

GENTERRA CAPITAL INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

RELATING TO

THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 27, 2015

These materials are important and require your immediate attention. The shareholders of Genterra Capital Inc. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor.

THE ARRANGEMENT AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, INCLUDING WITHOUT LIMITATION ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE, NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

July 21, 2015

GENTERRA CAPITAL INC.

July 21, 2015

Dear Shareholder:

You are invited to attend a special meeting (the "**Meeting**") of the holders (the "**Genterra Shareholders**") of common shares (the "**Genterra Shares**") of Genterra Capital Inc. ("**Genterra**") to be held at The Westin Prince Hotel, 900 York Mills Road, Toronto, Ontario, M3B 3H2, on August 27, 2015 commencing at 10:00 a.m. (Toronto time).

At the Meeting, you will be asked to consider and vote upon, among other things, the arrangement (the "**Arrangement**") contemplated by the arrangement agreement entered into among Genterra and its wholly-owned subsidiary, Genterra Energy Inc. ("**Genterra Energy**"), on July 10, 2015 and pursuant to which Genterra Shares held by Genterra Shareholders, other than those Genterra Shareholders who are "interested parties" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**Interested Genterra Shareholders**"), will be exchanged for cash and, subject to the number of Genterra Shares held by a Genterra Shareholder, common shares of Genterra Energy ("**Genterra Energy Shares**"). If approved and completed, the Arrangement will result in Genterra Energy being spun-off as a public company and Genterra being wholly-owned, directly and indirectly, by its current control group comprised of its Chairman, Fred A. Litwin, and members of his family.

Under the terms of the Arrangement, Genterra Shareholders, other than Interested Genterra Shareholders, will receive in respect of each Genterra Share that they hold the following consideration:

- Each Genterra Shareholder who holds less than 500 Genterra Shares will receive Cdn\$2.25 in cash for each Genterra Share held; and
- Each Genterra Shareholder who holds 500 Genterra Shares or more will receive Cdn\$1.96 in cash and two (2) Genterra Energy Shares.

The two (2) Genterra Energy Shares offered as partial consideration for each Genterra Share held by a Genterra Shareholder who holds 500 Genterra Shares or more represents Cdn\$0.29 per Genterra Share based on the Valuation Report dated June 23, 2015 of Corporate Valuation Services Limited ("**CVS**"). The total value of the consideration offered for each Genterra Share, in the amount of Cdn\$2.25, represents a premium of approximately 73% to the closing price of the Genterra Shares on the TSX Venture Exchange (the "**TSXV**") on July 2, 2015, the last day on which the Genterra Shares traded prior to the announcement of the Arrangement.

Genterra Energy is engaged in the business of solar energy generation and installation of solar energy generation equipment under a Feed-in-Tariff Contract with the Ontario Power Authority. A more detailed description of Genterra Energy is set forth in the attached Management Information Circular (the "**Circular**").

On completion of the Arrangement, former Genterra Shareholders, other than the Interested Genterra Shareholders, are expected to hold approximately 28% of the outstanding Genterra Energy Shares.

Prior to completion of the Arrangement, Genterra Energy intends to change its name to Gencan Inc., or such other name as its directors deem appropriate, and it will also effect a split of its 100 issued and outstanding common shares into 16,628,716 common shares, which is twice the number of the 8,314,358 Genterra Shares presently issued and outstanding.

In order to become effective, the Arrangement must be approved by a resolution passed by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. In addition to that approval, completion of the Arrangement is subject to certain customary conditions, including the approval of the Ontario Superior Court of Justice, which are described in the attached Circular.

The Board of Directors of Genterra (the "Genterra Board") is unanimously recommending that the Genterra Shareholders vote FOR the Arrangement. After taking into consideration, among other things, the unanimous recommendation of the Special Committee of the Genterra Board and the fairness opinion and the valuation report of CVS delivered on June 23, 2015, the Genterra Board has unanimously determined that the Arrangement is in the best interests of Genterra and is fair to the Genterra Shareholders and has approved the Arrangement and authorized its submission to the Genterra Shareholders. The attached Circular contains a detailed description of the reasons for the determinations and recommendations of the Genterra Board. Genterra is advised by its Chairman, Fred A. Litwin, that Interested Genterra Shareholders comprised of Mr. Litwin and members of his family, who collectively control more than 66 $\frac{2}{3}$ % of the currently outstanding Genterra Shares, intend to vote FOR the Arrangement.

The attached Circular contains a detailed description of the Arrangement and includes certain other information to assist you in considering the matters to be voted upon. You are urged to carefully consider all of the information in the accompanying Circular. If you require assistance, you should consult your financial, legal or other professional advisors.

Your vote is important regardless of the number of Genterra Shares you own.

Voting

If you are not registered as the holder of your Genterra Shares but hold your shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Genterra Shares. See the section in the accompanying Circular entitled "*General Proxy Information – Voting Options – Voting by Non-Registered Holders*" for further information on how to vote your Genterra Shares.

If you are a registered holder of Genterra Shares, we encourage you to vote by completing the enclosed form of proxy. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy in the enclosed return envelope addressed to Computershare, 100 University Avenue, 8th Floor, Toronto Ontario, M5J 2Y1, at least forty-eight hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment or postponement thereof. Please do this as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

Letters of Transmittal for Genterra Shares

If you hold your Genterra Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the cash consideration, and Genterra Energy Shares in respect of such Genterra Shares. If you are a registered holder of Genterra Shares, you must complete and return the enclosed Letter of Transmittal together with the certificate(s) representing your Genterra Shares and any other required documents and instruments, to the depositary, Computershare, in the enclosed return envelope in accordance with the instructions set out in the Letter of Transmittal so that if the Arrangement is approved the consideration for your Genterra Shares can be sent to you as soon as possible following the Arrangement becoming effective. The Letter of Transmittal contains other procedural information related to the Arrangement and should be reviewed carefully.

Sincerely,



Mark I. Litwin
President & Chief Executive Officer

GENTERRA CAPITAL INC.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders (the "**Genterra Shareholders**") of common shares (the "**Genterra Shares**") of Genterra Capital Inc. ("**Genterra**") will be held at The Westin Prince Hotel, 900 York Mills Road, Toronto, Ontario M3B 3H2 , on August 27 , 2015 at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider pursuant to an interim order of the Ontario Superior Court of Justice dated July 21, 2015 (the "**Interim Order**") and, if thought advisable, to pass, with or without amendment, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix B to the accompanying Management Information Circular (the "**Circular**"), to approve a plan of arrangement (the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) ("**OBCA**") involving Genterra and Genterra Energy Inc. pursuant to the plan of arrangement attached as Appendix C to the Management Information Circular and as more particularly described therein;
2. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

The Circular provides additional information relating to the Arrangement, and is deemed to form part of this Notice of Meeting.

The record date for the determination of Genterra Shareholders entitled to receive notice of and to vote at the Meeting is July 20, 2015 (the "**Record Date**"). Only Genterra Shareholders whose names have been entered in the register of Genterra Shareholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Genterra Shareholders are entitled to vote at the Meeting either in person or by proxy. Registered Genterra Shareholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

If you are a non-registered Genterra Shareholder, please refer to the section in the Circular entitled "*General Proxy Information – Voting Options – Voting by Non-Registered Holders*" for information on how to vote your Genterra Shares. **If you are a non-registered Genterra Shareholder and you do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.**

Registered Genterra Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their Genterra Shares in accordance with the provisions of Section 185 of the OBCA and the Interim Order. A Genterra Shareholder's right to dissent is more particularly described in the Circular, and the text of Section 185 of the OBCA is set forth in Appendix I to the Circular. Please refer to the Circular under the heading "*The Arrangement – Dissent Rights*" for a description of the right to dissent in respect of the Arrangement.

Failure to strictly comply with the requirements set forth in Section 185 of the OBCA and the Interim Order with respect to the Arrangement may result in the loss of any right to dissent. Persons who are beneficial owners of Genterra Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Genterra Shares are entitled to dissent. Accordingly, a beneficial owner of Genterra Shares desiring to exercise the right to dissent must make arrangements for the Genterra Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to

the Arrangement Resolution is required to be received by Genterra or, alternatively, make arrangements for the registered holder of such Genterra Shares to dissent on behalf of the holder.

DATED at Toronto, Ontario this 21st day of July, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS
OF GENTERRA CAPITAL INC.**

A handwritten signature in black ink, appearing to read 'ML', is positioned above the printed name and title of the signatory.

Mark I. Litwin
President & Chief Executive Officer

TABLE OF CONTENTS

| | Page |
|---|-----------|
| STATEMENT ON GLOSSARY OF TERMS..... | 1 |
| INFORMATION CONTAINED IN THIS CIRCULAR..... | 1 |
| CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS | 1 |
| NOTE TO UNITED STATES SHAREHOLDERS | 2 |
| SUMMARY | 4 |
| The Meeting..... | 4 |
| Record Date | 4 |
| Purpose of the Meeting | 4 |
| The Arrangement..... | 4 |
| Recommendation of the Genterra Board | 5 |
| Fairness Opinion..... | 5 |
| Valuation Report..... | 5 |
| Genterra and Genterra Energy | 6 |
| Conditions to the Arrangement..... | 6 |
| Termination of Arrangement Agreement..... | 7 |
| Procedure for Exchange of Genterra Shares | 7 |
| Dissent Rights..... | 8 |
| Canadian Federal Income Tax Considerations | 9 |
| Notice to Non-Canadian Shareholders..... | 9 |
| Court Approval | 9 |
| Regulatory Law Matters and Securities Law Matters..... | 9 |
| Risk Factors | 11 |
| GENERAL PROXY INFORMATION..... | 12 |
| Solicitation of Proxies..... | 12 |
| Voting Options | 12 |
| How a Vote is Passed | 13 |
| Who can Vote? | 13 |
| Appointment of Proxies | 14 |
| What is a Proxy?..... | 14 |
| Appointing a Proxyholder..... | 14 |
| Instructing your Proxy and Exercise of Discretion by your Proxy | 14 |
| Changing your mind | 14 |
| Voting Securities and Principal Holders..... | 15 |
| THE ARRANGEMENT..... | 15 |
| Principal Steps of the Arrangement | 16 |
| Background to the Arrangement..... | 16 |
| Recommendation of the Genterra Board | 17 |
| Reasons for the Arrangement | 17 |
| Fairness Opinion..... | 19 |
| Valuation Report..... | 19 |
| Approval of Arrangement Resolution..... | 20 |
| Completion of the Arrangement | 20 |
| Procedure for Exchange of Genterra Shares | 21 |
| No Fractional Shares to be Distributed..... | 22 |
| No Fractional Cash Consideration | 22 |

TABLE OF CONTENTS (continued)

| | Page |
|---|-----------|
| Cancellation of Rights after Six Years | 22 |
| Court Approval of the Arrangement | 23 |
| Regulatory Approvals | 23 |
| Regulatory Law Matters and Securities Law Matters | 24 |
| Fees and Expenses | 26 |
| Interests of Certain Persons in the Arrangement | 27 |
| The Arrangement Agreement | 28 |
| Risks Associated with the Arrangement | 30 |
| Dissent Rights | 31 |
| CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS | 33 |
| ELIGIBILITY FOR INVESTMENT | 37 |
| NOTICE TO NON-CANADIAN SHAREHOLDERS | 37 |
| INFORMATION CONCERNING GENTERRA | 37 |
| Trading Price and Volume Data | 38 |
| Prior Purchases and Sales | 38 |
| Previous Distributions | 38 |
| Dividend Policy | 38 |
| INFORMATION CONCERNING GENTERRA ENERGY | 38 |
| OTHER INFORMATION | 39 |
| Indebtedness of Directors and Executive Officers | 39 |
| Other Matters | 39 |
| Additional Information | 39 |
| LEGAL MATTERS | 39 |
| APPROVAL OF DIRECTORS | 39 |
| CONSENT OF CORPORATE VALUATION SERVICES LIMITED | 40 |
| APPENDICES | |
| APPENDIX A — GLOSSARY OF TERMS | |
| APPENDIX B — ARRANGEMENT RESOLUTION | |
| APPENDIX C — PLAN OF ARRANGEMENT | |
| APPENDIX D — SUMMARY OF FAIRNESS OPINION OF CORPORATE VALUATION SERVICES LIMITED | |
| APPENDIX E — SUMMARY OF VALUATION REPORT OF CORPORATE VALUATION SERVICES LIMITED | |
| APPENDIX F — NOTICE OF APPLICATION AND INTERIM ORDER | |
| APPENDIX G — INFORMATION CONCERNING GENTERRA ENERGY INC. | |
| APPENDIX H — FINANCIAL STATEMENTS OF GENTERRA ENERGY INC. | |
| APPENDIX I — SECTION 185 OF THE <i>BUSINESS CORPORATIONS ACT</i> (ONTARIO) | |

STATEMENT ON GLOSSARY OF TERMS

Unless the context otherwise requires, any capitalized terms used herein and not otherwise defined have the meanings given to them in the Glossary of Terms attached as Appendix A to this Circular. Unless otherwise indicated, the defined terms in the Glossary of Terms are used in the other appendices attached to this Circular.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular, unless otherwise indicated, is given as of July 1, 2015.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized by Genterra or Genterra Energy. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Genterra Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Arrangement has not been approved or disapproved by any securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the SEC, or any securities regulatory authority of any U.S. state), nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Circular. Any representation to the contrary is unlawful.

Descriptions in this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are summaries of the terms of those documents and are qualified in their entirety by such terms. Genterra Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. Those documents have been filed by Genterra under its profile on SEDAR and are available at www.sedar.com. In addition, the Plan of Arrangement is attached as Appendix C to this Circular.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Circular contains "forward-looking statements" and "forward-looking information" within the meaning of the applicable Canadian and U.S. securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include, but are not limited to, statements and information concerning: the Arrangement; intentions, plans and future actions of Genterra and Genterra Energy; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; statements made in, and based upon, the Fairness Opinion and the Valuation Report; statements relating to the business and future activities of and developments related to Genterra and Genterra Energy after the date of this Circular and prior to the Effective Time and of and to Genterra Energy after the Effective Time; Genterra Shareholder Approval and Court approval of the Arrangement; listing of the Genterra Energy Shares on the CSE; market position, ability to compete and future financial or operating performance of Genterra Energy; liquidity of Genterra Energy Shares following the Effective Time; direct participation of Genterra Shareholders in the solar energy business through Genterra Energy; anticipated developments in operations; requirements for additional capital; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements are based on the beliefs of Genterra's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement and its fairness by the Court.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Genterra or Genterra Energy to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Genterra and Genterra Energy. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*The Arrangement – Risks Associated with the Arrangement*", and in Appendix G to this Circular under the heading "*Information Concerning Genterra Energy – Risk Factors*". Genterra and Genterra Energy do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Genterra Shareholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SHAREHOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE DISTRIBUTED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Genterra Energy Shares to be distributed under the Arrangement have not been registered under the U.S. Securities Act or applicable state securities laws, and are being distributed in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will be informed of the intention to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and will consider, among other things, the substantive and procedural fairness of the Arrangement to Genterra Shareholders as further described in this Circular under the heading "*The Arrangement – Regulatory Law Matters and Securities Law Matters*".

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Genterra Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

The financial statements and information included or incorporated by reference in this Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States standards.

Holders of Genterra Shares should be aware that the disposition of their Genterra Shares for cash and Genterra Energy Shares described herein may have consequences both in the United States and Canada. Such consequences for Genterra Shareholders who are resident in or citizens of the United States are not described herein. In particular, Genterra has not performed any analysis as to whether it is a “passive foreign investment company” as defined in the U.S. Internal Revenue Code. Special, generally unfavourable, rules apply to the acquisition, ownership and disposition of the shares of a “passive foreign investment company”. Genterra Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant non-U.S., state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under United States federal or state securities laws may be affected adversely by the fact that each of Genterra and Genterra Energy is incorporated or organized outside the United States, that their respective officers and directors and the experts named herein are residents of a foreign country, and that some or all of the assets of Genterra and Genterra Energy and said persons are located outside the United States. As a result, it may be difficult or impossible for Genterra U.S. Shareholders to effect service of process within the United States upon Genterra and Genterra Energy, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Genterra U.S. Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Unless the context otherwise requires, terms with initial capital letters in this summary are defined in the Glossary of Terms set out in Appendix A to this Circular.

The Meeting

The Meeting will be held at The Westin Prince Hotel, 900 York Mills Road, Toronto, Ontario M3B 3H2, at 10:00 a.m. (Toronto time) on August 27, 2015.

Record Date

Only Genterra Shareholders of record at the close of business on July 20, 2015 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

The Meeting is a special meeting of Genterra Shareholders. At the Meeting, Genterra Shareholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving the Arrangement involving Genterra and Genterra Energy. The full text of the Arrangement Resolution is set out in Appendix B to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. Genterra is advised by its Chairman, Fred A. Litwin, that Interested Genterra Shareholders comprised of Mr. Litwin and members of his family, who collectively control more than 66⅔% of the currently outstanding Genterra Shares, intend to vote FOR the Arrangement. See "*The Arrangement – Approval of Arrangement Resolution*".

The Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following principal events shall occur and shall be deemed to occur in the following sequence without any further authorization, act or formality:

- (a) Each Genterra Share issued and outstanding on the Record Date which is held by a Genterra Shareholder who holds 500 Genterra Shares or more, except for Genterra Shares held by Interested Genterra Shareholders or Dissenting Shareholders, will be acquired by Genterra for cancellation in exchange for \$1.96 in cash and 2 Genterra Energy Shares.
- (b) Each Genterra Share issued and outstanding on the Record Date which is held by a Genterra Shareholder who holds less than 500 Genterra Shares, except for Genterra Shares held by Interested Genterra Shareholders or Dissenting Shareholders, will be acquired by Genterra for cancellation in exchange for \$2.25 in cash.
- (c) The Genterra Shares held by Dissenting Shareholders, who duly exercise their Dissent Rights and who are ultimately entitled to be paid fair value for those Genterra Shares as described in Article 4 of the Plan of Arrangement, will be deemed to have been transferred to Genterra (free and clear of any Liens) and cancelled and will cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Genterra Shareholders other than the right to be paid the fair value for their Genterra Shares by Genterra.

Recommendation of the Genterra Board

After careful consideration of the factors described under the heading "*The Arrangement – Reasons for the Arrangement*", the unanimous recommendation of the Special Committee, the Fairness Opinion, the Valuation Report and the other factors set out below under the headings "*The Arrangement – Fairness Opinion*" and "*The Arrangement - Valuation Report*", the Genterra Board has unanimously determined that the Arrangement is fair to Genterra Shareholders and is in the best interests of Genterra. Accordingly, the Genterra Board unanimously recommends that Genterra Shareholders vote FOR the Arrangement Resolution.

Fairness Opinion

On June 23, 2015, CVS delivered to the Special Committee and the Genterra Board its opinion that, as of March 31, 2015, and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the Consideration to be received under the Arrangement is fair, from a financial point of view, to the Genterra Shareholders, other than the Interested Genterra Shareholders and its affiliates. The full text of the Fairness Opinion, which sets out, among other things, the assumptions made, information received and matters considered by CVS in rendering the Fairness Opinion, as well as the limitations and qualifications the opinion is subject to, is available upon request to the Corporate Secretary of Genterra, who will provide Genterra Shareholders with a copy of the Fairness Opinion free of charge. Genterra Shareholders are urged to read the Fairness Opinion in its entirety. The summary of the Fairness Opinion attached as Appendix D to this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

CVS has consented to the inclusion in this Circular of the summary of the Fairness Opinion attached as Appendix D to this Circular and other information relating to CVS and the Fairness Opinion. The Fairness Opinion addresses only the fairness of the Consideration to be received by the Genterra Shareholders (other than the Interested Genterra Shareholders) under the Arrangement from a financial point of view and does not and should not be construed as a valuation of Genterra or Genterra Energy or their respective assets or securities and does not constitute a recommendation to any Genterra Shareholder as to whether to vote in favour of the Arrangement Resolution. The Fairness Opinion may not be used by any other person or relied upon by any other person other than the Special Committee and the Genterra Board. Under the terms of its engagement with Genterra, CVS is to be paid a fee for its services, including the delivery of the Fairness Opinion, which fee is not contingent upon completion of the Arrangement.

See "*The Arrangement – Fairness Opinion*".

Valuation Report

On June 23, 2015, CVS delivered to the Special Committee and the Genterra Board a Valuation Report setting out its opinion that the fair market value of all the Genterra Energy Shares as at March 31, 2015 is equal to \$2,400,000. Based on the proposed exchange of two (2) Genterra Energy Shares for each Genterra Share, it is intended that the presently outstanding 100 Genterra Energy Shares will be split, prior to or at the Effective Time, into 16,628,716 Genterra Energy Shares, which is twice the number of the 8,314,358 outstanding Genterra Shares. Accordingly, based on the opinion set forth in the CVS Valuation Report, the fair market value of each Genterra Energy Share is equal to \$0.145. The full text of the Valuation Report, which sets out, among other things, the assumptions made, information received and matters considered by CVS in rendering the Valuation Report, as well as the limitations and qualifications the opinion is subject to, is available upon request to the Corporate Secretary of Genterra, who will provide Genterra Shareholders with a copy of the Valuation Report free of charge. Genterra Shareholders are urged to read the Valuation Report in its entirety. The summary of the Valuation Report attached as Appendix E to this Circular is qualified in its entirety by reference to the full text of the Valuation Report.

The Valuation Report does not constitute a formal valuation for purposes of MI 61-101. Pursuant to Section 4.4(a) of MI 61-101, Genterra is exempt from the requirement applicable to transactions governed by MI 61-101 to obtain a formal valuation, as none of Genterra's securities are listed or quoted on any of the markets specified in Section 4.4(a) of MI 61-101.

CVS has consented to the inclusion in this Circular of the summary of the Valuation Report attached as Appendix E to this Circular. The Valuation Report provides an opinion as to the estimated fair market value of the Genterra Energy Shares and does not and should not be construed as a formal valuation of Genterra or Genterra Energy or their respective assets or securities and does not constitute a recommendation to any Genterra Shareholder as to whether to vote in favour of the Arrangement Resolution. The Valuation Report may not be used by any other person or relied upon by any other person other than the Special Committee and the Genterra Board. Under the terms of its engagement with Genterra, CVS is to be paid a fee for its services, including the delivery of the Valuation Report, which fee is not contingent upon completion of the Arrangement.

See "*The Arrangement – Valuation Report*".

Genterra and Genterra Energy

Genterra

Genterra is engaged in the businesses of owning and managing real estate and, through Genterra Energy, solar energy generation. The registered and head office of Genterra is located at 106 Avenue Road, Toronto, Ontario, M5R 2H3. Genterra's real estate investments are primarily in industrial and commercial real estate in southern Ontario, and are financed through equity and commercial/institutional first mortgages. The properties are managed by Genterra in conjunction with third party property managers. Properties are acquired for both income and capital gain appreciation. Genterra primarily acquires property that provides cash flow coverage for financing purposes that may or may not provide a return on equity in the short term and with possible long term capital gains.

See "*Information Concerning Genterra*".

Genterra Energy

Genterra Energy is currently a wholly-owned subsidiary of Genterra. The registered and head office of Genterra Energy is located at 106 Avenue Road, Toronto, Ontario, M5R 2H3. Since August 2014, Genterra Energy has engaged in the business of solar energy generation under a Feed-In-Tariff Contract with the Ontario Power Authority. Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec. Prior to completion of the Arrangement, Genterra Energy intends to change its name to Gencan Inc., or such other name as its directors deem appropriate, and it will also effect a split of its 100 issued and outstanding common shares into 16,628,716 common shares, which is twice the number of the 8,314,358 Genterra Shares presently issued and outstanding.

See "*Information Concerning Genterra Energy*".

Conditions to the Arrangement

Completion of the Arrangement is subject to a number of specified conditions being met as of the Effective Time, including, but not limited to:

- the Arrangement Resolution having been approved and adopted by the Genterra Shareholders at the Meeting in accordance with the Interim Order and applicable Laws;
- the Interim Order and the Final Order having been obtained on terms consistent with the Arrangement Agreement, and not having been set aside or modified in a manner unacceptable to Genterra or Genterra Energy, each acting reasonably, on appeal or otherwise;
- all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by Genterra and Genterra Energy, each acting reasonably, to be necessary or desirable for the completion of the Arrangement will have been

obtained or received on terms that are satisfactory to Genterra and Genterra Energy, each acting reasonably;

- a Certificate of Arrangement shall have been issued pursuant to the OBCA;
- the TSXV will have accepted the Arrangement and approved the voluntary delisting of the Genterra Shares;
- no law, regulation or policy will have been proposed, enacted, issued, promulgated, enforced or entered into which interferes or is inconsistent with the completion of the Arrangement or has the effect of making the Arrangement illegal, including any material change to the income tax laws of Canada or the United States;
- there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by the Arrangement Agreement;
- the Fairness Opinion and the Valuation Report will not have been withdrawn or modified;
- the Genterra Energy Shares to be distributed pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;
- there shall not, as of the Effective Date, be registered Genterra Shareholders holding, in the aggregate, in excess of 1% of the number of outstanding Genterra Shares that have validly exercised their Dissent Rights and not withdrawn such exercise;
- the Arrangement Agreement will not have been terminated in accordance with its terms; and
- the accuracy of the representations and warranties made in the Arrangement Agreement as of the Effective Date and compliance by Genterra and Genterra Energy with the covenants set forth in the Arrangement Agreement.

See "*The Arrangement – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*".

Termination of Arrangement Agreement

The Arrangement Agreement may be unilaterally terminated by Genterra, in its sole and absolute discretion, prior to the Effective Time without notice to or the consent of Genterra Energy or the Genterra Shareholders.

See "*The Arrangement – The Arrangement Agreement – Termination*".

Procedure for Exchange of Genterra Shares

Computershare is acting as depositary under the Arrangement. The Depositary will receive deposits of certificates representing Genterra Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering the Consideration to which Genterra Shareholders are entitled under the Arrangement.

At the time of sending this Circular to each Genterra Shareholder, Genterra is also sending to each Registered Genterra Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered Genterra Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Consideration in respect of their Genterra Shares.

The Letter of Transmittal contains instructions with respect to the deposit of certificates representing Genterra Shares with the Depository at its offices in Toronto, Ontario in order to receive the Consideration to which they are entitled under the Arrangement. Following the Effective Date, upon return of a properly completed Letter of Transmittal, together with share certificates representing Genterra Shares and such other documents as the Depository may require, certificates representing the appropriate number of Genterra Energy Shares, if any, and a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement will be delivered.

A Registered Genterra Shareholder must deliver to the Depository at the office listed in the Letter of Transmittal:

- (a) the share certificates representing their Genterra Shares;
- (b) a Letter of Transmittal in the form provided with this Circular, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and
- (c) any other documentation required by the instructions set out in the Letter of Transmittal.

In certain circumstances, as provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the share certificate(s) deposited therewith, the share certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

In no event shall any holder of Genterra Shares be entitled to a fractional Genterra Energy Share. Where the aggregate number of Genterra Energy Shares to be distributed to a person as consideration under or as a result of the Arrangement would result in a fraction of a Genterra Energy Share being issuable, the number of Genterra Energy Shares to be received by such securityholder shall be rounded down to the nearest whole Genterra Energy Share and no person will be entitled to any compensation in respect of a fractional Genterra Energy Share.

Former Genterra Shareholders who do not deposit with the Depository a duly completed Letter of Transmittal and certificates representing their Genterra Shares on or before the date that is six years after the Effective Date will be deemed to have abandoned and forfeited their Genterra Shares and they will not receive any Consideration in exchange therefor, will not own any interest in Genterra or Genterra Energy, and will not be paid any other compensation.

See "*The Arrangement – Procedure for Exchange of Genterra Shares*".

Dissent Rights

The Interim Order provides that each Registered Genterra Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have his or her Genterra Shares cancelled in exchange for a cash payment from Genterra equal to the fair value of his or her Genterra Shares in accordance with the requirements of the Dissent Rights set out in Section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. In order to validly dissent, any such Registered Genterra Shareholder must not vote any Genterra Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, and must provide Genterra with written objection to the Arrangement by 5:00 p.m. (Toronto time) on August 25, 2015, or two Business Days prior to any adjournment or postponement of the Meeting. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the Genterra Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Genterra or, alternatively, arrange for the Registered Genterra Shareholder(s) holding its Genterra Shares to deliver the Notice of Dissent on its behalf. If a Dissenting Genterra Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in Section 185 of the OBCA, as modified by the Interim Order, it will lose its Dissent Rights.

See "*The Arrangement – Dissent Rights*".

Canadian Federal Income Tax Considerations

A summary of the principal Canadian federal income tax considerations in respect of the proposed Arrangement is included in this Circular. See "*Certain Canadian Federal Income Tax Considerations*".

Notice to Non-Canadian Shareholders

Genterra Shareholders who are resident in, or citizens of, the United States or any jurisdiction outside of Canada should consult their own legal and tax advisors with respect to the income tax consequences applicable in their place of residency or citizenship in connection with the disposition of their Genterra Shares or, following completion of the Arrangement, their Genterra Energy Shares.

Court Approval

The Arrangement requires Court approval under the OBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Genterra Shareholders. Prior to the mailing of this Circular, Genterra obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of Genterra Shareholder Approval, pursuant to its obligations under the Arrangement Agreement, Genterra intends to make an application to the Court for the Final Order at 10:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, on September 2, 2015 at the Courthouse, 330 University Avenue, Toronto, Ontario, or at any other date and time as the Court may direct. Bennett Jones LLP, special counsel to Genterra, has advised that, in deciding whether to grant the Final Order, the Court will consider, among other things, the substantive and procedural fairness of the Arrangement to Genterra Shareholders.

Any Genterra Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a notice of appearance no later than 5:00 p.m. (Toronto time) on August 31, 2015 along with any other documents required, all as set out in the Interim Order and Notice of Application, the text of which are set out in Appendix F to this Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court's approval of the Arrangement will form the basis for an exemption from registration of the Genterra Energy Shares distributed in connection with the Arrangement under the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

See "*The Arrangement – Court Approval of the Arrangement*".

Regulatory Law Matters and Securities Law Matters

Canadian Securities Law Matters

Genterra is a reporting issuer in British Columbia, Alberta, Ontario and Quebec. The authorized capital of Genterra consists of an unlimited number of Genterra Shares, Class A Shares and Class B Shares, of which 8,314,358 Genterra Shares, 326,000 Class A Shares and 8,703,016 Class B Shares are issued and outstanding. The Genterra Shares currently trade on the TSXV. Pursuant to the Arrangement, the outstanding Genterra Shares (other than those held by the Interested Genterra Shareholders) will be cancelled. Genterra estimates that one or two Business Days following the Effective Date, the Genterra Shares will be delisted from the TSXV. Following completion of the Arrangement, it is expected that the outstanding Class B Shares will be redeemed in accordance with their terms and Genterra expects to apply to the applicable Canadian securities regulators for an order that Genterra has ceased to be a reporting issuer.

Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec. An application has also been made to list the Genterra Energy Shares on the CSE.

The distribution of the Genterra Energy Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is not subject to the registration requirements under applicable Canadian securities legislation. The Genterra Energy Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for Genterra Energy Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of Genterra Energy, the selling security holder has no reasonable grounds to believe that Genterra Energy is in default of applicable Canadian securities Laws.

Each Genterra Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Genterra Energy Shares.

See "*The Arrangement – Regulatory Law Matters and Securities Law Matters*".

United States Securities Law Matters

The Genterra Energy Shares to be distributed pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act and will be distributed in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act.

The Genterra Energy Shares to be held by Genterra Shareholders following completion of the Arrangement will be freely tradable in the U.S. under U.S. federal securities laws, except by persons who are "affiliates" of Genterra Energy at the time of their proposed transfer or within 90 days prior to their proposed transfer. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Genterra Energy Shares by such an affiliate may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom. It is not intended for Genterra Energy Shares to be listed on a United States stock exchange.

The foregoing discussion is only a general overview of certain requirements of U.S. Securities laws applicable to the securities received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable U.S. Securities Laws.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitation of proxies and transactions contemplated herein are being made in accordance with Canadian corporate and securities laws. Genterra Shareholders should be aware that requirements under such Canadian laws may differ from requirements under United States corporate and securities laws relating to United States corporations. The financial statements of Genterra Energy included in this Circular have been prepared in accordance with IFRS and thus may not be comparable to financial statements of United States corporations.

THE GENTERRA ENERGY SHARES AND ANY OTHER SECURITIES, IF ANY, TO WHICH GENTERRA SHAREHOLDERS WILL BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR SECURITIES REGULATORY AUTHORITY OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

See "*The Arrangement – Regulatory Law Matters and Securities Law Matters*".

Risk Factors

Genterra Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the ability of Genterra to unilaterally terminate the Arrangement Agreement in its sole and absolute discretion; (ii) there being no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Genterra incurring costs even if the Arrangement is not completed; and (iv) there being no certainty that the Arrangement will receive all requisite approvals.

Additional risks and uncertainties, including those currently unknown or considered immaterial by Genterra, may also adversely affect Genterra Energy Shares, and/or the business of Genterra Energy following the Arrangement. For more information, see "*The Arrangement – Risks Associated with the Arrangement*" and Appendix G "*Information Concerning Genterra Energy Inc. – Risk Factors*".

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Genterra for use at the Meeting, to be held on August 27, 2015, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and employees of Genterra for no additional compensation. All costs of solicitation by management will be borne by Genterra at nominal cost.

