Condensed Consolidated Financial Statements

SOLARVEST BIOENERGY INC.

April 30, 2015

(expressed in Canadian dollars)

(Unaudited)

Responsibility for Condensed Consolidated Interim Financial Statements

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

The auditor of Solarvest BioEnergy Inc. has not performed a review of the unaudited condensed interim financial statements for the nine months ended April 30, 2015.

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

	April 30 **2015** **(Unaudited)**	July 31 **2014** (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 21,613	$ 148,495
Receivables	103,172	93,331
Prepaid expenses	8,351	15,588
	133,136	257,414
Capital Assets (Note 4)	741,421	811,817
Intellectual Property (Note 5)	324,930	272,042
Total Assets	$ 1,199,487	$ 1,341,273
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 459,713	$ 398,228
Due to related party (Note 15)	258,403	148,403
Promissory note payable (Note 6)	134,816	130,312
Current portion of long term debt (Note 7)	14,400	16,450
	867,332	693,393
Long term debt (Note 7)	129,600	69,577
Shareholders' Equity		
Share Capital (Note 8)	4,182,044	3,542,127
Contributed surplus (Note 9)	131,861	128,353
Warrants (Note 10)	223,315	153,317
Deficit	(4,334,665)	(3,245,494)
	202,555	578,303
Total Equity and Liabilities	$ 1,199,487	$ 1,341,273

See accompanying notes to the financial statements

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

	Three months ended April 30		Nine months ended April 30	
	2015	**2014**	**2015**	**2014**
Revenue	$ -	$ -	$ 31,066	$ -
Expenses				
Amortization	56,256	$ 34,559	$ 164,557	$ 113,500
Insurance	6,294	6,229	18,817	18,603
Interest expense	1,479	1,406	4,504	5,176
Licence fees	-	5,000	530	5,000
Office and general	8,551	10,307	26,635	29,962
Professional fees	41,259	45,038	140,407	118,392
Registration and filing fees	6,995	9,150	17,339	16,325
Rent and utilities	21,788	22,730	67,697	62,605
Research and development (Note 16)	304,763	220,237	836,925	600,385
Shareholder costs	831	1,390	5,823	5,016
Transfer agent	1,713	2,251	6,008	6,799
Travel	6,285	5,636	22,144	13,229
Foreign exchange loss	(512)	4,165	(6,208)	10,308
Stock based compensation	3,508	-	3,508	-
	459,210	368,098	1,308,686	1,005,300
Recovery of research and development expenses (Note 16)	(52,138)	(149,468)	(188,449)	(436,201)
	407,072	218,630	1,120,237	569,099
Net Loss before other comprehensive loss	(407,072)	$ (218,630)	$ (1,089,171)	$ (569,099)
Basic and diluted loss per share (note 12)	(0.02)	(0.01)	$ (0.06)	$ (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 nine months ended April 30,	2015	2014
Operating Activities		
Income (Loss) from operations	$(1,089,171)	$ (569,099)
Adjustments to reconcile net loss from operating activities		
Amortization	164,557	113,500
Shares for debt settlelement	100,000	-
Interest on promissory note	4,504	4,504
Stock based compensation	3,508	-
Changes in non-cash working capital items		
(Increase) decrease in receivables	(9,841)	(139,124)
(Increase) decrease in prepaid expenses	7,237	(52,331)
Increase (decrease) in accounts payable and accrued liabilities	61,485	(145,189)
Increase in due to related party	110,000	25,000
	(647,721)	(762,739)
Investing Activities		
Acquistion of equipment	(41,940)	(60,021)
Additions to leasehold improvements	(35,109)	(147,144)
Additions to intellectual property	-	-
	(77,049)	(207,165)
Financing Activities		
Proceeds from issuance of capital stock	539,915	1,011,185
Capital Improvements Loan	57,973	(9,462)
	597,888	1,001,723
Net change in cash	(126,882)	31,819
Cash, beginning of period	148,495	68,378
Cash, end of period	$ 21,613	$ 100,197
Non-cash transactions		
Shares issued for Kohilo's patent rights	$ 70,000	$ -
Shares for debt settlemet	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, 2012	9,986,137	1,855,719	128,353	-	(1,601,998)	382,074
Private placement	2,000,000	400,000	-	-	-	400,000
Total comprehensive loss for the period	-	-	-	-	(389,471)	(389,471)
Balance, April 30, 2013	11,986,137	2,255,719	128,353	-	(1,991,469)	392,603
Private placement	1,300,000	340,000	-	-	-	340,000
Comprehensive loss for the period	-	-	-	-	(302,851)	(302,851)
Balance, July 31, 2013	13,286,137	2,595,719	128,353	-	(2,294,320)	429,752
Private placement	3,906,665	857,868	-	153,317	-	1,011,185
Comprehensive loss for the period	-	-	-	-	(569,099)	(569,099)
Balance, April 30, 2014	17,192,802	3,453,587	128,353	153,317	(2,863,419)	871,838
Private placement	300,000	88,540	-	-	-	88,540
Comprehensive loss for the period	-	-	-	-	(382,075)	(382,075)
Balance, July 31, 2014	17,492,802	3,542,127	128,353	153,317	(3,245,494)	578,303
Private placement	2,242,000	469,917	-	69,998	-	539,915
Shares issued for property	200,000	70,000	-	-	-	70,000
Shares issued for debt	285,714	100,000	-	-	-	100,000
Stock based compensatio	-	-	3,508	-	-	3,508
Comprehnesive loss for the period	-	-	-	-	(1,089,171)	(1,089,171)
Balance, April 30, 2015	20,220,516	4,182,044	131,861	223,315	(4,334,665)	202,555

