
Condensed Consolidated Financial Statements

SOLARVEST BIOENERGY INC.

October 31, 2015

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Condensed Consolidated Interim Financial Statements

The accompanying condensed consolidated interim financial statements for Solarvest BioEnergy Inc. have been prepared by management in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these unaudited condensed interim financial statements have been fairly presented.

The auditor of Solarvest BioEnergy Inc. has not performed a review of the unaudited condensed interim financial statements for the three months ended October 31, 2015.

SOLARVEST BIOENERGY INC.
Condensed consolidated statements of financial position
(expressed in Canadian dollars)

	October 31 2015 (Unaudited)	July 31 2015 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 4,611	\$ 3
Receivables	34,766	25,676
Prepaid expenses	15,296	3,851
	54,673	29,530
Capital Assets (Note 4)	652,084	699,164
Intellectual Property (Note 5)	344,533	350,237
Total Assets	\$ 1,051,290	\$ 1,078,931
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 629,400	\$ 527,362
Due to related party (Note 15)	524,403	352,403
Promissory note payable (Note 6)	137,841	136,328
Current portion of long term debt (Note 7)	14,400	14,400
	1,306,044	1,030,493
Long term debt (Note 7)	122,400	126,000
Shareholders' Equity		
Share Capital (Note 8)	4,296,544	4,296,544
Contributed surplus (Note 9)	203,219	196,203
Warrants (Note 10)	158,973	158,973
Deficit	(5,035,890)	(4,729,282)
	(377,154)	(77,562)
Total Equity and Liabilities	\$ 1,051,290	\$ 1,078,931

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.
Condensed consolidated statements of comprehensive loss
(expressed in Canadian dollars)
(Unaudited)

For the three months ended October 31,	2015	2014
Revenue	\$ -	\$ -
Expenses		
Amortization	\$ 52,187	\$ 53,770
Insurance	7,411	6,229
Interest expense	1,513	1,512
Licence fees	250	320
Office and general	5,972	9,744
Professional fees	68,600	45,913
Registration and filing fees	-	5,100
Rent and utilities	22,276	20,554
Research and development	161,401	220,858
Shareholder costs	563	2,252
Transfer agent	442	2,154
Travel	282	7,521
Foreign exchange gain	(7)	(173)
Stock based compensation	7,016	-
Gain on sale of equipment	(16,603)	-
	311,303	375,754
Recovery of research and development expenses	(4,695)	(110,892)
	306,608	264,862
Net Loss before other comprehensive loss	\$ (306,608)	\$ (264,862)
Basic and diluted loss per share (note 12)	\$ (0.01)	\$ (0.01)

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.
Condensed consolidated statement of cash flows
(expressed in Canadian dollars)
(Unaudited)

For the three months ended October 31,	2015	2014
Operating Activities		
Income (Loss) from operations	\$ (306,608)	\$ (264,862)
Adjustments to reconcile net loss from operating activities		
Amortization	52,187	53,770
Gain on sale of equipment	(16,603)	-
Interest on promissory note	1,513	1,512
Stock based compensation	7,016	-
Changes in non-cash working capital items		
(Increase) decrease in receivables	(9,090)	(85,539)
(Increase) decrease in prepaid expenses	(11,445)	4,238
Increase (decrease) in accounts payable and accrued liabilities	102,038	(22,535)
Increase in due to related party	172,000	20,000
	(8,992)	(293,416)
Investing Activities		
Acquisition of equipment	-	(33,742)
Proceeds from sale of equipment	17,200	-
	17,200	(33,742)
Financing Activities		
Proceeds from issuance of capital stock	-	484,150
Capital Improvements Loan	(3,600)	-
	(3,600)	484,150
Net change in cash	4,608	156,992
Cash, beginning of period	3	148,495
Cash, end of period	\$ 4,611	\$ 305,487

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.

