SOLARVEST BIOENERGY INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JANUARY 31, 2016.

The following discussion of financial performance and condition should be read in conjunction with the condensed consolidated financial statements of Solarvest BioEnergy Inc. (the "Company") for the year ended July 31, 2015 and 2014 and the notes thereto, that have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, which is the functional currency unless otherwise indicated. This report which is dated March 29, 2016 and the Company's other public filings can be reviewed on the SEDAR website (www.sedar.com).

This Management Discussion and Analysis ("MD&A") has been approved by the Board of Directors on March 29, 2016.

Forward-Looking Statements

This MD&A may contain statements regarding future events, results or outlooks that are considered "forward looking statements" within the meaning of securities regulation. These forward looking statements reflect the management's best judgment based on current facts or assumptions that management considers reasonable and include the words "anticipate", "believe", "could", "estimate", "expect', "intend", "may", "plan", "potential", "pursue", and similar expressions or variations of such words. Forward-looking statements contain significant risks and uncertainties. A number of circumstances could cause results to differ materially from the results discussed in the forward looking statements including, but not limited to, changes in general economic and market conditions, political issues, permitting, environmental, research and development success, continued availability of capital and other risk factors. Of significance, the Company requires funding to continue its operations and fund its research and development activities. The Company has established research and development goals, which may or may not be realized. The forward looking statements contained in this MD&A are based on what management believes to be reasonable assumptions; however, we cannot assure that the results will be compatible to the forward looking statements as management assumes no obligation to revise them to reflect new circumstances. No representation or warranty is intended with respect to anticipated future results, that estimates and projections will be sustained or that any project will otherwise prove to be economic. Historical information contained in this MD&A has been derived from information provided by certain third parties. The Company has no knowledge that would indicate the information is not true or incomplete and the Company assumes no responsibility for the accuracy and completeness of the information. Readers should not place reliance on forward-looking statements, which speak only of the date of the MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties elsewhere in this MD&A, actual events may differ materially from current expectations. More information concerning risks and uncertainties that may affect the Company's business is provided under "Business Risk" in this MD&A.

Description of Business

The Company was incorporated under the Business Corporations Act (British Columbia) on November 9, 2005.

The Company has three wholly owned subsidiaries, Phycobiologics (Europe) Limited ("Phyco Europe"), Phyco Hydrogen Inc. ("PHI"), and Solarvest (P.E.I.) Inc. ("PEI"). Phyco Europe was incorporated in July 2006 in Scotland. PHI was incorporated in July 2007 in the State of Delaware in the USA. PEI was incorporated in September 2009 in the Province of Prince Edward Island, Canada.

The principal business of the Company has been concentrated on the development of specially selected algal-based production systems to produce natural based 'green' commercial products for example nutritional products, oils and biologic therapies. This algal-based production system, can in the future, be modified to meet the Company's original long-term goal of sustainable production of hydrogen.

Having the flexibility to produce high value proteins, as well as a carbon neutral sustainable energy source using the same biological production system, will diversify the risk associated with the Company and increase significantly the short-term revenue potentials.

The Company has been developing a commercialization strategy that uses its algal-based production systems to meet the growing demand for an environmentally acceptable source of products that have near, mid and long term revenue potential.

- In the near term the Company is developing algae strains that are rich in DHA/EPA which are the most valuable forms of Omega 3 fatty acids for the food enhancement and Nutraceutical markets.
- In the mid-term the Company is developing algae strains that can be used to produce proteins with the first such target being a therapeutic that has use in human and animal orthopedic surgery.
- Long-term development plans include the commercialization of a genetically modified algae strain that can be used to produce hydrogen.

The Company continues to prosecute its patent portfolio and the Company's PCT (Patent Cooperation Treaty) filing(s) are in the national phase. The Company intends to further pursue the development and licensing of its intellectual property through the formation of strategic partnerships that will enable it to achieve its goals.

