008:

	2008	2007
Weighted average shares for basic income per share	4,404,935	4,404,935
Stock options	289,266	257,750
Adjusted weighted average shares for diluted income per share	4,694,201	4,662,685

Income per share data has been restated for the prior year on the basis of the one-for-twenty share consolidation which occurred on November 30, 2007.

8. FINANCIAL INSTRUMENTS

A. Fair value

The Company classifies its financial instruments into one of the following categories:

- cash and cash equivalents as “assets held-for-trading” - measured at fair value;
- trade and other accounts receivable as “loans and receivables” - measured at amortized cost;
- revolving loans, accounts payable and accrued liabilities, and long-term debt as “other financial liabilities” - measured at amortized cost.

All financial instruments are initially recognized at fair value on the balance sheet date. Subsequent measurement of financial instruments is based on their classification. Assets held-for-trading are measured at fair value with changes recognized in net income. Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method. The carrying values of current financial instruments approximate their fair values due to the relatively short period to maturity. The carrying values of long-term debt and obligations under capital lease also approximates their fair values since the terms and interest rates are consistent with current market terms and rates for such borrowings.

B. Risk Management

The Company is exposed to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company’s risk management process are to ensure that risks are properly identified and that measures are taken to mitigate the risks whenever possible.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks on its revolving loan and a portion of its long-term debt which bear variable interest rates. Management does not believe that the impact of interest rate fluctuations on the current level of borrowings bearing variable rates will be material and therefore, has not provided a sensitivity analysis of the impact of fluctuations on net earnings and comprehensive income.

ORGANIC RESOURCE MANAGEMENT INC.
 NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
 SEPTEMBER 30, 2008

8. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

Credit risk is the risk that a customer will be unable to pay the Company in full when amounts become due. Management considers accounts not paid within 60 days to be past due. As at September 30, 2008, the portion of receivables aged over 60 days represented 12% of total receivables. Of this amount, less than 4% of the accounts were aged over 90 days.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. The Company updates its estimate of the allowance for doubtful accounts on a monthly basis, based on a customer-by-customer review of past due balances. As at June 30, 2008 and September 30, 2008, the allowance for doubtful accounts was \$12,000. During the first quarter, \$10,000 was written off to bad debts.

Considering that historically, bad debt expense has been less than 1% of total revenue, management does not believe the Company is subject to any material credit risk corresponding to accounts receivable.

The Company's exposure to credit risk is limited to the total carrying value of its accounts receivable recognized on the balance sheet.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial obligations as they become due. The Company's growth is financed through a combination of the cash flow from operations, borrowing under the existing credit facilities and potentially, the issuance of equity. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities, and maintaining credit facilities to ensure it has sufficient funds available to meet current and foreseeable financial requirements.

As at September 30, 2008, the following are the contractual maturities of the Company's liabilities:

	Carrying Amount	Less Than 1 Year	1 to 2 Years	More Than 2 Years
Revolving loan	816,099	816,099	-	-
Accounts payable and accrued liabilities	1,783,961	1,783,961	-	-
Long-term debt	1,462,580	189,459	922,051	351,070
Obligations under capital lease	1,318,773	341,449	719,021	258,303
Total	5,381,413	3,130,968	1,641,072	609,373

Cash and cash equivalents and accounts receivable were \$2,680,000 on this date. In addition, the Company's unutilized revolving loan was \$854,000, based on the available credit facility of \$1,670,000 on September 30, 2008. The Company also generated a positive cash flow of \$513,000 in the first quarter of fiscal 2009 (\$309,000 in 2008), before changes in non-cash working capital from operating activities.

Given the Company's available line of credit, positive cash flows and liquid resources as compared to the timing of the payments of its liabilities, management assesses the Company's liquidity risk to be minimal.

Currency risk

The foreign exchange risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not have a material exposure to these risks as the extent of business transactions in foreign currencies is minimal.

ORGANIC RESOURCE MANAGEMENT INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

9. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year. This reclassification includes transaction costs which were accounted for as deferred financing costs in the first quarter of fiscal 2008.

10. SUBSEQUENT EVENTS

On October 31, 2008 the Company sold the non-core assets of its wholly-owned subsidiary, A&A Anderson Tank Services Ltd. ("A&A") to McRae's Environmental Services Ltd. ("McRae's") for \$2,075,000 plus McRae's grease interceptor customer list. A&A retained the assets related to its grease interceptor and organic recycling business. McRae's purchased 17 trucks and trailers, A&A's customer list for its non-core business, and the A&A name. McRae's paid for the A&A non-core assets by way of a cash payment to the Company of \$1,245,000, the provision of a note payable of \$575,000 and the assumption of capital lease liabilities of \$255,000 related to certain A&A trucks. The note is secured by a first charge on certain trucks and is repayable in 55 equal monthly installments of principal with interest at prime plus ¼ percent. The asset sale generated a gain on disposal to the Company of approximately \$1.7 million. The proceeds of the A&A asset sale will be used to reduce debt, including eliminating the outstanding balance on the Company's operating line of credit.

On November 5, 2008, the Company changed the name of A&A to Organic Resource Management (BC) Inc.

Revenue generated from A&A's non-core customers was approximately \$3.1 million in fiscal 2008 and contributed to earnings. Management believes that the reduction in Company revenue and earnings resulting from this transaction will be partially offset by the acquisition of McRae's customer list in the Company's core business (approximately \$300,000 per year) as well as interest savings from the reduction of the Company's debt and other measures that will be undertaken to reduce overhead, but the final impact on the Company's revenues and earnings is not presently determinable.