**Condensed consolidated statements of changes in equity
(expressed in Canadian dollars)
(Unaudited)**

	Share Capital		Reserves				Total
	Number of shares	Amount \$	Equity settled employee benefits \$	Warrants \$	Deficit \$		
Balance, July 31, 2014	17,492,802	3,542,127	128,353	153,317	(3,245,494)	578,303	
Private placement	2,000,000	429,983	-	54,167	-	484,150	
Shares issued for property	200,000	70,000	-	-	-	70,000	
Comprehensive loss for the period	-	-	-	-	(264,862)	(264,862)	
Balance, October 31, 2014	19,692,802	4,042,110	128,353	207,484	(3,510,356)	867,591	
Private placement	700,000	154,434	-	15,831	-	170,265	
Shares for debt	285,714	100,000	-	-	-	100,000	
Fair value of warrants expired	-	-	64,342	(64,342)	-	-	
Stock-based compensation	-	-	3,508	-	-	3,508	
Comprehensive loss for the period	-	-	-	-	(1,218,926)	(1,218,926)	
Balance, July 31, 2015	20,678,516	4,296,544	196,203	158,973	(4,729,282)	(77,562)	
Stock based compensation	-	-	7,016	-	-	7,016	
Comprehensive loss for the period	-	-	-	-	(306,608)	(306,608)	
Balance, October 31, 2015	20,678,516	4,296,544	203,219	158,973	(5,035,890)	(377,154)	

See accompanying notes to the financial statements

SOLARVEST BIOENERGY INC.
Notes to the condensed consolidated financial statements
October 31, 2015
(expressed in Canadian dollars)
(Unaudited)

1. Nature of operations and continuance of operations

The Company was incorporated under the Business Corporations Act (BC) on November 9, 2005. The principal business of the Company is the development of its algal-based production system to produce natural based "green" commercial products. The focus of the Company has moved from the longer term sustainable production of hydrogen to the use of specially selected algal strains to produce nutritional products, oils and biologic therapies. The address of the Company's registered office is 439 Helmcken Street, Vancouver B.C. V6B 2E6. To date the Company has not earned significant revenues and is considered to be in the development stage.

The accompanying condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Phycobiologics (Europe) Limited ("Phyco Europe"), Phyco Hydrogen Inc. ("PHI"), and Solarvest (P.E.I.) Inc. ("PEI"). All significant inter company accounts and transactions have been eliminated upon consolidation.

The Company has financed its activities to date through the issuance of common shares and continues to seek capital through various means including the issuance of equity and/or debt.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to secure adequate financing and to commence profitable operations in the future:

	October 31	July 31
	2015	2014
Working capital (deficiency)	\$ (1,251,371)	\$ (1,000,963)
Deficit	\$ (5,035,890)	\$ (4,729,282)

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these condensed consolidated interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

SOLARVEST BIOENERGY INC.
Notes to the condensed consolidated financial statements
October 31, 2015
(expressed in Canadian dollars)
(Unaudited)

3. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Accordingly, they do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended July 31, 2015. The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Furthermore the information on accounting standards effective in future periods and not yet adopted remains unchanged from that disclosed in the annual financial statements.

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, and were approved by the Board of Directors on December 20, 2015.

4. Capital Assets

October 31, 2015

Equipment	\$ 874,581	\$ 491,438	\$ 383,143
Computer	16,829	12,001	4,828
Leasehold Improvements	518,523	254,410	264,113
	\$ 1,409,933	\$ 757,849	\$ 652,084

July 31, 2015

Equipment	\$ 874,582	\$ 471,273	\$ 403,309
Computer	18,876	13,059	5,817
Leasehold Improvements	518,523	228,485	290,038
	\$ 1,411,981	\$ 712,817	\$ 699,164

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(Unaudited)

5. Intellectual Property

The Intellectual property consists of the acquisition costs of worldwide exclusive rights, subject to limited exceptions, to an Inducible Chloroplast Gene Expression System, through the acquisition of the shares of Phyco Europe, the issuance of Class B common shares of PHI, the subsequent repurchase of the Class B common shares of PHI and patent acquisition costs. Component costs have been summarized below:

	October 31 2015	July 31 2015
Aquisition of shares of Phyco Europe	\$ 146,886	\$ 146,886
Issuance of Class B Common Shares of PHI	10	10
Acquired pursuant to acquisition of shares of PHI	144,426	144,426
Patent acquisition costs	95,011	95,011
Kohilo's Patent acquisition costs (note 8)	102,643	102,643
	488,976	488,976
Accumulated amortization	144,443	138,739
Net Book Value	\$ 344,533	\$ 350,237

6. Promissory Note Payable

The Company received \$100,000 by issuing a promissory note to a director of the Company. The promissory note was issued on July 15, 2009 at an interest rate of 6% compounded annually, and is due on demand. Interest of \$37,841 has been accrued to October 31, 2015.

