

GENCAN CAPITAL INC.
(formerly GENTERRA ENERGY INC.)

Financial Statements

**Year Ended September 30, 2015 and
Period Ended September 30, 2014**

(Expressed in Canadian Dollars)



Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

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

Independent Auditor's Report

To the shareholders of Gencan Capital Inc.

We have audited the accompanying financial statements of Gencan Capital Inc., which comprise the statements of financial position as at September 30, 2015 and September 30, 2014, and the statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the year ended September 30, 2015 and 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 audits. We conducted our audits 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 during in our audits 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 Gencan Capital Inc. as at September 30, 2015 and September 30, 2014 and its financial performance and its cash flows for the year ended September 30, 2015 and 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

January 21, 2016
Toronto, Ontario

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Statements of Financial Position

As at September 30, 2015 and 2014

	<i>Notes</i>	As at September 30 2015	As at September 30 2014
Assets			
Current assets			
Cash		\$ 475,483	\$ 882
Accounts receivable		122,376	303,572
Prepaid expenses and deposits		30,899	53,605
		628,758	358,059
Equipment	5	2,097,360	2,206,032
Deferred income taxes	8	-	9,940
Total assets		\$ 2,726,118	\$ 2,574,031
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 64,555	\$ 237,419
Interest payable	6	-	10,085
		64,555	247,504
Deferred rent		30,505	32,118
Loan payable	6	2,557,970	2,321,970
Deferred income taxes	8	19,530	-
		2,672,560	2,601,592
Shareholders' Equity (Deficiency)			
Capital stock	7	10	10
Retained earnings (deficit)		53,548	(27,571)
Total shareholders' equity (deficiency)		53,558	(27,561)
Total liabilities and shareholder's deficiency		\$ 2,726,118	\$ 2,574,031

Approved on behalf of the Board:

“Fred A. Litwin” _____ Director

“Stan Abramowitz” _____ Director

See accompanying notes to the financial statements

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Statements of Income (Loss) and Comprehensive Income (Loss)

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

	<i>Notes</i>	For the year ended September 30 2015	For the period Oct 31, 2013 to September 30 2014
Revenue			
Solar energy generation		\$ 496,097	\$ 41,143
		496,097	41,143
Expenses			
Operating costs		77,299	42,140
Administrative and general		97,553	13,329
Interest	6	101,984	10,085
Amortization	5	108,672	13,100
		385,508	78,654
Income (loss) before income taxes		110,589	(37,511)
Income taxes (recovery)			
Current		-	-
Deferred	8	29,470	(9,940)
		29,470	(9,940)
Net Income (loss) for the period, also being comprehensive income (loss)		\$ 81,119	\$ (27,571)
Income (loss) per share			
Basic and diluted	9	\$ 0.00	\$ (0.00)
Weighted average number of common shares			
Basic and diluted	9	16,628,716	16,628,716

See accompanying notes to the financial statements

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Statements of Changes in Equity (Deficiency)

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

	Capital Stock		Retained Earnings (Deficit)	Total Equity (Deficiency)
	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)
Balance at September 30, 2014	100	\$ 10	\$ (27,571)	\$ (27,561)
Net income for the year	-	-	81,119	81,119
Balance at September 30, 2015	100	\$ 10	\$ 53,548	\$ 53,558

See accompanying notes to the financial statements

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Statements of Cash Flows

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

	<i>Notes</i>	For the year ended September 30 2015	For the period Oct 31, 2013 to September 30 2014
Cash flows from operating activities			
Net income (loss) for the period		\$ 81,119	\$ (27,571)
Adjustments to reconcile net income (loss) to net cash flows:			
Amortization	5	108,672	13,100
Deferred income taxes expense (recovery)	8	29,470	(9,940)
Deferred rent		(1,613)	32,118
Interest expense		101,984	10,085
		319,632	17,792
Changes in non-cash components of working capital:			
Accounts receivable		181,196	(303,572)
Prepaid expenses and deposits		22,706	(53,605)
Accounts payable and accrued liabilities		(172,864)	237,419
Net cash flows from (used in) operating activities		350,670	(101,966)
Cash flows from financing activities			
Interest paid		(112,069)	-
Issuance of capital stock	7	-	10
Proceeds from loans payable	6	236,000	2,321,970
Net cash flows from financing activities		123,931	2,321,980
Cash flows used in investing activities			
Investment in equipment	5	-	(2,219,132)
Net cash flows used in investing activities		-	(2,219,132)
Net increase in cash		474,601	882
Cash, beginning of period		882	-
Cash, end of period		\$ 475,483	\$ 882

See accompanying notes to the financial statements

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

1. NATURE OF OPERATIONS

Nature of operations

Gencan Capital Inc. (“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, has a registered office address at 106 Avenue Road, Toronto, Ontario, M5R 2H3.