Voting Options

Voting by Registered Genterra Shareholders

You are a Registered Genterra Shareholder if your Genterra Shares are held in your name or if you have a certificate for Genterra Shares. As a Registered Genterra Shareholder you can vote in the following ways:

| | |
|------------|---|
| In Person | Attend the Meeting and register with the transfer agent, Computershare, upon your arrival. Do not fill out and return your proxy if you intend to vote in person at the Meeting. |
| Mail | Enter voting instructions, sign the form of proxy and send your completed form to: Computershare Investor Services Inc. 100 University Avenue, 8 th Floor Toronto, Ontario, M5J 2Y1 |
| Internet | Go to www.investorvote.com . Enter your 15-digit control number printed on the form of proxy and follow the instructions on the website to vote your Genterra Shares. |
| Questions? | Call Computershare at 1 800 564 6253 (toll-free within North America) or 1 514 982 7555 (outside North America). |

Voting by Non-Registered Holders

If your Genterra Shares are not registered in your own name, they will be held in the name of a "nominee", usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your Genterra Shares and must seek your instructions as to how to vote your Genterra Shares.

Accordingly, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Circular from your nominee, together with a form of proxy or a request for voting instruction form. If that is the case, it is most important that you comply strictly with the instructions that have been given to you by your nominee on the voting instruction form. If you have voted and wish to change your voting instructions, you should contact your nominee to discuss whether this is possible and what procedures you must follow.

If your Genterra Shares are not registered in your own name, Genterra's transfer agent may not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your nominee. It is not necessary to complete the form in any other respect, since you will be voting at the Meeting in person. Please register with the transfer agent, Computershare, upon arrival at the Meeting.

The Notice of Meeting and this Circular are being sent to both registered and non-registered owners of Genterra Shares. If you are a Non-Registered Holder and we have sent these materials to you directly, your name

and address and information about your holdings of Genterra Shares have been obtained in accordance with applicable securities regulatory requirements from the nominee holding the securities on your behalf. By choosing to send these materials to you directly, Genterra (and not your nominee) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions form.

If you have any questions or require more information with respect to voting your Genterra Shares at the Meeting, please contact Computershare, by e-mail at corporateactions@computershare.com or by telephone at 1 800 564 6253 (toll-free within North America) or 1 514 982 7555 (outside North America).

Canadian Non-Registered Holders

To vote online, visit www.investorvote.com, enter your 15-digit control number printed on the form of proxy and follow the instructions on the website to vote your shares.

Non-Registered Holders in the United States

To vote online, visit www.investorvote.com, enter your 15-digit control number printed on the voting instruction form and follow the instructions on the website to vote your shares.

How a Vote is Passed

At the Meeting, Genterra Shareholders will be asked, among other things, to consider and to vote to approve the Arrangement Resolution approving the Arrangement. To be effective, the Arrangement must be approved by a resolution passed by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. See "*The Arrangement – Regulatory Law Matters and Securities Law Matters – Canadian Securities Law Matters – Multilateral Instrument 61-101*".

The quorum for the Meeting is two persons present in person, each being a Genterra Shareholder entitled to vote at the Meeting or a duly appointed proxy for an absent Genterra Shareholder so entitled.

Who can Vote?

If you were a Registered Genterra Shareholder as of the close of business on July 20, 2015, you are entitled to attend the Meeting and cast one vote for each Genterra Share registered in your name on all resolutions put before the Meeting. If Genterra Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Meeting. If you are a Registered Genterra Shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions. If your Genterra Shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "*Voting by Non-Registered Holders*" set out above.

It is important that your Genterra Shares be represented at the Meeting regardless of the number of Genterra Shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your Genterra Shares will be represented.

Appointment of Proxies

If you do not come to the Meeting, you can still make your vote(s) count by appointing someone who will be there to act as your proxyholder at the Meeting. You can appoint the persons named in the enclosed forms of proxy, who are directors of Genterra. Alternatively, you can appoint any other person or entity (who need not be a Genterra Shareholder) other than the persons designated on the enclosed form of proxy to attend the Meeting and act on your behalf. Regardless of whom you appoint as your proxyholder, you can either instruct that person or company how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy. In order to be valid, you must return the completed form of proxy 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting to the transfer agent, Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.

What is a Proxy?

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a Proxyholder

The persons named in the enclosed forms of proxy are officers of Genterra. **A Genterra Shareholder who wishes to appoint some other person to represent such Genterra Shareholder at the Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy.** Such other person need not be a Genterra Shareholder. To vote your Genterra Shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder.

Instructing your Proxy and Exercise of Discretion by your Proxy

You may indicate on your form of proxy how you wish your proxyholder to vote your Genterra Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Genterra Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your Genterra Shares at the Meeting as follows:

FOR the Arrangement Resolution

Further details about these matters are set out in this Circular. The enclosed forms of proxy give the persons named on the form the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of Genterra is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed forms of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Meeting and voting in person if you were a Registered Genterra Shareholder at the Record Date; (b) signing a proxy bearing a later date and depositing it in the manner and within the time described above under the heading "*Appointment of Proxies*"; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Registered Office of Genterra at 106 Avenue Road, Toronto, Ontario, M5R 2H3 or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 p.m. (Toronto time) on the last Business Day before the day of the Meeting, or delivered to the person presiding at the Meeting before it commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your Genterra Shares, but to do so you must attend the Meeting in person.

Voting Securities and Principal Holders

The authorized capital of Genterra consists of an unlimited number of each of the following three classes of shares: (i) Genterra Shares; (ii) Class B preference shares which are non-voting, non-participating, pay a \$0.0024 annual non-cumulative dividend per share, and are redeemable at \$0.05 per share; and (iii) Class A preference shares, issuable in series (Series 1 of the Class A preference shares are non-voting, non-participating, redeemable and retractable at \$15.00 per share, and pay an 8% annual cumulative dividend, and each Series 1 Class A preference share is convertible into either 5.56 Genterra Shares, or 300 Class B preference shares). Genterra's issued capital consists of the following: (i) 8,314,385 Genterra Shares; (ii) 8,703,016 Class B preference shares; and (iii) 326,000 Class A preference shares, Series 1.

Each holder of Genterra Shares is entitled to one vote for each Genterra Share registered in his or her name at the close of business on July 20, 2015, the date fixed by the Directors as the Record Date for determining who is entitled to receive notice of and to vote at the Meeting.

At the close of business on July 1, 2015, there were 8,314,358 Genterra Shares outstanding. To the knowledge of the directors and executive officers of Genterra, as of July 1, 2015, other than as described below, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of Genterra.

Fred A. Litwin, the Chairman of Genterra, has advised Genterra that, as of the Record Date, Fred A. Litwin directly and indirectly controls 3,854,011 Genterra Shares, representing approximately 46.4% of the outstanding Genterra Shares. Mark I. Litwin, the President and a director of Genterra has advised Genterra that, as of the Record Date, Sutton Management Limited, a company beneficially owned by Mark I. Litwin and Risa J. Shearer, the children of Fred A. Litwin, controls 2,017,450 Genterra Shares, representing approximately 24.3% of the outstanding Genterra Shares.

THE ARRANGEMENT

At the Meeting, Genterra Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the OBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Genterra under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Appendix C.

In order to implement the Arrangement, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. See "*The Arrangement – Regulatory Law Matters and Securities Law Matters – Canadian Securities Law Matters – Multilateral Instrument 61-101*". A copy of the Arrangement Resolution is set out in Appendix B of this Circular.

Unless otherwise directed, it is management's intention to vote **FOR** the Arrangement Resolution. If you do not specify how you want your Genterra Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting **FOR** the Arrangement Resolution.

If the Arrangement is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement

will take effect at the Effective Time (anticipated to be 12:01 a.m. (Toronto time) on the Effective Date). It is currently expected that the Effective Date will be prior to September 30, 2015.

If you hold your Genterra Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the Consideration under the Arrangement. In order to receive the Consideration to be distributed under the Arrangement, a Registered Genterra Shareholder must complete, sign, date and return the enclosed Letter of Transmittal and all documents required thereby in accordance with the instructions set out therein.

Principal Steps of the Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following principal events shall occur and shall be deemed to occur in the following sequence without any further authorization, act or formality:

- (a) Each Genterra Share issued and outstanding on the Record Date which is held by a Genterra Shareholder who holds 500 Genterra Shares or more, except for Genterra Shares held by Interested Genterra Shareholders or Dissenting Shareholders, will be acquired by Genterra for cancellation in exchange for \$1.96 in cash and two (2) Genterra Energy Shares.
- (b) Each Genterra Share issued and outstanding on the Record Date which is held by a Genterra Shareholder who holds less than 500 Genterra Shares, except for Genterra Shares held by Interested Genterra Shareholders or Dissenting Shareholders, will be acquired by Genterra for cancellation in exchange for \$2.25 in cash.
- (c) The Genterra Shares held by Dissenting Shareholders, who duly exercise their Dissent Rights and who are ultimately entitled to be paid fair value for those Genterra Shares as described in Article 4 of the Plan of Arrangement, will be deemed to have been transferred to Genterra (free and clear of any Liens) and cancelled and will cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Genterra Shareholders other than the right to be paid the fair value for their Genterra Shares by Genterra.

Background to the Arrangement

In 2014, Genterra's management received inquiries from shareholders expressing concern over the thinly traded market for the Genterra Shares and asking management to explore opportunities to enhance liquidity for the Genterra Shares. In response to these inquiries, certain members of the Board, excluding the members of the Special Committee, in consultation with management held initial informal discussions to consider the benefit to Genterra Shareholders of a purchase of the outstanding Genterra Shares, other than those held by Interested Genterra Shares, in exchange for cash and Genterra Energy Shares. Management considered the advantages that this arrangement would have for the Genterra Shareholders through their enhanced liquidity coupled with an investment in a new publicly traded company, managed by individuals with proven performance capabilities. This investment in Genterra Energy would offer to the Genterra Shareholders an investment in a public company with hard assets and the potential for further investments by Genterra Energy in various types of assets with higher risk-adjusted returns. Management felt that the combination of an immediate cash return together with an investment in a more focused company, without the attachment to Genterra's real estate business, could satisfy the liquidity concerns expressed by Genterra Shareholders.

Certain of the Directors, excluding the members of the Special Committee, consulted with legal and tax advisors to consider the alternative methods whereby Genterra could effect the proposed transaction and to review the accounting, tax and legal issues which arose in connection with their deliberations. After a review of the financial, tax and legal issues, Management concluded that the Arrangement would best serve the interests of Genterra Shareholders and a memorandum outlining the proposed Arrangement was prepared by Genterra's legal counsel and circulated by Genterra's Management to the full Board Directors on December 4, 2014 in anticipation of a Board Meeting to be held on December 8, 2014 to consider the matter.

On December 8, 2014 a Board Meeting of all Directors of Genterra was held and a special committee of independent directors was established with a mandate to review the proposed transaction and to advise the Genterra Board as to whether such transaction would be in the best interests of the Company. The Special Committee members are Mr. Mark Dawber, Mr. Sol Nayman and Mr. Alan Kornblum. At the meeting, the Genterra Board discussed the process, and the role and duties of the Special Committee.

The Special Committee met, both formally and informally, in person and by telephone conference fifteen (15) times and also met with the Genterra Board on a number of occasions. On December 8, 2014 the Special Committee engaged the services of Torkin Manes LLP to provide them with independent legal advice. On December 24, 2014, the Special Committee engaged the services of Corporate Valuation Services Limited (“CVS”) to prepare and provide a Valuation Report setting out its Estimate of Fair Market Value as at December 31, 2014 of all of the Shares of Genterra Energy. On the same day the Special Committee also appointed CVS to prepare a Fairness Opinion in order to advise as to the “fairness from a financial point of view” to the shareholders of Genterra, other than the Interested Genterra Shareholders, of the terms of a Plan of Arrangement, whereby the holders of Genterra Shares, other than those owned by the Interested Genterra Shareholders, will receive Genterra Energy Shares and/or cash.

On June 23, 2015 CVS issued both its final Valuation Report and Fairness Opinion to the Special Committee.

Following a review of the Valuation Report and the Fairness Opinion, the draft documents and agreements, including the Arrangement Agreement, the Special Committee of independent directors of Genterra, having given consideration to all the relevant facts in the matter, and considering advice from independent legal advisors, determined that the Arrangement was fair to the Genterra Shareholders and that it was in the best interests of Genterra.

Thereafter, the Board of Genterra convened a meeting on July 10, 2015 at which time the recommendation of the Special Committee was considered and the proposed Plan of Arrangement was unanimously approved. After discussion and taking into consideration the financial advice of CVS, the unanimous recommendation of the Special Committee as well as numerous other factors, including those set forth below under the heading "*Reasons for the Arrangement*", the Genterra Board resolved and determined that the Arrangement was fair to Genterra Shareholders and in the best interests of Genterra, and that it would recommend that Genterra Shareholders vote in favour of the Arrangement Resolution. Messrs. Fred A. Litwin and Stan Abramowitz did not participate in the Genterra Board's deliberations regarding the Arrangement and did not vote on any matters relating to the Arrangement.

The Arrangement Agreement was executed, and the Arrangement was publicly announced, on July 10, 2015.

Recommendation of the Genterra Board

The Genterra Board, having taken into account the Fairness Opinion, the Valuation Report and such other matters as it considered relevant, including the factors set out below under the heading "*The Arrangement – Reasons for the Arrangement*", and after consultation with its financial and legal advisors and upon the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of Genterra and is fair to Genterra Shareholders. Accordingly, the Genterra Board unanimously recommends that Genterra Shareholders vote FOR the Arrangement Resolution.

Reasons for the Arrangement

The Special Committee and the Genterra Board reviewed and considered a significant amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from Genterra's senior management and Genterra's financial and legal advisors. The following is a summary of the principal reasons for (i) the unanimous conclusion of the Special Committee and the Genterra Board that the Arrangement is in the best interests of Genterra and is fair to the Genterra Shareholders, (ii) the unanimous determination of the Genterra Board to approve the Arrangement and authorize its submission to the Genterra

Shareholders and to the Court for approval, and (iii) the unanimous recommendation of the Genterra Board that Genterra Shareholders vote FOR the Arrangement Resolution:

- (a) *Significant Premium to Genterra Shareholders.* Management of Genterra believes that the Arrangement offers Genterra shareholders an opportunity to realize a significant premium to the Genterra Share price. The Consideration to be received by the Genterra Shareholders, having regards to the value attributed to the Genterra Energy Shares in the Valuation Report, represents a premium of approximately 73% based on the closing price on the TSXV of the Genterra Shares on July 2, 2015 and a premium of 68% to the volume weighted average price of the Genterra Shares on the TSXV for the 20-day period ending on July 2, 2015, the last day on which the Genterra Shares traded prior to the announcement of the Arrangement.
- (b) *Growth Opportunity.* The Arrangement allows investors to participate directly in growth opportunities which may become available through Genterra Energy's growth strategies.
- (c) *Strategic Business Focus.* The spin-off of Genterra Energy as an independent company is expected to provide management of Genterra Energy with a sharper business focus for execution of short-term and long-term strategic plans and to enhance Genterra Energy's ability to pursue its independent corporate objectives.
- (d) *Improved Market Understanding and Valuation.* It is expected that the Arrangement will allow investors and analysts to more accurately evaluate Genterra Energy on a stand-alone basis against appropriate peers, benchmarks and performance criteria specific to Genterra Energy.
- (e) *Continued Participation by Shareholders in the Public Market.* The terms of the Arrangement will result in Genterra Shareholders continuing to own, through their ownership of Genterra Energy Shares, substantially the same proportionate voting and equity interest, directly or indirectly, in a publicly traded company as they currently own in Genterra.
- (f) *Independent Access of Genterra Energy to Financing.* It is expected that the Arrangement, and the spin-off of Genterra Energy, will provide Genterra Energy with independent access to capital to finance its growth strategies. Management believes that such independent access to capital is likely to result in more focused capital allocation practices.
- (g) *Fairness Opinion.* CVS, the financial advisor to the Special Committee, provided its opinion to the Special Committee to the effect that, as at March 31, 2015, and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the Consideration to be received under the Arrangement is fair, from a financial point of view, to Genterra Shareholders other than the Interested Genterra Shareholders. See "*The Arrangement – Fairness Opinion*".
- (h) *Likelihood of the Arrangement Being Completed.* The likelihood of the Arrangement being completed is considered by the Genterra Board to be high, in light of the absence of significant closing conditions outside the control of Genterra, other than the Genterra Shareholder Approval, the approval by the Court of the Arrangement, the TSXV's acceptance of the Arrangement and its approval of the voluntary delisting of the Genterra Shares, the exercise by registered holders of no more than 1% of the Genterra Shares of their Dissent Rights and other customary closing conditions.
- (i) *Approval Thresholds.* The Genterra Board considered the fact that the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. The Genterra Board also considered the fact that the Arrangement must also be approved by the Court, which will consider the substantive and procedural fairness of the Arrangement to all Genterra Shareholders.

- (j) *Dissent Rights.* Any Registered Genterra Shareholder who opposes the Arrangement may, on strict compliance with certain conditions, exercise its Dissent Rights and receive the fair value of the Dissent Shares in accordance with the Arrangement.

The foregoing summary of the information and factors considered by the Genterra Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Genterra Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusion and recommendation. In addition, individual members of the Genterra Board may have given different weight to different factors or items of information.

Fairness Opinion

CVS was retained by the Special Committee to provide an opinion as to the fairness, from a financial point of view, of the Consideration to be received under the Arrangement, to the Genterra Shareholders other than the Interested Genterra Shareholders. On June 23, 2015, CVS delivered to the Special Committee its opinion, that, as of March 31, 2015, and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the Consideration to be received under the Arrangement is fair, from a financial point of view, to the Genterra Shareholders other than the Interested Genterra Shareholders.

The Fairness Opinion was provided for the use of the Special Committee and does not constitute a recommendation to any Genterra Shareholder as to whether to vote in favour of the Arrangement. The Fairness Opinion does not address the merits of the underlying decision by Genterra to engage in the Arrangement as compared to other transactions or business strategies that might be available to Genterra.

CVS is to be paid fees for rendering the Fairness Opinion. These fees are not contingent on the successful completion of the Arrangement. In addition, CVS is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by Genterra against certain liabilities that might arise out of its engagement. CVS consents to the inclusion of a summary of the Fairness Opinion in this Circular.

The Fairness Opinion is given as of its date and CVS disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to CVS's attention after the date of its opinion. Without limiting the foregoing, in the event that CVS learns that any of the information relied on in preparing the Fairness Opinion was inaccurate, incomplete or misleading in any material respect, CVS reserves the right to change or withdraw the Fairness Opinion.

The full text of the Fairness Opinion, which sets out, among other things, the assumptions made, information received and matters considered by CVS in rendering the Fairness Opinion, as well as the limitations and qualifications the opinion is subject to, is available upon request to the Corporate Secretary of Genterra, who will provide Genterra Shareholders with a copy of the Fairness Opinion free of charge. Genterra Shareholders are urged to read the Fairness Opinion in its entirety. The summary of the Fairness Opinion attached as Appendix D to this Circular is qualified in its entirety by reference to the full text of such opinion.

Valuation Report

CVS was also retained by the Special Committee to provide a Valuation Report setting out its estimate of fair market value of all the Genterra Energy Shares as at March 31, 2015. On June 23, 2015, CVS delivered to the Special Committee its opinion that the fair market value of all the Genterra Energy Shares is equal to \$2,400,000. Based on the proposed exchange of two (2) Genterra Energy Shares for each Genterra Share, it is intended that the presently outstanding 100 Genterra Energy Shares will be split, prior to or at the Effective Time, into 16,628,716 Genterra Energy Shares, which is twice the number of the 8,314,358 outstanding Genterra Shares. Accordingly, based on the opinion set forth in the CVS Valuation Report, the fair market value of each Genterra Energy Share is equal to \$0.145.

The Valuation Report was provided for the use of the Special Committee and does not constitute a recommendation to any Genterra Shareholder as to whether to vote in favour of the Arrangement. The Valuation Report does not address the merits of the underlying decision by Genterra to engage in the Arrangement as compared to other transactions or business strategies that might be available to Genterra.

The Valuation Report does not constitute a formal valuation for purposes of MI 61-101. Pursuant to Section 4.4(a) of MI 61-101, Genterra is exempt from the requirement applicable to transactions governed by MI 61-101 to obtain a formal valuation, as none of Genterra's securities are listed or quoted on any of the markets specified in Section 4.4(a) of MI 61-101.

CVS is to be paid fees for rendering the Valuation Report. These fees are not contingent on the successful completion of the Arrangement. In addition, CVS is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by Genterra against certain liabilities that might arise out of their engagement. CVS consents to the inclusion of a summary of the Valuation Report in this Circular.

The Valuation Report is given as of its date and CVS disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Valuation Report which may come or be brought to CVS's attention after the date of its opinion. Without limiting the foregoing, in the event that CVS learns that any of the information relied on in preparing the Valuation Report was inaccurate, incomplete or misleading in any material respect, CVS reserves the right to change or withdraw the Valuation Report.

The full text of the Valuation Report, which sets out, among other things, the assumptions made, information received and matters considered by CVS in rendering the Valuation Report, as well as the limitations and qualifications to which the opinion is subject, is available upon request to the Corporate Secretary of Genterra, who will provide Genterra Shareholders with a copy of the Valuation Report free of charge. Genterra Shareholders are urged to read the Valuation Report in its entirety. The summary of the Valuation Report attached as Appendix E to this Circular is qualified in its entirety by reference to the full text of such opinion.

Approval of Arrangement Resolution

At the Meeting, the Genterra Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Appendix B to this Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the OBCA, the Arrangement Resolution must be approved by at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. See *"The Arrangement – Regulatory Law Matters and Securities Law Matters – Canadian Securities Law Matters – Multilateral Instrument 61-101"*. Should Genterra Shareholders fail to approve the Arrangement Resolution by the requisite votes, the Arrangement will not be completed. Genterra is advised by its Chairman, Fred A. Litwin, that Interested Genterra Shareholders comprised of Mr. Litwin and members of his family, who collectively control more than 66⅔% of the currently outstanding Genterra Shares, intend to vote FOR the Arrangement.

The Genterra Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Genterra Shareholders vote FOR the Arrangement Resolution. See *"The Arrangement – Recommendation of the Genterra Board"* above.

Completion of the Arrangement

Subject to the provisions of the Arrangement Agreement, the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Toronto time) on the Effective Date, being the date following the date upon which all of the conditions to completion of the Arrangement as set out in Article V of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under Section 182 of the OBCA have been filed with the Director under the OBCA. Completion of the Arrangement is expected to occur prior to September 30, 2015; however, it is possible that completion may be

delayed beyond this period if the conditions to completion of the Arrangement cannot be met on a timely basis, but in no event shall completion of the Arrangement occur later than December 31, 2015.

Procedure for Exchange of Genterra Shares

Computershare is acting as depositary under the Arrangement. The Depositary will receive deposits of certificates representing Genterra Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering the Consideration to which Genterra Shareholders are entitled under the Arrangement.

At the time of sending this Circular to each Genterra Shareholder, Genterra is also sending to each Registered Genterra Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered Genterra Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Consideration in respect of their Genterra Shares.

Registered Genterra Shareholders are requested to tender to the Depositary any certificates representing their Genterra Shares along with the duly completed Letter of Transmittal. As soon as practicable after the Effective Date, the Depositary will forward to each Registered Genterra Shareholder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) representing the Genterra Shares held by such Genterra Shareholder immediately prior to the Effective Date, certificates representing the appropriate number of Genterra Energy Shares and/or a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement, to be delivered to or at the direction of such Genterra Shareholder. Certificates representing the Genterra Energy Shares will be registered in such name or names as directed in the Letter of Transmittal, and/or a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement, will be either (i) delivered to the address or addresses as such Genterra Shareholder directed in their Letter of Transmittal, or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Genterra Shareholder in the Letter of Transmittal.

A Registered Genterra Shareholder that did not submit an effective Letter of Transmittal prior to the Effective Date may take delivery of certificates representing the appropriate number of Genterra Energy Shares and/or a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement, by delivering the certificate(s) representing Genterra Shares formerly held by them to the Depositary at the office indicated in the Letter of Transmittal at any time prior to the sixth anniversary of the Effective Date. Such certificates must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. Certificates representing the Genterra Energy Shares will be registered in such name or names as directed in the Letter of Transmittal, and/or a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement, will be either (i) delivered to the address or addresses as such Genterra Shareholder directed in its Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Registered Genterra Shareholder in the Letter of Transmittal.

In the event any certificate, which immediately before the Effective Time represented one or more outstanding Genterra Shares in respect of which the holder was entitled to receive the Consideration pursuant to the Arrangement, and that was exchanged for the Consideration, is lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, certificates representing the appropriate number of Genterra Energy Shares and/or a cheque representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement. When authorizing delivery of certificates representing the Genterra Energy Shares and/or cheques representing the net cash payment to which the Former Genterra Shareholder is entitled under the Arrangement in exchange for any lost, stolen or destroyed certificate, such former holders to whom certificates and/or cheques are to be delivered will be required, as a condition precedent to the delivery thereof, to give a bond satisfactory to Genterra, Genterra Energy and the Depositary in such amount as Genterra, Genterra Energy and the Depositary may direct or otherwise indemnify Genterra, Genterra Energy and the Depositary in a manner satisfactory to them, against any claim that may be made against one or more of them with respect to the certificate alleged to have been lost, stolen or destroyed.

A Registered Genterra Shareholder must deliver to the Depository at the office listed in the Letter of Transmittal:

- (a) the share certificates representing their Genterra Shares;
- (b) a Letter of Transmittal in the form accompanying this Circular, or a manually executed photocopy thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and
- (c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

In certain circumstances, as provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the share certificate(s) deposited therewith, the share certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

The payments to Genterra Shareholders will be denominated in Canadian dollars.

No Fractional Shares to be Distributed

In no event shall any holder of Genterra Shares be entitled to a fractional Genterra Energy Share. Where the aggregate number of Genterra Energy Shares to be distributed to a person as consideration under or as a result of the Arrangement would result in a fraction of a Genterra Energy Share being issuable, the number of Genterra Energy Shares to be received by such securityholder shall be rounded down to the nearest whole Genterra Energy Share and no person will be entitled to any compensation in respect of a fractional Genterra Energy Share.

No Fractional Cash Consideration

Any cash consideration owing to a Former Genterra Shareholder shall be rounded up to the next whole cent.

Cancellation of Rights after Six Years

Any Former Genterra Shareholder who fails to deliver any certificates representing their Genterra Shares, a duly completed Letter of Transmittal and such other documents or instruments required to be delivered, to the Depository on or before the sixth anniversary of the Effective Date, (i) will be deemed to have donated and forfeited to Genterra or its successors, any Consideration held by the Depository in trust for such Former Genterra Shareholder and (ii) any certificate representing their Genterra Shares will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to Genterra, and will be cancelled. None of Genterra or any of its successors, will be liable to any person in respect of any Consideration (including any consideration previously held by the Depository in trust for any such former holder) which is forfeited to Genterra or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law. Accordingly, Former Genterra Shareholders who do not deposit with the Depository a duly completed Letter of Transmittal and certificates representing their Genterra Shares on or before the date that is six years after the Effective Date will not receive any Consideration in exchange therefor, will not own any interest in Genterra or Genterra Energy and will not be paid any other compensation.

Court Approval of the Arrangement

An arrangement under the OBCA requires Court approval.

Interim Order

On July 21, 2015, Genterra obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Appendix F to this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Genterra Shareholders at the Meeting in the manner required by the Interim Order, Genterra intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for September 2, 2015 at 10:00 a.m. (Toronto time), or as soon thereafter as counsel may be heard, at the Courthouse, 330 University Avenue, Toronto, Ontario, or at any other date and time as the Court may direct. Any Genterra Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a notice of appearance no later than 5:00 p.m. (Toronto time) on August 31, 2015 along with any other documents required, all as set out in the Interim Order and the Notice of Application, the text of which are set out in Appendix F to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a notice of appearance will be given notice of the adjournment.

Genterra has been advised by its special counsel, Bennett Jones LLP, that the Court has broad discretion under the OBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Genterra may determine not to proceed with the Arrangement.

The Genterra Energy Shares to be distributed under the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be distributed in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, pursuant to Section 3(a)(10) thereof, the Genterra Energy Shares to be distributed under the Arrangement will not require registration under the U.S. Securities Act. Accordingly, we expect that the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of Genterra Energy Shares by Genterra to Genterra Shareholders in connection with the Arrangement "*The Arrangement – Regulatory Law Matters and Securities Law Matters – United States Securities Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Application attached at Appendix F to this Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

Regulatory Approvals

As the Genterra Energy Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Genterra Energy Shares may not have a market for their shares. Although an application has been made to list the Genterra Energy Shares on the CSE, there is no assurance when, or if, the Genterra Energy Shares will be listed on the CSE or on any other stock exchange.

Regulatory Law Matters and Securities Law Matters

Other than the Final Order and the necessary approvals of the TSXV having been obtained, Genterra is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought, although any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Genterra currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date, which, subject to receipt of the Genterra Shareholder Approval at the Meeting, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, is expected to be prior to September 30, 2015.

Canadian Securities Law Matters

Each Genterra Shareholder is urged to consult such Genterra Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in Genterra Energy Shares.

Status under Canadian Securities Laws

Genterra is a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec. The authorized capital of Genterra consists of an unlimited number of Genterra Shares, Class A Shares and Class B Shares, of which 8,314,358 Genterra Shares, 326,000 Class A Shares and 8,703,016 Class B Shares are issued and outstanding. The Genterra Shares currently trade on the TSXV. Pursuant to the Arrangement, the Genterra Shares (other than those held by Interested Genterra Shareholders) will be cancelled. Following the Effective Date, the Genterra Shares will be delisted from the TSXV (anticipated to be effective one to two Business Days following the Effective Date). Following the Arrangement it is expected that the Class B Shares will be redeemed in accordance with their terms and Genterra expects to apply to the applicable Canadian securities regulators for an order that Genterra cease to be a reporting issuer.

Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec. An application has been made to list the Genterra Energy Shares on the CSE. There can be no assurance as to if, or when, the Genterra Energy Shares will be listed or traded. As the Genterra Energy Shares are not listed on a stock exchange, unless and until such a listing is obtained, Genterra Energy Shareholders may not have a market for their shares.

Distribution and Resale of Genterra Energy Shares under Canadian Securities Laws

The distribution of the Genterra Energy Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Genterra Energy Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*, (ii) no unusual effort is made to prepare the market or to create a demand for Genterra Energy Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of Genterra Energy, the selling security holder has no reasonable grounds to believe that Genterra Energy, as the case may be, is in default of applicable Canadian securities Laws.

Each Genterra Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Genterra Energy Shares.

MI 61-101

The Ontario and Quebec securities commissions have adopted MI 61-101 which governs transactions that raise the potential for conflicts of interest, including issuer bids, insider bids, related party transactions and business combinations. As a reporting issuer in the provinces of Ontario and Quebec, Genterra is subject to MI 61-101.

MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding "interested parties" as defined in MI 61-101), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101 apply to, among other transactions, "related party transactions" (as defined in MI 61-101), being transactions with a "related party" (as defined in MI 61-101), and "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

MI 61-101 provides that where a "related party" of an issuer would, as a consequence of a transaction such as the Arrangement, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors such transaction is considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements and such "related party" is an "interested party" (as defined in MI 61-101).

Upon completion of the Arrangement, Fred Litwin and his children, Mark Litwin and Risa Shearer, each of whom is a "related party" in respect of Genterra, will together beneficially own, directly or indirectly, all of the issued and outstanding shares of Genterra. As such, management believes that the Arrangement is considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements, and that each of Fred Litwin, Mark Litwin and Risa Shearer is an "interested party" (as defined in MI 61-101). However, pursuant to Section 4.4(a) of MI 61-101, Genterra is exempt from the requirement to obtain a formal valuation under MI 61-101 as none of Genterra's securities are listed or quoted on any of the markets specified in Section 4.4(a) of MI 61-101. Evidence of value is also required by the TSXV, pursuant to Policy 5.9 and Policy 5.4 of the TSXV's Corporate Finance Manual. Genterra did not provide such evidence of value to the TSXV. Notwithstanding this, the TSXV has advised Genterra that it will accept the transaction if shareholders are advised that evidence of value was not provided and the requisite shareholder approval for the Arrangement is obtained.

MI 61-101 requires Genterra to disclose any "prior valuations" (as defined in MI 61-101) of Genterra or its material assets or securities made within the 24-month period preceding the date of this Circular. After reasonable inquiry, neither Genterra nor any director or officer of Genterra has knowledge of any such "prior valuation" other than the Valuation Report relating to Genterra Energy, a copy of the summary of which is attached as Appendix E to this Circular. Disclosure is also required for any bona fide prior offer for the Genterra Shares during the 24 months before entry into the Arrangement Agreement. There has not been any such offer during such 24-month period.

United States Securities Law Matters

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Genterra U.S. Shareholders. The discussion is based in part on non-binding interpretations and no-action letters provided by the staff of the SEC, which do not have the force of law. All Genterra U.S. Shareholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued or distributed to them under the Arrangement complies with applicable securities legislation.

Further information applicable to Genterra U.S. Shareholders is disclosed under the heading "*Note to United States Shareholders*".

The following discussion does not address the Canadian securities laws that will apply to the resale of securities by Genterra U.S. Shareholders within Canada. Genterra U.S. Shareholders reselling their securities in Canada should obtain legal advice as to their obligation to comply with Canadian securities laws, as outlined elsewhere in this Circular.

The Genterra Energy Shares to be distributed pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act and will be distributed in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act exempts securities distributed in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the distribution and exchange of such securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the distribution and exchange at which all persons to whom the securities will be distributed have the right to appear and receive timely notice thereof. Accordingly, the Final Order will, if granted, constitute the basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of the Genterra Energy Shares issued in connection with the Arrangement.

The Genterra Energy Shares to be held by Genterra Shareholders following completion of the Arrangement will be freely tradable in the U.S. under U.S. federal securities laws, except by persons who are "affiliates" of Genterra Energy at the time of their proposed transfer or within 90 days prior to their proposed transfer. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Genterra Energy Shares by such an affiliate may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom. It is not intended for Genterra Energy Shares to be listed on a United States stock exchange.

