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, 2009. 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, 2009, the MD&A for the year ended June 30, 2009 and the Audited Consolidated Financial Statements and notes thereto for the year ended June 30, 2009. This MD&A is prepared as at November 10, 2009.

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, market forces, new services, regulatory developments, 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.

Corporate Overview

ORMI is Canada's largest provider of vacuum truck services for the collection, processing and recycling of food-related organic residuals. The residuals the Company collects are from restaurants, food services, food processing and production businesses and includes industrial, commercial and institutional ("IC&I") operations. ORMI services more than 6,000 regularly scheduled customers in Canada and operates in Ontario, Quebec and the Lower Mainland of British Columbia.

As at September 30, 2009, the Company was comprised of Organic Resource Management Inc. and its wholly-owned subsidiaries, Organic Resource Management (BC) Inc. ("ORMI BC", formerly A&A Anderson Tank Service Ltd. ("A&A")) and ORMI Information Systems Inc. ("OIS").

Strategy and Outlook

The Company is partnering with anaerobic digesters ("ADs") through long term contractual relationships for the ADs to receive ORMI's feedstock. Currently, the Company has entered into four agreements.

The construction of the Donnandale and Ledgecroft ADs was substantially completed during the first quarter of fiscal 2010. Both are awaiting final Ontario Power Authority supply contracts to go on the grid with energy production, and are expected to commence receiving ORMI feedstock during the second quarter of fiscal 2010 and to reach full production during the third quarter. The Clearydale AD commenced construction in July 2009 and is also expected to be fully operational in the third quarter of fiscal 2010. Each AD is expected to generate approximately 500kW, the same level of energy output as the Fepro AD, which commenced operating at full capacity in June 2009.

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 offset by a portion of the energy revenue received by the ADs based on the actual performance of biogas renewable energy produced from ORMI's high-energy organic feedstock. The resulting net Tip Fee is expected to be significantly more competitive than other organic residual recycling options currently available.

By the end of fiscal 2010, 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 1,600 Ontario households. In addition, the Company is working on securing additional AD contracts to increase recycling capacity for the residuals it collects. This additional capacity will 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 Company has engaged a public relations firm to assist it in the development and launch of a branding and promotional program that will provide ORMI's customers with recognition for their organic residual diversion and green-energy contributions. The program, called From Leftovers to Lights® will allow ORMI's customers to publicize that instead of sending organic food waste to landfill, they are partnering with ORMI to convert their leftovers into lights. The Leftovers to Lights logo displayed at restaurants or grocery stores would instantly show that ORMI customers are participating in a recycling program in which their food-related residuals are being recycled and turned into green renewable energy. Leftovers to Lights® will be promoted through materials provided to customers, a dedicated website, adverstising in trade periodicals and sponsorship of various recycling events. The From Leftovers to Lights® initiative is designed to elevate the profile of the ORMI brand.

The Company is in the process of marketing its latest service offering, grease interceptor compliance ("GI Compliance"), which is a web-based compliance enforcement tool for municipalities. GI Compliance is specifically designed to automate and simplify the bylaw compliance process through a reporting system that requires waste generators, or their service providers, to report all grease interceptor services. GI Compliance will allow bylaw officers to focus their efforts on out-of-compliance locations as reported by the system and ensures that all waste generators are subject to the same compliance standard.

Results of Operations

Revenues

The Company's core grease interceptor revenues for the first three months of fiscal 2010 were 12% greater than for the same quarter last year, all of which can be attributed to higher volume. Revenues from industrial organics services were 3% higher than for the same period last year, the second consecutive quarter marking an increase.

Total revenues were $3,431,000 for the first quarter of fiscal 2010, a decrease of 15% or $617,000 from $4,048,000 for the first quarter of fiscal 2009. This decrease was due to the sale of A&A's "non-core assets" to McRae's Environmental Services Ltd. ("McRae's") in October 2008. Although contributing to the revenue base of the Company, these assets were not part of the Company's core business of collecting food-related organic residuals. In addition, they were highly capital and labour-intensive and did not contribute to the profitability of the Company at the same level as ORMI'S core business.

Excluding fiscal 2009 non-core revenues, total comparative revenues for the first quarter of fiscal 2010 were 10% greater than the same quarter last year.