7 Long-term debt

	October 31, 2015	July 31, 2015
0% ACOA loan, due March 1, 2025, repayable in monthly instalments of \$1,200 beginning May 1, 2015	\$ 140,400	\$ 140,400
Repaid during the period	\$ 3,600	\$ -
	136,800	140,400
Less: Current portion	14,400	14,400
	122,400	126,000

On January 23, 2013, the Company entered into an agreement with Atlantic Canada Opportunities Agency (ACOA) whereby ACOA agreed to loan 50% of eligible capital assets incurred on the newly leased premises estimated to be \$789,000.

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7 Long-term debt - continued

On March 25, 2015, the loan agreement was amended under same terms and conditions except that the monthly repayment amount is changed to \$1,200 per month commencing May 1, 2015. This loan is unsecured.

The aggregate amount of principal payments estimated to be required in each of the next three years to meet retirement provisions is as follows:

Year ending July 31, 2016	10,800
2017	14,400
2018 and subsequent	111,600

8. Share capital

Authorized share capital

At October 31, 2015, the authorized share capital consisted of unlimited number of common shares and the issued share capital amounted to \$4,296,544. The common shares do not have a par value. All issued shares are fully paid.

Fiscal year ending July 31, 2015

Shares issued for intellectual property

On August 6, 2014, the Company entered into an agreement to purchase worldwide rights to certain patents and patent applications from Kohilo Bio Inc. ("Kohilo"). Pursuant to the purchase agreement, the total purchase price of \$102,643 will be satisfied through the issuance of 200,000 common shares of the Company at a deemed price of \$0.35 per share and the assumption of \$32,643 of Kohilo's debt.

Private placements

On October 15, 2014, the Company closed a non-brokered private placement of 2,000,000 Units at a price of \$0.25 per share for gross proceeds of \$500,000. Each unit consists of one common share and one warrant. Each whole warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share.

In connection with the private placement, the Company paid finders' fees of \$14,000 and issued 63,000 non-transferable finder's warrants. Each finder's warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share. A Control Person of the Company subscribed for a total of 500,000 of the 2,000,000 Units.

On April 28, 2015, the Company closed a non-brokered private placement of 242,000 Units at a price of \$0.25 per share for gross proceeds of \$60,500. Each unit consists of one common share and one warrant. Each whole warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share.

In connection with the private placement, the Company paid finders' fees of \$4,235 and issued 16,940 non-transferable finder's warrants. Each finder's warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share.

On May 25, 2015, the Company closed a non-brokered private placement through the issuance of 458,000 common shares at a price of \$0.25 per share for gross proceeds of \$114,500. The non-brokered private placement was subscribed by Garth Greenham (an officer of the Company).

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8. Share capital - continued

Shares for debt settlement

On January 19, 2015, the Company issued 285,714 common shares at a deemed price of \$0.35 per share aggregating \$100,000 as a settlement of debt to a related party with respect to legal services performed in fiscal years ended July 31, 2009 and 2010.

Fiscal year ending July 31, 2016

There were no share activity during the three months ended October 31, 2015

Other Commitments to Issue Shares

As at October 31, 2015, the Company was obligated to issue up to a total of 500,000 shares pursuant to the project having reached a level in research whereby hydrogen production can be brought to viable commercial production through a method of controlling key genes in algae which will result in continuous production of hydrogen.

9. Share Options

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The Company records a charge to the statement of loss and comprehensive loss using the Black Scholes fair valuation option pricing model with respect to a share option grant. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. The level of share volatility is calculated with reference to the historic traded daily closing share price at the date of issue. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

During the three months ended October 31, 2015, 80,000 stock options were cancelled.

The following table reflects the actual share options issued and outstanding as at October 31, 2015.

No. of options Outstanding and Exercisable	Exercise Price	Expiry Date
520,000	0.25	January 28, 2016
70,000	0.25	June 24, 2016
225,000	0.40	August 1, 2016
815,000	-	

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9. Share Options - continued

On November 1, 2014, the Company granted 300,000 stock options to a consultant at an exercise price of \$0.40 per share with an expiry date of 18 months from the date of the grant. The stock options granted is vested quarterly over a one year period at a rate of 75,000 stock options per quarter commencing February 1, 2015. As at October 31, 2015, 225,000 of the 300,000 stock options were vested.

The value attributed to the 150,000 stock options vested during the three months ended October 31, 2015 is estimated at \$7,016 using the Black-Scholes model for option pricing. The assumptions used were: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 68.0% and an expected life of 1.5 years.

10. Warrants

In connection with the private placement on October 15, 2014, the Company issued 2,000,000 warrants to subscribers and 63,000 finder's warrants. These warrants expired on March 15, 2017 and has a fair value of \$54,167 assigned to the warrants and has been estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 57.61% and an expected life of 1.5 years.

