SOLARVEST BIOENERGY INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JANUARY 31, 2015.

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, 2014 and 2013 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 20, 2015 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 20, 2015.

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 fund its research and development in addition to successful completion of future private placements. The Company has also 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 systems 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 demands 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.
- 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 Patent Cooperation Treaty filing is 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 based on harvesting valuable bio-actives and natural resource potential from algae. 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 Ottawa, 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 or EPA, the most valuable forms of Omega 3 fatty acids. This $13 billion market is forecast to grow to $15 billion by 2015, 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 algae high Omega 3 that can be certified 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. In addition the NRC will assist the Company with training of personnel for technology transfer to a quality assurance program for lipid characterization in final product formulations. The Company has been working with two European manufactures to produce scalable quantities of its Omega 3's for testing consumer foods and supplements. The Company's also has 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 challenge for the company has been to scale up pilot size results to production size equipment and meet all regulatory requirements for food and natural ingredient specifications. Ultimately the Company aims to custom produce an organic chemical-free Omega 3's and other nutritional oils to meet customer specifications. This work is being funded in part by the Atlantic Canada Opportunities Agency's Atlantic Innovation Fund.

The production of a high Omega-3 algal paste and bulk algal oil for use in fortified foods and beverages and for the use of algal oil in a format for use as a nutraceutical supplement is actively being pursued in Canada, Europe and the US. Algal oil has been awarded a generally regarded as safe (GRAS) classification in the United States and an algal oil nutraceutical supplement has been approved for use in Canada. While the regulatory pathway is clear, Solarvest is unable at this point to accurately predict when the specific product registrations will be completed.

Solarvest has submitted a patent application 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 strain that can be used to develop a bioactive therapeutic used in orthopedic surgery. Traditionally, '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 have the natural ability to simplify this process and produce a protein with the necessary three dimensional shape and quality required. Additionally, the Company could access the human therapeutic market by supplying active ingredients to companies with licensed products. A cost effective product would also open up the veterinary market.

Internal Research and Development activities for producing bio-actives in algae are being funded in part by the NRC Industrial Research Assistance Program (IRAP). In addition this project is supported in part by the NSERC Industrial Postgraduate Scholarships Program (IPS). The project - **"Expression of recombinant proteins in *Chlamydomonas reinhardtii* (algae) using a unique fusion system"** is in partnership with Dr. Illimar Altosaar's laboratory at the University of Ottawa. The project will study a method of expression with the objective of developing a process that will enable the efficient and cost effective purification of recombinant therapeutic proteins from algae.

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 demand for hydrogen 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 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 main production area will house the fermentation, dewatering and packaging equipment to produce an Omega-3 algae paste. Solarvest was awarded a Federal Government ACOA BDP capital loan in September of 2012 to assist in their acquisition of production scale equipment. This program provides Solarvest with 50% of the capital equipment costs up to a project maximum of $789,500. This production site is designed to facilitate the manufacture of nutraceuticals as per Good Manufacturing Practices (GMPs). In addition Hazard Analysis Critical Control Points (HACCP) will be implemented for Omega3 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 and receiving regulatory approval.

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. If the scale-up of its product is successful, commercial manufacturing could commence in Germany in the near future at a facility with 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 recently 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 products covered 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 H2 production.

The Company also recently announces 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.

Overall Performance

The Company incurred a net loss of $682,099 for the six months ended January 31, 2015 compared to $350,469 for the comparative period of the prior year.

At January 31, 2015, the Company had $70,631 (July 31, 2014 - $148,495) in cash. Working capital deficiency at October 31, 2014 was $474,599 (July 31, 2014 - $435,979).

Selected Financial Data

The following financial data are selected financial information as at July 31, 2014, July 31, 2013 and July 31, 2012 respectively.

	July 31, 2014	July 31, 2013	July 31, 2012
Total Revenues	$1,675	$Nil	$Nil
Net income (loss) for the year	(951,174)	(692,322)	(326,372)
Total assets	1,341,273	1,229,998	886,676
Total long term liabilities	69,577	35,292	Nil
Shareholders' equity	578,303	429,752	382,074

Other Events and Transactions

Atlantic Innovation Fund

The Company signed an agreement with the Atlantic Canada Opportunities Agency (ACOA). The Company continues to be eligible to receive, subject to certain conditions, approximately $1.9 million in funding under the Atlantic Innovation Fund for the purpose of implementing a $3.3 million research and development project to develop dietary oils for the aquaculture industry using algae. Under the terms of this prospective funding agreement, the project will be conducted in Prince Edward Island and Nova Scotia, and the Company will be expected to finance, through debt or equity, the balance of the project costs estimated at approximately $1.4 million over the four-year life of the project. Work on the project has begun and costs incurred to date will be eligible for support under the program. As at January 31, 2015, the Company has substantially received all of the allocated funding from ACOA.