Gross Margin and Operating Expenses

The gross margin for the quarter was $1,370,000, a decrease of 10% or $147,000 from $1,517,000 for the same quarter last year. As a percentage of revenue, gross margin improved to 40% for the quarter as compared to 37% last year. The Company diverted six times more of its residuals to Ontario farm-based ADs as compared to the same quarter last year which contributed to the improvement in gross margin levels.

Total operating expense was $1,171,000 for the quarter, down $69,000 or 6% from $1,240,000 for the same quarter last year. Selling, general and administrative expenses were $859,000 for the quarter, a decrease of 7% or $66,000 from $925,000 last year. This decrease was mainly due to lower salaries and communication costs as a result of the sale of the Company's non-core business in October 2008. Interest costs were $53,000 for the quarter, a decrease of $22,000 or 30% from $75,000 last year. This decrease was mainly the result of the repayment of the revolving loan in February 2009. Amortization was $242,000 for the quarter, down $3,000 or 1% from $239,000 for the same quarter last year.

Net Income and Income Taxes

Net income for the first quarter of fiscal 2010 was $204,000, an increase of 17% or $29,000 from $175,000 for the first quarter of fiscal 2009.

The Company has future income tax assets which are subject to periodic recoverability assessments. The ultimate realization of these future tax assets is dependent upon the generation of future taxable income during the periods in which temporary tax and accounting differences become deductible. Management considered projected future taxable income and tax planning strategies in arriving at the future income tax recovery for the first quarter of fiscal 2010. As a result, a future income tax recovery of $12,000 was recorded for the first quarter of fiscal 2010 compared to an expense of $98,000 for the same quarter last year.

The Company estimates that it will be subject to minimum tax in fiscal 2010 and has recorded an expense of $7,000 for the quarter (2009 - $3,000).

Liquidity and Capital Resources

Cash flows from operating activities were $66,000 for the three months ended September 30, 2009 compared to $382,000 for the same quarter last year. The main reason for the change was an increase in accounts receivable of $412,000 for the quarter, due to a temporary processing delay at a major customer. As of the reporting date, more than half of the overdue amount has been paid with the balance in process.

The Company did not add any vehicles to its fleet during the first quarter of fiscal 2010 or fiscal 2009.

Cash and cash equivalents increased by $175,000 during the quarter, from $575,000 to $750,000.

On December 29, 2008, the Company replaced the privately held mortgage on its Toronto facility, in the amount of $555,460, with a mortgage held by the Business Development Bank of Canada ("BDC"). Under the terms of the loan, the Company could draw up to $850,000 to fund the upgrade and installation of new equipment at the facility. On July 19, 2009, the Company received $289,425 net of costs, representing the balance of the loan from BDC.

Quarterly Review

Quarter Ending:	**Fiscal 2010**	Fiscal 2009				Fiscal 2008		
(in 000's except income (loss) per share)	**Sep. 30 2009**	Jun. 30 2009	Mar. 31 2009	Dec. 31 2008	Sep. 30 2008	Jun. 30 2008	Mar. 31 2008	Dec. 31 2007
Revenues	**$ 3,430**	$ 3,281	$ 2,948	$ 3,217	$ 4,048	$ 3,855	$ 3,828	$ 3,800
Net income (loss)	**204**	28	(157)	1,471	175	(1,286)	(139)	82
Cash flows from operating activities	**66**	318	77	338	382	83	510	(162)
Net income (loss) per share, basic and fully diluted	**$ 0.05**	$ 0.01	$ (0.04)	$ 0.33	$ 0.04	$ (0.29)	$ (0.03)	$ 0.02

Prior to the sale of non-core assets to McRae's in the second quarter of 2009, revenues showed modest quarterly increases as the growth of higher margin core grease interceptor business exceeded the decline in low margin industrial business. The third quarter of fiscal 2009 established a new revenue base for

the Company as it was the first full quarter to be completely devoid of non-core business. Revenues for the fourth quarter of fiscal 2009 were very strong as grease interceptor services set a new quarterly record and as industrial business showed some recovery. Grease interceptor revenues again set a new record in the first quarter of fiscal 2010, contributing to the overall increase over the prior quarter.

The net income for the second quarter of fiscal 2008 was consistent with management's expectations. During the third quarter, the Company incurred higher fuel, fleet repair and maintenance, disposal and labour costs, including a severance payment of $45,000 related to a former employee. The fourth quarter returned to profitability but was impacted by the $1,383,000 write-off of goodwill.