Research and Development Activities

The Company's research and development programs are designed with a number of near term and long-term possibilities for commercialization. These programs are focused on using algae to produce Omega 3 fatty acids and also to prodce valuable bio-actives. The Company operates research and development activities in a 5,000 square foot laboratory facility, located in Summerville, Prince Edward Island. In addition, the company is actively collaborating with experts at multiple research centers including, Université de Montréal, The University of New Brunswick and the National Research Council Institute for Nutrisciences and Health.

The Company has developed specific research programs with respect to each of its commercialization goals;

Near-term Goals

Omega 3's - Solarvest has developed algae strains that are individually rich in DHA and/or EPA, the most valuable forms of Omega 3 fatty acids. This market is forecast to grow, with the USA alone buying 7.9 billion in Omega 3 supplements and enhanced products. To date the primary source of Omega 3's are fish oils, which can be contaminated with heavy metals and PCBs and are not a sustainable source capable of meeting the anticipated growth / future demand. Algae can be used to produce Omega 3's sustainably, economically and chemical-free. Through its internal R&D program the company has developed a proprietary formulation for producing high Omega 3 algae that are 100% organic. This patent-pending technology will allow the Company to occupy an unsatisfied market segment for organic certified Omega 3's. The Company also leverages expertise from the National Research Council for Nutrisciences and Health to assist with the characterization of lipids and fatty acids in algae. The Company has been working primarily with one European organic manufacturing facility to produce quantities of its Omega 3's for testing consumer foods and supplements. The challenge for the Company has been to scale up pilot production results to production size equipment in a timely manner while utilizing a contract facility with their competing production requirements. The producer currently meets all regulatory requirements for organic food and natural ingredients. The Company's also has future plans to renovate an additional 8,000 square feet at its Summerville facility for the installation of manufacturing equipment for 'in-house' production of specialized organic certified omega 3 products.

The Company aims to custom produce organic chemical-free Omega 3's and other nutritional oils to meet customer specifications. The production of a high Omega 3 algal cream, powder and bulk algal oil for use in fortified foods and beverages and for the use of algal oil in a format suitable as a nutraceutical supplement is actively being pursued in Canada, Europe and the US. The Company's algal oil has been awarded a generally regarded as safe (GRAS) classification in the United States and an algal oil as a nutraceutical supplement has been approved for use in Canada. The company has received FDA NDI (New Dietary Ingredient) notification (approved for interstate trade) for its developed algae powder for use in nutraceuticals. Use as a food supplement is allowed, but a specific approval will be pursued to support marketing efforts. The Canadian and EU registrations are the next targeted markets. The regulatory pathway is clear, and a positive reply is expected but Solarvest is unable, at this point, to accurately predict (regulatory timeline) when the specific product registrations will be completed for these markets.

Solarvest has received a patent (published late in 2014) that will enable the Company to comply with EU organic and 100% USDA organic regulations. This innovation will further protect the Company's unique process for the production of a line of Omega 3 algal-based products. Solarvest intends to market a natural, premium, organic certified Omega 3 nutraceutical product(s) to food producers and grocery chains throughout North America, China and Europe.

Mid-term Goals

Alternate therapies - The Company is developing an algae platform that may be used to develop a bioactive therapeutic proteins. The company has demonstrated some success at producing BMP (Bone Morphogenetic Protein-2 and -7' (hrBMP-2 and -7) are applied during surgery to accelerate bone growth. The existing human market is $1 billion; however the current production process is complicated and involves numerous steps to process the product into an active protein - with the required three dimensional folding necessary for product effectiveness. Algae can be grown relatively quickly, in large quantities and may have the ability to simplify this process and naturally produce a protein with the necessary three dimensional shape and quality required. Algae as a protein production system also has the benefit of increased safety since algae harbor no known human pathogens. The Company could access the human therapeutic market by supplying active ingredients to pharmaceutical companies with licensed products. The reduced cost of an effective product could increase market reach as well as open up the veterinary market.

Long-term Goals

Hydrogen Production - Solarvest has patents pending for the biological splitting of water by microalgae into its component parts - Hydrogen and Oxygen gases. Algae perform this process using only water and sunlight both inexpensive inputs fuelled by carbon dioxide, CO_2. This active research program has led to the development of a genetically modified algae strain that continuously produces six times more hydrogen per alga cell as compared to wild-type cells under laboratory conditions. For Solarvest to be successful the challenge is to be able to enhance the algae to produce levels of hydrogen that are commercially significant with the infrastructure required for growth and containment.

