Condensed Consolidated Financial Statements

SOLARVEST BIOENERGY INC.

January 31, 2016

(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 six months ended January 31, 2016.

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

	January 31 **2016** **(Unaudited)**	July 31 **2015** (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 16,699	$ 3
Receivables	62,167	25,676
Prepaid expenses	11,034	3,851
	89,900	29,530
Capital Assets (Note 4)	605,601	699,164
Intellectual Property (Note 5)	338,828	350,237
Total Assets	$ 1,034,329	$ 1,078,931
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 732,378	$ 527,362
Due to related party (Note 15)	606,998	352,403
Promissory note payable (Note 6)	139,353	136,328
Current portion of long term debt (Note 7)	14,400	14,400
	1,493,129	1,030,493
Long term debt (Note 7)	118,800	126,000
Shareholders' Equity		
Share Capital (Note 8)	4,464,783	4,296,544
Contributed surplus (Note 9)	206,727	196,203
Warrants (Note 10)	191,159	158,973
Deficit	(5,440,269)	(4,729,282)
	(577,600)	(77,562)
Total Equity and Liabilities	$ 1,034,329	$ 1,078,931

See accompanying notes to the financial statements

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

	Three months ended January 31, **2016**	Three months ended January 31, **2015**	Six months ended January 31, **2016**	Six months ended January 31, **2015**
Revenue	$ -	$ -	$ -	$ -
Expenses				
Amortization	$ 52,187	$ 54,531	$ 104,374	$ 108,301
Insurance	7,580	6,294	14,991	12,523
Interest expense	1,512	1,513	3,025	3,025
Licence fees	-	210	250	530
Office and general	18,798	8,340	24,770	18,083
Professional fees	129,950	53,235	198,550	99,148
Registration and filing fees	3,263	5,244	3,263	10,344
Rent and utilities	25,124	25,355	47,400	45,909
Research and development	185,237	280,238	346,638	501,097
Shareholder costs	28,924	2,740	29,487	4,992
Transfer agent	1,342	2,141	1,784	4,295
Travel	4,300	8,338	4,582	15,859
Foreign exchange gain	(82)	(5,523)	(89)	(5,696)
Stock based compensation	3,508	-	10,524	-
Gain on sale of equipment	-	-	(16,603)	-
	461,643	442,656	772,946	818,410
Recovery of research and development expenses	(57,264)	(25,419)	(61,959)	(136,311)
	404,379	417,237	710,987	682,099
Net Loss before other comprehensive loss	(404,379)	(417,237)	$ (710,987)	$ (682,099)
Basic and diluted loss per share (note 12)	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.04)

See accompanying notes to the financial statements

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

For the six months ended January 31,	2016	2015
Operating Activities		
Income (Loss) from operations	$ (710,987)	$ (682,099)
Adjustments to reconcile net loss from operating activities		
Amortization	104,374	108,301
Shares for debt dettlement	25,425	100,000
Gain on sale of equipment	(16,603)	-
Interest on promissory note	3,025	3,025
Stock based compensation	10,524	-
Changes in non-cash working capital items		
(Increase) decrease in receivables	(36,491)	(27,504)
(Increase) decrease in prepaid expenses	(7,183)	1,499
Increase (decrease) in accounts payable and accrued liabilities	205,017	(36,264)
Increase in due to related party	254,595	20,000
	(168,304)	(513,042)
Investing Activities		
Acquistion of equipment	-	(41,940)
Proceeds from sale of equipment	17,200	-
Additions to leasehold improvementa	-	(7,032)
	17,200	(48,972)
Financing Activities		
Proceeds from issuance of capital stock	175,000	484,150
Capital Improvements Loan	(7,200)	-
	167,800	484,150
Net change in cash	16,696	(77,864)
Cash, beginning of period	3	148,495
Cash, end of period	$ 16,699	$ 70,631
Non-cash transactions		
Shares issued for Kohilo's patent rights	$ -	$ 70,000
Shares for debt settlemet services	101,700	100,000

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**			
	Number of shares	Amount $	Equity settled employee benefits $	Warrants $	Deficit $	Total
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
Shares for debt	285,714	100,000	-	-	-	100,000
Comprehensive loss for the period	-	-	-	-	(682,099)	(682,099)
Balance, January 31, 2015	19,978,516	4,142,110	128,353	207,484	(3,927,593)	550,354
Private placement	700,000	154,434	-	15,831	-	170,265
Fair value of warrants expired	-	-	64,342	(64,342)	-	-
Stock-based compensation	-	-	3,508	-	-	3,508
Comprehensive loss for the period	-	-	-	-	(801,689)	(801,689)
Balance, July 31, 2015	20,678,516	4,296,544	196,203	158,973	(4,729,282)	(77,562)
Private placement	700,000	142,814	-	32,186	-	175,000
Shares issued for services	101,700	25,425	-	-	-	25,425
Stock based compensation	-	-	10,524	-	-	10,524
Comprehensive loss for the period	-	-	-	-	(710,987)	(710,987)
Balance, January 31, 2016	21,480,216	4,464,783	206,727	191,159	(5,440,269)	(577,600)

See accompanying notes to the financial statements

(expressed in Canadian dollars)

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" commerical 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:

	January 31 2016	July 31 2015
Working capital (deficiency)	$ (1,403,229)	$ (1,000,963)
Deficit	$ (5,440,269)	$ (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.