Resales by Affiliates of Genterra Energy under Regulation S and Rule 144

In general, under Regulation S, persons who are affiliates of Genterra Energy solely by virtue of their status as an officer or director of Genterra Energy, may sell their Genterra Energy Shares, outside the United States in an "offshore transaction" (which would include a sale through the facilities of certain specified non-U.S. stock exchanges as long as neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions are applicable to a holder of Genterra Energy Shares who is an affiliate of Genterra Energy after the Arrangement other than by virtue of his or her status as an officer or director of Genterra Energy.

In general, pursuant to Rule 144 under the U.S. Securities Act, persons who are affiliates of Genterra Energy after the Arrangement will be entitled to sell in the United States, during any three-month period, the Genterra Energy Shares that they receive in connection with the Arrangement, provided that (i) the number of such securities sold does not exceed the greater of one percent of the number of then outstanding securities of such class or (ii) if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, in each case subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Genterra Energy. Persons who are affiliates of Genterra Energy after the Arrangement will continue to be subject to the resale restrictions described in this paragraph for so long as they continue to be affiliates of Genterra Energy.

The foregoing discussion is only a general overview of certain requirements of U.S. securities laws applicable to the securities received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable U.S. securities laws.

Fees and Expenses

The aggregate expenses of Genterra incurred or to be incurred relating to the Arrangement, including, without limitation, contractual severance obligations, legal, accounting, audit, financial advisory, printing, and other administrative and professional fees, the preparation and printing of this Circular, and other out-of-pocket costs associated with the Meeting are estimated to be approximately \$600,000 in the aggregate.

All out-of-pocket expenses incurred in connection with the Arrangement and the transactions contemplated thereby shall be paid by Genterra.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Genterra Board with respect to the Arrangement, Genterra Shareholders should be aware that certain members of Genterra's senior management and the Genterra Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement.

The table below sets forth the number and percentage of Genterra Shares that the directors and officers of Genterra and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof.

| Name and Position | Number of Genterra Shares Beneficially Owned | Percentage of Genterra Shares ⁽¹⁾ |
|--|--|--|
| Fred A. Litwin <i>Chairman of the Genterra Board</i> | 3,854,011 ⁽²⁾ | 46.4% |
| Mark I. Litwin <i>President and Chief Executive Officer of Genterra</i> | 2,017,450 ⁽³⁾ | 24.3% |
| Mark E. Dawber <i>Director</i> | NIL | NIL% |
| Alan Kornblum <i>Director</i> | NIL | NIL% |
| Sol D. Nayman <i>Director</i> | NIL | NIL% |
| Stan Abramowitz <i>Secretary, Chief Financial Officer and Director</i> | NIL | NIL% |

Notes:

- (1) The percentage of Genterra Shares figures are based on 8,314,358 Genterra Shares outstanding on the Record Date.
- (2) These shares also include 834,801 Genterra Shares beneficially owned by Forum Financial Corporation ("Forum"), 15,445 Genterra Shares beneficially owned by Ianjoy Investments Corp. ("Ianjoy"), 114 Genterra Shares beneficially owned by First Ontario Investments Inc. ("First Ontario"), 1,438,472 Genterra Shares beneficially owned by Mar-Risa Holdings Inc. ("Mar-Risa"), 1,475,395 Genterra Shares beneficially owned by First Corporate Equity Inc. ("First Corporate"). Each of Forum, Ianjoy, First Ontario, Mar-Risa and First Corporate is controlled by Fred A. Litwin.
- (3) These shares are beneficially owned by Sutton Management Limited, a corporation beneficially owned by Mark I. Litwin, President of the Corporation and his sister, Risa J. Shearer. Mark I. Litwin and his sister, Risa J. Shearer, are the children of Fred A. Litwin.

Directors

The Genterra directors (other than Fred A. Litwin, who is an Interested Genterra Shareholder) do not hold any of the Genterra Shares outstanding on the Record Date. Unlike the Genterra Shares held by every other Genterra Shareholder, the Genterra Shares held by Interested Genterra Shareholders, including Fred A. Litwin, will not be exchanged for cash and/or Genterra Energy Shares and cancelled under the Arrangement.

The Arrangement Agreement

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein and may be found under Genterra's profile on SEDAR at www.sedar.com.

Effective Date and Conditions of Arrangement

If the Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement and all other conditions to the Arrangement becoming effective are satisfied or waived, the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Toronto time) on the Effective Date). It is currently expected that the Effective Date will be prior to September 30, 2015.

Representations and Warranties

The Arrangement Agreement contains customary representations and warranties made by Genterra to Genterra Energy and representations and warranties made by Genterra Energy to Genterra. Those representations and warranties were made solely for purposes of the Arrangement Agreement and relate to organization, corporate power and authority, due execution and delivery, enforceability, no violation and required approvals.

Covenants

The Arrangement Agreement contains customary mutual covenants made by Genterra and Genterra Energy, covenants made by Genterra to Genterra Energy and covenants made by Genterra Energy to Genterra. These covenants were made solely for purposes of the Arrangement Agreement.

The mutual covenants made by Genterra and Genterra Energy relate to notifications of any notices from governmental authorities and third parties, cooperation with public filings, refraining from action inconsistent with completion of the Arrangement or the truth of any representation or warranty, compliance with Laws, removal of injunctions or restraining orders which may impede the Arrangement and tax matters.

The covenants made by Genterra to Genterra Energy relate to performing obligations under the Arrangement, obtaining shareholder, court and any other necessary approvals, and defending or resolving any litigation or disputes including with respect to dissident shareholders or proxy solicitation matters.

The covenants made by Genterra Energy to Genterra relate to performing obligations under the Arrangement, obtaining shareholder, court and any other necessary approvals, defending any litigation challenging or affecting the Arrangement Agreement or completion of the Arrangement, obtaining Genterra's consent prior to public disclosure of the Arrangement, refraining from any stock issues and providing Genterra with financial information necessary for preparation of Genterra's financial disclosure.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain mutual conditions must have been satisfied or waived which conditions are summarized below.

Mutual Conditions

The respective obligations of Genterra, and Genterra Energy to complete the Arrangement are subject to the satisfaction or mutual waiver of the following conditions on or before the Effective Date:

- (a) the Arrangement Resolution will have been approved by the Genterra Shareholders at the Meeting in accordance with the Interim Order;

- (b) the Interim Order and the Final Order will have each been obtained on terms consistent with the Arrangement Agreement and shall not have been set aside or modified in a manner unacceptable to Genterra and Genterra Energy, acting reasonably, on appeal or otherwise;
- (c) all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by Genterra and Genterra Energy, each acting reasonably, to be necessary or desirable for the completion of the Arrangement will have been obtained or received on terms that are satisfactory to Genterra and Genterra Energy, each acting reasonably;
- (d) a Certificate of Arrangement shall have been issued pursuant to the OBCA;
- (e) the TSXV will have accepted the Arrangement and approved the voluntary delisting of the Genterra Shares;
- (f) no law, regulation or policy will have been proposed, enacted, issued, promulgated, enforced or entered into which interferes or is inconsistent with the completion of the Arrangement or has the effect of making the Arrangement illegal, including any material change to the income tax laws of Canada or the United States;
- (g) there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by the Arrangement Agreement;
- (h) the Fairness Opinion and the Valuation Report will not have been withdrawn or modified;
- (i) the Genterra Energy Shares to be distributed pursuant to the Arrangement shall have been exempted from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;
- (j) there shall not, as of the Effective Date, be registered Genterra Shareholders holding, in the aggregate, in excess of 1% of the number of outstanding Genterra Shares that have validly exercised their Dissent Rights and not withdrawn such exercise;
- (k) the Arrangement Agreement will not have been terminated in accordance with its terms; and
- (l) the accuracy of representations and warranties made in the Arrangement Agreement as of the Effective Date and compliance by Genterra and Genterra Energy with the covenants set forth in the Arrangement Agreement.

The foregoing conditions are for the mutual benefit of the parties and may be waived, in whole or in part, by mutual written consent of Genterra and Genterra Energy at any time.

Termination

The Arrangement Agreement may be unilaterally terminated by Genterra, in its sole and absolute discretion, prior to the Effective Time without notice to or the consent of Genterra Energy or the Genterra Shareholders. Without limiting the generality of Genterra's discretionary right to terminate, the Agreement specifically provides that Genterra may terminate the Agreement in the following circumstances:

- (a) If any right of dissent is exercised by Genterra Shareholders who in the aggregate hold 1% or more of the outstanding Genterra Shares and have not abandoned their right of dissent; and
- (b) If prior to the Effective Date there is a material change in the business, operations, properties, assets, liabilities or condition, financial or otherwise, of Genterra, taken as a whole, or Genterra

Energy, or any change in general economic conditions, interest rates or any outbreak or material escalation in, or the cessation of, hostilities or any other calamity or crisis, or there should develop, occur or come into effect any occurrence which has a material effect on the financial markets of Canada and the board of directors of Genterra determines in its sole judgment that it would be inadvisable in such circumstances to proceed with the Arrangement

The Agreement will terminate without any action by the parties if the Effective Date has not occurred prior to December 31, 2015.

Risks Associated with the Arrangement

In evaluating the Arrangement, Genterra Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Genterra, may also adversely affect the Genterra Shares, the Genterra Energy Shares and/or the businesses of Genterra Energy following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Genterra Shareholders should also carefully consider the risk factors associated with the business of Genterra Energy (See Appendix G "*Information Concerning Genterra Energy Inc. – Risk Factors*") included in this Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include:

The Arrangement Agreement may be terminated by Genterra.

Genterra has the right to terminate the Arrangement Agreement at its sole and exclusive discretion. Accordingly, there is no certainty, nor can Genterra provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Genterra, including receipt of the Final Order. There can be no certainty, nor can Genterra provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Genterra Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Genterra Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Genterra will incur costs even if the Arrangement is not completed.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Genterra even if the Arrangement is not completed.

There can be no certainty that the Arrangement will receive all necessary approvals.

The Arrangement requires the approval of at least 66⅔% of the votes cast by the Genterra Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders. See "*The Arrangement – Approval of Arrangement Resolution*". The Arrangement also requires Court approval under the OBCA as well as a declaration following a Court hearing that the Arrangement is fair to the Genterra Shareholders. The Arrangement is conditional upon acceptance by the TSXV. There can be no assurance that all of these approvals will be obtained or, if obtained, when they will be obtained.

Dissent Rights

The following description of the Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Genterra Shareholder who seeks payment of the fair value of its Genterra Shares from Genterra and is qualified in its entirety by the reference to the full text of Section 185 of the OBCA, which is attached to this Circular as Appendix I, as modified by the Interim Order, which is attached to this Circular as Appendix F. A Dissenting Genterra Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Section 185 of the OBCA, as modified by the Interim Order. Failure to comply strictly with the provisions of Section 185 of the OBCA, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered Genterra Shareholder may exercise Dissent Rights under Section 185 of the OBCA as modified by Section 4 of the Plan of Arrangement or the Interim Order. Genterra Shareholders who duly exercise such Dissent Rights and who:

- (a) are ultimately entitled to be paid fair value for their Genterra Shares in respect of which they have exercised Dissent Rights will be deemed to have irrevocably transferred such Genterra Shares to Genterra pursuant to the Plan of Arrangement in consideration of such fair value; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for the Genterra Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Genterra Shareholder that has not exercised Dissent Rights.

In no case shall Genterra or any other person be required to recognize Dissenting Genterra Shareholders as Genterra Shareholders after the completion of the steps set forth in Section 3.01 of the Plan of Arrangement, and each Dissenting Genterra Shareholder will cease to be entitled to the rights of a Genterra Shareholder in respect of the Genterra Shares in relation to which such Dissenting Genterra Shareholder has exercised Dissent Rights and the central securities register of Genterra will be amended to reflect that such former holder is no longer the holder of such Genterra Shares as and from the completion of the steps in Section 3.01 of the Plan of Arrangement.

A Non-Registered Holder who wishes to dissent with respect to its Genterra Shares should be aware that only Registered Genterra Shareholders are entitled to exercise Dissent Rights. A Registered Genterra Shareholder such as an intermediary who holds Genterra Shares as nominee for Non-Registered Holders, some of whom wish to dissent, may exercise Dissent Rights on behalf of such Non-Registered Holders with respect to the Genterra Shares held for such Non-Registered Holders. In such case, the Notice of Dissent should set forth the number of Genterra Shares it covers.

A Registered Genterra Shareholder who wishes to dissent shall send a written Notice of Dissent in compliance with section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement, objecting to the Arrangement Resolution to Genterra at 106 Avenue Road, Toronto, Ontario, M5R 2H3, Attention: Corporate Secretary, which must be received by Genterra at or before 5:00 p.m. (Toronto time) on August 25, 2015, or two Business Days prior to any adjournment or postponement of the Meeting.

The delivery of a Notice of Dissent does not deprive such Dissenting Genterra Shareholder of its right to vote at the Meeting; however, a vote in favour of the Arrangement Resolution will result in a loss of the right to dissent. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Notice of Dissent in respect of the Arrangement Resolution, but any such proxy granted by a Genterra Shareholder who intends to dissent should be validly revoked in order to prevent the proxy holder from voting such Genterra Shares in favour of the Arrangement Resolution. A Genterra Shareholder may vote as a proxy holder for another Genterra Shareholder whose proxy requires an affirmative vote,

without affecting the right of the proxy holder to exercise Dissent Rights in respect of the proxy holder's Genterra Shares.

If the Arrangement Resolution is passed at the Meeting, Genterra must then, within 10 days after the Genterra Shareholders adopt the Arrangement Resolution, deliver to each Dissenting Genterra Shareholder, a notice stating that the Arrangement Resolution has been adopted and, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, Genterra intends to complete the Arrangement, and advising the Dissenting Genterra Shareholder that if the Dissenting Genterra Shareholder intends to proceed with the exercise of its Dissent Rights, it must deliver to Genterra, within twenty days of the receipt of the notice of adoption from Genterra, a demand for payment of fair value containing the information specified in Section 185(10) of the OBCA. Not later than the thirtieth day after sending the demand for payment of fair value, the Dissenting Genterra Shareholder must send the certificates representing Genterra Shares in respect of which Dissent Rights have been exercised to Genterra.

Genterra will, not later than seven days after the later of Effective Date or the day Genterra received the demand for payment, send to each Dissenting Genterra Shareholder a written offer to pay the fair market value for the Dissent Shares, accompanied by a statement showing how the fair value was determined. Either Genterra or a Dissenting Genterra Shareholder may apply to the Court if no agreement on the terms of the sale of Dissent Shares has been reached, and the Court may determine the fair value for the Dissent Shares. If a Dissenting Genterra Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in Section 185 of the OBCA, as modified by the Interim Order, it will lose its Dissent Rights, Genterra will return to the Dissenting Genterra Shareholder the certificates representing the Dissent Shares that were delivered to Genterra, if any, and if the Arrangement is completed, that Dissenting Genterra Shareholder will be deemed to have participated in the Arrangement on the same terms as a non-dissenting Genterra Shareholder. If a Dissenting Genterra Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, Genterra will return to the Dissenting Genterra Shareholder the certificates delivered to Genterra by the Dissenting Genterra Shareholder, if any.

Upon the Arrangement becoming effective, or upon the making of an agreement between Genterra and the Dissenting Genterra Shareholder as to the payment to be made by Genterra to the Dissenting Genterra Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Genterra Shareholder will cease to have any rights as a Genterra Shareholder other than the right to be paid the fair value of such holder's Genterra Shares, in the amount agreed to between Genterra and the Dissenting Genterra Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Genterra Shareholder may withdraw its dissent, or Genterra may rescind the Arrangement Resolution, and in either event the dissent and appraisal proceedings in respect of that Dissenting Genterra Shareholder will be discontinued.

It is suggested that any Genterra Shareholder wishing to avail himself or herself of Dissent Rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the OBCA and the Interim Order may prejudice the availability of Dissent Rights. Dissenting Genterra Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

If, as of the Effective Date, the aggregate number of Genterra Shares in respect of which Genterra Shareholders have duly and validly exercised Dissent Rights exceeds 1% of the Genterra Shares then outstanding, Genterra is entitled, in its discretion, to not complete the Arrangement. See "*The Arrangement – The Arrangement Agreement – Conditions to the Arrangement Becoming Effective*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement generally applicable to Genterra Shareholders who exchange Genterra Shares for cash and/or Genterra Energy Shares under the Arrangement (or who exercise Dissent Rights) and who, for purposes of the Tax Act and at all relevant times: (i) hold their Genterra Shares, and will hold their Genterra Energy Shares (as applicable), as capital property, (ii) deal at arm's length with Genterra or Genterra Energy, and (iii) are not affiliated with Genterra or Genterra Energy. A Genterra Shareholder meeting all of the foregoing requirements is referred to as a "Holder" in this summary and this summary only addresses such Holders. Tax considerations relevant to any other shareholders under the Arrangement are not addressed in this summary, and those shareholders should consult their own tax advisors in this regard.

This summary does not apply to a Holder: (i) that is a "financial institution" for the purposes of the market-to-market rules in the Tax Act; (ii) an interest in which is a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) that, at any relevant time, makes a foreign currency reporting election or enters into a derivative forward agreement for the purposes of the Tax Act; (v) that is a "foreign affiliate" of a taxpayer resident in Canada, for purposes of the Tax Act, at the end of the Holder's taxation year in which the Arrangement occurs; or (vi) that is a corporation resident in Canada that is or becomes controlled by a non-resident for the purposes of the "foreign affiliate dumping" rules in the Tax Act. In addition, this summary does not apply to a Holder who, immediately following the Arrangement, will, either alone or together with persons with whom such Holder does not deal at arm's length for purposes of the Tax Act, either controls Genterra Energy for purposes of the Tax Act or beneficially owns shares of Genterra Energy that have a fair market value in excess of 50% of the fair market value of all outstanding shares of the capital stock of Genterra Energy. A Holder to whom any of the factors referenced in this paragraph applies should consult their own tax advisor with respect to the tax consequences of the Arrangement.

This summary is based on the facts set out in this Information Circular, the current provisions of the Tax Act and the published administrative policies and assessing practices of the Canada Revenue Agency ("CRA") publicly available prior to the date of this Information Circular. This summary takes into account all of the Proposed Amendments and assumes that such Proposed Amendments will be enacted in the manner proposed. However, no assurance can be given that such Proposed Amendments will be enacted in the form proposed, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement. Except for the Proposed Amendments, this summary does not take into account or anticipate any other changes in law or any changes in the CRA's administrative policies and assessing practices, whether by judicial, regulatory or legislative action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein. This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Holder. All Holders should consult their own tax advisors as to the tax consequences to them of the Arrangement.

The discussion that follows is qualified accordingly.

Residents of Canada

The following section of the summary is applicable to a Holder (as defined above) who, for the purposes of the Tax Act and any applicable income tax treaty, and at all relevant times, is or is deemed to be a resident of Canada. A Holder who meets all of the foregoing requirements is referred to as a "Resident Shareholder" in this portion of the summary, and this portion of the summary only addresses such Resident Shareholder.

Exchange of Genterra Shares

There will be two components of the exchange: (i) dividend income to the extent of the excess of the fair market value of the proceeds received, being cash and/or the fair market value of the Genterra Energy Shares, over the stated capital of each Genterra Share exchanged, and (ii) a disposition of the Genterra Share with proceeds equal to the stated capital of each Genterra Share exchanged.

Taxation of Dividend Income

Resident Shareholders who are individuals will have to gross up the dividend when including the amount in income and will be eligible for a dividend tax credit, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Genterra as "eligible dividends" as defined in the Tax Act. There may be limitations on Genterra's ability to so designate dividends as "eligible dividends", and Genterra has made no commitments in this regard.

Resident Shareholders who are corporations can claim a deduction for the dividend income from its income, subject to all of the limitations in the Tax Act. Corporate Holders who are private corporations as defined in the Tax Act will be subject to a refundable tax of 33.3333% on the amount of the dividend received, unless they are "connected" with Genterra as defined in the Tax Act.

Taxation of Capital Gains and Capital Losses

Resident shareholders will realize a capital gain or loss on the exchange. A capital gain will arise if the stated capital of the Genterra Shares exceeds the resident shareholder's adjusted cost base of the Genterra Shares. A capital loss will arise if the stated capital of the Genterra Shares is less than the resident shareholder's adjusted cost base of the Genterra Shares.

Generally, one-half of any capital gain (a "taxable capital gain") realized by a Resident Shareholder in a taxation year must be included in the Resident Shareholder's income for the year, and one-half of any capital loss (an "allowable capital loss") realized by a Resident Shareholder in a taxation year must be deducted from taxable capital gains realized by the Shareholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may, generally, be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Resident Shareholder that is a corporation on the disposition of shares may be reduced by the amount of dividends received or deemed to be received (if any) by the Resident Shareholder on such shares (or on shares for which the shares have been substituted), to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust. A Resident Shareholder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may also be liable to pay a special tax (refundable in certain circumstances) of 6.66667% on its "aggregate investment income" (as defined in the Tax Act), including taxable capital gains.

Dividends on Genterra Energy Shares

Each Resident Shareholder will be required to include in income for a taxation year any dividend that the Resident Shareholder receives, or is deemed to receive, on a Genterra Energy Share in that year. Such dividends will be subject to the tax treatment described above under "Taxation of Dividend Income".

Disposition of Genterra Energy Shares

A disposition or a deemed disposition of a Genterra Energy Share by a Resident Shareholder will generally result in the Resident Shareholder realizing a capital gain (or capital loss) in the year of the disposition equal to the amount by which the proceeds of disposition of the Genterra Energy Share are greater (or less) than the aggregate of the Resident Shareholder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described above under "Taxation of Capital Gains and Capital Losses".

Dissenting Resident Shareholders

A Resident Shareholder who exercises Dissent Rights in respect of the Arrangement and whose Genterra Shares are purchased for cancellation by Genterra for cash will be subject to dividend income to the extent of the excess of the cash received over the stated capital of each Genterra Share repurchased for cancellation and a disposition of the Genterra Share with proceeds equal to the stated capital of each Genterra Share. See "Taxation of Dividend Income" and "Taxation of Capital Gains and Capital Losses", above.

Where a dissenting Resident Shareholder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest received will be required to be included in income in that year.

Non-Residents of Canada

The following section of the summary is applicable to a Holder (as defined above) who, for the purposes of the Tax Act and any applicable income tax treaty and at all relevant times, (i) is not, and is not deemed to be, a resident of Canada, (ii) does not, and is not deemed to, use or hold Genterra Shares or Genterra Energy Shares in, or in the course of carrying on a business in Canada, and (iii) is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere. A Holder meeting all of the foregoing requirements is referred to in this portion of the summary as a "Non-Resident Shareholder", and this portion of the summary only addresses such Non-Resident Shareholders.

Exchange of Genterra Shares

There will be two components of the exchange: (i) dividend income to the extent of the excess of the fair market value of the proceeds received, being cash and/or the fair market value of the Genterra Energy Shares, over the stated capital of each Genterra Share exchanged, and (ii) a disposition of the Genterra Share with proceeds equal to the stated capital of each Genterra Share exchanged.

Taxation of Dividend Income for Non-Residents

For Non-Resident Shareholders (either individuals or corporations), the dividend income will be subject to a withholding tax of 25% of the gross amount of the dividend. The amount of withholding tax may be reduced in accordance with an appropriate tax treaty between Canada and the country of which the Non-Resident Shareholder is a resident of.

Genterra will be required to withhold such tax from the dividend and remit it to CRA for the Non-Resident Shareholder's account.

Taxation of Capital Gains and Capital Losses for Non-Residents

Non-Resident Shareholders will realize a capital gain or loss on the exchange, depending on their adjusted cost base of the Genterra Shares. A Non-Resident Shareholder will not be liable to tax under the Tax Act in respect of any capital gain realized on the disposition unless the Genterra Shares constitute "taxable Canadian property" for purposes of the Tax Act.

The Genterra Shares will not be considered taxable Canadian property if, at the time of the exchange, the Genterra Shares are trading on a listed stock exchange (as provided for under the Tax Act) **and** the Non-Resident Shareholder does not own (by themselves or in combination with non-arm's length shareholders) 25% or more of the Genterra Shares. Accordingly, there will be no requirement by the Non-Resident Shareholder to file any forms with CRA prior to the exchange, nor will there be a requirement to remit any tax. In addition, the Non-Resident Shareholder will not be required to file a tax return in Canada.

If the two conditions in the preceding paragraph are not met and more than 50% of the fair market value of the Genterra Shares is derived, directly or indirectly from real estate located in Canada, then the Genterra Shares will be considered taxable Canadian property. Accordingly, each Non-Resident Shareholder will then have to file

Form T2062 Request by a Non-resident of Canada for a Certificate of Compliance with CRA prior to the actual disposition of the Genterra Shares. The Non-Resident Shareholder must also remit 25% of the gain (if any) to CRA when they submit Form T2062. In the event that the Non-Resident Shareholder does not obtain the Certificate of Compliance, Genterra will be required to withhold and remit 25% of the deemed proceeds of disposition. The Non-Resident Shareholder will also be required to file a tax return for the year in which the shares were disposed of, showing the capital gain or loss (as the case may be) and either pay any balance of tax due or claim a refund of any tax paid or withheld on the disposition. The deadline for filing the return is April 30 if the Non-Resident Shareholder is an individual or six months after the year end if the Non-Resident Shareholder is a corporation.

Dividends on Genterra Energy Shares

A Non-Resident Shareholder (either individuals or corporations) who receives or is deemed to receive a dividend on a Genterra Energy Share will be subject to a withholding tax of 25% of the gross amount of the dividend. The amount of withholding tax may be reduced in accordance with an appropriate tax treaty between Canada and the country of which the Non-Resident Shareholder is a resident of.

Genterra Energy will be required to withhold such tax from the dividend and remit it to CRA for the Non-Resident Shareholder's account.

Disposition of Genterra Energy Shares by a Non-Resident

A disposition or a deemed disposition of a Genterra Energy Share by a Non-Resident Shareholder will generally result in the Non-Resident Shareholder realizing a capital gain (or capital loss) in the year of the disposition equal to the amount by which the proceeds of disposition of the Energy Share are greater (or less) than the aggregate of the Non-Resident Shareholder's adjusted cost base thereof and any reasonable costs of disposition.

A Non-Resident Shareholder will not be liable to tax under the Tax Act in respect of any capital gain realized on the disposition unless the Genterra Energy Shares constitute "taxable Canadian property" for purposes of the Tax Act.

The Genterra Energy Shares will not be considered taxable Canadian property if, at the time of their disposition, the Genterra Energy Shares are trading on a listed stock exchange (as provided for under the Tax Act) **and** the Non-Resident Shareholder does not own (by themselves or in combination with non-arm's length shareholders) 25% or more of the Genterra Energy Shares. Accordingly, there will be no requirement by the Non-Resident Shareholder to file any forms with CRA prior to the disposition, nor will there be a requirement to remit any tax. In addition, the Non-Resident Shareholder will not be required to file a tax return in Canada.

If the two conditions in the preceding paragraph are not met and more than 50% of the fair market value of the Genterra Energy Shares is derived, directly or indirectly from real estate located in Canada, then the Genterra Energy Shares will be considered taxable Canadian property. Accordingly, each Non-Resident Shareholder will then have to file Form T2062 Request by a Non-resident of Canada for a Certificate of Compliance with Canada Revenue Agency prior to the disposition of the Genterra Energy Shares. The Non-Resident Shareholder must also remit 25% of the gain (if any) to CRA when they submit Form T2062. In the event that the Non-Resident Shareholder does not obtain the Certificate of Compliance, the purchaser of the Genterra Energy Shares will be required to withhold and remit 25% of the deemed proceeds of disposition. The Non-Resident Shareholder will also be required to file a tax return for the year in which the shares were disposed of, showing the capital gain or loss (as the case may be) and either pay any balance of tax due or claim a refund of any tax paid or withheld on the disposition. The deadline for filing the return is April 30 if the Non-Resident Shareholder is an individual or six months after the year end if the Non-Resident Shareholder is a corporation.

Dissenting Non-Resident Shareholders

A Non-Resident Shareholder who exercises Dissent Rights in respect of the Arrangement and whose Genterra Shares are purchased for cancellation will be subject to dividend income, to the extent of the excess of the cash received over the stated capital of each Genterra Share repurchased for cancellation, and a disposition of the Genterra Share with proceeds equal to the stated capital of each Genterra Share purchased for cancellation. See

"Taxation of Dividend Income for Non-Residents" and "Taxation of Capital Gains and Capital Losses for Non-Residents" above.

Where a dissenting Non-Resident Shareholder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will not be subject to Canadian withholding tax under the Tax Act.

ELIGIBILITY FOR INVESTMENT

The Genterra Energy Shares to be distributed pursuant to the Arrangement would at a particular time, be "qualified investments" under the Tax Act for a Registered Plan provided that, at that time, the Genterra Energy Shares are listed on a "designated stock exchange" as defined for purposes of the Tax Act (which includes the CSE).

Notwithstanding the foregoing, a holder of Genterra Energy Shares will be subject to a penalty tax if the Genterra Energy Shares, are held in a RRSP, RRIF, TFSA, as the case may be, and are a "prohibited investment" for such RRSP, RRIF, TFSA under the Tax Act. The Genterra Energy Shares will not be a prohibited investment for a RRSP, RRIF or TFSA, as the case may be, held by a particular holder or annuitant provided the holder or annuitant deals at arm's length with Genterra Energy for the purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in Genterra Energy. In addition, Genterra Energy Shares will generally not be a prohibited investment if the Genterra Energy Shares are "excluded property" as defined in the Tax Act. Shareholders should consult their own tax advisors as to whether the Genterra Energy Shares will be a prohibited investment in their particular circumstances, including with respect to whether the Genterra Energy Shares would be "excluded property".

NOTICE TO NON-CANADIAN SHAREHOLDERS

It is strongly recommended that all Genterra Shareholders who are resident in, or citizens of, the United States or any jurisdiction outside of Canada consult their own legal and tax advisors with respect to the income tax consequences applicable in their place of residency or citizenship in connection with the disposition of their Genterra Shares or, following completion of the Arrangement, their Genterra Energy Shares.

INFORMATION CONCERNING GENTERRA

Genterra is engaged in the businesses of owning and managing real estate and, through Genterra Energy, solar energy generation. Genterra's real estate investments are primarily in industrial and commercial real estate in Southern Ontario, and are financed through equity and commercial/institutional first mortgages. The properties are managed by Genterra in conjunction with third party property managers. Properties are acquired for both income and capital gain appreciation. Genterra primarily acquires property that provides cash flow coverage for financing purposes that may or may not provide a return on equity in the short term and with possible long term capital gains.

Genterra is a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec. Genterra's head and registered offices are each located at 106 Avenue Road, Toronto, Ontario, M5R 2H3.

Trading Price and Volume Data

The Genterra Shares are listed on the TSXV (symbol: GIC). The following table sets forth the volume of trading and price ranges of the Genterra Shares on the TSXV for each month since June 2014.

| Period | High | Low | Volume |
|------------------------|-------------|------------|---------------|
| | Cdn\$ | Cdn\$ | |
| June 2014 | 1.65 | 1.62 | 1,252 |
| July 2014 | 1.69 | 1.68 | 1,254 |
| August 2014 | 1.43 | 1.30 | 1,316 |
| September 2014 | 1.50 | 1.50 | 955 |
| October 2014 | 1.45 | 1.26 | 5,362 |
| November 2014 | 1.48 | 1.48 | 2,317 |
| December 2014 | 1.38 | 1.31 | 2,872 |
| January 2015 | 1.40 | 1.35 | 5,057 |
| February 2015 | 1.32 | 1.21 | 2,234 |
| March 2015 | 1.46 | 1.33 | 4,857 |
| April 2015 | 1.43 | 1.41 | 3,171 |
| May 2015 | 1.42 | 1.41 | 4,254 |
| June 2015 | 1.42 | 1.30 | 2,236 |
| July 1 to July 20 2015 | 2.00 | 1.30 | 1,523 |

The closing price of the Genterra Shares on the TSXV on July 2, 2015, the last day on which the Genterra Shares traded prior to the announcement of the Arrangement, was Cdn\$1.30.

Prior Purchases and Sales

Genterra has not purchased or sold Genterra securities during the 12 months prior to July 10, 2015, the date of entry into the Arrangement Agreement.

Previous Distributions

Genterra has not distributed Genterra Shares during the five years preceding entry into the Arrangement Agreement.

Dividend Policy

Genterra has never paid, and has no present intention to pay at any time prior to completion of the Arrangement, any dividends on the Genterra Shares.

INFORMATION CONCERNING GENTERRA ENERGY

Genterra Energy is currently a wholly-owned subsidiary of Genterra. The registered and head office of Genterra Energy is located at 106 Avenue Road, Toronto, Ontario, M5R 2H3. Since August 2014, Genterra Energy has engaged in the business of solar energy generation under a Feed-In Tariff Contract with the Ontario Power Authority. Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in the provinces of British Columbia, Alberta, Ontario and Quebec.

Prior to completion of the Arrangement, Genterra Energy intends to change its name to Gencan Inc., or such other name as its directors deem appropriate, and it will also effect a split of its 100 issued and outstanding common shares into 16,628,716 common shares, which is twice the number of the 8,314,358 Genterra Shares presently issued and outstanding.

The Genterra Energy Shares are not currently listed on any stock exchange. An application has been made to list the Genterra Energy Shares on the CSE.

Information relating to Genterra Energy Pre-Arrangement and Genterra Energy Post-Arrangement is contained in Appendix G to this Circular.

OTHER INFORMATION

Indebtedness of Directors and Executive Officers

At no time during the financial year ended September 30, 2014 or within 30 days of the date of this Circular has any director, officer or employee, or former director, officer or employee, of Genterra or any of its subsidiaries, or any associate or affiliate of any such director, officer or employee, been indebted to Genterra.