In partnership with Dr. Patrick C. Hallenbeck's laboratory at Université de Montréal, Solarvest completed an NSERC Engage-funded project in December 2013, the "**Molecular characterization of Solarvest H2 (hydrogen) producing algal strain for the development of targets for strain and process improvement"**. Dr. Hallenbeck's group was able to demonstrate that the Solarvest modified strain of microalgae produced six times more hydrogen per cell as compared to the industry standard wild-type strain. In addition, the Solarvest strain demonstrated continuous hydrogen production; producing hydrogen ten times longer when compared to the industry standard wild-type microalgae even though the laboratory growth conditions were less than optimal. Solarvest will continue to support this collaboration with Dr. Hallenbeck who was recently awarded an NSERC Engage Plus Grant to continue this work. Dr. Hallenbeck's group will investigate the impact of light cycles and variations of growth modes and growth media on hydrogen productivity. This work with further define specific operational conditions that will enhance hydrogen production in Solarvest's proprietary algal strain of *Chlamydomonas reinhardtii* and to identify key molecules that are involved in regulating increased hydrogen production.

In partnership with Dr. Sean McGrady at the University of New Brunswick, Solarvest is working on the "Purification and trapping of Bio-hydrogen". The project is funded in part by and NSERC Engage and MITACS is focused on developing a hydrogen purification system that can be used to quantify and store bio-hydrogen released by algae strains.

The industrial demand for hydrogen is substantial and the use as a clean fuel will greatly increase with the launch and public acceptance of fuel cell automobiles. Hydrogen can be burned or used in a fuel cell and releases heat energy and water as its only byproduct. The Company will continue to seek out funding and synergistic partners to support and further this work.

Facilities

On January 1, 2013, the Company leased new premises, located in Summerville, PEI, to further its research and at the same time to provide a core facility to develop and test the algal production of Omega 3 nutritional oils. Following a $400,000 investment in infrastructure upgrades, the facility now houses approximately 5,000 square feet of office space on the second floor, 5,000 square feet of research labs and development area and an additional 5,000 square feet of production and quality control areas. The first floor work areas have been separated to ensure separation of research and production. The west end of the building contains the research labs and development areas which, in addition to the structural improvements, have been equipped with new ventilation, chemical fume hoods, biological safety cabinets, steam sterilization equipment and areas dedicated to molecular, imaging and Omega 3 oil analysis. The production areas separated by controlled access hallways include labs for media preparation, sterilization and quality control testing. Located within this area are also the algal seed collection and seed preparation labs for the algae strains required to produce the Omega 3 oils. These areas are all accessible off the main production area, and airlocks to prevent transmission of contaminants handle transition between these sections.

The future production area will house the fermentation, dewatering and packaging equipment to produce an Omega 3 algae product. Solarvest was awarded a Federal Government ACOA BDP capital loan in September of 2012 to assist in their acquisition of production scale equipment. This 50% funding was withdrawn due to the company re-allotting the funds to implement a contract manufacturing program. Solarvest will reapply at the appropriate time post product launch or when funds

are available for in-house production. This production site is designed to facilitate the manufacture of nutraceuticals as per Good Manufacturing Practices (GMPs) and had been designed to accommodate FDA regulations. In addition Hazard Analysis Critical Control Points (HACCP) will be implemented for Omega 3 production for foods and Good Laboratory Practices (GLPs) will be implemented in research and development processes. Completion of this facility will depend upon sufficient funds being raised by the company.

To augment the Summerville facility while the production area is being completed and to decrease the time to market, Solarvest has made arrangements with European manufacturers to produce sample batches of Solarvest's Omega 3 product and to scale-up its process to commercial production levels. The Company has in hand production protocols that yield commercial quantiles of its product and is procuring a production schedule at its preferred commercial manufacturing site in Germany. This production could commence in the near future at this facility that has ISO and organic certifications in place.

