GENTERRA ENERGY INC.

Condensed Interim Financial Statements

Nine Month Period Ended June 30, 2015 and from Incorporation On October 31, 2013 to June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

Notice of no auditor review

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements (in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor).

Genterra Energy Inc.
Condensed Interim Statements of Financial Position
As at June 30, 2015 and September 30, 2014
(Unaudited)

	As at June 30 2015	As at September 30 2014
Assets		
Current assets		
Cash and cash equivalents	$ 310,852	$ 882
Accounts receivable	243,262	303,572
Prepaid expenses and deposits	7,329	53,605
	561,443	358,059
Equipment	2,124,753	2,206,032
Deferred income taxes	5,519	9,940
Total assets	$ 2,691,715	$ 2,574,031
Liabilities and Shareholder's Deficiency		
Current liabilities		
Accounts payable and accrued liabilities	$ 32,434	$ 237,419
Interest payable	86,295	10,085
	118,729	247,504
Deferred rent	30,908	32,118
Loan payable	2,557,970	2,321,970
	2,707,607	2,601,592
Shareholder's Deficiency		
Capital stock	10	10
Deficit	(15,902)	(27,571)
Total shareholder's deficiency	(15,892)	(27,561)
Total liabilities and shareholder's deficiency	$ 2,691,715	$ 2,574,031

See accompanying notes to the condensed interim financial statements

Genterra Energy Inc.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the nine month period ended June 30, 2015 and from Incorporation on October 31, 2013 to June 30, 2014
(Unaudited)

	For the three months ended June 30 2015	For the three months ended June 30 2014	For the nine months ended June 30 2015	For the period Oct 31, 2013 to June 30 2014
Revenue				
Solar energy generation	$ 182,959	$ -	$ 309,197	$ -
	182,959	-	309,197	-
Expenses				
Operating costs	18,977	12,800	58,330	25,600
Administrative and general	21,471	-	77,288	-
Interest	25,526	-	76,210	-
Amortization	27,092	-	81,279	-
	93,066	12,800	293,107	25,600
Income (loss) before income taxes	89,893	(12,800)	16,090	(25,600)
Income taxes (recovery)				
Current	-	-	-	-
Deferred	23,979	(3,392)	4,421	(6,784)
	23,979	(3,392)	4,421	(6,784)
Net Income (loss) for the period, also being comprehensive income (loss)	$ 65,914	$ (9,408)	$ 11,669	$ (18,816)
Income (loss) per share				
Basic and diluted	$ 659.14	$ (94.08)	$ 116.69	$ (188.16)
Weighted average number of common shares				
Basic and diluted	100	100	100	100

Genterra Energy Inc.
Condensed Interim Statements of Changes in Equity (Deficiency)
For the nine month period ended June 30, 2015 and from Incorporation on October 31, 2013 to September 30, 2014
(Unaudited)

	Capital Stock			
	Common shares			
	Number of shares	Amount	Deficit	Total Equity (Deficiency)
Balance at October 31, 2013	100	$ 10	$ -	$ 10
Net loss for the period	-	-	(18,816)	(18,816)
Balance at June 30, 2014	100	$ 10	$ (18,816)	$ (18,806)
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 income for the period	-	-	11,669	11,669
Balance at June 30, 2015	100	$ 10	$ (15,902)	$ (15,892)

Genterra Energy Inc.

Condensed Interim Statements of Cash Flows

For the nine month period ended June 30, 2015 and from Incorporation on October 31, 2013 to June 30, 2014

(Unaudited)

	For the nine months ended June 30 2015	For the period Oct 31, 2013 to June 30 2014
Cash flows from operating activities		
Net income (loss) for the period	$ 11,669	$ (18,816)
Adjustments to reconcile net loss to net cash flows:		
Amortization	81,279	-
Deferred income taxes recovery	4,421	(6,784)
Deferred rent	(1,210)	25,600
Interest expense	76,210	-
	172,369	-
Changes in non-cash components of working capital:		
Accounts receivable	60,310	(10)
Prepaid expenses and deposits	46,276	-
Accounts payable and accrued liabilities	(204,985)	679,454
Net cash flows from operating activities	73,970	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	309,970	-
Cash and cash equivalents, beginning of period	882	-
Cash and cash equivalents, end of period	$ 310,852	$ -
Cash and cash equivalents are comprised of the following:		
Cash balances with banks	$ 310,852	$ -
Short term deposits	-	-
Total cash and cash equivalents	$ 310,852	$ -

See accompanying notes to condensed interim financial statements

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 August 12, 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:

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, 2018, 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:

(i) the recoverability of accounts receivable and prepayments totaling $250,591 (September 30, 2014: $357,177);

(ii) the estimated useful lives of solar energy generation equipment totaling $2,124,753 (September 30, 2014: $2,206,032) and the related amortization of $81,279 (2014: $Nil);

(iii) the provision for income taxes expense of $4,421 (2014: recovery of $6,784).

4. LOAN PAYABLE

The loan payable is due to the Company's parent, GCI. It is due on August 1, 2019 and bears interest at 4% per annum. The loan is collateralized by a general security agreement on all the assets of the Company.

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.

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 $45,000 (2014: $Nil) were charged by Highroad and rent of $39,610 (2014 $Nil) and administrative services fees of $4,500 (2014: $Nil) were charged by GCI.

Accounts payable and accrued liabilities at June 30, 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 June 30, 2015 of $2,557,970 (September 30, 2014: $2,321,970) is due to GCI and bears interest at 4% per annum. During the period, $76,210 (2014: $Nil) of interest was charged under this loan and is included in interest payable on the statement of financial position as at June 30, 2015.

The Company did not directly pay any remuneration to key management for the period ended June 30, 2015 or 2014.