Other Matters

Management of Genterra is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Form of Proxy to vote the Genterra Shares represented thereby in accordance with their best judgment on such matter.

Additional Information

Additional information regarding Genterra can be found on SEDAR at www.sedar.com. Financial information regarding Genterra is provided in Genterra's audited consolidated financial statements and management's discussion and analysis for the financial year ended September 30, 2014, as well as in Genterra's unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2015, both of which can be found on SEDAR at www.sedar.com, together with Genterra's other public disclosure. Genterra Shareholders may contact Genterra's Secretary at 106 Avenue Road, Toronto, Ontario M5R to request copies of these documents.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Arrangement will be passed upon by Goldman, Spring, Kichler & Sanders LLP on behalf of Genterra. As of the date hereof, the partners and associates of Goldman, Spring, Kichler & Sanders LLP as a group beneficially owned, directly or indirectly, less than one percent (1%) of the Genterra Shares and none of the Genterra Energy Shares.

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Genterra Board.

BY ORDER OF THE BOARD OF DIRECTORS



Mark I. Litwin
President & Chief Executive Officer

July 21, 2015

CONSENT OF CORPORATE VALUATION SERVICES LIMITED

We refer to the Estimate of Fair Market Value of all the shares of Genterra Energy Inc. and the Fairness Opinion, both dated June 23, 2015, which we prepared for the Special Committee of the Board of Directors of Genterra Capital Inc. The Fairness Opinion relates to the proposed Plan of Arrangement by which each holder of at least 500 Common Shares of Genterra Capital Inc. would receive in exchange for each such Common Share, \$1.96 cash and two common shares of Genterra Energy Inc.

We consent to the inclusion in the Notice of Meeting and Management Information Circular of Genterra Capital Inc. of (i) a summary of the Estimate of Fair Market Value and all other references thereto contained in such information circular, (ii) a summary of the Fairness Opinion and all references thereto contained in such information circular.

Corporate Valuation Services Limited



James P. Catty, MA, ICVS, CA•CBV (Canada), CPA/ABV (US), CFA, CGMA, CFE
President
Toronto, Ontario, Canada
July 21, 2015

APPENDIX A

GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

"**affiliate**" has the meaning ascribed to that term in the Securities Act.

"**Arrangement**" means an arrangement under the provisions of Section 182 of the OBCA, on the terms and conditions set forth in the Plan of Arrangement as amended from time to time in accordance with its terms.

"**Arrangement Agreement**" means the Arrangement Agreement dated as of July 10, 2015 between Genterra and Genterra Energy, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution to be considered and, if thought fit, passed by the Genterra Shareholders at the Meeting, substantially on the terms and in the form of Appendix B hereto.

"**Business Day**" means any day on which commercial banks are open for business in Toronto, Ontario other than a Saturday, a Sunday or a day observed as a holiday in Toronto, Ontario under the laws of the Province of Ontario or the federal laws of Canada.

"**Circular**" means, collectively, the Notice of Meeting and this Management Information Circular of Genterra, including all appendices hereto, sent to Genterra Shareholders in connection with the Meeting, including any amendments or supplements thereto.

"**Computershare**" means Computershare Investor Services Inc., the transfer agent and registrar for the Genterra Shares.

"**Consideration**" means the consideration to be received pursuant to the Plan of Arrangement in respect of each Genterra Share that is issued and outstanding immediately prior to the Effective Time, consisting of (i) Cdn\$2.25 in cash for each Genterra Share held by each Genterra Shareholder who holds less than 500 Genterra Shares; and (ii) Cdn\$1.96 in cash and two (2) Genterra Energy Shares for each Genterra Share held by each Genterra Shareholder who holds 500 Genterra Shares or more.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**CSE**" means the Canadian Securities Exchange.

"**CVS**" means Corporate Valuation Services Limited, financial advisor to the Special Committee.

"**Depository**" means Computershare Investor Services Inc., which has been appointed by Genterra as depository for the purpose of, among other things, receiving Letters of Transmittal (as defined in the Plan of Arrangement) and distributing the Consideration to Genterra Shareholders under the Arrangement.

"**Dissent Procedures**" means the dissent procedures and requirements set forth in section 185 of the OBCA and the Interim Order and described in this Circular under the heading "*The Arrangement – Dissent Rights*".

"**Dissent Right**" means the right of a Registered Genterra Shareholder to dissent in respect of the Arrangement under Section 185 of the OBCA as modified by Article 4 of the Plan of Arrangement as the same may be modified by the Interim Order or the Final Order.

"**Dissent Shares**" means Genterra Shares held by a Dissenting Genterra Shareholder and in respect of which the Dissenting Genterra Shareholder has given Notice of Dissent.

"**Dissenting Genterra Shareholder**" means a Registered Genterra Shareholder who duly and validly exercised Dissent Rights in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such Dissent Rights.

"**Effective Date**" means the date upon which the Arrangement becomes effective as established by the date of issue shown on the certificate giving effect to the Arrangement as issued by the Director appointed pursuant to Section 278 of the OBCA.

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time as Genterra and Genterra Energy may agree in writing.

"**Eligible Institution**" means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

"**Fairness Opinion**" means an opinion of CVS dated June 23, 2015, which is addressed to the Special Committee and provides that the Consideration is fair, from a financial point of view, to the holders of Genterra Shares other than the Interested Genterra Shareholders, and is otherwise in a form acceptable to the Special Committee.

"**Final Order**" means the order of the Court approving the Arrangement under Section 182 of the OBCA, in form and substance acceptable to Genterra and Genterra Energy, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Genterra and Genterra Energy, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both Genterra and Genterra Energy, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied.

"**FIT Program**" means a Feed-In Tariff Program.

"**Former Genterra Shareholders**" means the holders of Genterra Shares immediately prior to the Effective Time.

"**Genterra**" means Genterra Capital Inc., a corporation existing under the laws of the Province of Ontario.

"**Genterra Board**" means the board of directors of Genterra as the same is constituted from time to time.

"**Genterra Energy**" means the corporation presently known as Genterra Energy Inc., a corporation incorporated under the laws of the Province of Ontario and which, at the Effective Time, may be known by such other name to which Genterra Energy Inc. may have changed its name prior to completion of the Arrangement.

"**Genterra Energy Shareholders**" means the holders of Genterra Energy Shares from time to time.

"**Genterra Energy Shares**" means the common shares of Genterra Energy to be transferred to certain Genterra Shareholders as a portion of the Consideration distributed under the Plan of Arrangement.

"**Genterra Shareholder Approval**" means the requisite approval of the Arrangement Resolution by at least 66⅔% of the votes cast on the Arrangement Resolution by the Genterra Shareholders present in person or by proxy at the Meeting and subject to the simple majority of the votes cast on the Arrangement Resolution excluding the votes of Genterra Shares held or controlled by Interested Genterra Shareholders.

"**Genterra Shareholders**" means the holders from time to time of Genterra Shares.

"**Genterra Shares**" means the common shares without par value in the capital of Genterra.

"**Genterra U.S. Shareholders**" means Genterra Shareholders who are resident in, or citizens of, the United States.

"**Governmental Authority**" means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including the TSXV, the CSE or any other stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing.

"**Highroad**" means Highroad Estates Inc., a corporation existing under the laws of the Province of Ontario.

"**Holder**" has the meaning ascribed thereto in this Circular under "*Certain Canadian Federal Income Tax Considerations*".

"**IFRS**" means International Financial Reporting Standards as incorporated in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis.

"**Interested Genterra Shareholder**" means, at the applicable time, a holder of Genterra Shares who is, for the purposes of voting on the Arrangement Resolution an "interested party" within the meaning of MI 61-101 or otherwise required to be excluded for the purposes of a vote on the Arrangement Resolution under the requirements of MI 61-101.

"**Interim Order**" means the interim order of the Court to be issued following the application therefor submitted to the Court as contemplated by Section 2.03 of the Arrangement Agreement, in form and substance acceptable to Genterra and Genterra Energy, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both Genterra and Genterra Energy, each acting reasonably.

"**Law**" or "**Laws**" means all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, settlements, writs, assessments, arbitration awards, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity and the term "applicable" with respect to such Laws and, in the context that refers to any person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such person or its business, undertaking, property or securities.

"**Letter of Transmittal**" means the letter of transmittal to be delivered by Genterra to the Genterra Shareholders together with this Circular, providing for the delivery of Genterra Shares to the Depository.

"**Liens**" means mortgages, charges, pledges, liens, hypothecs, security interests, restrictions, encumbrances, adverse claims and other claims or rights of third parties of any kind.

"**MD&A**" means management's discussion and analysis.

"**Meeting**" means the special meeting of Genterra Shareholders, including any adjournment or postponement thereof, to be held for the purpose of, among other things, obtaining the Genterra Shareholder Approval.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Non-Registered Holder**" means a Genterra Shareholder who is not a Registered Genterra Shareholder.

"**Notice of Dissent**" means a written objection to the Arrangement by a Genterra Shareholder in accordance with the Dissent Procedures.

"**Notice of Meeting**" means the notice to the Genterra Shareholders which accompanies this Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario) R.S.O. 1990, as amended.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content set out in Schedule A to the Arrangement Agreement, as amended, modified or supplemented from time to time in accordance with Article 6 of the Plan of Arrangement or at the direction of the Court in the Final Order, with the consent of Genterra and Genterra Energy, each acting reasonably.

"**Proposed Amendments**" means all proposed amendments to the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"**Record Date**" means July 20, 2015.

"**Registered Plan**" means a trust governed by an RRSP, RRIF, registered disability savings plan, deferred profit sharing plan, registered education savings plan or TFSA.

"**Registered Genterra Shareholder**" means a registered holder of Genterra Shares.

"**Regulation S**" means Regulation S under the U.S. Securities Act.

"**Resident Shareholder**" means a Holder who, for the purposes of the Tax Act and any applicable income tax treaty, is or is deemed to be resident in Canada at all relevant times.

"**RRIF**" means a registered retirement income fund.

"**RRSP**" means a registered retirement savings plan.

"**Securities Act**" means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder.

"**Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities Laws.

"**SEC**" means the United States Securities and Exchange Commission.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval as outlined in NI 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*, which can be accessed online at www.sedar.com.

"**Special Committee**" means the special committee established by the Genterra Board in connection with the transactions contemplated by the Arrangement Agreement consisting of Mark E. Dawber (Chair), Sol D. Nayman and Alan Kornblum.

"**Tax**" or "**Taxes**" means all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital gains, profits, business royalty or selected items of income, earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, payroll taxes, health taxes, employment taxes, withholding taxes, sales taxes, use taxes, goods and services taxes, custom duties, value added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, license taxes, occupation taxes, real and personal property taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker's compensation premiums and pension (including Canada Pension Plan) payments, and other taxes, fees, imposts, assessments or charges of any kind

whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

"**TFSA**" means a tax-free savings account.

"**TSXV**" means the TSX Venture Exchange.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder, as the same have been, and hereafter from time to time may be, amended.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Valuation Report**" means a report of Corporate Valuation Services Limited dated June 23, 2015, which is addressed to the Special Committee and provides an estimate of the fair market value of all of the Genterra Energy Shares as at March 31, 2015, and is otherwise in a form acceptable to the Special Committee.

APPENDIX B

ARRANGEMENT RESOLUTION

RESOLUTION OF THE SHAREHOLDERS OF

GENTERRA CAPITAL INC.

(the "Company")

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

A. The arrangement (as it may be modified or amended, the "**Arrangement**") under Section 182 of the *Business Corporations Act* (Ontario) involving the Company and its shareholders, all as more particularly described and set forth in the plan of arrangement (as it may be modified or amended, the "**Plan of Arrangement**") attached as Appendix C to the Management Information Circular of the Company dated July 21, 2015, is hereby authorized, approved and agreed to.

B. The Arrangement Agreement dated as of July 10, 2015 among the Company and Genterra Energy Inc., as it may be amended from time to time (the "**Arrangement Agreement**"), the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder are hereby confirmed, ratified, authorized and approved.

C. Notwithstanding that this resolution has been passed (and the Arrangement approved and agreed to) by shareholders of the Company or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of the Company are hereby authorized and empowered without further approval of any shareholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or Plan of Arrangement and (ii) not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement).

D. Any one director or officer of the Company is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

APPENDIX C
PLAN OF ARRANGEMENT
UNDER THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

ARTICLE 1
INTERPRETATION

1.01 Definitions

In this Plan of Arrangement:

"**arm's length**" has the meaning attributed to such term in Subsection 251(1) of the Tax Act;

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set forth in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement, or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement made as of July 10, 2015 between GCI and GEI, as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Arrangement Resolution**" means the special resolution of the GCI Shareholders approving the Arrangement in accordance with the Interim Order;

"**Articles of Arrangement**" means the articles of arrangement of GCI and GEI in respect of the Arrangement required by the OBCA to be filed with the Director after the Final Order is made;

"**Business Day**" means any day on which commercial banks are open for business in Toronto, Ontario other than a Saturday, a Sunday or a day observed as a holiday in Toronto, Ontario under the laws of the Province of Ontario or the federal laws of Canada;

"**Certificate of Arrangement**" means the certificate of arrangement to be issued by the Director, pursuant to Subsection 183(2) of the OBCA, in order to give effect to the Articles of Arrangement;

"**Court**" means the Ontario Superior Court of Justice (Commercial List);

"**Director**" means the Director appointed under Section 278 of the OBCA;

"**Dissent Rights**" means the right of a GCI Shareholder to dissent in respect of the Arrangement pursuant to the procedures set forth in Section 185 of the OBCA, as modified by Article 4 of this Plan of Arrangement, the Interim Order and any other order of the Court;

"**Dissenting Shareholder**" means a GCI Shareholder who validly dissents from the Arrangement Resolution in compliance with the Dissent Rights and who has not withdrawn the exercise of such Dissent Rights and is ultimately determined to be paid fair value in respect of the GCI Common Shares held by such GCI Shareholder;

"**Effective Date**" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Toronto time) on the Effective Date or such other time as GCI and GEI may agree in writing;

"Final Order" means the final order of the Court approving the Arrangement, as such order may be amended or varied at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended, with or without variation, on appeal;

"GCI" means Genterra Capital Inc., a corporation governed by the OBCA;

"GCI Common Shares" means the common shares in the capital of GCI;

"GCI Shareholder" means a holder of GCI Common Shares other than the Interested Genterra Shareholders;

"GEI" means the corporation presently known as Genterra Energy Inc., a corporation governed by the OBCA and which, at the Effective Time, may be known by such other name into which Genterra Energy Inc. shall have changed its name prior to completion of the Arrangement;

"GEI Common Shares" means the common shares in the capital of GEI;

"Interested GCI Shareholder" means, at the applicable time, a holder of GCI Common Shares who is, for the purposes of voting on the Arrangement Resolution an "interested party" within the meaning of MI 61-101 or otherwise required to be excluded for the purposes of a vote on the Arrangement Resolution under the requirements of MI 61-101.

"Interim Order" means the interim order of the Court concerning the Arrangement containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended or varied by the Court;

"Liens" means mortgages, charges, pledges, liens, hypothecs, security interests, restrictions, encumbrances, adverse claims and other claims or rights of third parties of any kind.

"Meeting" means the special meeting of GCI Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to approve the Arrangement Resolution;

"OBCA" means the *Ontario Business Corporations Act*, as amended, including the regulations promulgated thereunder;

"Party" means a party to this Plan of Arrangement;

"Person" means and includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unlimited liability corporation, trustee, executor, administrator, legal representative, government (including any governmental authority) or any other entity, whether or not having legal status,;

"Plan of Arrangement" means this plan of arrangement as it may be amended, modified or supplemented from time to time in accordance with the terms hereof;

"Share Distribution Record Date" means July 20, 2015;

"Tax Act" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

"Transfer Agent" means Computershare Investor Services Inc., as registrar and transfer agent of GCI, or such other Person as may be designated by GCI.

1.02 Construction

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires:

- (a) the division of this Plan of Arrangement into Articles, Sections and Subsections and the use of headings are for convenience of reference only and do not affect the construction or interpretation hereof;
- (b) the words "hereunder", "hereof" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection and references to "Articles", "Sections" and "Subsections" are to Articles, Sections and Subsections of this Plan of Arrangement;
- (c) words importing the singular include the plural and vice versa, and words importing any gender include all genders and the neuter;
- (d) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement; and
- (e) a reference to a statute or code includes every regulation made pursuant thereto, all amendments to the statute or code or to any such regulation in force from time to time, and any statute, code or regulation which supplements or supersedes such statute, code or regulation.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.01 Arrangement Agreement

- (a) This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.
- (b) This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding at and after, the Effective Time.
- (c) The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.
- (d) Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or Person until the Effective Time. Further, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

**ARTICLE 3
THE ARRANGEMENT**

3.01 Arrangement

At the Effective Time, the events and transactions set out in Subsections 3.01(a) to 3.01(c), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction:

- (a) Each GCI Common Share issued and outstanding on the Share Distribution Record Date which is held by a GCI Shareholder who holds 500 GCI Common Shares or more, except for GCI Common Shares held by Interested GCI Shareholders or Dissenting Shareholders, will be acquired by GCI for cancellation in exchange for \$1.96 in cash and two (2) GEI Common Shares.
- (b) Each GCI Common Share issued and outstanding on the Share Distribution Record Date which is held by a GCI Shareholder who holds less than 500 GCI Common Shares, except for GCI Common Shares held by Interested GCI Shareholders or Dissenting Shareholders, will be acquired by GCI for cancellation in exchange for \$2.25 in cash.
- (c) The GCI Common Shares held by Dissenting Shareholders, who duly exercise their Dissent Rights and who are ultimately entitled to be paid fair value for those GCI Common Shares as described in Article 4 of this Plan of Arrangement, will be deemed to have been transferred to GCI (free and clear of any Liens) and cancelled and will cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as GCI Shareholders other than the right to be paid the fair value for their GCI Common Shares by GCI.

**ARTICLE 4
RIGHTS OF DISSENT**

4.01 Rights of Dissent

- (a) GCI Shareholders may exercise Dissent Rights in connection with the Arrangement with respect to their GCI Common Shares pursuant to and in the manner set forth in the Interim Order, Section 185 of the OBCA and this Section 4.01, as the same may be modified by the Interim Order or the Final Order. GCI Shareholders who duly exercise such Dissent Rights and who:
 - (i) are ultimately entitled to be paid fair value for their GCI Common Shares shall be deemed to have transferred such GCI Common Shares to GCI immediately after the completion of the transactions in Article 3 without any further act or formality, and free and clear of all Liens, in consideration of a debt-claim against GCI to be paid the fair value of such GCI Common Shares, which fair value shall be determined as of the close of business on the day before the day on which the Arrangement Resolution was adopted, and will not be entitled to any other payment or consideration, and the name of each such Dissenting Shareholder will thereupon be removed from the register of holders of GCI Common Shares; or
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their GCI Common Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting GCI Shareholder as at and from the Effective Time and will be treated in the same manner as such a holder, on the basis set out in this Plan of Arrangement.

- (b) All payments made to a Dissenting Shareholder pursuant to this Article shall be subject to, and paid net of, all applicable withholding taxes.

ARTICLE 5 CERTIFICATES AND PAYMENTS

5.01 Entitlement to Share Certificates and Payments

- (a) Upon the Arrangement becoming effective, from and including the Effective Date, share certificates previously representing GCI Common Shares that were exchanged in accordance with the provisions of Subsection 3.01(a) of this Plan of Arrangement will represent the GEI Common Shares to be distributed to GCI Shareholders under Subsection 3.01(a) of this Plan of Arrangement.
- (b) As soon as practicable after the Effective Date, there will be delivered to each GCI Shareholder of record at the close of business on the Effective Date whose GCI Common Shares were exchanged in accordance with the provisions of Subsection 3.01(a) of this Plan of Arrangement, the amount of cash and the certificates representing the GEI Common Shares to which such holder is entitled pursuant to the provisions of Subsection 3.01(a) of this Plan of Arrangement.
- (c) The cash payments and the share certificates representing the GEI Common Shares to which GCI Shareholders are entitled pursuant to the provisions of Subsection 3.01(a) of this Plan of Arrangement will be sent to such GCI Shareholders by first class mail at the most recent address for each such GCI Shareholder on the list of registered GCI Shareholders maintained by the Transfer Agent.
- (d) The cash payments to which GCI Shareholders are entitled pursuant to the provisions of Subsection 3.01(b) of this Plan of Arrangement will be sent to such GCI Shareholders by first class mail at the most recent address for each such GCI Shareholder on the list of registered GCI Shareholders maintained by the Transfer Agent.
- (e) No certificates will be issued for shares that are issued and subsequently cancelled in accordance with the provisions of this Plan of Arrangement.
- (f) If any certificate which immediately prior to the Effective Date represented an interest in outstanding GCI Common Shares that were exchanged for GEI Common Shares pursuant to the provisions of this Plan of Arrangement has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to have been lost, stolen or destroyed, the Transfer Agent will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The Person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to each of GCI and GEI and their respective transfer agents, which bond is in form and substance satisfactory to each of GCI and GEI and their respective transfer agents, or shall otherwise indemnify GCI and GEI and their respective transfer agents against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.
- (g) All dividends or other distributions, if any, made with respect to any GEI Common Shares distributed pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Transfer Agent to be held by the Transfer Agent in trust for the registered holder thereof. The Transfer Agent shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Transfer Agent in such form as the Transfer Agent may reasonably require, such dividends and distributions to which such holder is entitled, net of applicable withholding and other taxes.

**ARTICLE 6
AMENDMENTS**

6.01 Amendments

- (a) Subject to compliance with the terms of this Article 6, GCI and GEI may amend, modify or supplement this Plan of Arrangement at any time provided that each such amendment must be: (i) set out in writing; and (ii) filed with the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by GCI and GEI at any time prior to or at the Meeting with or without any other prior notice or communication to GCI Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) GCI and GEI may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting but prior to the Effective Date with the approval of the Court and, if and as required by the Court, after communication to GCI Shareholders.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made at any time following the Effective Date, by GCI and GEI without the approval of the Court, the GCI Shareholders or the shareholders of GEI, provided that it concerns a matter which, in the reasonable opinion of GCI and GEI, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any holder or former holder of GCI Common Shares or any holder of GEI Common Shares.

APPENDIX D

SUMMARY OF FAIRNESS OPINION OF CORPORATE VALUATION SERVICES LIMITED

This is a summary of an opinion dated 23 June 2015 (the "Opinion") prepared by Corporate Valuation Services Limited ("CVS") for the Independent Committee (the "Committee") of the Board of Directors of Genterra Capital Inc. ("Genterra") regarding the "fairness from a financial point of view" as at 31 March 2015 (the "Effective Date"), to the common shareholders of Genterra other than the Control Group, of the terms of a proposed Plan of Arrangement (the "Plan"). Under the Plan, each Common Share of Genterra, not owned by the Control Group, will be exchanged for cash and tradable shares of a wholly owned subsidiary, Genterra Energy Inc. ("GEI").

Engagement

CVS is an independent qualified Chartered Business Valuation company, its principal valuator, President and sole shareholder is James P. Catty who founded it in 1988 to advise on the values of technology-oriented entities around the world. Since then, CVS has completed well over 500 assignments representing an aggregate amount of more than \$3 billion including transactions involving various stock exchanges and security commissions in Canada, the United States and eleven other countries.

The purpose of the Opinion is to assist the Committee in considering and reviewing the Plan. It has been prepared in accordance with the standards of the Canadian Institute of Chartered Business Valuators. For purposes of this Opinion, the term Fair Market Value is defined in accordance with the definition set forth in Multilateral Instrument 61-101 (the "Rule") of the Ontario and Quebec Securities Commissions, which defines Fair Market Value as:

"The monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act."

Background

Genterra

Genterra is an Ontario corporation formed in May 2010 by the amalgamation of Genterra Inc. and Consolidated Mercantile Incorporated. It is a reporting issuer in B.C., Alberta, Ontario and Quebec and its Common Shares are listed on the TSX Venture Exchange ("TSX-V"). The fiscal year end is September 30. The issued capital consists of:

326,000 Class A preference shares, retractable and redeemable at \$15.00 each
8,703,016 Class B preference shares redeemable at \$0.05 each
8,314,358 Common Shares

Control Group

Fred A. Litwin, the Chairman of the Genterra Board, directly and indirectly controls 3,854,011 Common Shares (46.4%), all the Class A preference shares and 77,593 Class B preference shares (0.89%). Sutton Management Limited ("Sutton") beneficially owned by the children of Fred A. Litwin (Mark I. Litwin, President of Genterra and Risa J. Shearer) controls 2,017,450 Common Shares (24.3%); public shareholders own 29.3% of the Common Shares. Fred A. Litwin and Sutton form the "Control Group".

Proposed Terms

It is intended that the Class B shares will be redeemed at their redemption amount of \$0.05 following the Plan becoming effective:

| For each of the following | Shareholders will receive |
|----------------------------------|--|
| 1 Genterra Class B Preference | \$0.05 cash |
| 1 Genterra Common | \$1.96 cash and 2 shares of GEI valued at \$0.145 per share for a total value of \$2.25* |

*Genterra shareholders with less than 500 Common Shares will receive an additional \$0.29 in cash in lieu of the share of GEI.

Past Performance

For the four years and nine months from the amalgamation to the end of the last fiscal year (30 September 2014), Genterra had losses in every period except the last as shown below:

| Genterra Capital Inc. | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| Consolidated Statements of Comprehensive Income | | | | | |
| Year to September | 2010 | 2011 | 2012 | 2013 | 2014 |
| (9 months) | | | | | |
| Revenue | | | | | |
| Rent | 1,249,965 | 3,274,188 | 3,254,803 | 3,415,964 | 3,511,683 |
| Solar Power | - | - | - | - | 41,143 |
| Deferred Gain | 42,100 | 21,050 | - | - | - |
| Interest | 123,655 | 327,716 | 346,891 | 357,894 | 415,716 |
| Investments | 230,796 | 105,869 | 293,090 | (269,491) | 210,016 |
| | <u>1,646,516</u> | <u>3,728,823</u> | <u>3,894,784</u> | <u>3,504,367</u> | <u>4,178,558</u> |
| Expenses | | | | | |
| Operating | 635,254 | 2,027,519 | 1,651,910 | 1,678,842 | 1,904,135 |
| Administration | 797,524 | 937,790 | 1,433,647 | 791,022 | 794,223 |
| Amortization | 239,180 | 706,217 | 681,149 | 669,304 | 695,592 |
| Mortgage Interest | 56,648 | 114,812 | 190,326 | 263,284 | 312,390 |
| Dividends Retractable Preferred | 154,336 | 391,200 | 391,200 | 391,200 | 391,200 |
| Loss on Sale of Real Estate | - | 58,768 | - | - | - |
| Impairment of Notes Receivable | 300,230 | 60,253 | - | - | - |
| | <u>2,183,172</u> | <u>4,296,559</u> | <u>4,348,232</u> | <u>3,793,652</u> | <u>4,097,540</u> |
| Profit (Loss) Before Taxes | <u>(536,656)</u> | <u>(567,736)</u> | <u>(453,448)</u> | <u>(289,285)</u> | <u>81,018</u> |
| Income Tax | <u>17,587</u> | <u>281,496</u> | <u>(89,903)</u> | <u>76,651</u> | <u>62,629</u> |
| Comprehensive Income (Loss) | <u>(519,069)</u> | <u>(286,240)</u> | <u>(543,351)</u> | <u>(212,634)</u> | <u>143,647</u> |

While the income results were poor, the balance sheets were strong with significant cash.

Genterra Capital Inc.
Consolidated Statements of Financial Position

| As at September | 2010 | 2011 | 2012 | 2013 | 2014 |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | |
| <i>Current</i> | | | | | |
| Cash | 17,787,741 | 18,421,038 | 21,026,104 | 23,147,343 | 16,046,666 |
| Marketable Securities | 4,676,175 | 4,533,755 | 4,678,797 | 4,061,147 | 4,228,535 |
| Receivables | 384,609 | 430,957 | 553,161 | 519,121 | 1,040,044 |
| Prepays & Deposits | 267,408 | 245,958 | 244,546 | 224,087 | 333,028 |
| Tax Recoveries | - | 35,388 | - | - | - |
| Note Receivable | <u>59,790</u> | <u>522,000</u> | <u>-</u> | <u>-</u> | <u>115,000</u> |
| | <u>23,175,723</u> | <u>24,189,096</u> | <u>26,502,608</u> | <u>27,951,698</u> | <u>21,763,273</u> |
| | | | | | |
| Unrealized Income | 31,642 | 98,912 | 132,968 | 181,611 | 161,514 |
| Notes & Mortgages | - | - | - | 1,000,000 | 3,540,000 |
| Rental Real Estate | 23,352,889 | 20,499,974 | 19,872,380 | 19,273,854 | 21,251,529 |
| Solar Power Equipment | - | - | - | - | 2,206,032 |
| Deferred Taxes | <u>320,036</u> | <u>309,790</u> | <u>321,571</u> | <u>334,745</u> | <u>441,458</u> |
| | <u>23,704,567</u> | <u>20,908,676</u> | <u>20,326,919</u> | <u>20,790,210</u> | <u>27,600,533</u> |
| Total | <u>46,880,290</u> | <u>45,097,772</u> | <u>46,829,527</u> | <u>48,741,908</u> | <u>49,363,806</u> |

Genterra Capital Inc.
Consolidated Statements of Financial Position

| As at September | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| LIABILITIES | | | | | |
| <i>Current</i> | | | | | |
| Payable & Accruals | 752,699 | 2,106,494 | 938,838 | 448,933 | 1,225,028 |
| Taxes Due | 52,684 | - | 37,358 | 63,854 | 33,729 |
| Current Portion Term Debt | <u>2,482,475</u> | <u>2,176,283</u> | <u>198,527</u> | <u>270,252</u> | <u>280,544</u> |
| | <u>3,287,858</u> | <u>4,282,777</u> | <u>1,174,723</u> | <u>783,039</u> | <u>1,539,301</u> |
| <i>Term</i> | | | | | |
| Mortgages | 583,474 | - | 5,562,455 | 8,189,178 | 7,908,633 |
| Deferred Taxes | 3,188,680 | 2,830,835 | 2,918,604 | 2,808,580 | 2,811,114 |
| Retractable Preferred | <u>5,044,336</u> | <u>5,044,336</u> | <u>5,044,336</u> | <u>5,044,336</u> | <u>5,044,336</u> |
| | <u>8,816,490</u> | <u>7,875,171</u> | <u>13,525,395</u> | <u>16,042,094</u> | <u>15,764,083</u> |
| Total | <u>12,104,348</u> | <u>12,157,948</u> | <u>14,700,118</u> | <u>16,825,133</u> | <u>17,303,384</u> |
| EQUITY | | | | | |
| <i>Share Capital</i> | | | | | |
| Class B Preference | 350,293 | 350,293 | 350,293 | 350,293 | 350,293 |
| Common | <u>17,082,168</u> | <u>15,967,617</u> | <u>15,967,617</u> | <u>15,967,617</u> | <u>15,967,617</u> |
| | 17,432,461 | 16,317,910 | 16,317,910 | 16,317,910 | 16,317,910 |
| <i>Contributed Surplus</i> | 562,398 | 562,398 | 562,398 | 562,398 | 562,398 |
| <i>Retained Earnings</i> | <u>16,781,083</u> | <u>16,059,516</u> | <u>15,249,101</u> | <u>15,036,467</u> | <u>15,180,114</u> |
| Total Net Assets | <u>34,775,942</u> | <u>32,939,824</u> | <u>32,129,409</u> | <u>31,916,775</u> | <u>32,060,422</u> |
| | <u>46,880,290</u> | <u>45,097,772</u> | <u>46,829,527</u> | <u>48,741,908</u> | <u>49,363,806</u> |

From the last year end to the Effective Date, profits were earned by Genterra; equity did not change significantly in the period, although the cash was slightly reduced for working capital.

Genterra Capital Inc.
Consolidated Statements of Financial Position

| | 2014 | 2014 | 2015 |
|----------------------------|-------------------|-------------------|-------------------|
| As at | 31 March | 30 September | 31 March |
| ASSETS | | | |
| <i>Current</i> | | | |
| Cash & Equivalents | 21,944,727 | 16,046,666 | 15,095,400 |
| Marketable Securities | 4,062,395 | 4,228,535 | 4,632,215 |
| Receivables | 443,377 | 1,040,044 | 1,535,857 |
| Prepays & Deposits | 200,876 | 333,028 | 312,872 |
| Note Receivable | <u>300,000</u> | <u>115,000</u> | <u>230,000</u> |
| Total Current | <u>26,951,375</u> | <u>21,763,273</u> | <u>21,806,344</u> |
| <i>Capital</i> | | | |
| Unrealized Income | 179,113 | 161,514 | 140,063 |
| Notes & Mortgages | 1,538,074 | 3,540,000 | 3,465,994 |
| Rental Real Estate | 19,725,330 | 21,251,529 | 20,884,445 |
| Solar Power Equipment | 502,516 | 2,206,032 | 2,151,845 |
| Deferred Taxes | <u>321,881</u> | <u>441,458</u> | <u>545,285</u> |
| Total Capital | <u>22,266,914</u> | <u>27,600,533</u> | <u>27,187,632</u> |
| Total | <u>49,218,289</u> | <u>49,363,806</u> | <u>48,993,976</u> |
| LIABILITIES | | | |
| <i>Current</i> | | | |
| Payable & Accruals | 921,349 | 1,225,028 | 671,464 |
| Taxes Due | 37,876 | 33,729 | 46,370 |
| Current Portion Term Debt | <u>275,350</u> | <u>280,544</u> | <u>285,836</u> |
| Total Current | <u>1,234,575</u> | <u>1,539,301</u> | <u>1,003,670</u> |
| <i>Long Term</i> | | | |
| Mortgages | 8,050,216 | 7,908,633 | 7,764,380 |
| Deferred Taxes | 2,740,537 | 2,811,114 | 2,857,193 |
| Retractable Preferred | <u>5,239,401</u> | <u>5,044,336</u> | <u>5,239,401</u> |
| Total Long Term | <u>16,030,154</u> | <u>15,764,083</u> | <u>15,860,974</u> |
| Total | <u>17,264,729</u> | <u>17,303,384</u> | <u>16,864,644</u> |
| EQUITY | | | |
| <i>Share Capital</i> | | | |
| Class B Preference | 350,293 | 350,293 | 350,293 |
| Common | <u>15,967,617</u> | <u>15,967,617</u> | <u>15,967,617</u> |
| Total Share Capital | <u>16,317,910</u> | <u>16,317,910</u> | <u>16,317,910</u> |
| <i>Contributed Surplus</i> | | | |
| | 562,398 | 562,398 | 562,398 |
| <i>Retained Earnings</i> | | | |
| Open | 15,036,467 | 15,073,252 | 15,180,114 |
| Six Month Profit | <u>36,785</u> | <u>106,862</u> | <u>68,910</u> |
| Close | <u>15,073,252</u> | <u>15,180,114</u> | <u>15,249,024</u> |
| Total Equity | <u>31,953,560</u> | <u>32,060,422</u> | <u>32,129,332</u> |
| | <u>49,218,289</u> | <u>49,363,806</u> | <u>48,993,976</u> |

Separate Businesses

For valuation purposes, Genterra consists of three separate businesses; a Real Estate Investment Trust (REIT), a Closed End Investment Fund (CEIF) and GEI.