The higher net income in the first quarter of fiscal 2009 was largely due to lower transportation costs following the sourcing of a disposal site in Ontario to replace the site in Quebec. The second quarter includes the $1,708,000 gain on the sale of non-core assets to McRae's. The second and third quarters also include $214,000 of one-time costs related to the sale to McRae's, the re-branding of A&A to ORMI and the relocation of the Company's Vancouver facility. The fourth quarter returned to profitability, mainly due to lower disposal costs as a result of increased AD capacity, and lower truck repair and maintenance costs.

The higher net income in the first quarter of fiscal 2010 was largely due to lower disposal costs as the Company increased its diversion of residuals to ADs, as well as lower selling, general and administrative expenses, and interest costs.

The large swing in cash flows from operating activities between the second and third quarters of fiscal 2008 was mainly due to changes in accounts payable and accrued liabilities. An increase in accounts receivable negatively impacted cash flows in the fourth quarter, otherwise cash flows from operations before changes in non-cash operating assets were very strong.

In fiscal 2009, improved cash flows from operations contributed to the positive results in the first quarter and a reduction in accounts receivable following the sale of non-core assets to McRae's contributed to the cash flows in the second quarter. In the third quarter, cash flows from operations before changes in non-cash operating assets were lower, reflecting the post-sale impact of reduced revenues and one-time costs noted above. Cash flows from operations before changes in non-cash operating assets were again very positive in the fourth quarter, but were offset by an increase in accounts receivable.

An increase in accounts receivable negatively impacted cash flows in the first quarter of fiscal 2010, as noted above. Otherwise, cash flows from operations before changes in non-cash operating assets compare favourably with last year, down only $60,000 or 12% in spite of the sale of non-core assets to McRae's.

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 subject to two financial ratios under its banking covenants and was in compliance with these covenants as at September 30, 2009. The Company has not drawn on its credit facility.

Risk Management and Financial Instruments

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, in order to protect earnings, cash flow and ultimately, shareholder value.

Risk management strategies, policies and limits are designed to ensure that ORMI's risks and related exposures are consistent with the Company's business objectives and risk tolerance. Risks are managed within limits ultimately established by the Company's Board of Directors and implemented by senior management. The Company's Audit Committee oversees management's review of the adequacy of the risk management framework and assesses how management monitors compliance with risk management policies and procedures.

However, 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.

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 and/or market rates of interest. 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 is discussed in Note 11 to the unaudited interim consolidated financial statements dated September 30, 2009.

Other 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. Environmental technology is an evolving field in which new developments are expected to continue at a rapid pace. Competition in the collection and recycling of food-related organic residuals industry is intense and is 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.

Government Regulation

Over the past several years, ORMI has been impacted by a number of government regulatory changes that directly affected the way liquid organic residuals have been handled and processed in Ontario by third-party composting facilities. With the exception of its AD contracts, the Company has no long-term contracts with these recycling facilities 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 third-party recycling facilities receive.

The Company currently has agreements with four ADs in Ontario for recycling its residuals and expects to enter into additional agreements as more ADs come into production. The Company's risk related to the disposal of the residuals it collects is reduced as it enters into new AD recycling agreements.

The development of ADs is subject to government regulations for bringing off-farm residuals onto a farm for co-digestion as well as the ability of the AD to access the power transmission grid. The growth of ADs in Ontario will be positively impacted by the two Ontario government programs, the Green Energy Act and the Ontario Biogas Systems Financial Assistance Program. The construction and expansion of ADs, and thereby any resulting cost savings, are dependent on many factors that are not under the Company's control, including but not limited to various regulatory requirements and technical factors.

Environmental Protection

The Company provides vacuum truck services for the collection and recycling of food-related organic 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 direct land application process ("DLAP") sites in 2007 and now transports its residuals to third-party ADs and other recycling sites. The Company has not experienced any significant environmental issues relating to the closure of its DLAP sites.

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 Labourers International Union of North America, Local 183 under a three year contract that expired on September 30, 2009. On November 7, 2009 a new collective agreement was ratified by the membership for a four year term from October 1, 2009 to September 30, 2013. The collective agreement provides for annual wage increases of 2.0% in the first year, 2.5% in the second and third years and 3% in the fourth year.

The hourly employees at ORMI BC 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.

