MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED JUNE 30, 2015

The following Management's Discussion and Analysis ("MD&A") provides a review of the financial condition and results of operations of Genterra Energy Inc. ("GE" or the "Company") for the three months ended June 30, 2015. This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and notes thereto for the nine months ended June 30, 2015, included elsewhere herein and the audited financial statements and notes thereto for the fiscal period ended September 30, 2014.

In this document and in the Company's 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, both in the 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 the Company. 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 the Company'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, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking statements.

The discussion and analysis in this MD&A is based on information available to management as of August 12, 2015.

THE COMPANY

The Company is a Canadian Company operating in Canada with significant interests in solar energy generation equipment located in Cambridge, Ontario, Canada.

A Feed-In Tariff ("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.

The Company through Highroad Estates Inc. ("Highroad"), which certain directors and officers are also directors and officer of the Company, entered into an agreement for the Company to install solar energy generation equipment on the roof of 450 Dobbie Drive, in Cambridge, Ontario. The project operation is managed on behalf of the Company by Highroad.

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 Company's rooftop solar PV system which began commercial operation on August 18, 2014. The Company's solar rooftop PV 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.

The Company'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 the Company is to create and maximize shareholder value through its solar energy generation operations and potential expansion or new acquisitions that satisfy the Company's goals as defined by management.

OUTLOOK

The Company's Board of Directors believes that the Company's recent activities which have focused on the development of the Company's solar energy generation operation provides the Company with a strong balance sheet and cash flows.

Management continues to evaluate various potential opportunities that they believe will add value for the Company and its shareholders including, but not limited to, the potential for new solar energy generation operations under new FIT contracts which the Government of Ontario continues to award.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED JUNE 30, 2015

The Company was incorporated on October 31, 2013 and its solar energy generation operations began generating power in August 2014. Consequently, there are no significant comparative figures for the prior year or comparable prior periods.

SUMMARY OF QUARTERLY RESULTS

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	**$182,959**	**$ 63,423**	**$ 62,815**	**$ 41,143**	**$ -**	**$ -**	**$ -**	**n/a**
Net income (loss)	**65,914**	**(35,446)**	**(18,799)**	**(8,755)**	**(9,408)**	**(9,408)**	**-**	**n/a**
Income (loss) per share	$ 659.14	$ (354.46)	$ (187.99)	$ (87.55)	$ (94.08)	$ (94.08)	$ -	**n/a**

"n/a" refers to the periods prior to incorporation and are not applicable to the Company's operations.

"Q1" refers to the three months ended December 31; "Q2" refers to the three months ended March 31; "Q3" refers to the three months ended June 30; "Q4" refers to the three months ended September 30; "2015" refers to the twelve month fiscal year ended September 30, 2015; "2014" refers to the twelve month fiscal year ending September 30, 2014; and "2013" refers to the twelve month fiscal year ended September 30, 2013.

RESULTS FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2015

	Three Months Ended June 30			Nine Months Ended June 30		
	2015	2014	Change	2015	2014	Change
Revenue						
Solar energy generation	$ 182,959	$ -	$ +182,959	$ 309,197	$ -	$ +309,197
	182,959	-	+182,959	309,197	-	+309,197
Expenses						
Operating costs	18,977	12,800	+6,177	58,330	25,600	+32,730
Administrative and general	21,471	-	+21,471	77,288	-	+77,288
Interest	25,526	-	+25,526	76,210	-	+76,210
Amortization	27,092	-	+27,092	81,279	-	+81,279
	93,066	12,800	+80,266	293,107	25,600	+267,507
Income (loss) before income taxes	89,893	(12,800)	+102,693	16,090	(25,600)	+41,690
Income taxes (recovery)	23,979	(3,392)	+27,371	4,421	(6,784)	+11,205
Net income (loss) for the period	$ 65,914	$ (9,408)	$ +75,322	$ 11,669	$ (18,816)	$ +30,485

Review of Results for the Three and Nine Month Periods Ended June 30, 2015

The Company 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 nine month periods ended June 30, 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 288,000 kW hours of electricity for the three months ended June 30, 2015 and approximately 487,000 kW hours during the nine months ended June 30, 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 of the Company's parent, Genterra Capital Inc. ("GCI"), which is located in Cambridge, Ontario. Solar energy generation revenue is seasonal with the highest levels of production experienced during the summer months when there is more sunlight available to the solar panels.