A REIT is an entity (trust or company) that owns and in most cases, operates income-producing real estate. They own many types of commercial and multi-unit residential real estate; some also engage in mortgage financing. Originally created in the US in 1960, they have spread to many other countries. The objective is to provide for real estate an investment structure similar to that of mutual funds for investments in bonds and shares. REIT's are attractive to investors as they must pay out a statutory minimum portion of their taxable income as dividends.

CEIF's are publicly traded entities primarily engaged in holding and managing a portfolio of securities and/or other financial interests. Their shares normally trade at a discount from net asset value, reflecting the lack of control associated with a minority interest, investor's perceptions of the portfolio's risk/return profile, and the market's evaluation of their management.

Allocation of Profits

The following table separates Genterra's consolidated Statement of Comprehensive Income to the Effective Date into each of the three businesses.

March 2015 Six-Month Consolidated Statement of Comprehensive Income

| | Reported | REIT | CEIF | GEI |
|------------------------------------|------------------|------------------|----------------|-----------------|
| Revenue | | | | |
| Rent | 1,796,377 | 1,822,783 | - | (26,406) |
| Solar Power | 126,238 | - | - | 126,238 |
| Change in Fair Value (securities) | 153,680 | - | 153,680 | - |
| Interest | 190,524 | - | 190,524 | - |
| Investments | <u>73,902</u> | <u>-</u> | <u>73,902</u> | <u>-</u> |
| | <u>2,340,721</u> | <u>1,822,783</u> | <u>418,106</u> | <u>99,832</u> |
| Expenses | | | | |
| Operating | 1,068,558 | 1,055,611 | - | 12,947 |
| Administration | 461,892 | 302,539 | 103,536 | 55,817 |
| Amortization | 421,271 | 367,084 | - | 54,187 |
| Mortgage Interest | 152,348 | 152,348 | (50,684) | 50,684 |
| Dividends Retractable Preferred | <u>195,065</u> | <u>-</u> | <u>195,065</u> | <u>-</u> |
| | <u>2,299,134</u> | <u>1,877,582</u> | <u>247,917</u> | <u>173,635</u> |
| Pre-Tax Profit (Loss) | 41,587 | (54,799) | 170,189 | (73,803) |
| Income Tax Recovery | <u>27,323</u> | <u>-</u> | <u>7,765</u> | <u>19,558</u> |
| Comprehensive Income (Loss) | <u>68,910</u> | <u>(54,799)</u> | <u>177,954</u> | <u>(54,245)</u> |

Allocation of Equity

The following is a similar allocation of Genterra's Consolidated Statement of Financial Position as at the Effective Date.

March 2015 Consolidated Statement of Financial Position

| | Reported | REIT | CEIF | GEI |
|----------------------------|-------------------|-------------------|-------------------|------------------|
| ASSETS | | | | |
| <i>Current</i> | | | | |
| Cash & Equivalents | 15,095,400 | 675,000 | 14,340,381 | 80,019 |
| Marketable Securities | 4,632,215 | - | 4,632,215 | - |
| Receivable | 1,535,857 | 1,124,366 | 62,341 | 349,150 |
| Prepaid & Deposits | 312,872 | 288,555 | - | 24,317 |
| Note Receivable | <u>230,000</u> | <u>-</u> | <u>230,000</u> | <u>-</u> |
| Total Current | <u>21,806,344</u> | <u>2,087,921</u> | <u>19,264,937</u> | <u>453,486</u> |
| <i>Capital</i> | | | | |
| Unrealized Income | 140,063 | 171,374 | - | (31,311) |
| Notes & Mortgages | 3,465,994 | - | 3,465,994 | - |
| Rental Real Estate | 20,884,445 | 20,884,445 | - | - |
| Solar Power Equipment | 2,151,845 | - | - | 2,151,845 |
| Deferred Taxes | <u>545,285</u> | <u>188,884</u> | <u>96,827</u> | <u>259,574</u> |
| Total Capital | <u>27,187,632</u> | <u>21,244,703</u> | <u>3,562,821</u> | <u>2,380,108</u> |
| Total | <u>48,993,976</u> | <u>23,332,624</u> | <u>22,827,758</u> | <u>2,833,594</u> |
| LIABILITIES | | | | |
| <i>Current</i> | | | | |
| Payable & Accruals | 671,464 | 604,879 | (60,769) | 127,354 |
| Taxes Due | 46,370 | 3,991 | 42,379 | - |
| Current Portion Term Debt | <u>285,836</u> | <u>285,836</u> | <u>-</u> | <u>-</u> |
| Total Current | <u>1,003,670</u> | <u>894,706</u> | <u>(18,390)</u> | <u>127,354</u> |
| <i>Long Term</i> | | | | |
| Mortgages | 7,764,380 | 7,764,380 | (2,557,970) | 2,557,970 |
| Deferred Taxes | 2,857,193 | 2,565,442 | 61,675 | 230,076 |
| Retractable Preferred | <u>5,239,401</u> | <u>-</u> | <u>5,239,401</u> | <u>-</u> |
| Total Long Term | <u>15,860,974</u> | <u>10,329,822</u> | <u>2,743,106</u> | <u>2,788,046</u> |
| Total | <u>16,864,644</u> | <u>11,224,528</u> | <u>2,724,716</u> | <u>2,915,400</u> |
| EQUITY | | | | |
| <i>Share Capital</i> | | | | |
| Class B Preference | 350,293 | - | 350,293 | - |
| Common | <u>15,967,617</u> | <u>-</u> | <u>15,967,607</u> | <u>10</u> |
| Total Share Capital | 16,317,910 | - | 16,317,900 | 10 |
| <i>Contributed Surplus</i> | | | | |
| Retained Earnings | <u>15,249,024</u> | <u>12,108,096</u> | <u>3,222,744</u> | <u>(81,816)</u> |
| Total Equity | <u>32,129,332</u> | <u>12,108,096</u> | <u>20,103,042</u> | <u>(81,806)</u> |
| | <u>48,993,976</u> | <u>23,332,624</u> | <u>22,827,758</u> | <u>2,833,594</u> |

Sum of the Parts Value

CVS has chosen two methods of valuing the shares of Genterra on a going concern basis. The first is to establish a trading value of each of the separate businesses and use a “sum of the parts method” under the Cost Approach to obtain a total. This deals with the businesses individually and their combination. The second method, covered later, reflects trading of the Genterra Common Shares on the TSX-V.

REIT

In both public (56 examples) and private markets, REIT’s trade on a yield basis. It is therefore first necessary to establish the potential dividend payment for Genterra’s REIT business, as show in the table below.

| Potential REIT Dividend Payment | Sept 2014 | March 2015 Annualized |
|--|------------------|---------------------------------|
| Comprehensive Income (Loss) | 102,092 | (109,599) |
| Amortization Deducted | 682,492 | 734,168 |
| Mortgage Principal Payments | <u>(280,544)</u> | <u>(288,506)</u> |
| Funds from Operations | <u>504,040</u> | <u>336,063</u> |
| Payout Ratio | 75% | 75% |
| Potential REIT Dividend Payment | <u>378,030</u> | <u>252,048</u> |

According to CIBC World Markets, the average spread of REIT yields over 10 year Canada bond levels is 4.0 percentage points. Using this spread and a size adjustment of 2.5 percentage points as the Genterra REIT component is very small, we obtain an expected yield of 7.86%.

| Expected Yield | March 2015 |
|-----------------------|-------------------|
| Canada 10 Year Bonds | 1.36% |
| Average REIT spread | 4.00% |
| Size Adjustment | <u>2.50%</u> |
| Expected Yield | <u>7.86%</u> |

Applying those factors as shown in the table below, gives an anticipated capitalization for the REIT business of about \$3,206,713. This is a substantial discount (73.5%) to book value but reflects the demand by investors in REITs for either yield or growth, neither of which Shares of Genterra have shown in the past few years.

| Anticipated Capitalization | March 2015 |
|-----------------------------------|----------------------|
| Potential REIT Dividend Payment | \$ 252,048 |
| Expected Yield | 7.86% |
| Anticipated Capitalization | <u>\$ 3,206,713</u> |
| Common Shares | <u>8,314,358</u> |
| Book Value | <u>\$ 12,108,096</u> |
| Discount from Book Value | <u>-73.5%</u> |

CEIF

Genterra's CEIF component is mainly invested in cash, marketable securities and notes receivable on which it earned an average rate of only about 1.77% in 2015, less than that earned on Canada bonds. As set out previously, all CEIF's trade at a discount; considering Genterra's size we have selected 12%.

| Potential CEIF Trading Price | March 2015 |
|---|----------------------|
| Book Value | \$ 20,103,042 |
| Class B Preferred at redemption | <u>(435,151)</u> |
| | <u>19,667,891</u> |
| Closed End Fund Discount | 12.0% |
| Potential CEIF Trading Price | <u>\$ 17,307,744</u> |
| After-tax Annualized Return on Book Net Worth | <u>1.77%</u> |

GEI

As set out in a separate Valuation Report our Estimate of Fair Market Value of all the Shares of GEI at 31 March 2015 is \$2,400,000.

Total Values

As set out in the table below, our sum of the parts value of Genterra as at the Effective Date, is \$2.76 per common share.

| Sum of the Parts Values | | March 2015 | |
|--------------------------------|-----------|-------------------|------------------|
| | | Total | Per Share |
| REIT | | \$ 3,206,713 | \$ 0.39 |
| CEIF | | 17,307,744 | \$ 2.08 |
| GEI | | <u>2,400,000</u> | <u>\$ 0.29</u> |
| Issued Shares | 8,314,358 | <u>22,914,457</u> | <u>\$ 2.76</u> |

Trading Activity

The table below sets out the trading activity of the Shares of Genterra on the Toronto Venture Exchange (“TSX-V”) for the last three calendar years.

| Year | Share Trading | | | |
|------|----------------|-------------------------------|------------------|----------------|
| | Total Volume | In Relation to Capitalization | Total Value | Average Price |
| 2014 | 6,000 | 0.072% | \$ 8,885 | \$ 1.48 |
| 2013 | 16,600 | 0.200% | \$ 29,988 | \$ 1.81 |
| 2012 | <u>97,600</u> | <u>1.174%</u> | <u>\$126,011</u> | <u>\$ 1.29</u> |
| | <u>120,200</u> | <u>1.446%</u> | <u>\$164,884</u> | <u>\$ 1.37</u> |

The market for Genterra shares is thinly traded. The total volume for the three year period was only 120,200 shares (1.4% of those outstanding) for gross proceeds of \$164,884, at an average price of \$1.37 each. Since 1 January 2012, the highest price achieved was \$2.04 in January 2013. For the six months between the fiscal year end and the Effective Date, only 7,400 shares traded at an average of \$1.34 each. In April and May 2015, a further 4,000 Shares sold at an average of \$1.41. CVS has selected \$1.35 per share as the trading price at the Effective Date of 31 March 2015. Although trading volumes are very low, at present the TSX-V is the only form of liquidity available to the shareholders should the Plan not be approved.

Offer under the Plan

As shown in the table below, the value of the offer under the Plan of \$2.25 a share represents a 67.6% premium to the average Genterra Share trading price (\$1.34) for the last six months before the Effective Date and a 10.3% premium to the highest Genterra share price since January 2012 (\$2.04 a share). Although it is a discount of 18.4% to the sum of the parts value, that amount cannot be realized by the public shareholders due to the super majority position of the Control Group.

| Offer Per Common Share | | |
|------------------------|----|-------------|
| Cash | \$ | 1.96 |
| Share GEI | \$ | <u>0.29</u> |
| | \$ | <u>2.25</u> |

| Per Share Parameters | Premium Discount(-) | |
|----------------------|---------------------|--------|
| | | |
| Last Three Months | \$ 1.35 | 66.7% |
| High since Jan 2012 | \$ 2.04 | 10.3% |
| Sum of the Parts | \$ 2.76 | -18.4% |

Conclusion

In our opinion, based on the documents supplied, publicly available information, our analyses & calculations and for the reasons previously set out, the \$2.25 per share offered to the public shareholders under the Plan for their 2,442,897 Common Shares of Genterra, is fair from a financial point of view to the Shareholders of Genterra that are not members of the Control Group.

APPENDIX E

SUMMARY OF VALUATION REPORT OF CORPORATE VALUATION SERVICES LIMITED

This is a summary of a Valuation Report (the "Report") dated 23 June 2015 prepared by Corporate Valuation Services Limited ("CVS") for the Independent Committee (the "Committee") of the Board of Directors of Genterra Capital Inc. ("Genterra") setting out its Estimate of Fair Market Value of all the Shares of Genterra Energy Inc. ("GEI"), as at 31 March 2015 (the "Valuation Date"). GEI is a wholly owned subsidiary of Genterra which is considering spinning GEI off as an independent publicly traded entity as part of a Plan of Arrangement (the "Plan").

Engagement

CVS is an independent qualified Chartered Business Valuation company, its principal valuator, President and sole shareholder is James P. Catty whose CV is set out under the heading "Experience of the Principal Valuator". CVS was founded in 1988 to consult on the values of technology-oriented entities around the world. Since then, CVS has completed well over 500 valuation assignments representing an aggregate amount of more than \$3 billion including transactions involving various stock exchanges and security commissions in Canada, the United States and eleven other countries.

The purpose of the Valuation Report, is to assist the Committee in considering and reviewing the Plan. It has been prepared in accordance with the standards of the Canadian Institute of Chartered Business Valuators. For purposes of this Valuation Report, the term Fair Market Value is defined in accordance with the definition set forth in Multilateral Instrument 61-101 (the "Rule") of the Ontario and Quebec Securities Commissions, which defines Fair Market Value as:

"The monetary consideration, that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act."

Background

Since its launch in 2009 under Ontario's Green Energy and Green Economy Act, the Province's Feed-In-Tariff (FIT) program has made it a global leader in solar energy. Under this program, the first of its kind in North America, solar power is expected to supply up to 2% of Ontario's needs by 2020, compared with 65% from nuclear and 23% from hydro. To achieve this, \$2.3 billion is being invested between 2014 and 2016, into the expansion and renewal of Ontario's transmission infrastructure.

The FIT rates per kilowatt hour available for applicants approved in various periods were:

| From | To | \$ |
|--------------------|--------------------|-------|
| September 24, 2009 | April 5, 2012 | 0.635 |
| April 5, 2012 | August 26, 2013 | 0.539 |
| August 26, 2013 | September 30, 2014 | 0.329 |
| September 30, 2014 | Current | 0.316 |

The Installation

GEI's installation is located at 450 Dobbie Drive, Cambridge Ontario, on the roof of a building owned by Genterra. It was engineered and built by Endura Energy Project Corp. ("Endura"), using a total of 2,795 CS6P modules of 260W each, supplied by Canadian Solar Inc. The modules have an area of 48,390 square feet with a tilt of 20 degrees, and are inclined 15 degrees east of south. The capacity is 726.7KW of DC power. The complete installation cost was \$2,219,132, amortized to \$2,151,845 at the Valuation Date.

As sunlight and snowfall vary +/- 15% between years, the output of most solar installations are estimated based on normalized numbers over the 20-year term of the FIT contract. For the installation, CVS has used a continuous output of 812,459KWh in year two (fiscal 2016) declining by 0.7% annually. GEI's solar production started August 18, 2014 with revenues of \$41,143 for the stub period to 30 September 2014; a further \$126,238 was earned by the Valuation Date. In early January 2015, Endura commented "2012 was a great year for solar energy generation, 2013 was okay and 2014 was terrible".

GEI supplies power to Cambridge and North Dumfries Hydro at \$0.635 a kWh under a FIT contract dated 9 June 2011. Delivery started August 18, 2014 and will continue until August 17, 2034. At the end of the contract the installation will still be generating power, but it is impossible to establish at what price it may be sold. Therefore, a conservative residual value of only 10% of the original cost has been assumed. In the United States, residuals of 15% to 20% of cost are normally used.

To supply the Committee with appropriate information, CVS used a Discounted Cash Flows method to value GEI.

Financial Position

GEI was incorporated on October 31, 2013; before that date, management, through an affiliate, Highroad Estates Inc. ("Highroad"), entered into the FIT and Endura contracts. Subsequently, Highroad assigned the OPA FIT and Endura contracts to GEI. A loan from Genterra was used to finance the installation which bears interest at 4% and is assumed to be paid in five installments of \$511,594 on 30 September for the years 2030 to 2034. GEI also has a \$60,000 a year management agreement with Highroad to manage and operate the facility.

Genterra Energy Inc. Balance Sheet as at 31 March 2015

| | \$ |
|--|-------------------------|
| ASSETS | |
| <i>Current</i> | |
| Cash and Equivalents | 80,019 |
| Receivables | 349,150 |
| Prepays & Deposits | <u>24,317</u> |
| | 453,486 |
| Equipment | 2,151,845 |
| Deferred Taxes | <u>29,498</u> |
| | <u><u>2,634,829</u></u> |
| LIABILITIES | |
| Payables & Accruals | 66,585 |
| Deferred Rent | 31,311 |
| Interest Payable | <u>60,769</u> |
| | <u>158,665</u> |
| Loan Payable | <u>2,557,970</u> |
| | <u>2,716,635</u> |
| Shareholders Deficiency | |
| Share Capital | 10 |
| Deficit | <u>(81,816)</u> |
| Total Shareholder Deficiency | <u>(81,806)</u> |
| Total Liabilities & Shareholder Deficiency | <u><u>2,634,829</u></u> |

Projection Assumption

For the Discounted Cash Flows Value, CVS has relied on a set of financial projections prepared by Management. The assumptions adopted are considered reasonable in the circumstances.

Discount Rate

In determining a discount rate for a privately owned entity, the preferred technique is to use the Weighted Average Cost of Capital ("WACC"). This considers the after tax costs of debt and equity and reflects their contributions.

Cost of Debt

The debt, which is from Genterra at 4%, has an after tax (at 26.5%) cost of 2.94%.

Cost of Equity

For the cost of equity, it is desirable to find comparable public companies as "guidelines". Their implicit Capitalization Rates, the reciprocal of the Price/Earnings Ratios, are adjusted for the differences in growth, risks and marketability to provide an appropriate discount rate.

Large numbers of organizations in many industries are traded on the Canadian securities markets; therefore, "guideline companies" can often be identified and useful information gleaned from them. However, as there are no comparable quoted solar energy producers with FIT contracts, CVS has relied on the Build-up method.

Build-up Method

A Discount Rate obtained by the Build-up method has the following six elements:

1. A risk free rate of return; normally, the yield on ten-year Government Bonds is used to reflect the opportunity cost of an investment in a closely held company.
2. The historic premium over the risk free rate, applicable to equity securities of smaller companies. A measure of this premium has been obtained from work done in the US by Morningstar.
3. A Country Adjustment for other than US markets.
4. A size premium reflecting the higher risks of smaller entities.
5. The equity risk premium needs to be adjusted to reflect the risks of the industry. One measure of such risks, used by the Capital Asset Pricing Model ("CAPM"), is the relative price volatility of a share in relation to the index for the stock market on which it is traded; this is called its Beta. We normally use the Beta of the pertinent TSX sub-index and a neutral Beta of 1.0 when no sub-index is available, as is the case for the Company.
6. The Capitalization Rate must reflect not only general equity and industry risks, but also those relating to the specific entity. To do this, we consider certain areas of the business and add a premium of between 0.0% and 5.0% to the rate, for the perceived risks in each area; these are absolute and relative size, location, product range, capitalization, debt/equity ratios, technology in use, industry ease of entry, profit margins and their variability, customer or supplier dependence, environmental impact, and the regulatory situation.

Based on this, we have calculated a 12.54% cost of equity for GEI as shown below.

Cost of Equity

| <i>Component</i> | <i>Source</i> | <i>Effect</i> |
|---------------------|------------------------------------|---------------|
| Risk Free Rate | Canada Long Term Bonds | 1.81% |
| Equity Risk Premium | Morningstar Arithmetical | 6.70% |
| Country Adjustment | Canada - International Cost of Cap | -1.00% |
| Size Premium | Morningstar - 10th Decile | 6.03% |
| Industry Premium | Utilities | <u>-1.00%</u> |
| | | <u>12.54%</u> |

WACC

Using 90% debt financing, as the Company's revenue is completely secure, CVS has established GEI's WACC at 3.9%.

Weighted Average Cost of Capital

| | Cost | Weight | WACC |
|--------|-------------|---------------|--------------|
| Debt | 2.94% | 90% | 2.65% |
| Equity | 12.54% | 10% | <u>1.25%</u> |
| | | | <u>3.90%</u> |

Conclusion

Applying a discount rate of 3.9%, the present value of the cash flows for the 20 years of the contract including repayment of debt, is \$2,220,389. Taking into account the present value of the residual assets (\$175,466), increases it to \$2,395,855. Rounded to \$2,400,000 (equivalent to \$0.29 per common share of Genterra) this is our Estimate of Fair Market Value of all the Shares of Genterra Energy Inc., as at 31 March 2015.

This is a notional amount which we consider would apply based on rates of return required by investors at the Valuation Date and without considering possible purchaser-specific synergies. Although there is no intention to do so, if the assets and business were to be offered for sale in the open market, we believe that a special purchaser already engaged in the industry, would be willing to pay a premium, perhaps a substantial one. In addition, no consideration has been attributed to the possibly higher residual value that the Company might have after the expiration of its current power supply contract or the potential liquidity benefits from GEI being a publicly traded entity; both could add further value to its Shareholders.

APPENDIX F

NOTICE OF APPLICATION AND INTERIM ORDER

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT*, RSO 1990, C B.16, AS
AMENDED



AND IN THE MATTER OF RULE 14.05(2) OF THE *RULES OF
CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF
ARRANGEMENT INVOLVING GENTERRA CAPITAL INC.

GENTERRA CAPITAL INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a Judge presiding over the Commercial List on September 2, 2015 or such later date as the Court may direct at 10:00 a.m., or as soon after that time as the application may be heard, at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office

where the application is to be heard as soon as possible, but not later than 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: July 15, 2015

Issued by


Natasha Brown
Registrar
Local Registrar

Address of 330 University Avenue, 7th Floor
court office: Toronto, Ontario M5G 1R7

TO: ALL HOLDERS OF COMMON SHARES OF GENTERRA CAPITAL INC.

AND TO: ALL DIRECTORS OF GENTERRA CAPITAL INC.

AND TO: ALL DIRECTORS OF GENTERRA ENERGY INC.

AND TO: BDO CANADA LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto, ON M5K 1H1

Mark Smith
Tel: (416) 815-3000
Email: marksmith@bdo.ca

The Auditors for Genterra Capital Inc.

APPLICATION

1. THE APPLICANT MAKES AN APPLICATION FOR:

- (a) an interim order (the "**Interim Order**") for advice and directions pursuant to section 182(5) of the *Business Corporations Act*, RSO 1990, c B.16, as amended (the "**OBCA**"), with respect to an arrangement (the "**Arrangement**") involving Genterra Capital Inc. ("**Genterra**") and its wholly-owned subsidiary Genterra Energy Inc. ("**Genterra Energy**");
- (b) a final order approving the Arrangement pursuant to section 182 of the OBCA;
- (c) such further orders or directions as are required for the administration of the Arrangement; and
- (d) such further and other relief as this Honourable Court may deem just.

2. THE GROUNDS FOR THE APPLICATION ARE:

- (a) the Applicant, Genterra, is a public company incorporated under the OBCA, listed on the TSX Venture Exchange, with its registered and head office located at 106 Avenue Road, Toronto, Ontario, M5R 2H3;
- (b) Genterra Energy, a wholly-owned subsidiary of Genterra, is a private company incorporated under the OBCA, with its registered and head office located at 106 Avenue Road, Toronto, Ontario, M5R 2H3;
- (c) under the proposed Arrangement, holders ("**Genterra Shareholders**") of common shares of Genterra ("**Genterra Shares**"), other than the "interested party" Genterra Shareholders as contemplated by Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, will be entitled to receive, in respect of each Genterra Share that they hold, the following consideration:
 - (i) each Genterra Shareholder who holds less than 500 Genterra Shares will receive \$2.25 in cash for each Genterra Share held; and

- (ii) each Genterra Shareholder who holds not less than 500 Genterra Shares will receive \$1.96 in cash and two (2) common shares of Genterra Energy;
- (d) under the proposed Arrangement, the outstanding Genterra Shares (other than those held by the "interested party" Genterra Shareholders) will be cancelled;
- (e) the Arrangement is fair and reasonable to the Genterra Shareholders;
- (f) the relief sought in the Interim Order is within the scope of section 182 of the OBCA and will enable the court to consider the Arrangement on the return of this Application;
- (g) section 182 of the OBCA;
- (h) if the Arrangement is approved, Genterra and Genterra Energy intend to rely on the exemption from the registration requirements of the *U.S. Securities Act of 1933*, as amended, as set forth in section 3(a)(10) thereof in respect of the distribution of the securities of Genterra Energy under the Arrangement;
- (i) rules 2.03, 3.02, 14.05(2), 14.05(3), 17.02(c), 17.02(n) and 38 of the *Rules of Civil Procedure*, RRO 1990, Reg 194; and,
- (j) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

- (a) the affidavit of Stanley Abramowitz, to be sworn, with exhibits thereto, outlining the basis for the Interim Order for advice and directions;
- (b) the further affidavit(s), with exhibits thereto, including an affidavit outlining the basis for the final order approving the Arrangement, and reporting as to compliance with the Interim Order and the results of any meeting conducted pursuant to the Interim Order; and

- (c) such further and other material as counsel may advise and this Honourable Court may permit.

July 15, 2015

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Lawyers for the Applicant,
Genterra Capital Inc.

IN THE MATTER OF AN APPLICATION under section 182 of the *Business Corporations Act*, RSO 1990, c B.16, as amended,
involving Genterra Capital Inc.

Court File No.

CV-15-11027-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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Lawyers for the Applicant, Genterra Capital Inc.



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 21st
JUSTICE WILTON-SIEGEL) DAY OF JULY, 2015

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182
OF THE *BUSINESS CORPORATIONS ACT*, RSO 1990, C B.16, AS
AMENDED**

**AND IN THE MATTER OF RULE 14.05(2) OF THE *RULES OF
CIVIL PROCEDURE***

**AND IN THE MATTER OF A PROPOSED PLAN OF
ARRANGEMENT INVOLVING GENTERRA CAPITAL INC.**

INTERIM ORDER

THIS MOTION made by the Applicant, Genterra Capital Inc. ("Genterra"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, RSO 1990, c B.16, as amended (the "OBCA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on July 15, 2015 and the affidavit of Stanley Abramowitz sworn July 16, 2015, (the "**Abramowitz Affidavit**"), including the Plan of Arrangement, which is attached as Appendix "C" to the draft management information circular of Genterra (the "**Information Circular**"), which is attached

as Exhibit "A" to the Abramowitz Affidavit, and on hearing the submissions of counsel for Genterra;

AND UPON BEING ADVISED that Genterra and Genterra Energy Inc. ("**Genterra Energy**") intend to rely on the exemption from registration provided by Section 3(a)(10) of the *U.S. Securities Act of 1933*, as amended, in connection with the distribution of securities of Genterra Energy, based on this Court's approval of the transactions contemplated in the Arrangement Agreement and the Plan of Arrangement after this Court's consideration of the procedural and substantive fairness of the proposed transactions to the holders (the "**Shareholders**") of voting common shares in the capital of Genterra (the "**Genterra Shares**") and after holding a hearing open to the Shareholders.

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that Genterra is permitted to call, hold and conduct a special meeting (the "**Meeting**") of the Shareholders to be held at The Westin Prince Hotel, 900 York Mills Road in Toronto, Ontario, on August 27, 2015 at 10:00 a.m. (Toronto time) in order for the Shareholders to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of Genterra, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the "**Record Date**") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be July 20, 2015.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the officers, directors, auditors and advisors of Genterra;
- c) representatives and advisors of Genterra Energy; and
- d) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that Genterra may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by Genterra and that the quorum at the Meeting shall be not less than two (2) persons present in person, each being a Shareholder entitled to vote at the Meeting or a duly appointed proxy for an absent Shareholder so entitled.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that Genterra is authorized to make, subject to the terms of the Arrangement Agreement and paragraph 9 below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraph 12 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8 above would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Genterra may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that Genterra is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraph 12.

Adjournments and Postponements

11. **THIS COURT ORDERS** that Genterra, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Genterra may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, Genterra shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Genterra may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "**Meeting Materials**"), to the following:

- a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Genterra, or its registrar and transfer agent, at the close of business on the Record Date

and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Genterra;

- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Genterra, who requests such transmission in writing and, if required by Genterra, who is prepared to pay the charges for such transmission;
- b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the directors of Genterra Energy and the directors and auditors of Genterra by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

~~13. THIS COURT ORDERS that notwithstanding paragraph 12 or anything in this Interim Order, Genterra is not required to send the Meeting Materials to any Shareholder who is no longer receiving mailings from Genterra by virtue of section 262(4) of the OBCA.~~

14. **THIS COURT ORDERS** that accidental failure or omission by Genterra to give notice of the Meeting or to distribute the Meeting Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Genterra, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Genterra, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that Genterra is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials as Genterra may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9 above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Genterra may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials pursuant to paragraph 12 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraph 12 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that Genterra is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as Genterra may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Genterra is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as they may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. Genterra may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if Genterra deems it advisable to do so.

18. **THIS COURT ORDERS** that Shareholders shall be entitled to revoke their proxies in accordance with sections 110(4) and 110(4.1)(a) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to section 110(4.1)(a) of the OBCA: (a) may be deposited at the registered office of Genterra or with the transfer agent of Genterra as set out in the Information Circular; and (b) any such instruments must be received by Genterra or its transfer agent not later than 5:00 p.m. (Toronto time) on the business day immediately preceding the day of Meeting (or any adjournment or postponement thereof).

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Genterra Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed

to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Genterra Share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

- (i) an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution at the Meeting by Shareholders present in person or represented by proxy; and
- (ii) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting by Shareholders present in person or represented by proxy, excluding "interested party" Shareholders and Shareholders who are otherwise required to be excluded, as contemplated by Multilateral Instrument 61-101.

Such votes shall be sufficient to authorize Genterra to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting Genterra (other than in respect of the

Arrangement Resolution), each Shareholder is entitled to one vote for each Genterra Share held.

Dissent Rights

22. **THIS COURT ORDERS** that each registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Genterra in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Genterra at or before 5:00 p.m. (Toronto time) on August 25, 2015, or the date that is two (2) business days prior to the Meeting (or any adjournment or postponement thereof), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the “court” referred to in section 185 of the OBCA means this Honourable Court.

23. **THIS COURT ORDERS** that, subject to section 185(15) of the OBCA and to the terms of the Arrangement Agreement, Genterra shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for Genterra Shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Shareholders may be entitled pursuant to the terms of the Plan of Arrangement.

24. **THIS COURT ORDERS** that any Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its Genterra Shares, shall be deemed to have transferred those voting common shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to Genterra for cancellation in consideration for a payment of cash from Genterra equal to such fair value; or
- ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its Genterra Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Genterra or any other person be required to recognize such Shareholders as holders of Genterra Shares at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Genterra's register of holders of Genterra Shares at that time.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Genterra may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraph 12, shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other

form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Genterra as soon as reasonably practicable, and, in any event, no later than 5:00 p.m. on the date that is two (2) business days before the hearing of this Application at the following address:

BENNETT JONES LLP
Suite 3400, 1 First Canadian Place
Toronto, Ontario M5X 1A4

Attn: Derek J. Bell
belld@bennettjones.com

Lawyers for Genterra Capital Inc.

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) Genterra;
- ii) Genterra Energy;
- iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by Genterra in support of the within Application for final approval of the Arrangement may be filed up to one (1) business day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 shall be entitled to be given notice of the adjourned date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Genterra Shares or the articles or by-laws of Genterra, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that Genterra shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO

JUL 21 2015

NB



IN THE MATTER OF AN APPLICATION under section 182 of the *Business Corporations Act*, RSO 1990, c B.16, as amended,
involving Genterra Capital Inc.

Court File No. CV-15-11037-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

INTERIM ORDER

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Lawyers for the Applicant, Genterra Capital Inc.

IN THE MATTER OF AN APPLICATION under section 182 of the *Business Corporations Act*, RSO 1990, c B.16, as amended,
involving Genterra Capital Inc.

July 21/15 Court File No. CV-15-11037-00CL

July 21/15.