Operating Risk and Insurance

The Company's transportation operations are subject to risks normally inherent in the transportation industry, including potential liability which could result from, among other things, personal injury or property damage arising from motor vehicle accidents. Although the Company has obtained insurance against certain of the risks to which it is exposed, such insurance is subject to coverage limits and no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially affected.

Contingencies
On February 3, 2009 the Company received a statement of claim in the amount of $31 million pertaining to a traffic accident which occurred in September 2008. The claim by the injured party exceeds the combined limit of the Company's insurance coverage of $10 million. The outcome of this claim and the amount of any loss to the Company is not determinable at this time and accordingly, no provision has been established in the consolidated financial statements ending June 30, 2009.

Toronto Stock Exchange Listing
On April 7, 2009 the Company was advised that the Toronto Stock Exchange ("TSX") was reviewing the eligibility for continued listing on the TSX of the common shares of the Company pursuant to Part VII of The Toronto Stock Exchange Company Manual. The delisting review was precipitated by the value of the Company's listed securities falling below $3,000,000 for thirty consecutive trading days prior to the review; and the value of ORMI's publicly-traded securities falling below $2,000,000 over the same period.

The Company is currently making application to list on the TSX Venture Exchange ("TSXV") and will voluntarily delist from the TSX on the same day ORMI is listed on the TSXV, ensuring that the Company's shares can be traded continuously throughout the transition period.

Critical Accounting Estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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; intangible assets; share based compensation; and recoverability of future income tax assets. Actual results could differ from these estimates.

Changes in Accounting Policies

The Company did not adopt any new accounting standards during the first quarter of fiscal 2010.

Pending Accounting Pronouncements

Business combinations, Consolidated financial statements and Non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests". The purpose and application of these new Sections is described in Note 3A of the consolidated financial statements. The Company is evaluating the new standards but does not expect their adoption will impact the financial statements as currently presented, although accounting for future acquisitions may be affected.

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for publicly accountable profit-oriented enterprises including listed companies, 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, beginning July 1, 2011. The Company is currently preparing for the changeover to IFRS and is assessing the impact of IFRS on its operations.

Financial Instruments - Disclosures

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments - Disclosures", to include additional disclosure requirements about fair value measurements of financial instruments and to

enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company does not expect that adoption of these amendments will have a significant impact on the consolidated financial statements.

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 2010 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, 2009

The accompanying unaudited interim consolidated financial statements of the Company for the three months ended September 30, 2009 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 consolidated 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

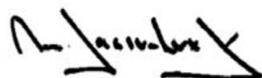
	SEPTEMBER 30 2009 (UNAUDITED)	JUNE 30 2009 (AUDITED)
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 749,929**	$ 574,994
Accounts receivable	**2,287,604**	1,875,475
Inventory	**122,850**	133,720
Prepaid expenses	**243,910**	234,673
Current portion of future income tax asset	**429,000**	429,000
	3,833,293	3,247,862
PROPERTY PLANT AND EQUIPMENT	**3,204,065**	3,404,073
INTANGIBLE ASSETS (Note 4)	**1,001,148**	1,027,311
GOODWILL	**2,434,793**	2,434,793
FUTURE INCOME TAX ASSET (Note 5)	**1,048,000**	1,048,000
	$ 11,521,299	$ 11,162,039
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 1,446,910**	$ 1,422,228
Current portion of long-term debt (Note 6)	**176,402**	173,418
Current portion of obligations under capital lease	**412,935**	406,977
Current portion of future income tax liability	**41,700**	41,700
	2,077,947	2,044,323
LONG-TERM DEBT (Note 6)	**1,220,860**	976,175
OBLIGATIONS UNDER CAPITAL LEASE	**1,004,001**	1,122,400
FUTURE INCOME TAX LIABILITY	**82,296**	93,826
	4,385,104	4,236,724
SHAREHOLDERS' EQUITY		
COMMON SHARES	**8,250,052**	8,250,052
CONTRIBUTED SURPLUS	**354,950**	348,019
DEFICIT	**(1,468,807)**	(1,672,756)
	7,136,195	6,925,315
	$ 11,521,299	$ 11,162,039

Contingency (Note 7)

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 INCOME AND DEFICIT
UNAUDITED