In connection with the private placement on April 28, 2015, the Company issued 242,000 warrants to subscribers and 16,940 finder's warrants. These warrants expired on July 28, 2016 and has a fair value of \$15,831 assigned to the warrants and has been estimated using the Black-Scholes model for pricing options under the following assumptions: risk free interest rate - 1.25%; dividend yield - 0%; expected stock volatility - 64.18% and an expected life of 1.5 years.

The warrants outstanding as at October 31, 2015 is summarized below:

No. of warrants Outstanding and Exercisable	Exercise Price	Expiry Date
797,533	0.40	October 9, 2016
2,063,000	0.35	April 15, 2016
258,940	0.35	October 28, 2016
3,119,473		

11. Supplemental disclosure with respect to cash flows

There were no significant non-cash financing transactions for the three months ended October 31, 2015.

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October 31, 2015
(expressed in Canadian dollars)
(Unaudited)

12. Loss per share

Basic and diluted loss per share

The calculations of basic and diluted loss per share for the three months ended October 31, 2015 and 2014 were based on the following losses attributable to common shareholders and weighted average number of common shares outstanding:

For the three months ended October 31,	2015	2014
Loss	\$ (306,608)	\$ (264,862)
Weighted average number of common shares outstanding for the period	20,678,516	19,359,469
Loss per share	\$ (0.01)	\$ (0.01)

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as they are anti dilutive.

13. Financial Instruments

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk. Management, the Board of Directors and the Audit Committee monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash and receivables.

The Company's cash is held with high credit quality financial institutions. Receivables mainly consist of goods and services tax due from the Federal Government of Canada and funding receivables from ACOA, a governmental agency.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at October 31, 2015, the Company had cash of \$4,611 and is insufficient to settle current liabilities of \$1,306,044, which have contractual maturities of less than 30 days and are subject to normal trade terms.

SOLARVEST BIOENERGY INC.
Notes to the condensed consolidated financial statements
October 31, 2015
(expressed in Canadian dollars)
(Unaudited)

13. Financial Instruments - continued

Market risk

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

i) Interest rate risk

The company has cash and has a fixed interest rate bearing promissory note payable as a debt instrument. The Company's current policy is to invest excess cash in investment grade short term certificates of deposit issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Foreign exchange rate risks

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative activities in United States by using US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying values of cash, receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

14. Capital Management

The objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to ensure the Company's on going growth of the business.

The Company considers the promissory note payable and the items in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, sell assets, incur debts, or return capital to shareholders. As of October 31, 2015, the Company has an unsecured promissory note payable (See Note 6) and is not subject to externally imposed capital requirements.

SOLARVEST BIOENERGY INC.
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(expressed in Canadian dollars)
(Unaudited)

15. Related Party Transactions

The Company entered into the following transactions with related parties during the three months ended October 31, 2015.

- a) Received advances of \$172,000 (2014:- \$20,000) from a director of the Company.
- b) Accrued interest of \$1,513 (2014:- \$1,512) due on the promissory note held by a director of the Company.
- c) Incurred and accrued \$2,073 (2014:- \$21,331) of legal fees to a legal firm where a principal is a director of the Company.
- d) During the three months ended October 31, 2015, a director of the Company subscribed for Nil units (2014:- 500,000 units) of the Company in connection with the private placements for proceeds of \$Nil (2014:- \$125,000).
- e) During the three months ended October 31, 2015 the Company accrue fees of \$6,000 to the CFO for accounting services (2014:- \$6,000)

Included in accounts payable and accrued liabilities is \$145,456 (July 31, 2014:- \$144,224) due to a Company controlled by a director.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

16. Commitments

The future minimum rental lease payments for the next five years under an operating lease expiring in December 31, 2018 is as follows:

Year ending July 31,	2016	\$ 54,000
	2017	54,000
	2018	54,000
	2019	22,500

18. Subsequent event

On November 17, 2015, the Company closed a non-brokered private placement of 400,000 Units at a price of \$0.25 per unit for gross proceeds of \$100,000. Each unit consists of one common share and one warrant. Each whole warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share.

On December 4, 2015, the Company closed a first tranche of a non-brokered private placement of 300,000 Units at a price of \$0.25 per unit for gross proceeds of \$75,000. Each unit consists of one common share and one warrant. Each whole warrant is exercisable at \$0.35 per share for a period of 18 months from date of issuance and include an acceleration clause that is triggered by a share price of \$0.55 per share.