D. Bell for applicant

Order to go in the form attached
C. Sen-hel J.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

MOTION RECORD OF THE APPLICANT
(Interim Order returnable July 21, 2015)

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APPENDIX G

INFORMATION CONCERNING GENTERRA ENERGY INC.

No securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the SEC, or any securities regulatory authority of any U.S. State) has expressed an opinion about the securities described herein and it is an offence to claim otherwise.

Unless the context otherwise requires, capitalized terms used in this Appendix G that are not defined herein have the meanings ascribed to such terms in the Circular to which this Appendix G is attached. All references to dollar amounts in this Appendix G are to Canadian dollars unless expressly stated otherwise.

GENTERRA ENERGY INC. PRE-ARRANGEMENT

The information which follows describes Genterra Energy before the Arrangement takes effect. The information which is found on pages G-17 through G-31 describes Genterra Energy after the Arrangement takes effect.

NAME AND INCORPORATION

Genterra Energy was incorporated on October 31, 2013 pursuant to the OBCA under the name "Lampton Developments Inc." and changed its name to Genterra Energy on January 27, 2014. The head office and registered office of Genterra Energy is located at 106 Avenue Road, Toronto, Ontario, M5R 2H3.

INTER-CORPORATE RELATIONSHIPS

Genterra Energy is a wholly owned subsidiary of Genterra, an Ontario company whose common shares are traded on the TSXV under the symbol "GIC". Genterra is the owner of the property in which Genterra Energy's solar energy generation equipment is located.

GENERAL DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

Genterra Energy installed solar energy generation equipment on the roof of a property owned by its parent company, Genterra, and began commercial operations on August 18, 2014 under a Feed-In Tariff Contract with the Ontario Power Authority.

Beginning in 2009, a FIT Program was developed for the Province of Ontario to encourage and promote greater use of renewable energy sources including on-shore wind, waterpower, renewable biomass, biogas, landfill gas and solar photovoltaic (PV) for electricity generating projects in Ontario. The fundamental objective of the FIT Program, in conjunction with the *Green Energy and Green Economy Act, 2009* (Ontario) and Ontario's Long Term Energy Plan, 2010, is to facilitate the increased development of renewable generating facilities of varying sizes, technologies and configurations via a standardized, open and fair process.

The FIT Program is open to projects with a rated electricity generating capacity greater than 10 kilowatts (kW) and generally up to 500 kW. The Ontario Power Authority recently announced large renewable projects for greater than 500 kW.

On June 9, 2011, Highroad, a company controlled by Fred A. Litwin and certain members of his family and certain directors and officers who are also directors and officer of the Genterra Energy, entered into a Feed-In Tariff Contract with the Ontario Power Authority for a solar PV rooftop facility at Genterra's property at 450 Dobbie Drive, in Cambridge, Ontario to supply the energy produced by the facility to Cambridge and North Dumfries Hydro Inc. The contract provides for a gross capacity of 500 kW and a price of \$0.635 per kWh. The terms of the contract include standard requirements relating to design, construction and operation of the facility, electricity payment and delivery obligations and other standard provisions for FIT Contracts. The term of the contract extends to August 17, 2034. This contract has since been assigned by Highroad to Genterra Energy.

On January 1, 2014 Genterra and Genterra Ennergy entered into a Rooftop Lease Agreement whereby Genterra agreed to lease to Genterra Energy a 120,000 square foot portion of the roof at the 450 Dobbie Drive site in Cambridge, at a rent of \$0.50 per square foot, for the erection, installation and operation of the photovoltaic solar power facility. The term of the Lease is twenty (20) years, with a renewal option in Genterra Energy's favour for an additional ten (10) year term.

On August 1, 2014, Genterra Energy entered into a Management Services Agreement with Highroad, pursuant to which Highroad agreed to manage all matters pertaining to Genterra Energy's solar energy operations for an annual fee of \$60,000.00. The Management Services Agreement is terminable by either party on sixty (60) day's prior written notice.

Endura Energy Project Corp., which designs, builds and consults on the development of medium and large scale solar energy systems, completed the design and construction of Genterra Energy's solar PV rooftop system which began commercial operation on August 18, 2014. The solar PV rooftop system is located in a commercial urban area where the power is needed most and mitigates the need for the transport and distribution of electricity from distant parts of the province.

The installed solar power provides enough energy to power approximately 100 average homes and reduces carbon emissions equivalent to planting 450 trees, each year.

Genterra Energy's rooftop solar energy generation equipment consists of 2,795 solar panels with a modular tilt of 20 degrees and an azimuth of 15 degrees east of south. The total size of the system is 726.7 kW DC capacity with a maximum of 500.0 kW AC production.

Revenue is earned under a twenty year FIT Program Contract with the Ontario Power Authority at a rate of \$0.635 per kWh delivered to the local utility provider. In contrast, new contracts awarded by the Ontario Power Authority for a similar size system as the Company's is at \$0.316 per kWh.

The business objective of Genterra Energy is to create and maximize shareholder value through its solar energy generation operations and potential expansion or new acquisitions that satisfy its goals as defined by management.

SELECTED FINANCIAL INFORMATION

The following selected financial information was derived directly and indirectly from Genterra Energy's financial statements, which are attached as Appendix H to the Management Information Circular of Genterra.

| Selected Financial Information as at | March 31, 2015 (\$) | September 30 2014 (\$) |
|---|------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 80,019 | 882 |
| Accounts receivable | 349,150 | 303,572 |
| Prepaid expenses and deposits | 24,317 | 53,605 |
| Equipment | 2,151,845 | 2,206,032 |
| Deferred income taxes | 29,498 | 9,940 |
| Total Assets | <u>2,634,829</u> | <u>2,574,031</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable and accrued liabilities | 66,585 | 237,419 |
| Interest payable | 60,769 | 10,085 |
| Deferred rent | 31,311 | 32,118 |
| Loan payable to parent | 2,557,970 | 2,321,970 |
| Total Liabilities | <u>2,716,635</u> | <u>2,601,592</u> |

| Selected Financial Information as at | March 31, 2015 (\$) | September 30 2014 (\$) |
|---|------------------------|------------------------------|
| SHAREHOLDER'S DEFICIENCY | | |
| Capital stock | 10 | 10 |
| Deficit | (81,816) | (27,571) |
| Total Shareholder's Deficiency | <u>(81,806)</u> | <u>(27,561)</u> |
| Total Liabilities and Shareholder's Deficiency | <u>2,634,829</u> | <u>2,574,031</u> |

| Selected Financial Information | For the Three Months Ended | | For the Six Months Ended | For the Period October 31, 2013 to | For the Period ⁽¹⁾ Ended |
|--|-------------------------------|-------------------|--------------------------------|--|---|
| | March 31, 2015 | March 31, 2014 | March 31, 2015 | March 31, 2014 | September 30, 2014 |
| REVENUE | | | | | |
| Solar energy generation | 63,423 | – | 126,238 | – | 41,413 |
| Operating costs | 20,423 | 12,800 | 39,353 | 12,800 | 42,140 |
| Administrative and general | 39,200 | – | 55,817 | – | 13,329 |
| Interest | 25,229 | – | 50,684 | – | 10,085 |
| Amortization | 26,796 | – | 54,187 | – | 13,100 |
| Income tax expense (recovery) | (12,779) | (3,392) | (19,558) | (3,392) | (9,940) |
| | <u>98,869</u> | <u>(9,408)</u> | <u>(180,843)</u> | <u>(9,408)</u> | <u>68,714</u> |
| Net income (loss) and comprehensive income (loss) | <u>(35,446)</u> | <u>(9,408)</u> | <u>(54,245)</u> | <u>(9,408)</u> | <u>(27,571)</u> |
| Earnings (loss) per share | | | | | |
| Basic and diluted | (354.46) | (94.08) | (542.45) | (94.08) | (275.71) |
| Cash dividends declared on common shares | – | – | – | – | – |

(1) Period refers to the period from incorporation on October 31, 2013 to September 30, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following MD&A provides a review of the financial condition and results of operations of Genterra Energy for the fiscal year ended September 30, 2014 and the six months ended March 31, 2015. This MD&A should be read in conjunction with Genterra Energy's audited financial statements and notes thereto for the fiscal year ended September 30, 2014 and unaudited condensed interim financial statements and notes thereto for the six months ended March 31, 2015 included as Appendix H herein.

In this document and in Genterra Energy's audited financial statements and unaudited condensed interim financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts, unless specifically identified as otherwise, in the audited and unaudited financial statements and this MD&A, are expressed in Canadian dollars.

MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Genterra Energy. Forward-looking statements typically involve words or phrases such as "believes", "expects", "anticipates", "intends", "foresees", "estimates" or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions, as described from time to time in Genterra Energy's reports and filed with securities commissions in Canada, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. In addition, Genterra Energy expressly disclaims any obligation to publicly update or alter its previously issued forward-looking statements.

Overview

Genterra Energy is an Ontario Company operating in Canada with significant interests in solar energy generation equipment located in Cambridge, Ontario, Canada.

A FIT Program was developed for the Province of Ontario to encourage and promote greater use of renewable energy sources including on-shore wind, waterpower, renewable biomass, biogas, landfill gas and solar PV for electricity generating projects in Ontario. The fundamental objective of the FIT Program, in conjunction with the *Green Energy and Green Economy Act, 2009* (Ontario) and Ontario's Long Term Energy Plan, 2010, is to facilitate the increased development of renewable generating facilities of varying sizes, technologies and configurations via a standardized, open and fair process.

The FIT Program is open to projects with a rated electricity generating capacity greater than 10 kilowatts (kW) and generally up to 500 kW. The Ontario Power Authority recently announced large renewable projects for greater than 500 kW.

Highroad, a company controlled by Fred A. Litwin and certain members of his family and certain directors and officers who are also directors and officer of the Company, entered into a Feed-In Tariff Contract with the Ontario Power Authority for a solar PV rooftop facility at Genterra's property at 450 Dobbie Drive, in Cambridge, Ontario to supply the energy produced by the facility to Cambridge and North Dumfries Hydro Inc. Highroad also entered into an agreement for Genterra Energy to install the solar energy generation equipment on the roof of the 450 Dobbie Drive property. Highroad's FIT Contract has since been assigned by Highroad to Genterra Energy, and Highroad manages the project operation on behalf of Genterra Energy.

Endura Energy Project Corp., which designs, builds and consults on the development of medium and large scale solar energy systems, completed the design and construction of the Genterra Energy's solar PV rooftop system which began commercial operation on August 18, 2014. The solar PV rooftop system is located in a commercial urban area where the power is needed most and mitigates the need for the transport and distribution of electricity from distant parts of the province.

The installed solar power provides enough energy to power approximately 100 average homes and reduces carbon emissions equivalent to planting 450 trees, each year.

Genterra Energy's rooftop solar energy generation equipment consists of 2,795 solar panels with a modular tilt of 20 degrees and an azimuth of 15 degrees east of south. The total size of the system is 726.7 kW DC capacity with a maximum of 500.0 kW AC production.

Revenue is earned under a twenty year FIT Program Contract with the Ontario Power Authority at a rate of \$0.635 per kWh delivered to the local utility provider. In contrast, new contracts awarded by the Ontario Power Authority for a similar size system as the Company's is at \$0.316 per kWh.

The business objective of Genterra Energy is to create and maximize shareholder value through its solar energy generation operations and potential expansion or new acquisitions that satisfy its goals as defined by management.

Outlook

Genterra Energy's Board of Directors believes that its recent activities which have focused on the development of the solar energy generation operation will provide the Genterra Energy with a strong balance sheet and cash flows.

Management continues to evaluate potential opportunities that they believe will add value for Genterra Energy and its shareholders including the potential for new solar energy generation operations under new FIT contracts which the Government of Ontario continues to award.

Liquidity and Capital Resources

Genterra Energy's principal sources of liquidity are cash and cash equivalents on hand and cash flow from operations.

The following table provides a summary of certain information with respect to Genterra Energy's capital structure and financial position:

| | March 31, 2015 | September 30 2014 |
|--|----------------|-------------------|
| Working Capital | 326,132 | 110,555 |
| Ratio of Current Assets to Current Liabilities | 3.6 : 1 | 1.4 : 1 |
| Cash and cash equivalents | 80,019 | 882 |
| Debt : Shareholders' equity | -31.3 : 1 | -84.2 : 1 |
| Debt : Total capitalization | 1.03 : 1 | 1.01 : 1 |

September 30, 2014

Genterra Energy's working capital was \$110,555 as at September 30, 2014 which primarily represents revenue receivable and sales taxes recoverable offset by outstanding payables relating to the solar energy generation equipment.

During the period from incorporation on October 1, 2013 to September 30, 2014 Genterra Energy's cash position increased by \$882. The net increase was due to the following:

- Operating Activities decreased cash by \$101,966 during the period. This was a result of \$17,792 of cash generated from operations and \$119,758 from changes in non-cash components of working capital;
- Financing Activities increased cash by \$2,321,980 during the period mainly from the proceeds received from the loan payable;
- Investing Activities decreased cash by \$2,219,132 from the investment in solar energy generation equipment.

March 31, 2015

Genterra Energy's working capital increased to \$326,132 as at March 31, 2015 compared to \$110,555 as at September 30, 2014 mainly due to decreased liabilities and increased cash and cash equivalents. This balance primarily represents revenue receivable and sales taxes recoverable offset by outstanding payables relating to the solar energy generation equipment and interest.

During the six months ended March 31, 2015 the Genterra Energy's cash position increased by \$79,137. The net increase was due to the following:

- Operating Activities decreased cash by \$156,863. This was a result of \$30,261 of cash generated from operations and \$187,124 used in changes in non-cash components of working capital;
- Financing Activities increased cash by \$236,000 from the proceeds received from the loan payable;
- Investing Activities did not impact cash.

Genterra Energy anticipates that it will require approximately \$270,000 in order to meet its ongoing expected costs for the next twelve months. These costs include solar energy generation operating expenses, rent, fees for management and administrative services provided to Genterra Energy, audit and legal fees, interest expense on the loan payable and income taxes. Genterra Energy expects to generate the revenue required in order to service these expenditures from its existing solar energy generation equipment.

Results Of Operations

Review of Results for the Fiscal Period Ended September 30, 2014

Genterra Energy began producing and selling electricity generated from its solar energy generation equipment in mid-August 2014. The revenue generated and the expenses incurred for the three months ended September 30, 2014 represents the initial revenue generated and expenses incurred from the equipment and consequently there is no revenue or expenses in the comparable period. The solar energy generation equipment produced approximately 65,000 kW hours of electricity from start up to September 30, 2014.

Solar Energy Generation Revenue. The solar energy generation revenue represents revenue earned from its solar energy generation equipment located on the roof of a building in Cambridge, Ontario owned by Genterra Energy's parent, Genterra.

Operating Costs. Operating costs include solar energy generation operating expenses including insurance and straight line rent charges for the rental of the roof where the solar energy generation equipment is located.

Administrative and General Expenses. Administrative and general expenses include management fees paid to Highroad to manage the Company's solar energy generation operation.

Interest Expense. Interest expense represents interest charged by Genterra on the outstanding loan payable.

Amortization. Amortization expense represents the amortization of the solar energy generation equipment from when the Company began producing electricity in mid-August 2014. Amortization is provided for as outlined in the note 3(c) to Genterra Energy's audited financial statements for the period ended September 30, 2014.

Income Tax Provision. There are no differences between Genterra Energy's statutory tax rate and its effective tax rate which is 26.5%.

Net Loss. Net loss for the period ended September 30, 2014 was \$27,571.

Inflation. Inflation has not had a material impact on the results of Genterra Energy's operations in its last quarter or fiscal period and is not anticipated to materially impact operations during its next fiscal year.

Review of Results for the Three and Six Month Periods Ended March 31, 2015

Genterra Energy began producing and selling electricity generated from its solar energy generation equipment in mid-August 2014. The revenue generated and the expenses incurred for the three and six month periods ended March 31, 2015 represents the revenue generated and expenses incurred from the equipment during these periods and there is no revenue and only minor expenses in the comparable periods. The solar energy generation equipment produced approximately 100,000 kW hours of electricity for the three months ended March 31, 2015, and approximately 200,000 kW hours during the six months ended March 31, 2015.

Solar Energy Generation Revenue. The solar energy generation revenue represents revenue earned from its solar energy generation equipment located on the roof of a building in Cambridge, Ontario owned by Genterra Energy's parent, Genterra.

Operating Costs. Operating costs include solar energy generation operating expenses including insurance and straight line rent charges for the rental of the roof where the solar energy generation equipment is located. Operating costs for the three and six months ended March 31, 2014 represent straight line rent charges for the periods.

Administrative and General Expenses. Administrative and general expenses include management fees paid to Highroad to manage the Genterra Energy's solar energy generation operation.

Interest Expense. Interest expense represents interest charged by Genterra on the outstanding loan payable.

Amortization. Amortization expense represents the amortization of the solar energy generation equipment from when it began producing electricity in mid-August 2014. Amortization is provided for as outlined in the note 3(c) to Genterra Energy's audited financial statements for the period ended September 30, 2014.

Income Tax Provision. There are no differences between Genterra Energy's statutory tax rate and its effective tax rate which is 26.5%.

Net Loss. Net loss for the three and six month periods ended March 31, 2015 was \$35,446 and \$54,245 respectively, compared to a net loss of \$9,408 for both the three and six months ended March 31, 2014.

Inflation. Inflation has not had a material impact on the results of Genterra Energy's operations in its last quarter and is not anticipated to materially impact on Genterra Capital's operations during its current fiscal year.

Related Party Transactions

Genterra Energy entered into transactions and had outstanding balances with various companies related by common ownership and management.

The transactions with related parties are in the normal course of business.

Genterra Energy's solar energy generation project is located on the roof of a building owned by its parent, Genterra. Genterra Energy rents the roof from Genterra for \$52,813 per annum.

Genterra Energy has entered into an agreement with Highroad to manage its solar energy generation operation for \$60,000.00 per annum. Certain directors and officers of Highroad are also directors and officers of Genterra Energy, and both companies are controlled by Fred A. Litwin and certain members of his family.

Genterra Energy has entered into an administrative services agreement with Genterra for \$6,000 per annum commencing in October 2014.

Related party transactions for the fiscal period ended September 30, 2014 are summarized as follows:

Under the above agreements, management fees of \$10,000 was charged by Highroad and rent of \$6,282 was charged by Genterra.

Accounts payable and accrued liabilities at September 30, 2014 include \$6,282 due to Genterra and \$10,000 due to Highroad. These amounts are unsecured and are due on demand.

Loan payable at September 30, 2014 of \$2,321,970 is due to Genterra on demand and bears interest at 4% per annum. During the period, \$10,085 of interest was charged under this loan and is included in interest payable on the statement of financial position as at September 30, 2014.

Related party transactions for the six months ended March 31, 2015 are summarized as follows:

Under the above agreements, management fees of \$30,000 was charged by Highroad and rent of \$26,406 and administrative services fees of \$3,000 was charged by Genterra.

Accounts payable and accrued liabilities at March 31, 2015 include \$Nil (September 30, 2014: \$6,282) due to Genterra and \$Nil (September 30, 2014: \$10,000) due to Highroad. These amounts are unsecured and are due on demand.

Loan payable at March 31, 2015 of \$2,557,970 (September 30, 2014: \$2,321,970) is due to Genterra on demand and bears interest at 4% per annum. During the six months ended March 31, 2015, \$50,684 (2014: \$Nil) of interest was charged under this loan and is included in interest payable on the statement of financial position as at March 31, 2015.

Share Data

The following table sets forth the outstanding share data for Genterra Energy as at July 1, 2015:

| | Authorized | Issued |
|---------------|-------------------|---------------|
| Common Shares | Unlimited | 100 |

Risks And Uncertainties

Genterra Energy is subject to a number of broad risks and uncertainties including general economic conditions. In addition to these broad business risks, Genterra Energy has specific risks that it faces, the most significant of which are outlined below. The risks and uncertainties discussed herein highlight the more important factors that could significantly affect Genterra Energy's operations and profitability. They do not represent an exhaustive list of all potential issues that could affect the financial results of Genterra Energy and are not presented in any particular order of relevance.

Cash Deposits Held At Banks May Exceed The Amounts Of Insurance Provided On Such Deposits And Any Loss Arising Therefrom Could Have A Material Adverse Affect On Genterra Energy's Financial Condition And Results Of Operations

Deposits held with banks may exceed the amount of insurance provided on such deposits. If Genterra Energy were to suffer a loss as a result of a failure of one of these banks and the insurance provided thereon was insufficient to cover the amount of the deposit, results of operations may suffer. This could adversely affect financial condition and cash flow.

Adverse Currency Fluctuations on Cash Deposits Held In Foreign Denominated Currencies Could Have A Material Adverse Affect On Genterra Energy's Financial Condition And Results Of Operations

Currency risk is the risk that a negative variation in exchange rates between the Canadian Dollar and foreign currencies will affect Genterra Energy's operating and financial results. If Genterra Energy holds funds denominated in a foreign currency and the value of this currency experiences a negative fluctuation due to a change in exchange rates this could have a material adverse affect on Genterra Energy's financial condition and results of operations.

The Need To Maintain Liquidity And Genterra Energy's Financial Condition Could Be Adversely Affected By Market And Economic Conditions

A liquidity risk arises from Genterra Energy's management of working capital and principal repayments on its debt obligations to avoid difficulty in meeting its financial obligations as they become due. Liquidity is essential to Genterra Energy and may be impaired by circumstances that management may be unable to control, such as general

market disruption or an operational problem which in turn could affect Genterra Energy's financial condition and ability to satisfy debt service obligations.

Genterra Energy May Not Be Able To Produce Expected Levels of Energy From Solar Generation

The amount of electricity generated by Genterra Energy's solar energy generation equipment depends on the availability of solar irradiation, which is naturally variable. Lower than anticipated solar irradiation levels at Genterra Energy's solar energy generation equipment location may reduce Genterra Energy's revenues and profitability and may adversely affect Genterra Energy's financial condition and results of operations.

Genterra Energy May Experience Solar Generation Equipment Failure

Genterra Energy's solar energy generation equipment are subject to the risk of equipment failure resulting from the deterioration of the assets from use or age, latent defect and design or operation error, among other things. To the extent that the solar energy generation equipment requires longer than forecast downtimes for maintenance and repair, or suffers power generation disruptions for other reasons, Genterra Energy's operating results, financial condition and profitability may be adversely affected.

Genterra Energy's Solar Energy Generation Operations Are Highly Regulated And May Be Exposed To Increased Regulation Which Could Result In Additional Costs

Genterra Energy's solar energy generation operations are subject to government regulation. Any new law, rule or regulation could require additional expenditures to achieve or maintain compliance or could adversely impact Genterra Energy's ability to generate and deliver power, which may reduce Genterra Energy's revenues, increase its expenses and affect profitability which may adversely affect Genterra Energy's financial condition and results of operations.

Genterra Energy Is Relying On A Solar Energy Feed-In Tariff Contract For Delivery Of Electricity To The Local Utility

Genterra Energy's contract to delivery electricity to the local utility under the existing Ontario Feed-In Tariff Program expires in 2034. Genterra Energy expects this contract to be fulfilled for its term. However, should this contract be cancelled or modified for reasons not anticipated and beyond Genterra Energy's control, this could substantially affect Genterra Energy's revenue and profitability and may adversely affect Genterra Energy's financial condition and results of operations.

Genterra Energy May Not Be Able To Renegotiate Financing Terms As They Come Due Which Could Affect Genterra's Liquidity And Financial Condition

Genterra Energy cannot be certain that it will be able to successfully renegotiate financing on favourable terms on the existing equipment. This could impact Genterra Energy's liquidity, financial condition and ability to meet working capital requirements.

General Uninsured Losses May Result In Genterra Energy Losing Its Investment In And Cash Flows From Equipment And Could Reduce Net Income

Genterra Energy carries comprehensive general liability with policy specifications, limits and deductibles customarily carried for similar equipment. There are however certain types of risks (generally of a catastrophic nature such as wars or environmental contamination) that are either uninsurable or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the value of Genterra Energy's assets would be reduced by any such uninsured loss. In addition, Genterra Energy could lose its investment in and anticipated revenues, profits and cash flows from its equipment, but would continue to be obliged to repay any recourse indebtedness on such equipment which in turn would reduce net income. Accordingly an uninsured or underinsured loss could impact Genterra Energy's financial condition.

Environmental Legislation And Contamination May Affect Genterra Energy's Operating Results

Environmental legislation and policies has become an increasingly important feature of property ownership and management in recent years. Under various laws, owners could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and, accordingly, environmental contamination could be considered a risk factor. The cost of defending against claims of liability, complying with environmental regulatory requirements, or remediating any contaminated property could materially adversely affect Genterra Energy, its assets and results of operations.

Critical Accounting Policies and Estimates

Genterra Energy's discussion and analysis of its results of operations and financial condition are based upon its financial statements that have been prepared in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Estimates and assumptions are evaluated on an ongoing basis and are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis of the carrying value of certain assets and liabilities and may not be readily apparent from other sources. Actual results, under conditions and circumstances different from those assumed, may differ from estimates.

Notes 2, 3 and 4 of Genterra Energy's audited financial statements for the fiscal period ended September 30, 2014 and Notes 2 and 3 of Genterra Energy's unaudited condensed interim financial statements for the six months ended March 31, 2015 provide a detailed discussion of significant accounting policies and application of critical accounting estimates and judgements.

Financial Instruments, Financial Risk Management and Other Instruments

Genterra Energy does not utilize financial instruments such as hedging instruments to manage financial risks.

For cash and cash equivalents, accounts receivable, trade and other payables and loans and borrowings with a maturity of less than one year, fair value is not materially different from the carrying amount due to the effect of the time value of money. See Notes 10 and 11 of Genterra Energy's audited financial statements for the fiscal period ended September 30, 2014 and Note 5 of Genterra Energy's unaudited condensed interim financial statements for the six months ended March 31, 2015 for a more detailed discussion.

Proposed Transactions

Management periodically enters into informal discussions with prospective business partners in the normal course of operations. However, management does not believe that any of these discussions constitute a proposed transaction for the purpose of this MD&A.

Off-Balance Sheet Arrangements

Genterra Energy had no off balance sheet arrangements as of March 31, 2015 and September 30, 2014.

New Accounting Standards and Accounting Pronouncements

Levies

Interpretation of International Financial Reporting Interpretations Committee, IFRIC 21, Levies, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and those where the timing and amount of the levy is certain. It identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted and is applied retrospectively. Management has

adopted this standard for the period beginning October 1, 2014 and has determined that the adoption had no impact on the financial statements.

Presentation of Financial Instruments

IAS 32, Financial Instruments: Presentation, was amended to clarify that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. IAS 32 is effective for annual periods beginning on or after January 1, 2014. Management has adopted this standard for the period beginning October 1, 2014 and has determined that the adoption had no impact on the financial statements.

Financial Instruments

IFRS 9, Financial Instruments: Classification and Measurement, introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 9.

Revenue Recognition

The IASB issued IFRS 15, Revenue Recognition, in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principles based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 will be effective for the Company on October 1, 2017, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

DESCRIPTION OF SECURITIES

Common Shares

Genterra Energy is authorized to issue an unlimited number of Genterra Energy Shares. Holders of Genterra Energy Shares are entitled to dividends, if, as and when declared by Genterra Energy's board of directors. Holders of Genterra Energy Shares are also entitled to one vote per share at the meetings of Genterra Energy Shareholders and, upon liquidation, to share equally in the assets of Genterra Energy that are distributable to Genterra Energy Shareholders. As at July 1, 2015, there were 100 Genterra Energy Shares issued and outstanding as fully paid and non-assessable shares, all of which were owned by Genterra. There is currently no market for the Genterra Energy Shares.

DIVIDENDS

Genterra Energy currently does not anticipate paying dividends on Genterra Energy Shares in the immediate future and intends to retain its earnings to finance the growth and development of its business. Any future determination by Genterra Energy to pay cash dividends will be at the discretion of the board of directors of Genterra Energy and will depend upon Genterra Energy's financial condition, results of operations, capital requirements and such other factors as the board of directors of Genterra Energy considers relevant.

STOCK OPTION PLAN

Genterra Energy does not currently have a Stock Option Plan.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Genterra Energy as at the date of the most recent balance sheet contained in the Circular and as the date hereof:

| Designation of Security | Amount authorized or to be authorized | Amount outstanding as of March 31, 2015 | Amount outstanding as of July 1, 2015 |
|------------------------------|---------------------------------------|---|---------------------------------------|
| Common Shares ⁽¹⁾ | Unlimited | 100 shares | 100 shares |
| Share Capital | | \$10 | \$10 |
| Loan Payable | | \$2,557,970 | \$2,321,970 |

Notes:

(1) There are no outstanding options to acquire securities of Genterra Energy.

STOCK EXCHANGE PRICE

Genterra Energy Shares are not listed or quoted on any exchange.

ESCROWED SECURITIES

As of the date of the Circular, no securities of Genterra Energy are held in escrow.

PRINCIPAL SECURITY HOLDERS

As of the date of this Circular, Genterra Energy is a wholly-owned subsidiary of Genterra.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the Directors of Genterra Energy as at the date of this Circular.

The statement as to the shares of Genterra Energy beneficially owned or over which control or discretion is exercised by the directors hereinafter named is in each instance based upon information furnished by the person concerned. The names of the directors, their positions with Genterra Energy, the year they become a director of Genterra Energy and the number of shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them is as follows:

| Name and Municipality of Residence | Principal Occupation | Director Since | Number of Shares Beneficially Held ⁽¹⁾ |
|--|--|----------------|---|
| Mark I. Litwin, President Ontario, Canada | President, Sutton Management Limited | Oct 31, 2013 | Nil ⁽²⁾ |
| Stan Abramowitz, Secretary Ontario, Canada | Executive, Forum Financial Corporation | Oct 31, 2013 | Nil |

Notes:

- (1) The information as to shares beneficially owned not being within the knowledge of Genterra Energy has been furnished by the respective directors individually.
- (2) Mark I. Litwin and his sister Risa J. Shearer beneficially own 2,017,450 (24.2%) of Genterra Energy's parent company, Genterra, through Sutton Management Limited

The following table sets forth the Executive Officers of Genterra Energy as at December 31, 2014.

| Name and Municipality of Residence | Position | Principal Occupation | Number of shares beneficially owned, directly or over which control or direction is exercised |
|------------------------------------|-----------|--|---|
| Mark I. Litwin Ontario, Canada | President | President, Sutton Management Limited | Nil ⁽¹⁾ |
| Stan Abramowitz Ontario, Canada | Secretary | Executive, Forum Financial Corporation | Nil |

Notes:

- (1) Mark I. Litwin and his sister Risa J. Shearer beneficially own 2,017,450 (24.2%) of Genterra Energy's parent company, Genterra, through Sutton Management Limited

EXECUTIVE COMPENSATION

The information contained below is provided as required under Form 51-102F6 contained in National Instrument 51-102 – *Continuous Disclosure* (the "**Instrument**") for venture issuers, as such term is defined in the Instrument,

The following table provides a summary of compensation earned during each of Genterra Energy's last three fiscal years by Genterra's President and Secretary. There are no other executive officers of Genterra whose total salary and bonus exceeded \$150,000.00 during any such year

| Name & Principal Position | Annual Compensation | | | |
|---|---------------------|--------|-------|---------------------------|
| | Year | Salary | Bonus | Other Annual Compensation |
| Mark I. Litwin President ⁽²⁾ | 2014 | Nil | Nil | \$10,000 ⁽¹⁾ |
| | 2013 | n/a | n/a | n/a |
| | 2012 | n/a | n/a | n/a |
| Stan Abramowitz Secretary ⁽²⁾ | 2014 | Nil | Nil | Nil |
| | 2013 | n/a | n/a | n/a |
| | 2012 | n/a | n/a | n/a |

Notes:

- (1) This amount relates to management fees paid by Genterra Energy to Highroad relating to the management of Genterra Energy's solar energy operations.
- (2) The Executive Officers of Genterra Energy are compensated through its parent company, Genterra.

Long Term Incentive Plans

Genterra Energy does not have any long-term incentive plans.

Stock Options

Genterra Energy does not have a stock option plan and has not ever granted any stock options.

Employment Contracts

There are no employment contracts between Genterra Energy and the Named Executive Officers and compensatory plan or arrangement with respect to the Named Executive Officers that results or will result from the resignation,

retirement or any other termination of employment of such officers' employment with Genterra Energy, from a change in control of Genterra Energy or a change in the Named Executive Officers' responsibilities following a change-in-control.

Compensation of Directors

Each director of Genterra Energy is compensated through its parent company, Genterra.

Indebtedness of Directors and Officers

Except as disclosed in Interest Of Insiders In Material Transactions, no present or proposed director or officer and none of their respective associates or affiliates is or has been indebted to Genterra Energy at any time since September 30, 2014; nor has any such person's indebtedness to any other entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Genterra Energy.

Management Contracts

During the period ended September 30, 2014, Highroad provided management services to Genterra Energy for fees of \$10,000 for the management of the solar energy generation operation. Mark I. Litwin is an officer and director of Highroad and Stan Abramowitz is an officer of Highroad.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as set forth below, since Genterra Energy's incorporation, no director, executive officer, or shareholder who beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the outstanding Genterra Energy Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Genterra Energy:

- During the period ended September 30, 2014, Genterra Energy entered into an agreement with Highroad, which provides for the management by Highroad of Genterra Energy's solar energy generation operation for \$60,000 per annum. During the fiscal year ended September 30, 2014 and the six months ended March 31, 2015 Genterra Energy paid \$10,000 and \$30,000, respectively, under this agreement.
- During the period ended September 30, 2014, Genterra Energy entered into a lease agreement with its parent company, Genterra, to lease the roof of 450 Dobbie Drive, Cambridge, Ontario where Genterra Energy's solar energy generation equipment is located, for \$52,813 per annum. During the fiscal year ended September 30, 2014 and the six months ended March 31, 2015 Genterra Energy paid \$6,282 and \$26,407, respectively, under this lease agreement.
- During the period ended September 30, 2014, Genterra Energy entered into a loan agreement with its parent company, Genterra, which is due on demand and bears interest at 4% per annum and is secured by a general security agreement. As of September 30, 2014, \$2,321,970 (March 31, 2015: \$2,557,970) was outstanding under this loan agreement and \$10,085 (March 31, 2015: \$50,684) of interest had been charged by Genterra. Pursuant to an Amending Agreement made on July 16, 2015, the loan has been converted into a 5-year term loan repayable on August 1, 2019, with interest at a rate of 4% per annum calculated and payable monthly in arrears.