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 nine months ended June 30, 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 Company's solar energy generation operation and audit costs.

Interest Expense. Interest expense represents interest charged by GCI 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 the Company's audited financial statements for the period ended September 30, 2014.

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

Net Income or Loss. Net income for the three and nine month periods ended June 30, 2015 was $65,914 and $11,669 respectively, compared to a net loss of $9,408 and $18,816 respectively for the three and nine months ended June 30, 2014.

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

LIQUIDITY AND CAPITAL RESOURCES

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

	June 30 2015	September 30 2014	Change
Working Capital			
Current assets	$ 561,443	$ 358,059	$ +203,384
Current liabilities	118,729	247,504	-128,775
	442,714	110,555	+332,159
Ratio of current assets to current liabilities	4.7	1.4	
Cash and cash equivalents	$ 310,852	$ 882	$ +309,970

The Company's working capital increased to $442,714 as at June 30, 2015 compared to $110,555 as at September 30, 2014 mainly due to decreased liabilities and increased cash and cash equivalents. The balance primarily represents revenue receivable offset by sales taxes payable and outstanding payables relating to the solar energy generation operations and interest.

During the nine months ended June 30, 2015 the Company's cash position increased by $309,970. The net increase was due to the following:

- Operating Activities increased cash by $73,970. This was a result of $172,369 of cash generated from operations and $98,399 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.

The Company 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 the Company, audit and legal fees, interest expense on the loan payable and income taxes. The Company expects to generate the revenue required in order to service these expenditures from its existing solar energy generation equipment.

RELATED PARTY TRANSACTIONS

The Company 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.

Related party transactions for the nine months ended June 30, 2015 are summarized as follows:

The Company's solar energy generation project is located on the roof of a building of the Company's parent (GCI), 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 its solar energy generation operation for $60,000 per annum.

The Company has entered into an administrative services agreement with GCI for $6,000 per annum.

Under the above agreements, management fees of $45,000 were charged by Highroad and rent of $39,610 and administrative services fees of $4,500 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 nine months ended June 30, 2015, $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.

SHARE DATA

The following table sets forth the Outstanding Share Data for the Company as at August 12, 2015:

	Authorized	Issued
Common Shares	Unlimited	10

RISKS AND UNCERTAINTIES

The Company is subject to a number of broad risks and uncertainties including general economic conditions. In addition to these broad business risks, the Company has specific risks that it faces, the most significant of which are outlined in the Company's MD&A for the year ended September 30, 2014. **The risks and uncertainties discussed therein highlight the more important factors that could significantly affect the Company's operations and profitability. They do not represent an exhaustive list of all potential issues that could affect the financial results of the Company and are not presented in any particular order of relevance.**

There were no significant changes to these risks and uncertainties as of the date of this MD&A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company'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 the Company's audited financial statements for the period ended September 30, 2014 and notes 2 and 3 of the Company's unaudited condensed interim financial statements for the nine months ended June 30, 2015 provide a detailed discussion of the Company's significant accounting policies and application of critical accounting estimates and judgements.

FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND OTHER INSTRUMENTS

The Company 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 the Company's audited financial statements for the period ended September 30, 2014 and Note 5 of the Company's unaudited condensed interim financial statements for the nine months ended June 30, 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 report other than the Plan of Arrangement which was announced by GCI on July 21, 2015. Under this Plan of Arrangement, the Company will potentially be spun-off as a public company. For additional information, please see the Plan of Arrangement and management information circular filed by GCI, which can be found on SEDAR at www.sedar.com.

Off-Balance Sheet Arrangements

The Company had no off balance sheet arrangements as of June 30, 2015 and September 30, 2014.

NEW ACCOUNTING STANDARDS AND ACCOUNTING PRONOUNCEMENTS

New Accounting Standards Adopted

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.

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.

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 the March 31, 2015 condensed interim financial statements.

New Accounting Standards Not Yet Effective

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, 2018, with early adoption permitted. Management has not yet considered the potential impact of the adoption of IFRS 15.

ADDITIONAL INFORMATION

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