Intellectual Property

The Intellectual property consists of worldwide exclusive rights, subject to limited exceptions, to a unique Inducible Chloroplast Gene Expression System patent. Solarvest has previously disclosed that the European patent office will allow the claims of Solarvest's European "System, Method and Device for the Expression or Repression of Proteins" patent application and they intend to grant the patent. The patent office in Korea has issued a similar approval. This is a significant milestone in Solarvest's patent portfolio due to the fact that this patent covers many areas of production (expression) of bioactive therapeutics. The substantial scope of potential products include proteins, antigens, and antibiotic like molecules as well as the company's clean hydrogen production technology. This provides the company the approvals required to expand programs of protein expression and clean H2 production.

The Company also previously announced that it has purchased worldwide rights to certain patents and patent applications from Kohilo Bio Inc. This acquisition will strengthen and diversify Solarvest's existing patent portfolio and will enable it to operate unimpeded in several global markets. In particular, this acquisition gives Solarvest complete worldwide rights (previously shared rights) to the Algae Technology Patent (System Method Patent- noted in the above paragraph) that it previously licensed as a part of its Qualifying Transaction in 2008. This Algae Technology Patent particularly adds strength to Solarvest's position as it relates to the creation of products by manipulating cell processes in algae -environmental bioremediation, and animal and human health products. The Company will focus on using its unique algae strains as a 'biological manufacturing platform' to produce a diverse products ranging from vaccines and bioactive proteins to enzymes.

It should be noted that, as our PCT patents move on to their national applications the company with continue to spend increasing funds for this coverage.

Overall Performance

The Company incurred a net loss of $710,987 for the six months ended January 31, 2016 compared to $682,099 for the comparative period of the prior year.

At January 31, 2016, the Company had $16,699 (July 31, 2015 -$3) in cash. Working capital deficiency at January 31, 2016 was $1,403,229 (July 31, 2015 - $1,000,963).

Selected Financial Data

The following financial data are selected financial information as at July 31, 2015, July 31, 2014 and July 31, 2013 respectively.

	July 31, 2015	July 31, 2014	July 31, 2013
Total Revenues	$Nil	$Nil	$Nil
Net income (loss) for the year	(1,483,788)	(951,174)	(692,322)
Total assets	1,078,931	1,341,273	1,229,998
Total long term liabilities	126,000	69,577	35,292
Shareholders' equity (deficiency)	(77,562)	578,303	429,752

Summary of Quarterly Results

	Three month period ended January 31, 2016	Three month period ended October 31, 2015	Three month period ended July 31, 2015	Three month period ended April 30, 2015
Total assets	$1,034,329	$1,051,290	$1,078,931	$1,199,487
Working capital (deficiency)	(1,403,229)	(1,251,371)	(1,000,963)	(734,196)
Shareholders' equity (deficiency)	(577,600)	(377,154)	(77,562)	202,555
Revenues	-	-	-	-
Net Income (Loss)	(404,379)	(306,608)	(394,616)	(407,072)
Income (Loss) per share	(0.02)	(0.01)	(0.02)	(0.02)

	Three month period ended January 31, 2015	Three month period ended October 31, 2014	Three month period ended July 31, 2014	Three month period ended April 30, 2014
Total assets	$1,300,085	$1,629,538	$1,341,273	$1,546,938
Working capital (deficiency)	(474,599)	(196,663)	(435,979)	(194,948)
Shareholders' equity	550,354	867,591	578,303	871,838
Revenues	14,622	16,444	1,675	-
Net Loss	(417,237)	(264,862)	(382,075)	(218,630)
Loss per share	(0.02)	(0.01)	(0.02)	(0.02)

Summary and review of operations

For the six months ended January 31, 2016

	2016 $	2015 $
Revenue	-	-
Expenses		
Research and development	346,638	501,097
Professional fees	198,550	99,148
Interest expense	3,025	3,025
Stock based compensation	10,524	-
Insurance	14,991	12,523
Rent and utilities	47,400	45,909
Travel	4,582	15,859
Foreign exchange loss	(89)	(5,696)
Amortization	104,374	108,301
Gain on sales of asset	(16,603)	-
Other operating expenses	59,554	38,244
	772,946	818,410
Recovery of R & D	(61,959)	(136,311)
	710,987	682,099
Net loss and comprehensive loss	(710,987)	(682,099)

The Company made a net loss of $710,987 (2015 – $682,099) during the six months ended January 31, 2016, comparison of which are made on some of the following items:

Research and development cost of $346,638 (2015 - $501,097), a breakdown is provided below under “Research and development costs”.