Under the terms of the agreement, these funds are contingently repayable on a royalty basis of 5% of gross revenue from the above project beginning March 31, 2015.

Business Development Program

In November 2010, the Government of Canada through its ACOA Business Development Program extended additional funding to the Company aggregating approximately $378,000 to assist the Company further its research program in pursuing an alternative new source of renewable energy by generating hydrogen through algae production. The Company's share of cost for the research program is $235,000. As at January 31, 2015, the Company has substantially received all of the allocated funding from ACOA.

Under the terms of the agreement, these funds are contingently repayable on a royalty basis of 2.5% of gross revenue from the above project beginning March 31, 2015.

Summary of Quarterly Results

	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 Income (Loss)	(417,237)	(264,862)	(382,075)	(218,630)
Income (Loss) per share	(0.02)	(0.01)	(0.02)	(0.02)

	Three month period ended January 31, 2014	Three month period ended October 31, 2013	Three month period ended July 31, 2013	Three month period ended April 30, 2013
Total assets	$1,294,418	$1,398,359	$1,229,998	$1,026,387
Working capital (deficiency)	(357,150)	(279,697)	(594,103)	(372,062)
Shareholders' equity	669,283	762,362	429,752	392,603
Revenues	-	-	-	-
Net Loss	(183,079)	(167,390)	(302,851)	(152,594)
Loss per share	(0.01)	(0.01)	(0.03)	(0.01)

Summary and review of operations

For the six months ended January 31, 2015

	Six months ended January 31,	
	2015	**2014**
	$	$
Revenue	31,066	-
Expenses		
Research and development	532,162	380,148
Professional fees	99,148	73,354
Interest expense	3,025	3,770
Insurance	12,523	12,374
Rent and utilities	45,909	39,875
Travel	15,859	7,593
Foreign exchange loss	(5,696)	6,143
Amortization	108,301	78,941
Other operating expenses	38,345	35,004
	849,476	637,202
Recovery of R & D	(136,311)	(286,733)
	713,165	350,469
Net loss and comprehensive loss	(682,099)	(350,469)

The Company made a net loss of $682,099 (2014 – $350,469) during the six months ended January 31, 2015, comparison of which are made on some of the following items:

Research and development cost of $532,162 (2014 - $380,148), a breakdown is provided below under “Research and development costs”.

Professional fees of $99,148 (2014 - $73,354) consisting of auditing, consulting and legal expenses. The increase of $25,794 results mainly from increase in legal fees, fees relating to patent expenses and the hiring of a patent agent on a retainer basis.

Interest expense of $3,025 (2014 - $3,770) relates to interest accrued on the promissory note payable. Prior year interest charges include interest on a loan from “Finance PEI”.

Insurance expense of $12,523 (2014 - $12,374) relates to directors and officers liability insurance and insurance for contents.

Rent and utilities of $45,909 (2014 - $39,875).

Travel expenses of $15,859 (2014 - $7,593).

Amortization of $108,301 (2014 - $78,941) is recorded on the research and development equipment and other capital assets (including intellectual property). The increase in expenses reflect additional equipment purchased for the new location and also from leasehold improvements additions.

During the six months ended January 31, 2015, the Company received funding from ACOA aggregating $136,311 (2014 - $286,733) on research and development costs the Company had incurred which qualifies for ACOA funding.

For the three months ended January 31, 2015

	Three months ended January 31,	
	2015	**2014**
	$	$
Revenue	14,622	-
Expenses		
Research and development	294,860	229,523
Professional fees	53,235	31,114
Interest expense	1,513	1,827
Insurance	6,294	6,229
Rent and utilities	25,355	22,116
Travel	8,338	4,185
Foreign exchange loss	(5,523)	3,518
Amortization	54,531	31,418
Other operating expenses	18,675	18,201
	452,278	348,131
Recovery of R & D	(25,419)	(165,052)
	431,859	183,079
Net loss and comprehensive loss	(417,237)	(183,079)

The Company made a net loss of $417,237 (2014 – $183,079) during the three months ended January 31, 2015, comparison of which are made on some of the following items:

Research and development cost of $294,860 (2014 - $229,523), a breakdown is provided below under “Research and development costs”.

Professional fees of $53,235 (2014 - $31,114) consisting of auditing, consulting and legal expenses. The increase of $21,121 results mainly from increase in legal fees, fees relating to patent expenses and the hiring of a patent agent on a retainer basis.