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 March 29, 2016.

4. Capital Assets

	January 31, 2016		
Equipment	$ 874,581	$ 511,604	$ 362,977
Computer	16,829	12,392	4,437
Leasehold Improvements	518,523	280,336	238,187
	$ 1,409,933	$ 804,332	$ 605,601

	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

(expressed in Canadian dollars)

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:

	January 31 2016	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 acquistion costs	95,011	95,011
Kohilo's Patent acquistion costs (note 8)	102,643	102,643
	488,976	488,976
Accumulated amortization	150,148	138,739
Net Book Value	$ 338,828	$ 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 $39,353 has been accrued to January 31, 2016.

7 Long-term debt

	January 31, 2016	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	$ 7,200	$ -
	133,200	140,400
Less: Current portion	14,400	14,400
	118,800	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.

(expressed in Canadian dollars)

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	7,200
	2017	14,400
	2018 and subsequent	111,600

8. Share capital

Authorized share capital
At January 31, 2016, the authorized share capital consisted of unlimited number of common shares and the issued share capital amounted to $4,464,783. 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).

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

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.

Shares for services
On December 24, 2015, the Company issued 101,700 common shares at a deemed price of $0.25 per share aggregating $25,425 as a settlement with respect to advisory services performed during the period in lieu of cash payments.

Other Commitments to Issue Shares

As at January 31, 2016, 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.

(expressed in Canadian dollars)

9. Share Options - continued

During the six months ended January 31, 2016, 600,000 stock options were cancelled.

The following table reflects the actual share options issued and outstanding as at January 31, 2016.

	No. of options Outstanding and Exercisable	Exercise Price	Expiry Date
	-	-	
	70,000	0.25	June 24, 2016
	300,000	0.40	August 1, 2016
	370,000	-	

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 January 31, 2016 all stock options were vested.
The value attributed to the 225,000 stock options vested during the six months ended January 31, 2016 is estimated at $10,524 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.

In connection with the private placement on November 17, 2015 and December 4, 2015, the Company issued 700,000 warrants to subscribers. These warrants expired between May 17, 2017 and June 4, 2017 and has a fair value of $32,186 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 - 64.00% and an expected life of 1.5 years.

(expressed in Canadian dollars)

10. Warrants - continued

The warrants outstanding as at January 31, 2016 is summarized below:

No. of warrants Outstanding and Exercisable	Exercise Price	Expiry Date
-	-	
2,063,000	0.35	April 15, 2016
258,940	0.35	October 28, 2016
400,000	0.35	November 17, 2017
300,000	0.35	December 4, 2017
3,021,940		

11. Supplemental disclosure with respect to cash flows

There were no significant non-cash financing transactions for the six months ended January 31, 2016.

12. Loss per share

Basic and diluted loss per share

The calculations of basic and diluted loss per share for the six months ended January 31, 2016 and 2015 were based on the following losses attributable to common shareholders and weighted average number of common shares outstanding:

For the six months ended Janaury 31,	2016	2015
Loss	$ (710,987)	$ (682,099)
Weighted average number of common shares outstanding for the period	21,246,316	19,359,469
Loss per share	$ (0.03)	$ (0.04)

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 January 31, 2016, the Company had cash of $16,699 and is insufficient to settle current liabilities of $1,493,129, which have contractual maturities of less than 30 days and are subject to normal trade terms.

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.

13. Financial Instruments - continued

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 January 31, 2016, the Company has an unsecured promissory note payable (See Note 6) and is not subject to externally imposed capital requirements.

15. Related Party Transactions

The Company entered into the following transactions with related parties during the six months ended January 31, 2016.

a) Received advances of $254,595 (2015:- $20,000) from a director of the Company.
b) Accrued interest of $3,025 (2015:- $3,025) due on the promissory note held by a director of the Company.
c) Incurred and accrued $17,182 (2015:- $31,139) of legal fees to a legal firm where a principal is a director of the Company.
d) During the six months ended January 31, 2016, a director of the Company subscribed for Nil units (2015:- 1,200,000 units) of the Company in connection with the private placements for proceeds of $Nil (2015:- $300,000).
e) During the six months ended January 31, 2016 the Company accrue fees of $12,000 to the CFO for accounting services (2015:- $12,000)

Included in accounts payable and accrued liabilities is $160,064 (July 31, 2015:- $144,244) 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.

(expressed in Canadian dollars)

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 events

On February 4, 2016, the Company closed the second tranche of a non-brokered private placement of 100,000 Units at a price of $0.25 per unit for gross proceeds of $25,000. 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 February 18, 2016, the Company granted 970,000 stock options to directors, officers, employees and consultants exercisable at $0.30 per share for a period of five years from date of issuance. Related paries received 550,000 stock options.