Professional fees of $198,550 (2014 - $99,148) consisting of auditing, consulting and legal expenses. The increase of $99,402 were mainly for fees relating to patent application and expenses which includes the hiring of a patent agent on a retainer basis.

Interest expense of $3,025 (2015 - $3,025) relates to interest accrued on the promissory note payable.

The Company granted 300,000 stock options to a consultant at an exercise price of $0.40 per with an expiry date of 18 months from date of issuance and is vested quarterly at the rate of 75,000 stock options per quarter. The value ascribe 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 calculating such value.

Insurance expense of $14,991 (2015 - $12,523) relates to directors and officers liability insurance and insurance for contents.

Rent and utilities of $47,400 (2015 - $45,909).

Travel expenses of $4,582 (2015 - $15,859).

Amortization of $104,374 (2015 - $108,301) is recorded on the research and development equipment and other capital assets (including intellectual property).

Other operating expense $59,554 (2015 - $38,244). The increase in expenses is due to expenses incurred for advisory services which were paid for through the issuance of 101,700 common shares at $0.25 per share, valued at $25,425.

During the six months ended January 31, 2016, the Company recovered $61,959 (2015 - $136,311) on research and development costs the Company had incurred which qualifies for ACOA funding.

For the three months ended January 31, 2016

	2016 $	2015 $
Revenue	-	-
Expenses		
Research and development	185,237	280,238
Professional fees	129,950	53,235
Interest expense	1,512	1,513
Stock based compensation	3,508	-
Insurance	7,580	6,294
Rent and utilities	25,124	25,355
Travel	4,300	8,338
Foreign exchange loss	(82)	(5,523)
Amortization	52,187	54,531
Gain on sales of asset		-
Other operating expenses	52,327	18,675
	461,643	442,656
Recovery of R & D	(57,264)	(25,419)
	404,379	417,237
Net loss and comprehensive loss	(404,379)	(417,237)

The Company made a net loss of $404,379 (2016 – $417,237) during the three months ended January 31, 2016, comparison of which are made on some of the following items:

The operating expenses during the three months ended January 31, 2016 are consistent with the operating expenses for the comparative period except for three main categories:

1. Research and Development is reduced as a resultant of funding constraints
2. Professional fees increase is due to application and registration of patents
3 Other operating expenses includes an item paid during the three months ended January 31, 2016 for advisory fees which were paid for through the issuance of 101,700 common shares at $0.25 per share, valued at $25,425.

Research and Development Costs

For the six months ended January 31, 2016, research and development costs expended is appended below:

For the six months ended January 31,	2016	2015
Wages and benefits	$290,238	$294,734
Consulting	5,794	45,970
Contracted services	21,669	50,726
Small tools and consumables	16,824	93,562
Repairs and maintenance	7,091	13,517
Freight and shipping	5,022	2,587
Total	$346,638	$501,097

Recovery of Research and Development Expenses

The costs, which are reported on the financial statements as "Research and Development", do not include all eligible costs (such as various office, equipment, and other such costs) eligible for recovery. These other costs are recorded elsewhere in the financial statements but are included in the rebate calculation. Additionally, the actual rebate in any given period may vary from the figure estimated and accrued by management. Any such variance would be reflected in the period in which it was realized.

Impairment of Intellectual Property

Management test for impairment annually, at which time Management takes into account the following:

i. The Intellectual Property reflects fair value and is the original historical costs upon acquisition less amounts amortized to date. Subsequent costs incurred with the enhancements of the intellectual property were written off. The Intellectual Property represents the most significant asset of the Company and one upon which the Company's business plan has been developed. The Company could look to the market value of the Company to gauge its value. Based on a share price range of $0.10 – 0.30, the value would be in excess of $1 million dollars.
ii. The development milestones with respect to the technology have been successfully achieved to date.
iii. Intellectual property is amortized over a 20-year life on a straight-line basis.