Interest expense of $1,513 (2014 - $1,827) relates to interest accrued on the promissory note payable. Prior year interest charges include interest on a loan from “Finance PEI”.

Insurance expense of $6,294 (2014 - $6,229) relates to directors and officers liability insurance and insurance for contents.

Rent and utilities of $25,355 (2014 - $22,116).

Travel expenses of $8,338 (2014 - $4,185).

Amortization of $54,531 (2014 - $31,418) is recorded on the research and development equipment and other capital assets (including intellectual property). The increase in expenses reflect additional equipment purchased for the new location and also from leasehold improvements additions.

During the three months ended January 31, 2015, the Company received funding from ACOA aggregating $25,419 (2014 - $165,052) on research and development costs the Company had incurred which qualifies for ACOA funding.

Research and Development Costs

For the six months ended January 31, 2015, research and development costs expended is appended below:

For the six months ended January 31,	2015	2014
Wages and benefits	$294,734	$211,850
Consulting	45,970	42,305
Contracted services	50,726	34,834
Small tools and consumables	124,627	77,276
Repairs and maintenance	13,517	12,068
Freight and shipping	2,587	1,815
Total	$532,162	$380,148

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, 2015, management had determined that there was no impairment to the Company's intellectual property.

Liquidity and Capital Resources

On October 15, 2014, the Company closed a private placement through the issuance of 2,000,000 units at $0.25 per unit for gross proceeds of $500,000. Each unit consists of 1 common share and 1 share purchase warrant. Each warrant is exercisable for $0.35 per share for a period of 18 months from the date of issuance. In connection with the private placement, the Company issued 63,000 finder's warrants.

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, 2015	July 31, 2014
Working capital (deficiency)	$ (474,599)	$ (435,979)
Deficit	(3,927,593)	(3,245,494)

Six months ended January 31, 2015

Net cash during the six months ended January 31, 2015 decreased by $77,864 compared to $7,501 for the comparative prior period and is attributed to the following:

Cash used in operating activities for the six months ended January 31, 2015 was $513,042 compared to $455,786 for the comparative period.

Net cash used for investing activities for the six months ended January 31, 2015 was for purchase of equipment in the amount of $41,940 and $7,032 were additions to leasehold improvements. For the comparative period, $13,486 was incurred for equipment purchases and $68,032 for leasehold improvements respectively.

The Company closed a private placements and raised net proceeds of $484,150 through the issuance of 2,000,000 units at $0.25 per unit. Each unit consists of one common share and one share purchase warrant exercisable at $0.35 per share for a period of 18 months from date of issuance. In addition, the Company issued 63,000 finder's warrants. For the comparative period, 1,700,000 units were issued at a price of $0.25 per unit and 700,000 common shares were issued at prices between $0.25 to $0.30 for proceeds of $590,000. The Company also re-paid loan advances to "Finance P.E.I" aggregating $60,197.

Related Party Transactions

The Company entered into the following transactions with related parties during the six months ended January 31, 2015:

a) Received advances of $20,000 (2014:- $10,000) from Gerri Greenham, President & CEO of the Company for short-term cash requirements.

b) Accrued interest of $3,025 (2014:- $3,025) due on the promissory note held by Gerri Greenham, President & CEO of the Company.

c) Incurred and accrued $31,139 (2014:- $25,846) 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 1,200,000 units (2014:- 700,000 common shares and 200,000 units) of the Company in connection with the private placements for proceeds of $300,000 (2014:- $240,000).

e) The Company paid $12,000 (2014:- $12,000) to Joseph Heng, the CFO for services rendered to the Company.

f) On August 6, 2014, the Company purchase the worldwide rights to certain patents and patent applications from Kohilo Bio Inc. ("Kohilo"). The total purchase price of $102,643 was 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. Kohilo is a company controlled by Garth Greenham, Chief Operating Office of the Company and Mike Horne, a director of Phyco Europe.

g) 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 Cawbro Holdings Ltd. (a private holding company for the partners of Cawkell Brodie LLP) with respect to legal services performed in fiscal years ended July 31, 2009 and 2010.

Included in accounts payable and accrued liabilities is $136,960 (July 31, 2014:- $222,068) due to Cawkell Brodie LLP, 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.

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, 2015, the Company had cash of $70,631 and is insufficient to settle current liabilities of $680,154, 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, 2015.

Outstanding Share Data

The following table summarizes the Company's outstanding share data as at March 20, 2015:

	Number of shares Issued or issuable
Common shares issued	19,978,516
Options	670,000
Common shares issuable under Milestone Agreements	500,000
Warrants	3,760,533

Subsequent event - vesting of stock options

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.

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, 2015, 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 maintaining its research and development activities to the extent available cash resources permit.