	Three Months Ended September 30			
		2009		2008
REVENUES	**$**	**3,430,308**	$	4,048,019
COST OF SALES		**2,059,883**		2,531,446
GROSS MARGIN		**1,370,425**		1,516,573
OPERATING EXPENSE				
Selling, general and administrative		**859,100**		925,191
Amortization of property, plant and equipment		**179,148**		164,366
Loss (gain) on disposal of property, plant and equipment		**10,651**		(6,526)
Amortization of intangible assets		**62,778**		75,041
Interest on long-term debt and obligations under capital lease		**52,855**		57,197
Other interest		**-**		18,158
Share based compensation		**6,931**		6,691
		1,171,463		1,240,118
INCOME BEFORE INCOME TAXES		**198,962**		276,455
INCOME TAX EXPENSE (RECOVERY)				
Current income tax expense		**6,543**		3,494
Future income tax expense (recovery) (Note 5)		**(11,530)**		98,274
		(4,987)		101,768
NET INCOME AND COMPREHENSIVE INCOME (Note 8)	**$**	**203,949**	$	174,687
DEFICIT, BEGINNING OF YEAR	**$**	**(1,672,756)**	$	(3,190,052)
Net income		**203,949**		174,687
DEFICIT, END OF YEAR	**$**	**(1,468,807)**	$	(3,015,365)
INCOME PER SHARE, BASIC AND DILUTED (Note 9)	**$**	**0.05**	$	0.04

See accompanying notes to the consolidated financial statements.

ORGANIC RESOURCE MANAGEMENT INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	Three Months Ended September 30	
	2009	2008
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net income for the quarter	**$ 203,949**	$ 174,687
Add (deduct) items not involving cash:		
Amortization of property, plant and equipment	**179,148**	164,366
Loss (gain) on disposal of property, plant and equipment	**10,651**	(6,526)
Amortization of intangible assets	**62,778**	75,041
Accretion of interest expense	**86**	-
Share based compensation	**6,931**	6,691
Future income tax expense (recovery)	**(11,530)**	98,274
	452,013	512,533
Changes in operating assets and liabilities:		
Increase in accounts receivable, net	**(412,130)**	(164,960)
Decrease in inventory	**10,870**	21,812
Increase in prepaid expenses	**(9,237)**	(31,000)
Increase in accounts payable and accrued liabilities	**24,683**	43,365
	66,199	381,750
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(9,901)**	(132,425)
Acquisition of intangible assets	**(35,989)**	(36,502)
Proceeds on disposal of property, plant and equipment	**19,485**	8,951
	(26,405)	(159,976)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Advance of revolving loan	**-**	50,304
Advance of long-term debt	**289,925**	90,754
Repayment of long-term debt	**(42,343)**	(36,517)
Repayment of capital lease obligations	**(112,441)**	(85,126)
	135,141	19,415
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE QUARTER	**174,935**	241,189
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	**574,994**	33,269
CASH AND CASH EQUIVALENTS END OF QUARTER	**$ 749,929**	$ 274,458

Supplemental cash flow information:		
Interest paid	**$ 52,769**	$ 75,356

See accompanying notes to the consolidated financial statements.

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, processing and recycling of food-related organic residuals. The Company's shares are listed on the Toronto Stock Exchange under the symbol "ORI".

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

These unaudited interim consolidated financial statements have been prepared by management on a going concern basis 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, 2009, 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, 2009 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, Organic Resource Management (BC) Inc. ("ORMI BC"), an active company, and ORMI Information Systems Inc. ("OIS"), an inactive company, after the elimination of all material inter-company transactions and balances.

C. Changes in accounting policies

The Company did not adopt any new accounting standards during the first quarter of fiscal 2010.

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 intangible assets; the estimated useful lives of intangible assets; 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. Business combinations, Consolidated financial statements and Non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582 "Business Combinations", 1601 "Consolidated Financial Statements" and 1602 "Non-controlling Interests". Handbook Section 1582 replaces Handbook Section 1581, "Business Combinations" and establishes standards for the accounting for business combinations that is substantially equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Handbook Section 1582 is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. Handbook Section 1601 together with Handbook Section 1602 replaces Handbook Section 1600, "Consolidated Financial Statements". Handbook Section 1601 establishes standards for the preparation of consolidated financial statements and Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Handbook Sections 1601 and 1602 are applicable for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. An entity must adopt Handbook Section 1582, 1601 and 1602 at the same time. The Company is evaluating the new standards but does not expect their adoption will impact the financial statements as currently presented, although accounting for future acquisitions may be affected.