INTERESTS OF EXPERTS

Auditors

Effective January 19, 2015 BDO Canada LLP were appointed as auditors of Genterra Energy by the board of directors.

BDO Canada LLP have no registered or beneficial interest, direct or indirect, in any securities or property of Genterra Energy, or any of Genterra Energy's Associates or Affiliates, nor does it expect to receive any such securities or other property.

Fees paid to BDO Canada LLP for its services rendered are as follows:

| Financial Year Ending | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| September 30, 2014 | \$16,275 | Nil | Nil | Nil |

Financial Advisor

Pursuant to an engagement by a Special Committee of the Board of Directors of Genterra Energy's parent company, Genterra, Corporate Valuation Services Limited prepared a valuation report entitled "Estimate of Fair Market Value of all the Shares of Genterra Energy Inc.", dated June 23, 2015 and a fairness opinion entitled "Fairness Opinion on the Terms of an Arrangement by which the Publicly Owned Shares of Genterra are acquired by it in a Going Private Transaction", dated June 23, 2015. Both documents were completed by Corporate Valuation Services Limited and were prepared for the Special Committee of the Board of Directors of Genterra.

Corporate Valuation Services Limited has no registered or beneficial interest, direct or indirect, in any securities or property of Genterra Energy, or any of Genterra Energy's associates or affiliates, nor does it expect to receive any such securities or other property.

MATERIAL CONTRACTS

Since its incorporation, Genterra Energy has entered into the following material contracts:

- Genterra Energy is party to a management contract with Highroad Estates Inc. whereby Highroad has agreed to provide administration and management services relating to Genterra Energy's solar energy generation operation for an annual fee of \$60,000.
- Genterra Energy has a loan payable to its parent company Genterra in the amount of \$2,557,970 as of March 31, 2015. This amount is due on demand, bears interest at 4% per annum and is secured by a general security agreement. Pursuant to an Amending Agreement made on July 16, 2015, the loan has been converted into a 5-year term loan repayable on August 1, 2019, with interest at a rate of 4% per annum calculated and payable monthly in arrears.
- Genterra Energy leases the roof in which its solar energy generation equipment is installed located at 450 Dobbie Drive from Genterra for \$52,813 per annum expiring in August 2034.
- Genterra receives revenue from Cambridge and North Dumfries Hydro Inc. from its solar energy generation equipment under a Feed-In Tariff Contract dated June 9, 2011 of \$0.635 per kWh produced which expires on August 17, 2034 (twenty years from initial commercial operation).

LEGAL PROCEEDINGS

There are no legal proceedings outstanding, threatened or pending, as of the date of this Circular, by or against Genterra Energy or which Genterra Energy is a party or to which any of the assets of Genterra Energy is subject, nor to Genterra Energy's knowledge are any such legal proceedings contemplated, which could become material to the Genterra Shareholders or to a shareholder of Genterra Energy.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Genterra Energy acts as its own Transfer Agent and Registrar.

Genterra Energy's Auditor is:

BDO Canada LLP
TD Bank Tower
66 Wellington Street, West
Suite 3600, PO Box 131
Toronto, Ontario, Canada M5K 1H1

ADDITIONAL INFORMATION

Additional information relating to Genterra Energy, including Genterra Energy's audited year-end financial results and unaudited quarterly financial results, can be obtained by contacting Genterra Energy at info@genterracapital.com.

PROMOTERS

Genterra took the initiative of founding and organizing Genterra Energy and its business and operations and, as such, may be considered to be the promoter of Genterra Energy for the purposes of applicable securities legislation. As at the date of this Circular, Genterra is the sole (100%) shareholder of Genterra Energy. Following completion of the Arrangement, Genterra will own approximately 12,038,562 Genterra Energy Shares representing approximately 72% of the issued and outstanding Genterra Energy Shares.

During the 10 years before the date of the Circular to which this Appendix G is attached, Genterra has not become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Genterra has not been subject to any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority, has not entered into a settlement agreement with a provincial and territorial securities regulatory authority, and has not had any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

APPENDIX G (CONT'D)

GENTERRA ENERGY INC. POST-ARRANGEMENT

The information which follows describes Genterra Energy after the Arrangement takes effect.

CORPORATE STRUCTURE

Genterra Energy was incorporated on October 31, 2013 pursuant to the OBCA under the name "Lampton Developments Inc." and changed its name to "Genterra Energy Inc." on January 27, 2014. The head office and registered office of Genterra Energy will continue to be located at 106 Avenue Road, Toronto, Ontario, M5R 2H3.

In July 2015, the Board of Directors of Genterra Energy unanimously approved plans to proceed with the proposed Arrangement. The proposed Arrangement is expected to be implemented through a court approved Plan of Arrangement and is subject to shareholder approval. The Arrangement would result in Genterra Energy becoming a public company. The disclosure relating to Genterra Energy presented below is presented on the assumption that the Arrangement has been completed.

Following completion of the Arrangement, it is expected that Genterra will own approximately 72% of the issued and outstanding Genterra Energy Shares, with the remaining balance being held by public shareholders. Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in British Columbia, Alberta, Ontario and Quebec. An application has been made to list the Genterra Energy Shares on the CSE.

Prior to completion of the Arrangement, Genterra Energy intends to change its name to Gencan Inc., or such other name as its directors deem appropriate, and it will also effect a split of its 100 issued and outstanding common shares into 16,628,716 common shares, which is twice the number of the 8,314,358 Genterra Shares presently issued and outstanding.

GENERAL DEVELOPMENT OF THE BUSINESS

Genterra Energy installed solar energy generation equipment on the roof of a property owned by its parent company, Genterra, and began commercial operations on August 18, 2014 under a Feed-In Tariff Contract with the Ontario Power Authority.

DESCRIPTION OF THE BUSINESS AND CORPORATE STRATEGY

Genterra Energy's primary asset is its significant interest in a Renewable Power Solar PV Rooftop System. The business objective of Genterra Energy is to create and maximize shareholder value through internal growth of investments and new acquisitions that satisfy its corporate goals as defined by the Company's management.

Genterra Energy provides an opportunity to invest in hard asset investments, managed by an experienced team with a successful track record. As part of this growth strategy, management intends to evaluate other non-energy related opportunities that they believe will add value for the Company and its shareholders. In doing so, Genterra Energy intends to diversify risk by spreading its investments among various types of assets to build and maintain a growth oriented portfolio of investments with higher risk-adjusted returns. Genterra Energy intends to explore opportunities to diversify into other non-energy related industries and businesses through investments and acquisitions.

Renewable Power

Genterra Energy's entry into the power generation business was an initial step in the application of its corporate strategy. Operating as an independent power producer, Genterra Energy acquired assets with high quality contracted cash flows serving utility, commercial and residential customers.

As development costs for renewables continue to become more competitive versus their fossil fuel counterparts, the realized cost of energy from renewables is competitive to traditional fuels in certain geographic areas around the world. This is especially true when taking into account that most wholesale electricity markets are heterogeneous spot markets, where an independent power producer could create a significant amount of value by monetizing power supply during periods of higher than average market prices.

Globally, 44.2 Gigawatts of solar power was installed in 2014, representing a 14% increase over 2013 and cumulating to over 180 Gigawatts of installed capacity. This is the result of a drive to reduce reliance on energy from fossil fuel and nuclear sources. This demand is expected to increase by 30% in 2015. Over the next 5 years, PV installations are projected to increase at a compound annual growth rate of 10.5%.

The North American power generation industry is comprised of a large number of power producers. In 2008, the grid-connected market in Canada accounted for approximately 34% of total solar PV sales; this figure ballooned to 99% in 2013, mainly driven by the introduction of the Province of Ontario's FIT Program in 2009. Of the grid-connected systems, the mix between residential/commercial systems (<500 kW AC) and utility scale installations (>500 kW AC) is 23% and 77%, respectively.

Ontario, the area in which Genterra Energy operates, has a centrally planned electricity market with a strong mandate to increase the amount of clean and renewable energy. The Ontario Government takes a lead role in defining the electricity mix to be procured by the Ontario Power Authority ("OPA"). The OPA is mandated to develop a detailed and integrated power supply plan, to procure the electricity generation and to manage contracts for privately owned generation. The Independent Electricity System Operator ("IESO"), which merged with the OPA, provides essential electricity services to the people of Ontario - ensuring there is enough power to meet the province's energy needs in real-time while also planning and securing energy for the future. The IESO oversees the wholesale electricity market, where the price of energy is determined. It also administers the rules that govern the market and, through an arm's-length market monitoring function, ensures that it is operated fairly and efficiently. The electricity sector is regulated by the Ontario Energy Board.

In the regulated and centrally-planned market of Ontario, Genterra Energy competes for long term Power Purchase Agreements to supply credit worthy counterparties such as the incumbent utility or a government agency. In order to do so, Genterra Energy is required to develop projects that meet the counterparty requirements (location, capacity and generation type), secure suitable sites and focus on being a low cost developer and efficient operator.

The Ontario Feed-In Tariff (FIT) Program was developed to encourage and promote greater use of renewable energy sources including on-shore wind, waterpower, renewable biomass, biogas, landfill gas and solar PV for electricity generating projects in Ontario. The fundamental objective of the FIT Program is to facilitate the increased development of renewable generating facilities of varying sizes, technologies and configurations via a standardized, open and fair process. The FIT Program is open to projects with a rated electricity generating capacity greater than 10 kilowatts (kW) and generally up to 500 kW.

The FIT program in Ontario entered its fourth iteration in 2015, with current contract rates offered between 50%-60% less than those previously observed under the original 2009 program. Although this is due to various factors, the drop in rates are mainly attributed to global decreases in the cost of solar PV systems and the removal of the Province's requirement for domestic content in systems built under a FIT contract. Domestic content required a minimum of 60% of the total system (labour, modules, inverters etc.) to be sourced from domestic companies and manufacturers. With the third iteration of the FIT program, these increased costs are no longer subsidized by the government through inflated tariff rates.

The drop in rates has not stifled competition, as demand from investors to deploy capital and the credit worthiness of a FIT contract has yields, in the case of most FIT projects, in the range of 6% to 11%. By consolidating small FIT projects into portfolios to create securitized long-term investment products, the increase in demand for these income-producing assets has continued to drive strong competition for contracts within Ontario, despite the significantly lower tariff rates and accordingly the lower investment returns.

Genterra Energy's initial investment into alternative energy, which began commercial operation in August 2014, consists of a solar PV rooftop System located in a commercial urban area in Cambridge, Ontario providing electricity under a 20 year FIT Program Contract. This system provides enough energy to power approximately 100 homes and reduces carbon emissions equivalent to planting 450 new trees.

Management intends to evaluate additional opportunities for the installation of further Solar Systems. Management will also evaluate other potential clean power generation assets such as wind and hybrid energy solutions, for use in remote areas, that provide contracted power on a 24 hour 365 day basis. Retail electricity costs continue to rise due to the increasing cost of producing electricity from fossil fuels caused by investments in generation plants and transmission and distribution infrastructure and increased regulatory costs. Accordingly, management believes that the renewable power generation segment will grow as renewable energy sources become capable of being able to generate electricity at a cost equal to or lower than prevailing electricity prices. Genterra Energy will consider competing for additional contracted opportunities in the Ontario market, but could also expand into other areas across Canada as the business grows and the market for clean power generation expands.

In 2013 the Ontario Government released its updated Long Term Energy Plan. The Long Term Energy Program includes five principles to guide future decisions; cost effectiveness, reliability, clean energy, community engagement and conservation, before building new generation. The Long Term Plan expects that nearly half of Ontario's installed capacity will be renewable energy by 2025. By the end of 2015, Ontario will have a total of 1.12 Gigawatts of grid-connected solar PV. When including hydro and other renewable sources to this figure, Ontario plans to have 20 Gigawatts of renewables connected by 2025.

An Ontario Energy Report will be issued on an annual basis to provide updates on how supply and demand are tracking and to review progress in implementing the Long Term Energy Plan. The IESO, in consultation with stakeholders, initiated a process to consider issues relating to a potential capacity market or auction process. Under the Plan, the IESO has introduced a new competitive procurement process for larger scale renewable projects, the Large Renewable Procurement (LRP). The LRP is a competitive process for procuring large renewable energy projects generally larger than 500 kW. The LRP is an important component of Ontario's ongoing commitment to building a cleaner and more sustainable energy system, and represents a key step in the province's 2025 target for renewable energy to comprise about half of Ontario's installed capacity. Targets for the LRP include procurement for additional solar and wind contracts. Genterra Energy will continue to review this process on an ongoing basis to assess if there are any opportunities and implications for Genterra Energy's future development of independent power production.

DESCRIPTION OF SECURITIES

Common Shares

Genterra Energy will be authorized to issue an unlimited number of Genterra Energy Shares. The holders of Genterra Energy Shares will be entitled to dividends, if, as and when declared by Genterra Energy's board of directors. Holders of Genterra Energy Shares will also be entitled to one vote per share at the meetings of Genterra Energy Shareholders and, upon liquidation, to share equally in the assets of Genterra Energy that are distributable to Genterra Energy Shareholders. As at July 1, 2015, there are 100 Genterra Energy Shares issued and outstanding as fully paid and non-assessable shares.

In order to accommodate the terms and conditions set forth in the Plan of Arrangement, it is expected that immediately prior to the completion of the Arrangement Genterra Energy will file Articles of Amendment under the OBCA to effect the split of the 100 issued and outstanding Genterra Energy Shares into 16,628,716 Genterra Energy Shares, which is equal to twice the number of Genterra Shares currently issued and outstanding.

Upon completion of the Arrangement, Genterra Energy expects that it will become a reporting issuer in British Columbia, Alberta, Ontario and Quebec. It is intended that an application to list the Genterra Energy Shares on the CSE will be made. There can be no assurance as to if, or when, the Genterra Energy Shares will be listed or traded. As the Genterra Energy Shares are not listed on a stock exchange, unless and until such a listing is obtained, Genterra Energy Shareholders may not have a market for their shares.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Genterra Energy immediately following completion of the Arrangement:

| Designation of Security | Amount authorized or to be authorized | Amount outstanding immediately following the Arrangement |
|------------------------------|---------------------------------------|--|
| Common Shares ⁽¹⁾ | Unlimited | 16,628,716 shares |
| Share Capital | | \$10 |
| Loan Payable ⁽²⁾ | | \$2,557,970 |

Notes:

- (1) There are no outstanding options to acquire securities of Genterra Energy.
- (2) The loan is outstanding pursuant to a Demand Promissory Note made on August 1, 2014 by Genterra Energy in favour of Genterra, and bears interest at a rate of 4% per annum. Pursuant to an Amending Agreement made on July 16, 2015, the loan has been converted into a 5-year term loan repayable on August 1, 2019, with interest at a rate of 4% per annum calculated and payable monthly in arrears.

DIVIDEND POLICY

Following completion of the Arrangement, the declaration of dividends will be at the sole discretion of the board of directors of Genterra Energy. Genterra Energy currently does not anticipate dividends on the Genterra Energy Shares in the immediate future and intends to retain its earnings to finance the growth and development of its business.

ESCROWED SECURITIES

As of the date of the Circular, no securities of Genterra Energy are held in escrow. Following completion of the Arrangement, certain holders of Genterra Energy Shares may be required to deposit Genterra Energy Shares into escrow pursuant to original listing requirements of the CSE.

PRINCIPAL SECURITY HOLDERS

Following completion of the Arrangement, it is expected that other than Fred A. Litwin and his children, there will be no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of Genterra Energy. Following completion of the Arrangement, it is expected that Fred A. Litwin and his children will own all of the issued and outstanding shares of Genterra which will, in turn, hold approximately 72% of the issued and outstanding Genterra Energy Shares.

DIRECTORS AND EXECUTIVE OFFICERS

Following completion of the Arrangement, the directors and executive officers of Genterra Energy will be the same as those persons who are currently the directors and executive officers of Genterra. The following table sets forth the name of each of the persons proposed as a director or officer of Genterra Energy, all positions and offices in Genterra Energy to be held, municipality of residence, and their principal occupation at the present and during the preceding five years:

| Name, Expected Positions, and Municipality of Residence | Principal Occupations for the Previous Five Years |
|---|---|
| <i>Fred A. Litwin</i> Chairman and Director Toronto, Ontario | Executive, Forum Financial Corporation |
| <i>Stan Abramowitz</i> Chief Financial Officer, Secretary and Director Toronto, Ontario | Executive, Forum Financial Corporation |
| <i>Mark Dawber</i> Director Toronto, Ontario | Chartered Professional Accountant & Corporate Director |
| <i>Sol Nayman</i> Director Toronto, Ontario | President, S.D. Nayman Management Inc. & Corporate Director |
| <i>Alan Kornblum</i> Director Toronto, Ontario | Since 2011, President, 337572 Ontario Limited a management consulting firm; previously, President, Distinctive Designs Furniture Inc. |
| <i>Mark Litwin</i> President Toronto, Ontario | President, Sutton Management Limited |

Cease Trade Orders, Bankruptcies, Penalties Or Sanctions

Corporate Cease Trade Orders

As at the date of this Circular, no director or executive officer of Genterra Energy is, or within the ten years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer of any company (including Genterra Energy), that while that person was acting in that capacity:

- (a) was subject to a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**"); or
- (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcy

To the knowledge of Genterra Energy, other than Alan Kornblum, who was a director of Distinctive Designs Furniture Inc. which made an assignment in bankruptcy during 2011, as at the date of this Circular no director, executive officer, or shareholder holding a sufficient number of securities of Genterra Energy to affect materially the control of Genterra Energy is, or within the ten years prior to the date of this Circular has:

- (a) been a director or executive officer of any company (including Genterra Energy) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties and Sanctions

To the knowledge of Genterra Energy, as at the date of this Circular no director, executive officer, or shareholder holding a sufficient number of securities of Genterra Energy to affect materially the control of Genterra Energy has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and officers of Genterra Energy will not be devoting all of their time to the affairs of Genterra Energy. Certain of the directors and officers of Genterra Energy are directors and officers of other companies, one of which is in the same business as Genterra Energy.

The directors and officers of Genterra Energy are required by law to act in the best interests of Genterra Energy. They have the same obligations to the other companies in respect of which they act as directors and officers. Any decision made by any of such officers or directors involving Genterra Energy will be made in accordance with their duties and obligations under the applicable laws of Canada.

CORPORATE GOVERNANCE

Following completion of the Arrangement, Genterra Energy expects that its corporate governance practices, at least initially, will be modelled along the practices adopted by Genterra. Some of the guidelines in National Policy 58-201 followed by Genterra will not be considered suitable for Genterra Energy at its current stage of development, and therefore these guidelines will not be adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2 for Venture Issuers, which disclosure is set out below.

Board of Directors

Structure and Compensation

The Board will be composed of five (5) directors, being Fred A. Litwin, Stan Abramowitz, Mark E. Dawber, Alan Kornblum and Sol D. Nayman.

Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 - *Audit Committees* (“MI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with Genterra Energy. “Material relationship” is defined as a relationship which could, in the view of Genterra Energy’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. The board of directors of Genterra Energy will be constituted with a majority of “independent directors”. Of the five (5) proposed nominees, only two (2), being Fred A. Litwin, who will be Chairman of Genterra Energy, and Stan

Abramowitz, Secretary and Chief Financial Officer of Genterra Energy, are “inside” or management directors, and accordingly are not considered “independent” within the meaning of MI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

The quantity and quality of the Board compensation will be reviewed on an annual basis. It is expected that the Board compensation arrangements will adequately reflect the responsibilities and risks involved in being an effective director of Genterra Energy.

Mandate of the Board

The mandate of the Board, as prescribed by the *Business Corporations Act* (Ontario), is to manage or supervise the management of the business and affairs of Genterra Energy and to act with a view to the best interests of Genterra Energy. In doing so, the board will oversee the management of Genterra Energy’s affairs directly and through its audit committee and corporate governance committee. In fulfilling its mandate, the Board, among other matters, will be responsible for reviewing and approving Genterra Energy’s overall business strategies, reviewing and approving significant capital investments, reviewing major strategic initiatives to ensure that Genterra Energy’s proposed actions accord with shareholder objectives, reviewing succession planning, assessing management’s performance against approved business plans and industry standards, reviewing and approving the reports and other disclosure issued to shareholders, ensuring the effective operation of the Board and safeguarding shareholders’ equity interests through the optimum utilization of Genterra Energy’s capital resources. The Board will also take responsibility for identifying the principal risks of Genterra Energy’s business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

In keeping with its overall responsibility for stewardship of Genterra Energy, the Board will be responsible for the integrity of Genterra Energy’s internal control and management systems and for Genterra Energy’s policies respecting corporate disclosure and communication.

Each member of the Board will be advised that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

The Board will not have, and Genterra Energy does not consider it necessary to have, any formal structures or procedures in place to ensure that the Board can function independently of management. The intended composition of the Board, in which only two of five directors are or will be members of management, is believed to be sufficient to ensure that the Board can function independently of management.

Nomination and Assessment

The Board will determine new nominees to the Board, although it is not intended that a formal process will be adopted. The nominees will generally be the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President. The Board will monitor, but not formally assess, the performance of individual Board members or committee members.

The Board does not intend to have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on Genterra Energy’s size, its stage of development and the limited number of individuals on the Board, a formal assessment process is considered to be inappropriate at this time. The Board will evaluate its own effectiveness on an ad hoc basis. All directors will be free to make suggestions on improvement of the board’s practice at any time and are encouraged to do so. The proposed size of the Board is such that the entire Board will take responsibility for selecting new directors and assessing current directors. A proposed director’s credentials will be reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director’s nomination.

The Corporate Governance Committee will be responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of prospective board members as well as the composition of the Board as a whole.

This assessment will include member's contribution, qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board.

New directors will be provided with an information package about Genterra Energy and will be briefed on strategic plans, short, medium and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing corporation policies.

The skills and knowledge of the proposed Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The proposed Board is comprised of individuals with varying backgrounds, who have over 90 years of collective experience in managing and maintaining operations of publicly traded companies. Board members will be encouraged to take courses that will continue to update their knowledge of any changes in regulatory and reporting requirements, as well as communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members will have full access to Genterra Energy's records.

Meetings of the Board

It is intended that the Board will meet at least quarterly to review, among other things, the performance of Genterra Energy. Results will be compared and measured against a previously established plan and performance in prior years. The Board will also hold a meeting each year to review and assess Genterra Energy's overall strategic objectives. Other meetings of the Board will be called to deal with special matters as circumstances require.

Ethical Business Conduct

Business Conduct

It is intended that Genterra Energy will adopt and implement policies regarding a Code of Business Conduct and Ethics, which will be distributed to all of its directors, officers, employees, agents and representatives, including consultants. The objectives of this Code are summarized as follows:

Code of Business Conduct and Ethics:

The Code will state that all directors, officer, employees, agents and representatives, including consultants, of Genterra Energy must:

- obey applicable laws and regulations governing Genterra Energy's business conduct;
- avoid all conflicts of interest between work and personal affairs;
- refrain from insider trading;
- respect the rights of and deal fairly with Genterra Energy's customers, suppliers, competitors and employees, and not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice;
- avoid any discrimination or harassment against any group or individual, whether on the basis of race, colour, religion, national or ethnic origin, age, gender, sexual orientation, marital status, physical or mental disability, or on the basis of any other personal characteristics protected by law;
- strive to create a safe workplace and to protect the environment;
- promote honest and accurate recording and reporting of information in order to make responsible business decisions;
- maintain the confidentiality of confidential information;

- protect and preserve Genterra Energy’s assets and ensure their efficient use;
- avoid giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business; and
- cooperate in internal investigations of misconduct.

Expectations of Management

Genterra Energy will expect its management to operate the business of Genterra Energy in a manner that enhances shareholder value and is consistent with the highest level of integrity.

Committee Responsibilities and Activities

Genterra Energy intends for its Board to have two committees: an Audit Committee and a Corporate Governance Committee. A summary of the responsibilities and activities and the membership of each of these Committees is set out below.

The Audit Committee

Mandate

The Audit Committee will assist the Board in fulfilling its responsibilities relating to Genterra Energy’s corporate accounting and reporting practices. The Audit Committee will be responsible for ensuring that management has established appropriate processes for monitoring Genterra Energy’s systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents, monitoring the performance and fees and expenses of Genterra Energy’s external auditors and recommending external auditors for appointment by shareholders. The Audit Committee will also be responsible for reviewing Genterra Energy’s quarterly and annual financial statements prior to approval by the Board and release to the public. The Audit Committee will also meet periodically with Genterra Energy’s external auditors to discuss and review specific issues as appropriate.

In accordance with MI 52-110, Genterra Energy’s Audit Committee will establish procedures for:

- (a) the receipt, retention and treatment of complaints received by Genterra Energy regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of Genterra Energy of concerns regarding questionable accounting or auditing matters.

Genterra Energy will also implement a “Whistleblower” Policy to satisfy the obligations under MI 52-110, as recommended by the Audit Committee. This Policy will be available to all directors, officers, employees, consultants and contractors of Genterra Energy.

Composition

The Committee must be comprised of three directors as determined by the Board of Directors, all of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. It is intended that the Audit Committee be comprised of Mark E. Dawber, Alan Kornblum and Sol D. Nayman, each of whom qualifies as an “independent” director for purposes of Multilateral Instrument 52-110.

All proposed members of Genterra Energy’s Audit Committee are financially literate and have a working familiarity with basic finance and accounting practices. For the purposes of Genterra Energy’s proposed Audit Committee Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that

present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by Genterra Energy's financial statements.

The members of the Audit Committee are required to be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

It is intended that the Audit Committee meet quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least quarterly with the Chief Financial Officer (or individual acting in that capacity, if there is no such position) and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

- (a) Review and update this Charter annually; and
- (b) Review Genterra Energy's financial statements, MD&A and any annual and interim earnings, press releases before Genterra Energy publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of Genterra Energy;
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and Genterra Energy, consistent with Independence Standards Board Standard 1;
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors;
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of Genterra Energy's accounting principles, internal controls and the completeness and accuracy of Genterra Energy's financial statements; and
- (g) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of Genterra Energy's financial reporting process, both internal and external;

- (b) Consider the external auditors' judgments about the quality and appropriateness of Genterra Energy's accounting principles as applied in its financial reporting;
- (c) Consider and approve, if appropriate, changes to Genterra Energy's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) Review the Company's certification process; and
- (j) Establish a procedure for the confidential, anonymous submission by employees of Genterra Energy of concerns regarding questionable accounting or auditing matters.

Other

The Committee will also review any related-party transactions.

Pre-Approval Policies and Procedures

It is intended that the Committee will adopt specific policies and procedures for the engagement of non-audit services.

The Corporate Governance Committee

It is intended that Genterra Energy will establish a Corporate Governance Committee to monitor corporate governance practices. The proposed members of this committee are Mark E. Dawber, Alan Kornblum and Sol D. Nayman.

Compensation Committee

Management and the Board of Genterra Energy believe that Genterra Energy currently has no requirement for a Compensation Committee. However, if the size of the proposed Board of Directors is increased and if Genterra Energy deems it necessary, a Compensation Committee will be appointed which will be comprised of independent directors. A Compensation Committee would be responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

RISK FACTORS

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Genterra Energy and could cause the Genterra Energy's operating and financial performance to differ materially from the estimates described in forward-looking statements related to Genterra Energy. These include widespread risks associated with any form of business and specific risks associated with Genterra Energy's business and its involvement in the solar energy industry. **An investment in the Genterra Energy Shares, as well as Genterra Energy's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its operations. Genterra Energy Shareholders may lose their entire investment.** The risks described below are not the only ones facing Genterra Energy. Additional risks not currently known to Genterra Energy, or that Genterra Energy currently deems immaterial, may also impair Genterra Energy's business or operations. If any of the following risks actually occur, Genterra Energy's business, financial condition, operating results and prospects could be adversely affected.

Genterra Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Genterra Energy. In evaluating Genterra Energy and its business and whether to vote in favour of the Arrangement, Genterra Shareholders should carefully consider, in addition to the other information contained in the Circular and this Appendix G, the risk factors which are set out in this Appendix G under "*Management's Discussion and Analysis – Risks and Uncertainties*" as well as the risk factors which follow, and the risks associated with the Arrangement (see in the Circular "*The Arrangement – Risks Associated with the Arrangement*"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Genterra Energy or in connection with Genterra Energy's business or operations.

Limited Business History

Genterra Energy has a short history of operations and has no history of earnings. The likelihood of success of Genterra Energy must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Genterra Energy has limited financial resources and there is no assurance that funding will be available to it when needed. There is also no assurance that Genterra Energy can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Early Stage of Development

The solar power market is still at a relatively early stage of development and future demand for solar power products is uncertain. Market data for the solar power industry is not as readily available as for more established industries, where trends are more reliably assessed from data gathered over a longer period of time. Many factors may affect the viability of solar power technology and the demand for solar power products, including:

- the cost-effectiveness, performance and reliability of solar power products, compared to conventional and other renewable energy sources and products;
- the availability of government subsidies and incentives to support the development of the solar power industry;
- the availability and cost of capital, including long-term debt and tax equity, for solar power projects;
- the success of other alternative energy technologies, such as wind power, hydroelectric power, geothermal power and biomass fuel;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil, gas and other fossil fuels; and
- the availability of favorable regulation for solar power within the electric power industry and the broader energy industry.

If solar power technology is not suitable for widespread adoption or if sufficient demand for solar power products does not develop or takes longer to develop than Genterra Energy anticipates, it may not be able to increase its market share.

Availability of third-party financing

General economic conditions, liquidity and the availability and cost of capital could materially and adversely affect Genterra Energy's business and results of operations. Most solar power projects, including those of Genterra Energy, require financing for development and construction with a mixture of equity and third party funding. Furthermore, solar power projects compete for capital with other forms of fixed income investments such as government and corporate bonds. Some classes of investors compare the returns of solar power projects with bond yields and expect a similar or higher internal rate of return, adjusted for risk and liquidity. Higher interest rates could render existing funding more expensive and present an obstacle for potential funding that would otherwise spur the growth of the solar power industry.

In light of the uncertainty in the global credit and lending environment, Genterra Energy cannot make assurances that financial institutions will continue to offer funding to solar power project developers at reasonable costs. An increase in interest rates or a decrease in funding of capital projects within the global financial market could make it difficult to fund solar power systems. Constricted credit markets may impede our ability to expand and accordingly affect Genterra Energy's results of operations.

Government Regulation

The market for electricity generation products is heavily influenced by government regulations and policies concerning the electric utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation, and could deter further investment in the research and development of alternative energy sources. Genterra Energy expects that solar power products and their installation will continue to be subject to government regulations and policies relating to safety, utility interconnection and metering, construction, environmental protection, and other related matters. Any new regulations or policies pertaining to Genterra Energy's solar power system may result in significant additional expenses to Genterra Energy.

Competition

Genterra Energy has a large number of competitors. Some of Genterra Energy's competitors have longer operating histories, access to larger customer bases, greater resources and significantly greater economies of scale than those of Genterra Energy. As a result, they may be able to respond more quickly to changing demands or devote greater resources to the development, promotion and sales of their products. This may allow them to capture higher margins or have lower costs. In addition, new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share. If Genterra Energy fails to compete successfully, it may not be able to increase our market share.

Lack of Technical Consultants

Genterra Energy's future success depends, to a significant extent, on its ability to attract technical consulting personnel. Recruiting capable consultants, particularly those with expertise in the solar power industry, is vital to Genterra Energy's success. If Genterra Energy is unable to attract qualified consultants, its business may be materially and adversely affected.

Compliance with Environmental Laws

Genterra Energy is required to comply with all local environmental regulations. Genterra Energy believes that it complies with all relevant environmental laws and regulations and has all necessary environmental permits to conduct its business as it is presently conducted. However, if more stringent regulations are adopted in the future, the costs of complying with these new regulations could be substantial. If Genterra Energy fails to comply with present or future environmental regulations, it may be required to pay substantial fines, suspend production or cease operations. If compliance is unduly expensive or unduly difficult, Genterra Energy's financial results may be adversely affected.

Limited Insurance Coverage

Although Genterra Energy currently carries third-party liability insurance against property damages, the policies for this insurance are limited in scope and may not cover all claims relating to personal injury, property or environmental damage arising from incidents on Genterra Energy's properties or relating to its operations. Any occurrence of these or other incidents which are not insured under Genterra Energy's existing insurance policies could have a material adverse effect on its business, financial condition or results of operations.

Listing of Genterra Energy Shares

The Genterra Energy Shares are not currently listed on any stock exchange. Although an application has been made to list the Genterra Energy Shares on the CSE, there is no assurance when, or if, the Genterra Energy Shares will be listed on the CSE or on any other stock exchange. Until the Genterra Energy Shares are listed on a stock exchange, shareholders of Genterra Energy may not be able to sell their Genterra Energy Shares. Even if a listing is obtained, ownership of Genterra Energy Shares will involve a high degree of risk.