As at January 31, 2016, management had determined that there was no impairment to the Company's intellectual property.

Liquidity and Capital Resources

On November 17, 2015, the Company closed a non-brokered private placement pursuant to which an investor purchased from the Company 400,000 units at a price of $0.25 cents per unit for gross proceeds of $100,000. Each unit consists of one common share and one warrant. Each warrant is exercisable for one common share at $0.35 per share for a period of 18 months from closing and includes 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.

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.

In addition to seeking capital through private placement, the Company actively pursues Governmental programs through grants and subsidy to fund its research program. The Company will require approximately $1,500,000 in funding for working capital within the next 12 months based on budgeted work programs and is estimated as follows:

Operating expenses	$1,400,000
Equipment purchases	200,000
	$1,600,000
Estimated receipts from grants and loans	(130,000)
	$1,470,000
Estimated funding required – say	$1,500,000

Should funding requirements from private placements or from other funding sources not materialized, the Company will have to curtail its research activities and other developmental programs.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able 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 raise 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)

Six months ended January 31, 2016

Net cash during the six months ended January 31, 2016 increased by $16,696 compared to a use of $77,864 for the comparative prior period and is attributed to the following:

Cash used in operating activities for the six months ended January 31, 2016 was $168,304 compared to $513,042 for the comparative period.

During the six months ended January 31, 2016, cash from investing activities were proceeds of $17,200 from sale of equipment. For the comparative period, $41,940 was incurred for equipment purchases and $7,032 were for leasehold improvements.

During the six months ended January 31, 2016, the Company closed two non-brokered private placement of 700,000 Units at a price of $0.25 per unit for gross proceeds of $175,000. Each unit consists of one common share and one warrant. Each 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.

The Company also paid down its capital improvements loan aggregating $7,200.

For the comparative period the Company closed a private placements and raised net proceeds of $484,150 through the issuance of 2,000,000 common shares, 1,000,000 share purchase warrants and 63,000 finder's warrants.

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 Gerri Greenham, President & CEO of the Company for short-term cash requirements.

b) Accrued interest of $3,025 (2015:- $3,025) due on the promissory note held by Gerri Greenham, President & CEO of the Company.

c) Incurred and accrued $17,182 (2015:- $31,139) of legal fees to Cawkell Brodie LLP, a legal firm where a principal Kenneth Cawkell is a director of the Company.

d) Gerri Greenham, President & CEO 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) The Company accrued $12,000 (2015:- $12,000) to Joseph Heng, the CFO for services rendered to the Company.

Included in accounts payable and accrued liabilities is $160,064 (July 31, 2015:- $144,224) due to Cawkell Brodie LLP, a Company controlled by a director.

Due to a related party in the amount of $606,998 (July 31, 2015: - $352,403) and promissory note payable of $139,353 (July 31, 2015 - $136,328) is due to Gerri Greenham, President of the Company.

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.

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 grant subsidy from the ACOA.

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 deposits 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 risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations and administrative expenses in United States by using the 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.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at January 31, 2016.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as at March 29, 2016:

	Number of shares Issued or issuable
Common shares issued	21,580,216
Options	1,340,000
Common shares issuable under Milestone Agreements	500,000
Warrants	3,121,940

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework that has been used is the COSO framework. There were no changes in the Company's ICFR that occurred during the year that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional Information

Additional information related to the Company is available for view on SEDAR at www.sedar.com and at the Company's website at www.solarvest.ca.

Business Risks

As at January 31, 2016, the principal business of the Company is the development of its algal-based production system to produce natural based 'green' commercial products. There are a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include successfully completing the Company's research and development programs including product development, scale up and product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Regulatory risks include the possible delays in getting the required regulatory approvals to the products the Company produces, and includes increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet.