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 including listed companies, 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, beginning July 1, 2011. The Company is currently preparing for the changeover to IFRS and is assessing the impact of IFRS on its operations.

C. Financial Instruments - Disclosures

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments - Disclosures", to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company does not expect that adoption of these amendments will have a significant impact on the consolidated financial statements.

4. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

During the fourth quarter of fiscal 2009, the Company early adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced CICA Handbook Section 3062, "Goodwill and Other Intangible Assets" resulting in the withdrawal of CICA Handbook Section 3450, "Research and Development Costs". The new standard reduces the differences with IFRS in the accounting for intangible assets and also provides guidance for the recognition of internally developed intangible assets, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The adoption of this standard resulted in the reclassification of patents and software from plant, property and equipment to intangible assets. Accordingly, comparative figures for the first quarter of fiscal 2009 have been restated.

5. FUTURE INCOME TAX ASSET

The realization of future income tax assets is dependent upon the generation of future taxable income during the periods in which temporary tax and accounting differences become deductible. Management considered projected future taxable income and tax planning strategies in arriving at the future income tax recovery for the first quarter ended September 30, 2009.

6. LONG-TERM DEBT

On December 29, 2008, the Company replaced the privately held mortgage on its Toronto facility, in the amount of $555,460, with a mortgage held by the Business Development Bank of Canada ("BDC"). Under the terms of the loan, the Company could draw up to $850,000 to fund the upgrade and installation of new equipment at the facility. On July 19, 2009, the Company received $289,925 net of costs, representing the balance of the loan from BDC.

7. CONTINGENCY

On February 3, 2009 the Company received a statement of claim in the amount of $31 million pertaining to a traffic accident which occurred in September 2008. The claim by the injured party exceeds the combined limit of the Company's insurance coverage of $10 million. The outcome of this claim and the amount of any loss to the Company is not determinable at this time and accordingly, no provision has been established in these consolidated financial statements.

8. 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.

9. 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:

	2009	2008
Weighted average shares for basic income per share	**4,404,935**	4,404,935

The effect of including options would be anti-dilutive and therefore, basic and fully diluted income per share are the same.

10. MANAGEMENT OF CAPITAL

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 other than software, and future tax assets. The Company's objective is to maintain a total debt to tangible net worth ratio of less than 4.0:1. As at September 30, 2009, the Company's total debt to tangible net worth was 1.3:1, the same as at June 30, 2009.

10. MANAGEMENT OF CAPITAL (cont'd)

The Company is subject to two financial ratios under its banking covenant with the Royal Bank of Canada and was in compliance with these covenants on September 30, 2009. The Company has not drawn on the line of credit.

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, 2009, the Company's net debt to annualized cash flow from operations was 0.5:1 compared to a ratio of 1.2:1 as at June 30, 2009. 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.

11. 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 and/or market rates of interest. 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.

Currency risk
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.

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 a portion of its long-term debt which bears 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.

11. FINANCIAL INSTRUMENTS (cont'd)

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. The Company's board of directors approves the annual operating and capital budgets as well as any material transactions outside the ordinary course of business.

As at September 30, 2009, 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
Accounts payable and accrued liabilities	1,446,910	1,446,910	-	-
Long-term debt	1,397,262	176,402	188,111	1,032,749
Obligations under capital lease	1,416,935	412,935	259,488	744,512
Total	4,261,107	2,036,247	447,599	1,777,261

Cash and cash equivalents and accounts receivable were $3,037,533 on this date. The Company generated a positive cash flow of $452,013 in the first quarter of fiscal 2010 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.

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, 2009, the portion of receivables aged over 60 days represented 22% of total receivables. The increase from 14% of total receivables at June 30, 2009 was mainly due to a temporary processing delay at a major customer.

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. There was no change in the Company's allowance for doubtful accounts during the first quarter of fiscal 2010.

Historically the Company's bad debt expense has been less than 1% of total revenue, and therefore, 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.

12. RELATED PARTY TRANSACTIONS

There were no related party transactions during the quarter ended September 30, 2009 following the repayment in June 2009 of the notes payable relating to the September 2007 purchase of the outstanding shares of OIS. During the quarter ended September 30, 2008, the Company made regular scheduled blended payments of $9,291 on the 7.0% OIS notes held directly or indirectly by one of the Company's directors.