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:

	April 30 2015	July 31 2014
Working capital (deficiency)	$ (734,196)	$ (435,979)
Deficit	$ (4,334,665)	$ (3,245,494)

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, 2014. 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 June 18, 2015.

4. Capital Assets

		April 30, 2015	
Equipment	$ 873,789	$ 447,299	$ 426,490
Computer	18,876	12,512	6,364
Leasehold Improvements	511,660	203,092	308,568
	$ 1,404,325	$ 662,903	$ 741,422

		July 31, 2014	
Equipment	$ 833,275	$ 375,610	$ 457,665
Computer	17,450	10,871	6,579
Leasehold Improvements	476,550	128,977	347,573
	$ 852,548	$ 515,458	$ 811,817

(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:

	April 30 2015	**July 31 2014**
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)	70,000	-
	456,333	386,333
Accumulated amortization	131,403	114,291
Net Book Value	$ 324,930	$ 272,042

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 $34,816 has been accrued to April 30, 2015.

7 Long-term debt

	April 30, 2015	**July 31, 2014**
0% ACOA loan, due March 1, 2025, repayable in monthly instalments of $1,200 beginning May 1, 2015	$ 144,000	$ 86,027
Less: Current portion	14,400	16,450
	129,600	69,577

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.

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, 2015	3,600
	2016	14,400
	2017 and subsequent	126,000

8. Share capital

Authorized share capital

At April 30, 2015, the authorized share capital consisted of unlimited number of common shares and the issued share capital amounted to $4,182,044. The common shares do not have a par value. All issued shares are fully paid.

Fiscal year ending July 31, 2014

Private Placement

On September 3, 2013, the Company closed a non-brokered private placement though the issuance of 400,000 common shares at a price of $0.25 per share for gross proceeds of $100,000. The non-brokered private placement was subscribed by a Control Person of the Company.

On October 3, 2013, the Company closed a non-brokered private placement of 1,700,000 Units at a price of $0.25 per unit for gross proceeds of $425,000. Each unit consists of one common share and one-half warrant. Each whole warrants is exercisable at $0.35 per share for a period of 18 months from date of issuance and include an accelaration clause that is triggered by a share price of $0.60 per share. In connection with the private placement, the Company paid finders' fees of $25,000 and issued 50,000 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 accelaration clause that is triggered by a share price of $0.60 per share. Related parties subscribed for a total of 200,000 Units

On January 22, 2014, the Company closed a non-brokered private placement though the issuance of 300,000 common shares at a price of $0.30 per share for gross proceeds of $90,000. The non-brokered private placement was subscribed by a Control Person of the Company.