Qualification under the Tax Act for a Registered Plan

If the Genterra Energy Shares are not listed on a designated stock exchange in Canada before the due date for Genterra Energy's first income tax return or if Genterra Energy does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Genterra Energy Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Genterra Energy Share in circumstances where the Genterra Energy Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Fluctuation in Market Value of Genterra Energy Shares

Assuming the Genterra Energy Shares are listed on a stock exchange, the market price of the Genterra Energy Shares, as a publicly traded stock, can be affected by many variables not directly related to the corporate performance of Genterra Energy, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of Genterra Energy Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of Genterra Energy Shares

Substantial Number of Authorized but Unissued Genterra Energy Shares

Genterra Energy has an unlimited number of Genterra Energy Shares which may be issued by the Genterra Energy Board without further action or approval of Genterra Energy's shareholders. While the Genterra Energy Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, Genterra Energy Shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of Genterra Energy's shareholders

AUDITOR, TRANSFER AGENT AND REGISTRAR

It is expected that BDO Canada LLP , TD Bank Tower, 66 Wellington Street, West Suite 3600, PO Box 131 Toronto, Ontario, Canada M5K 1H1, will continue to act as Genterra Energy's Auditor.

It is expected that Computershare, 100 University Avenue, 8th Floor, Toronto Ontario, M5J 2Y1 will be appointed to act as Genterra Energy's Transfer Agent and Registrar.

OTHER MATERIAL FACTS

There are no other material facts other than as disclosed herein.

FINANCIAL STATEMENTS

See Appendix H which includes the annual audited financial statements and the unaudited condensed interim financial statements for Genterra Energy.

APPENDIX H
FINANCIAL STATEMENTS OF GENTERRA ENERGY INC.

GENTERRA ENERGY INC.

Financial Statements

Period Ended September 30, 2014

(Expressed in Canadian Dollars)



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TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto ON M5K 1H1 Canada

INDEPENDENT AUDITOR'S REPORT
To the shareholder of Genterra Energy Inc.

We have audited the accompanying financial statements of Genterra Energy Inc., which comprise the statement of financial position as at September 30, 2014, and the statement of income (loss) and comprehensive income (loss), statement of changes in equity (deficiency) and statement of cash flows for the period from incorporation on October 31, 2013 to September 30, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Genterra Energy Inc. as at September 30, 2014 and its financial performance and its cash flows for the period from incorporation on October 31, 2013 to September 30, 2014 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

April 20, 2015
Toronto, Ontario


BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms

Genterra Energy Inc.
Statement of Financial Position
As at September 30, 2014

| | <i>Notes</i> | |
|---|--------------|--------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | | \$ 882 |
| Accounts receivable | | 303,572 |
| Prepaid expenses and deposits | | 53,605 |
| | | 358,059 |
| Equipment | 5 | 2,206,032 |
| Deferred income taxes | 8 | 9,940 |
| | | 2,215,972 |
| Total assets | | \$ 2,574,031 |
| Liabilities and Shareholder's Deficiency | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | | \$ 237,419 |
| Interest payable | 6 | 10,085 |
| | | 247,504 |
| Deferred rent | | 32,118 |
| Loan payable | 6 | 2,321,970 |
| | | 2,601,592 |
| Shareholder's Deficiency | | |
| Capital stock | 7 | 10 |
| Deficit | | (27,571) |
| Total shareholder's deficiency | | (27,561) |
| Total liabilities and shareholder's deficiency | | \$ 2,574,031 |

Approved on behalf of the Board:


 _____ Director
 Mark Litwin


 _____ Director
 Stan Abramowitz

See accompanying notes to the financial statements

Genterra Energy Inc.

Statement of Income (Loss) and Comprehensive Income (Loss)

For the period from Incorporation on October 31, 2013 to September 30, 2014

| | <i>Notes</i> | |
|---|--------------|-------------|
| Revenue | | |
| Solar energy generation | | \$ 41,143 |
| | | 41,143 |
| Expenses | | |
| Operating costs | | 42,140 |
| Administrative and general | | 13,329 |
| Interest | 6 | 10,085 |
| Amortization | 5 | 13,100 |
| | | 78,654 |
| Loss before income taxes | | (37,511) |
| Income taxes (recovery) | | |
| Current | | - |
| Deferred | 8 | (9,940) |
| | | (9,940) |
| Net loss for the period, also being comprehensive loss | | \$ (27,571) |
| Loss per share | | |
| Basic and diluted | | \$ (275.71) |
| Weighted average number of common shares | | |
| Basic and diluted | | 100 |

See accompanying notes to the financial statements

Genterra Energy Inc.

Statement of Changes in Equity (Deficiency)

For the period from Incorporation on October 31, 2013 to September 30, 2014

| | Capital Stock | | Deficit | Total Equity (Deficiency) |
|--------------------------------------|---------------------|--------|----------|------------------------------|
| | Common shares | | | |
| | Number of shares | Amount | | |
| Balance at October 31, 2013 | 100 | \$ 10 | \$ - | \$ 10 |
| Net loss for the period | - | - | (27,571) | (27,571) |
| Balance at September 30, 2014 | 100 | \$ 10 | (27,571) | \$ (27,561) |

See accompanying notes to the financial statements

Genterra Energy Inc.

Statement of Cash Flows

For the period from Incorporation on October 31, 2013 to September 30, 2014

| | <i>Notes</i> | |
|---|--------------|--------------------|
| Cash flows from operating activities | | |
| Net loss for the period | | \$ (27,571) |
| Adjustments to reconcile net loss to net cash flows: | | |
| Amortization | 5 | 13,100 |
| Deferred income taxes recovery | 8 | (9,940) |
| Deferred rent | | 32,118 |
| Interest expense | | 10,085 |
| | | <u>17,792</u> |
| Changes in non-cash components of working capital: | | |
| Accounts receivable | | (303,572) |
| Prepaid expenses and deposits | | (53,605) |
| Accounts payable and accrued liabilities | | 237,419 |
| Net cash flows used in operating activities | | <u>(101,966)</u> |
| Cash flows from financing activities | | |
| Issuance of capital stock | 7 | 10 |
| Proceeds from loan payable | 6 | 2,321,970 |
| Net cash flows from financing activities | | <u>2,321,980</u> |
| Cash flows used in investing activities | | |
| Investment in equipment | 5 | (2,219,132) |
| Net cash flows used in investing activities | | <u>(2,219,132)</u> |
| Net increase in cash and cash equivalents | | <u>882</u> |
| Cash and cash equivalents, beginning of period | | <u>-</u> |
| Cash and cash equivalents, end of period | | <u>\$ 882</u> |
| Cash and cash equivalents are comprised of the following: | | |
| Cash balances with banks | | \$ 882 |
| Short term deposits | | - |
| Total cash and cash equivalents | | <u>\$ 882</u> |

See accompanying notes to the financial statements

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of operations

Genterra Energy Inc. (“GE” or “the Company”) is a Canadian company and the holder of a Solar Energy Feed-In Tariff Program Contract with interests in solar energy generation equipment located in Ontario, Canada. The Company was incorporated on October 31, 2013 and the address of the Company’s registered office is 106 Avenue Road, Toronto, Ontario, M5R 2H3. The Company is a 100% subsidiary of Genterra Capital Inc. (“GCI”), which is a public company traded on the TSX Venture Exchange.

Basis of presentation

These financial statements include the accounts of the Company only. The Company does not have any subsidiaries.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Company prepares financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these financial statements are based on IFRS issued and effective as of September 30, 2014. These financial statements were authorized for issue by the Board of Directors on April 20, 2015.

(b) Functional currency

These financial statements are presented in Canadian dollars, the Company’s functional currency.

(c) Basis of measurement

These financial statements are prepared on the historical cost basis.

(d) Critical judgements in the application of accounting policies

The following are the critical judgements that have been made in applying the Company’s accounting policies and that have the most significant effect on the amounts in the financial statements:

Leases: The Company’s policy for leases is described in note 3(e). In applying this policy, the Company makes judgements in determining whether its leases are operating or finance leases. The Company has determined that all of its leases are operating leases.

Equipment: The Company’s policy for equipment is described in note 3(c). In applying this policy, the Company makes judgements in determining whether certain costs are additions to the carrying amount of the equipment. Judgement is also applied in determining whether an impairment in value exists at each reporting date.

Deferred income taxes: The Company’s policy for deferred income taxes is described in note 3(i). In applying this policy, the Company makes judgements in determining whether the recoverability of deferred income tax assets is probable. The Company has determined that the realization of certain income tax losses carried forward are probable and has recorded a deferred income tax asset relating to these losses.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

Impairment of financial assets: The Company's policy for the recognition of an impairment of financial assets is described in note 3(d). In applying this policy, the Company makes judgements in determining whether an event has occurred to cause the value of the underlying asset to become impaired. The Company has determined that none of its financial assets are impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards

The Company has adopted all IFRS's in effect for the fiscal year ended September 30, 2014.

(b) Foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end rates are recognized in the statements of income and comprehensive income.

(c) Equipment

Equipment is stated at the lower of cost, net of accumulated amortization, and its recoverable amount. Equipment is reviewed for impairment at the end of each reporting period. If it is determined that the net recoverable amount of Equipment is less than its carrying value, the Equipment is written down to its recoverable amount. The recoverable amount of Equipment is the higher of fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the Equipment in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows of Equipment is discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the Equipment. Any impairment in value of Equipment is recorded in the statements of income and comprehensive income. Where an impairment loss of Equipment subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss on Equipment is recognized immediately in the statements of income and comprehensive income.

Amortization is being provided for over the estimated useful life of Equipment as follows:

Solar Energy Generation Equipment:

| | |
|---------------------------|---------------------------------|
| Solar modules and racking | straight-line over twenty years |
| Energy transformer | straight-line over ten years |

(d) Financial instruments

The Company's financial assets and liabilities include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable and loan payable.

The Company's financial assets and liabilities can be classified into any of the following specified categories: i) available-for-sale ("AFS") financial assets, ii) fair value through profit or loss ("FVTPL"), iii) loans and receivables, iv) held to maturity investments and v) other liabilities. The classification depends on the nature and purpose of the financial assets and liabilities and is determined at the time of initial recognition.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

Cash and cash equivalents: The Company's cash equivalents consist primarily of investments in short-term deposits which are either cashable or have maturities of three months or less from dates of placement. Cash and cash equivalents are included in the loans and receivables financial instruments category and are initially recognized at the fair value that is directly attributable to the acquisition or issue. They are carried in the statements of financial position at amortized cost using the effective interest rate method. The Company does not hold any asset backed commercial paper.

Accounts receivable: The Company's accounts receivable consists primarily of sales taxes recoverable and solar energy sales receivables. Accounts receivable are classified as loans and receivables. These are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They are initially recognized at the fair value that is directly attributable to their acquisition or issue and subsequently carried at amortized cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material. All other gains or losses are recognized when the instrument is removed from the statement of financial position.

Other financial liabilities: The Company's other financial liabilities include accounts payable and accrued liabilities, interest payable and loan payable.

(i) Accounts payable and accrued liabilities and interest payable consist primarily of trade payables and accrued interest on the loan payable. They are initially recognized at the fair value that is directly attributable to their acquisition or issue and subsequently carried at amortized cost using the effective interest rate method. The effect of discounting on these financial instruments is not considered to be material.

(ii) Loan payable consists of a loan payable to the Company's parent company and is initially recognized at the fair value directly attributable to the issue of the instrument, net of transaction costs. It is subsequently carried at amortized cost using the effective interest rate method. Interest expense is recognized in the statements of income and comprehensive income in the same period as incurred. All other gains or losses are recognized when the instrument is removed from the statement of financial position. The effect of discounting on these financial instruments is not considered to be material.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include, among other evidence: i) significant financial difficulty of the issuer or counterparty; or ii) default or delinquency in interest or principal payments; or iii) it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Certain categories of financial assets that are assessed not to be impaired individually, such as accounts receivable and prepayments, are subsequently assessed for impairment on a collective basis. For these assets, the carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statements of income and comprehensive income in the relevant period. With the exception of AFS instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the investment at the date the

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The Company does not have any derivative financial instruments.

The Company does not have any financial instruments recorded at fair value.

(e) Leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset has been transferred to the Company ("Finance Lease"), the asset is treated as if it had been purchased. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are then allocated between capital repayment and interest expense which is charged to the statement of income and comprehensive income over the period of the lease. Where substantially all of the risks and rewards incidental to ownership of a leased asset are not transferred to the Company ("Operating Lease"), the total rents payable in the lease are charged to expense on a straight-line basis over the term of the lease.

(f) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(g) Revenue recognition

Revenue from solar energy generation equipment is recognized as produced and received by the local utility.

(h) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

(i) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying value and tax basis of assets and liabilities and the benefit of tax losses available to be carried forward for tax purposes.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are recorded in the financial statements if realization is considered probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that the rate changes.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

(j) Earnings (loss) per share

Basic earnings (loss) per common share is calculated by dividing the earnings (loss) attributed to common shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company does not have any potential common shares issuable.

(k) Segment reporting

A segment is a component of the Company that: i) engages in business activities from which it may earn revenue and incur expenses, ii) whose operating results are reviewed by the board of directors, and iii) for which discrete financial information is available. Management of the Company has identified one reportable industry segment, solar energy generation, with all equipment located in Ontario, Canada.

(l) New accounting standards not yet effective

IFRS 9, *Financial Instruments: Classification and Measurement*, introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 9.

Interpretation of International Financial Reporting Interpretations Committee, IFRIC 21, *Levies*, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and those where the timing and amount of the levy is certain. It identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, with early adoption permitted and is applied retrospectively. Management anticipates that this standard will be adopted for the period beginning October 1, 2014 and has determined that the adoption thereof will have no impact on the financial statements.

IAS 32, *Financial Instruments: Presentation*, was amended to clarify that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. IAS 32 is effective for annual periods beginning on or after January 1, 2014. Management anticipates that this standard will be adopted for the period beginning October 1, 2014 and has determined that the adoption thereof will have no impact on the financial statements.

The IASB issued IFRS 15, *Revenue Recognition*, in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principles based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 will be effective for the Company on October 1, 2017, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (i) the recoverability of accounts receivable and prepayments totaling \$357,177;
- (ii) the estimated useful lives of solar energy generation equipment totaling \$2,206,032 and the related amortization of \$13,100;
- (iii) the provision for income taxes recovery of \$9,940.

5. EQUIPMENT

| | Solar modules and racking | Energy transformer | Total |
|---------------------------------|--------------------------------------|-------------------------------|---------------------|
| Cost | | | |
| Balance - October 31, 2013 | \$ - | \$ - | \$ - |
| Additions | 2,094,832 | 124,300 | 2,219,132 |
| Balance - September 30, 2014 | <u>\$ 2,094,832</u> | <u>\$ 124,300</u> | <u>\$ 2,219,132</u> |
| Accumulated amortization | | | |
| Balance - October 31, 2013 | \$ - | \$ - | \$ - |
| Amortization | 11,722 | 1,378 | 13,100 |
| Balance - September 30, 2014 | <u>\$ 11,722</u> | <u>\$ 1,378</u> | <u>\$ 13,100</u> |
| Net book value | | | |
| September 30, 2014 | <u>\$ 2,083,110</u> | <u>\$ 122,922</u> | <u>\$ 2,206,032</u> |

6. LOAN PAYABLE

The loan payable is due to the Company's parent, GCI. It is due on demand and bears interest at 4% per annum. The loan is collateralized by a general security agreement on all the assets of the Company. The carrying value of the loan payable approximates its fair value (see Note 11).

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

7. CAPITAL STOCK AND EQUITY

Capital stock

Authorized

Unlimited Common shares, no par value

Issued and outstanding

100 Common Shares

**September 30
2014**

\$ 10

During the year, the Company issued 100 common shares for \$10.

Equity

The Company's equity consists of capital stock and retained earnings. The break-down of the Company's capital stock is described above.

Deficit represent cumulative net losses and decreases in net assets of the Company.

8. INCOME TAXES

The income of the Company is subject to current income tax at a combined federal and provincial rate of 26.5%.

There was no difference between the Company's effective tax rate and the combined statutory tax rate for the period.

Deferred income tax is calculated using a tax rate of 26.5%. The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities is as follows:

Deferred income tax asset

Non-capital loss carry forwards

Deferred rent

Solar energy generation equipment

**September 30
2014**

\$ 132,892

8,511

(131,463)

\$ 9,940

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

9. EARNINGS (LOSS) PER SHARE

(a) Basic

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares in issue during the period.

| | |
|--|-------------|
| Net loss for the period | \$ (27,571) |
| Weighted average number of common shares | 100 |
| Basic loss per share | \$ (275.71) |

(b) Diluted

Diluted earnings (loss) per share has not been calculated as there are no potential common share issuances.

10. FINANCIAL INSTRUMENTS

In accordance with IFRS, the Company is required to classify its financial instruments carried at fair value in the financial statements using a fair value hierarchy that exhibits the significance of the inputs used in making the measurements. The Company does not have any financial assets which are measured at fair value.

11. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable and loan payable. The Company is exposed to various risks as it relates to these financial instruments. The risks and processes for managing the risks are set out below:

(a) Liquidity risk

Liquidity risk arises from the Company's management of working capital and principal repayments on its debt obligations. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's objective is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this goal the Company seeks to maintain cash balances to meet expected requirements for a period of twelve months. At the date of the statement of financial position, the Company expected to generate sufficient liquid resources to meet its obligations under all reasonable expected circumstances.

Accounts payable and accrued liabilities are due within one year. The Company's loan payable and accrued interest thereon, while due on demand, will not be called for redemption by the holder within the next twelve months.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

The Company's major contractual obligations in the subsequent twelve-month periods are as follows:

| | 2015 | 2016 | 2017 | 2018 | 2019 | Thereafter | Total |
|--|---------------------|------------------|------------------|------------------|------------------|-------------------|---------------------|
| Accounts payable and other liabilities | \$ 247,504 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 247,504 |
| Loan payable | 2,321,970 | - | - | - | - | - | 2,321,970 |
| Operating lease and contract payable | 62,991 | 62,991 | 62,991 | 52,813 | 52,813 | 785,913 | 1,080,512 |
| | <u>\$ 2,632,465</u> | <u>\$ 62,991</u> | <u>\$ 62,991</u> | <u>\$ 52,813</u> | <u>\$ 52,813</u> | <u>\$ 785,913</u> | <u>\$ 3,649,986</u> |

(b) Foreign exchange risk

Currency risk is the risk that a variation in exchange rates between the Canadian dollar and foreign currencies will affect the Company's operating and financial results. Any currency gains or losses are included in the consolidated statements of income (loss) and comprehensive income (loss).

At September 30, 2014, the Company had no monetary assets and liabilities denominated in foreign currencies and had no outstanding foreign exchange commitments.

The Company does not undertake currency hedging activities.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has reduced its exposure to interest rate risk over cash flows through the use of fixed rate instruments on certain of its financial liabilities. The Company has not used derivative financial instruments to alter its exposure to interest rate risk.

As of September 30, 2014, no borrowings of the Company bear interest on a prime plus basis. In doing so, the Company has not exposed itself to fluctuations in interest rates that are inherent in such a market.

(d) Other price risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company does not have any financial instruments subject to this risk.

(e) Concentration of credit risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivables. The Company does not have any significant amounts outstanding which are past due or impaired.

Cash and cash equivalents are maintained at one financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. Interest due is included with accounts receivable.

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

A portion of accounts receivable is represented by electricity sales receivables due from a single utility. Management believes that collection risk on this receivable is not significant.

The Company sells all of its generated electricity to a single utility under a twenty year Feed-In Tariff delivery contract. While this constitutes a significant credit concentration, Management believes that the risk is not significant.

(f) Fair value of financial assets and liabilities

The carrying values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable and loan payable approximate their respective fair values due to the short-term nature of these instruments.

12. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to create and maximize shareholder value through the operation of its solar energy generation equipment.

The Company considers its total capitalization to consist of loan payable, Common share capital and accumulated retained earnings (deficit). Management reviews its capital management approach on an ongoing basis.

As at September 30, 2014 the Company did not have any externally imposed capital requirements.

The following table provides a summary of certain information with respect to the Company's capital structure and financial position as at September 30, 2014:

| | September 30 2014 |
|-----------------------------------|------------------------------|
| Loan payable | \$ 2,321,970 |
| Shareholders' equity (deficiency) | (27,561) |
| | <u>\$ 2,294,409</u> |

13. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Officers of the Company, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company entered into transactions and had outstanding balances with various companies related by virtue of common ownership and management. These transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

Significant related party transactions and balances not disclosed elsewhere in these consolidated financial statements are as follows:

Genterra Energy Inc.

Notes to the Financial Statements

For the period from Incorporation on October 31, 2013 to September 30, 2014

The Company is the owner of a solar energy generation project located on the roof of one of its parent's (GCI) properties, which is being rented by the Company from GCI for \$52,813 per annum. The Company has entered into an agreement with Highroad Estates Inc. ("Highroad"), a company of which certain directors and officers are also directors and officers of the Company, to manage this operation for \$60,000 per annum.

In addition, the Company has entered into an administrative services agreement with GCI for \$6,000 per annum commencing in October 2014.

Under the above agreements, management fees of \$10,000 was charged by Highroad and rent of \$6,282 was charged by GCI.

Accounts payable and accrued liabilities at September 30, 2014 include \$6,282 due to GCI and \$10,000 due to Highroad. These amounts are unsecured and are due on demand.

Loan payable at September 30, 2014 of \$2,321,970 is due to GCI on demand and bears interest at 4% per annum. During the period, \$10,085 of interest was charged under this loan and is included in interest payable on the statement of financial position as at September 30, 2014.

The Company did not directly pay any remuneration to key management for the period ended September 30, 2014.

GENTERRA ENERGY INC.

Condensed Interim Financial Statements

**Six Month Period Ended March 31, 2015 and from Incorporation
On October 31, 2013 to March 31, 2014**

(Unaudited)

(Expressed in Canadian Dollars)

Genterra Energy Inc.
Condensed Interim Statements of Financial Positions
As at March 31, 2015 and September 30, 2014
(Unaudited)

| | As at March 31 2015 | As at September 30 2014 |
|---|------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 80,019 | \$ 882 |
| Accounts receivable | 349,150 | 303,572 |
| Prepaid expenses and deposits | 24,317 | 53,605 |
| | <u>453,486</u> | <u>358,059</u> |
| Equipment | 2,151,845 | 2,206,032 |
| Deferred income taxes | 29,498 | 9,940 |
| | <u>2,181,343</u> | <u>2,215,972</u> |
| Total assets | <u>\$ 2,634,829</u> | <u>\$ 2,574,031</u> |
| Liabilities and Shareholder's Deficiency | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 66,585 | \$ 237,419 |
| Interest payable | 60,769 | 10,085 |
| | <u>127,354</u> | <u>247,504</u> |
| Deferred rent | 31,311 | 32,118 |
| Loan payable | 2,557,970 | 2,321,970 |
| | <u>2,589,281</u> | <u>2,353,592</u> |
| Shareholder's Deficiency | | |
| Capital stock | 10 | 10 |
| Deficit | (81,816) | (27,571) |
| Total shareholder's deficiency | <u>(81,806)</u> | <u>(27,561)</u> |
| Total liabilities and shareholder's deficiency | <u>\$ 2,634,829</u> | <u>\$ 2,574,031</u> |

See accompanying notes to the condensed interim financial statements

Genterra Energy Inc.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014

(Unaudited)

| | For the three months ended March 31 2015 | For the three months ended March 31 2014 | For the six months ended March 31 2015 | For the period Oct 31, 2013 to March 31 2014 |
|---|---|---|---|---|
| Revenue | | | | |
| Solar energy generation | \$ 63,423 | \$ - | \$ 126,238 | \$ - |
| | <u>63,423</u> | <u>-</u> | <u>126,238</u> | <u>-</u> |
| Expenses | | | | |
| Operating costs | 20,423 | 12,800 | 39,353 | 12,800 |
| Administrative and general | 39,200 | - | 55,817 | - |
| Interest | 25,229 | - | 50,684 | - |
| Amortization | 26,796 | - | 54,187 | - |
| | <u>111,648</u> | <u>12,800</u> | <u>200,041</u> | <u>12,800</u> |
| Loss before income taxes | <u>(48,225)</u> | <u>(12,800)</u> | <u>(73,803)</u> | <u>(12,800)</u> |
| Income taxes (recovery) | | | | |
| Current | - | - | - | - |
| Deferred | (12,779) | (3,392) | (19,558) | (3,392) |
| | <u>(12,779)</u> | <u>(3,392)</u> | <u>(19,558)</u> | <u>(3,392)</u> |
| Net loss for the period, also being comprehensive loss | <u>\$ (35,446)</u> | <u>\$ (9,408)</u> | <u>\$ (54,245)</u> | <u>\$ (9,408)</u> |
| Loss per share | | | | |
| Basic and diluted | <u>\$ (354.46)</u> | <u>\$ (94.08)</u> | <u>\$ (542.45)</u> | <u>\$ (94.08)</u> |
| Weighted average number of common shares | | | | |
| Basic and diluted | 100 | 100 | 100 | 100 |

See accompanying notes to the condensed interim financial statements

Genterra Energy Inc.

Condensed Interim Statements of Changes in Equity (Deficiency)

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014

(Unaudited)

| | Capital Stock | | Deficit | Total Equity (Deficiency) |
|--------------------------------------|---------------------|--------|-------------|------------------------------|
| | Common shares | | | |
| | Number of shares | Amount | | |
| Balance at October 31, 2013 | 100 | \$ 10 | \$ - | \$ 10 |
| Net loss for the period | - | - | (9,408) | (9,408) |
| Balance at March 31, 2014 | 100 | \$ 10 | \$ (9,408) | \$ (9,398) |
| Balance at October 31, 2013 | 100 | \$ 10 | \$ - | \$ 10 |
| Net loss for the period | - | - | (27,571) | (27,571) |
| Balance at September 30, 2014 | 100 | \$ 10 | \$ (27,571) | \$ (27,561) |
| Balance at September 30, 2014 | 100 | \$ 10 | \$ (27,571) | \$ (27,561) |
| Net loss for the period | - | - | (54,245) | (54,245) |
| Balance at March 31, 2015 | 100 | \$ 10 | \$ (81,816) | \$ (81,806) |

See accompanying notes to the condensed interim financial statements

Genterra Energy Inc.

Condensed Interim Statements of Cash Flows

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014

(Unaudited)

| | For the six months ended March 31 2015 | For the period Oct 31, 2013 to March 31 2014 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss for the period | \$ (54,245) | \$ - |
| Adjustments to reconcile net loss to net cash flows: | | |
| Amortization | 54,187 | - |
| Deferred income taxes recovery | (19,558) | - |
| Deferred rent | (807) | - |
| Interest expense | 50,684 | - |
| | 30,261 | - |
| Changes in non-cash components of working capital: | | |
| Accounts receivable | (45,578) | (10) |
| Prepaid expenses and deposits | 29,288 | - |
| Accounts payable and accrued liabilities | (170,834) | 679,454 |
| Net cash flows from (used in) operating activities | (156,863) | 679,444 |
| Cash flows from financing activities | | |
| Issuance of capital stock | - | 10 |
| Proceeds from loans payable | 236,000 | - |
| Net cash flows from financing activities | 236,000 | 10 |
| Cash flows used in investing activities | | |
| Investment in equipment | - | (679,454) |
| Net cash flows used in investing activities | - | (679,454) |
| Net increase in cash and cash equivalents | 79,137 | - |
| Cash and cash equivalents, beginning of period | 882 | - |
| Cash and cash equivalents, end of period | \$ 80,019 | \$ - |
| Cash and cash equivalents are comprised of the following: | | |
| Cash balances with banks | \$ 80,019 | \$ - |
| Short term deposits | - | - |
| Total cash and cash equivalents | \$ 80,019 | \$ - |

See accompanying notes to condensed interim financial statements

Genterra Energy Inc.

Notes to the Condensed Interim Financial Statements

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014
(Unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Nature of operations

Genterra Energy Inc. (“GE” or “the Company”) is a Canadian company and the holder of a Solar Energy Feed-In Tariff Program Contract with interests in solar energy generation equipment located in Ontario, Canada. The Company was incorporated on October 31, 2013 and the address of the Company’s registered office is 106 Avenue Road, Toronto, Ontario, M5R 2H3. The Company is a 100% subsidiary of Genterra Capital Inc. (“GCI”), which is a public company traded on the TSX Venture Exchange.

Basis of presentation

These condensed interim financial statements include the accounts of the Company only. The Company does not have any subsidiaries.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”). These statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual audited financial statements for the period ended September 30, 2014, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

These condensed interim financial statements were authorized for issue by the Board of Directors on May 29, 2015.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of the date of authorization.

(b) Basis of preparation

These condensed interim financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis.

These condensed interim financial statements follow the same significant accounting policies and critical judgments in the application of those policies as described in the Company’s audited financial statements for the period ended September 30, 2014 and have been applied consistently in the preparation of these condensed interim financial statements, with the exception of the impact of adopting the following accounting standards and amendments to standards:

Genterra Energy Inc.

Notes to the Condensed Interim Financial Statements

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014
(Unaudited)

New Accounting Standards and Amendments

Interpretation of International Financial Reporting Interpretations Committee, IFRIC 21, *Levies*, provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and those where the timing and amount of the levy is certain. It identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

IAS 32, *Financial Instruments: Presentation*, was amended to clarify that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 also clarify when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement.

IFRIC 21 and IAS 32 are effective and have been adopted for the Company's interim and annual reporting periods commencing October 1, 2014. Management has determined that the adoption of IFRIC 21 and IAS 32 have no impact on these condensed interim financial statements.

New Accounting Standards Not Yet Effective

IFRS 9, *Financial Instruments: Classification and Measurement*, introduces new requirements for the classification and measurement of financial instruments, a single forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 15, *Revenue Recognition*, provides a single, comprehensive revenue recognition model for all contracts with customers. It contains a single principles based five step approach that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of these condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Genterra Energy Inc.

Notes to the Condensed Interim Financial Statements

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014
(Unaudited)

- (i) the recoverability of accounts receivable and prepayments totaling \$373,467 (September 30, 2014: \$357,177);
- (ii) the estimated useful lives of solar energy generation equipment totaling \$2,151,845 (September 30, 2014: \$2,206,032) and the related amortization of \$54,187 (2014: \$Nil);
- (iii) the provision for income taxes recovery of \$19,558 (2014: \$3,392).

4. LOAN PAYABLE

The loan payable is due to the Company's parent, GCI. It is due on demand and bears interest at 4% per annum. The loan is collateralized by a general security agreement on all the assets of the Company. The loan payable is not expected to be called for redemption by the holder within the next twelve months.

5. FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair Value Measurement

The Company does not have any financial assets or liabilities measured at fair value.

Fair Value Disclosures

Fair value represents management's estimates of the market value at a given point in time, which may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of judgement and therefore cannot be determined with precision.

The carrying values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, interest payable and loan payable approximate their respective fair values due to the short-term nature of these instruments.

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, Officers of the Company, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The Company entered into transactions and had outstanding balances with various companies related by virtue of common ownership and management. These transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

Significant related party transactions and balances not disclosed elsewhere in these condensed interim financial statements are as follows:

The Company is the owner of a solar energy generation project located on the roof of one of its parent's (GCI) properties, which is being rented by the Company from GCI for \$52,813 per annum. The Company has entered into an agreement with Highroad Estates Inc. ("Highroad"), a company of which certain directors and officers are also directors and officers of the Company, to manage this operation for \$60,000 per annum.

Genterra Energy Inc.

Notes to the Condensed Interim Financial Statements

For the six month period ended March 31, 2015 and from Incorporation on October 31, 2013 to March 31, 2014
(Unaudited)

In addition, the Company has entered into an administrative services agreement with GCI for \$6,000 per annum which commenced in October 2014.

Under the above agreements, management fees of \$30,000 (2014: \$Nil) were charged by Highroad, and rent of \$26,406 (2014: \$Nil) and administrative services fees of \$3,000 (2014: \$Nil) were charged by GCI.

Accounts payable and accrued liabilities at March 31, 2015 include \$Nil (September 30, 2014: \$6,282) due to GCI and \$Nil (September 30, 2014: \$10,000) due to Highroad. These amounts are unsecured and are due on demand.

Loan payable at March 31, 2015 of \$2,557,970 (September 30, 2014: \$2,321,970) is due to GCI on demand and bears interest at 4% per annum. During the period, \$50,684 (2014: \$Nil) of interest was charged under this loan and is included in interest payable on the statement of financial position as at March 31, 2015.

The Company did not directly pay any remuneration to key management for the period ended March 31, 2015 or 2014.

APPENDIX I

Section 185 of the *Business Corporations Act* (Ontario)

Rights of dissenting shareholders

185.(1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184(3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185(1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170(1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170(1)(a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170(5) or (6). R.S.O. 1990, c. B.16, s. 185(2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c.34, Sched. B, s.35.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c.B.16, s.185(3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c.B.16, s. 185(4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c.B.16, s. 185(5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c.B.16, s. 185(6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c.B.16, s. 185(7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185(8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185(9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares. R.S.O. 1990, c.B.16, s. 185(10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c.B.16, s. 185(11).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c.B.16, s. 185(12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c.B.16, s. 185(13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

- (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
- (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or
- (c) the directors revoke a resolution to amend the articles under subsection 168(3), terminate an amalgamation agreement under subsection 176(5) or an application for continuance under subsection 181(5), or abandon a sale, lease or exchange under subsection 184(8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee. R.S.O. 1990, c.B.16, s. 185(14).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c.B.16, s. 185(15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c.B.16, s. 185(16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c.B.16, s. 185(17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c.B.16, s. 185(18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c.B.16, s. 185(19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c.B.16, s. 185(20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c.B.16, s. 185(21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

- (a) has sent to the corporation the notice referred to in subsection (10); and
- (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c.B.16, s. 185(22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c.B.16, s. 185(23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c.B.16, s. 185(24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c.B.16, s. 185(25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c.B.16, s. 185(26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c.B.16, s. 185(27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c.B.16, s. 185(28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c.B.16, s. 185(29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c.B.16, s. 185(30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71(24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71(24).