In addition to the risks mentioned above, there are additional risks associated with the biotechnology sector and the operation of the business as follows:

- The ongoing development of the Company's business will require significant financial resources, and there is no assurance that future revenues, if any, will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its research and development efforts, forego certain business opportunities or discontinue its business.

- The Company will require additional financing and there is no assurance that the Company will be able to obtain additional financing on reasonable terms or at all. The only sources of future funds presently available to the Company are debt financing, the sale of equity capital or the offering by the Company of an interest in its business. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Company to reduce or terminate its operations. The sale of equity capital could result in a substantial dilution of the equity interests of the Company's shareholders.

- The Company has no history of earnings and there can be no assurance that the Company will be profitable.

- The biotechnology industry involves a substantial degree of risk, which a combination of experience, knowledge and careful evaluation may not be able to overcome. Shareholders of the Company must rely on the ability, expertise, judgment, direction and integrity of the management of the Company. The success of the Company is currently largely dependent on the performance of its directors, officers and consultants. The loss of the services of any of these persons could have a material adverse effect on the Company's business and prospects. There is no assurance the Company will be able to maintain the services of its directors, officers or other qualified personnel required to operate its business.

- There are inherent risks associated with the production of products proposed to be marketed by the Company. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

- The Company's success will depend in significant part on its ability to obtain patent protection for its technology in the United States and in other countries, and to enforce these patents. There can be no assurance that any of patent claims contained in the Company's non-provisional and provisional patent applications for its technology will result in the issue of patents or that any such patent claims will be valid and enforceable against third-party claims of infringement, or that the Company's products will not infringe any third-party patent or intellectual property. Moreover, any patent claims relating to the technology may not be sufficiently broad to protect the Company's products. In addition, issued patent claims may be challenged, invalidated or circumvented. The Company's patent claims may not afford it protection against competitors with similar technology or permit the commercialization of its products without infringing third-party patents or other intellectual property rights.

- The Company's success also depends on it not infringing patents issued to competitors or others. The Company may become aware of patents and patent applications belonging to competitors and others that could require it to alter its technologies. Such alterations could be time consuming and costly. The Company may not be able to obtain a license to technology owned by or licensed to a third party that it requires in order to manufacture or market one or more products.

- Valid claims for patent infringement may also be prohibitively expensive to prosecute. Conversely, a frivolous claim filed against the Company may be financially impossible to defend.

- The future operations of the Company may require permits from various federal, state, provincial and local governmental authorities. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to carry on the Company's business.

- The biotechnology industry is intensely competitive in all its phases. The Company will compete for contracts for the sale of its products, as well as for the recruitment and retention of qualified employees with other companies, which may possess greater financial resources and technical facilities than the Company. That competition could have an adverse effect on the Company's ability to profitably carry on its business in the future.

- If additional financing is raised by the issuance of shares from the treasury of the Company, shareholders may suffer additional dilution.

- For the foreseeable future, the Company is expected to follow a policy of retaining earnings, if any, in order to finance further development and expansion. The payment of dividends is within the discretion of the board of directors of the Company and will depend on the earnings, if any, financial requirements and the operating and financial condition of the Company, among other factors.

- Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

- As the shares of the Company will be listed on the Exchange, factors such as announcements of periodic variations in operating results, or new actions by competitors of the Company, as well as market conditions in the biotech industry, may have a significant impact on the market price of the shares of the Company. In addition, the world stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operations of particular companies. In addition, there can be no assurance that an active public market will develop or be sustained for the shares of the Company. The market price of the shares of the Company could be subject to significant fluctuations in response to operating results of the Company, changes in financial estimates by securities analysts or other events or factors, many of which will be beyond the Company's control.

- The Company maintains its accounts in Canadian currency. The Company may incur expenses in foreign currencies, and as a consequence may be subject to foreign currency fluctuations. Such fluctuations may materially affect its financial position and results. The Company does not, and the Company is not expected to, engage in currency hedging activities.

Outlook

The Company's primary focus for the foreseeable future will be on the procurement of production for the commercialization of its high omega-3 algae products and should funds allow, maintaining its research and development activities.