On April 9, 2014, the Company closed a non-brokered private placement of 1,506,665 Units at a price of $0.30 per unit for gross proceeds of $452,000. Each unit consists of one common share and one-half warrant. Each whole warrants is exercisable at $0.40 per share for a period of 18 months from date of issuance and include an accelaration clause that is triggered by a share price of $0.60 per share. In connection with the private placement, the Company paid finders' fees of $15,470 and issued 44,200 non-transferable finder's warrants. Each finder's warrant is exercisable at $0.50 per share for a period of 18 months from date of issuance and include an accelaration clause that is triggered by a share price of $0.60 per share. Related parties subscribed for a total of 200,000 Units.

On July 7, 2014, the Company closed a non-brokered private placement though the issuance of 300,000 common shares at a price of $0.30 per share for gross proceeds of $90,000. The non-brokered private placement was subscribed by a Control Person of the Company.

8. Share capital - continued

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 1,200,000 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.

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.

Other Commitments to Issue Shares

As at April 30, 2015, the Company was obligated to issue up to a total of 500,000 shares pursuant to the project having reached a level in research whereby hydrogen production can be brought to viable commercial production through a method of controlling key genes in algae which will result in continuous production of hydrogen.

(expressed in Canadian dollars)

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.

The following table reflects the actual share options issued and outstanding as at April 30, 2015.

No. of options Outstanding and Exercisable	Exercise Price	Expiry Date
600,000	0.25	January 28, 2016
70,000	0.25	June 24, 2016
75,000	0.40	August 1, 2016
745,000	-	

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. The value attributed to the 75,000 stock options vested is estimated at $3,508 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.

(expressed in Canadian dollars)

10. Warrants

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

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

The warrants outstanding as at April 30, 2015 is summarized below:

No. of warrants Outstanding and Exercisable	Exercise Price	Expiry Date
900,000	0.35	April 3, 2015
797,533	0.40	October 9, 2016
2,063,000	0.35	April 15, 2016
258,940	0.35	October 28, 2016
4,019,473		

11. Supplemental disclosure with respect to cash flows

There were no significant non-cash financing transactions for the nine months ended April 30, 2015.

12. Loss per share

Basic and diluted loss per share

The calculations of basic and diluted loss per share for the nine months ended April 30, 2015 and 2014 were based on the following losses attributable to common shareholders and weighted average number of common shares outstanding:

For the nine months ended April 30,	2015	2014
Loss	$(1,089,171)	$ (569,099)
Weighted average number of common shares outstanding for the period	19,419,969	15,069,471
Loss per share	$ (0.06)	$ (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 April 30, 2015, the Company had cash of $21,613 and is insufficient to settle current liabilities of $867,332, 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, 2015, 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 nine months ended April 30, 2015.

a) Received advances of $110,000 (2014:- $25,000) from a director of the Company.
b) Accrued interest of $4,504 (2014:- $4,504) due on the promissory note held by a director of the Company.
c) Incurred and accrued $34,944 (2014:- $36,145) of legal fees to a legal firm where a principal is a director of the Company.
d) During the nine months ended April 30, 2015, a director of the Company subscribed for 1,200,000 units (2014:- 700,000 common shares and 400,000 units) of the Company in connection with the private placements for proceeds of $300,000 (2014:- $300,000).
e) During the nine months ended April 30, 2015 the Company accrue fees of $18,000 to the CFO for accounting services (2014:- $18,000)
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 Cambro 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.

(expressed in Canadian dollars)

15. Related Party Transactions - continued

Included in accounts payable and accrued liabilities is $141,328 (July 31, 2014:- $222,068) due to a Company controlled by a director.

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

16. Research and Development

Atlantic Innovation Fund

The Company signed an agreement with the Atlantic Canada Opportunities Agency (ACOA) whereby, subject to certain conditions, the Company may be eligible to receive 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 the 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.

As at April 30, 2015, the Company has substantially received all of the allocated funding from ACOA. Under 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

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 April 30, 2015 the Company has substantially received all of the allocated funding from ACOA. Under 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.

17. 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,	2015	$ 54,000
	2016	54,000
	2017	54,000
	2018	54,000
	2019	22,500

18. Subsequent event

On May 28, 2015, the Company closed a non-brokered private placement, pursuant to which an investor purchased from the Company 458,000 common shares at a price of $0.25 per share for gross proceeds of $114,500. The private placement was subscribed by an officer of the Company.