On August 17, 2015, the Company changed its name from Genterra Energy Inc. and on October 30, 2015, pursuant to a Plan of Arrangement (announced on July 21, 2015 between the Company and Genterra Capital Inc. (“GCI”), a Canadian controlled private company), the Company was spun-off as a public company and its shares were listed on the Canadian Securities Exchange under the symbol “GCA”. Subsequent to the spin-off, GCI retains a 76% controlling interest in the Company.

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, 2015. These financial statements were authorized for issue by the Board of Directors on January 21, 2016.

(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(d). 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(b). 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. The Company has determined that an impairment in value does not exist.

Deferred income taxes: The Company’s policy for deferred income taxes is described in note 3(h). 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.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and 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(c). 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) 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.

(b) Equipment

Equipment is stated at the lower of cost, net of accumulated amortization, and its recoverable amount. Equipment is reviewed for indicators of 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

(c) 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.

Classification of financial instruments:

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.

Cash and cash equivalents: 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.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

Accounts receivable: The Company's accounts receivable consists primarily of solar energy sales receivables and sales taxes recoverable. 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.

Derivative financial instruments:

The Company does not have any derivative financial instruments.

Fair value of financial instruments:

Financial instruments that are recorded at fair value on the statements of financial position or disclosed at fair value in the notes to the financial statements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any financial instruments which are measured at fair value. See Note 10(f) for fair value disclosures of financial instruments.

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.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

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 impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(d) 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.

(e) 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.

(f) Revenue recognition

Revenue from solar energy generation equipment is recognized as produced and delivered to the local utility.

(g) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

(h) 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.

(i) 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.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

(j) 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.

(k) 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 for 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.

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 \$153,275 (September 30, 2014: \$357,177);
- (ii) the estimated useful lives of solar energy generation equipment totaling \$2,097,360 (September 30, 2014: \$2,206,032) and the related amortization of \$108,672 (2014: \$13,100); and
- (iii) the provision for income taxes expense of \$29,470 (2014: recovery of \$9,940).

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

5. EQUIPMENT

	<u>Solar modules and racking</u>	<u>Energy transformer</u>	<u>Total</u>
Cost			
Balance - October 31, 2013	\$ -	\$ -	\$ -
Additions	2,094,832	124,300	2,219,132
Balance - September 30, 2014	\$ 2,094,832	\$ 124,300	\$ 2,219,132
Additions	-	-	-
Balance - September 30, 2015	\$ 2,094,832	\$ 124,300	\$ 2,219,132
Accumulated amortization			
Balance - October 31, 2013	\$ -	\$ -	\$ -
Amortization	11,722	1,378	13,100
Balance - September 30, 2014	\$ 11,722	\$ 1,378	\$ 13,100
Amortization	100,123	8,549	108,672
Balance - September 30, 2015	\$ 111,845	\$ 9,927	\$ 121,772
Net book value			
September 30, 2014	\$ 2,083,110	\$ 122,922	\$ 2,206,032
September 30, 2015	\$ 1,982,987	\$ 114,373	\$ 2,097,360

6. LOAN PAYABLE

The loan payable is due to GCI 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. See Note 10(f) for fair value disclosures of the loan payable.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and 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 Commons Shares (16,628,716 as of October 23, 2015)

	September 30 2015	September 30 2014
	\$ 10	\$ 10

During the period ended September 30, 2014, the Company issued 100 common shares for \$10.

On October 23 2015, as part of the Plan of Arrangement (see Note 1), the Company split its common shares into 16,628,716 common shares.

Equity

The Company's equity consists of capital stock and retained earnings. The break-down of the Company's capital stock is described above.

Retained earnings represent cumulative net income and increases 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:

	September 30 2015	September 30 2014
Deferred income tax asset		
Non-capital loss carry forwards	\$ 301,618	\$ 132,892
Deferred rent	8,084	8,511
	<u>\$ 309,702</u>	<u>\$ 141,403</u>
Deferred income tax liability		
Solar energy generation equipment	\$ 329,232	\$ 131,463
	<u>\$ (19,530)</u>	<u>\$ 9,940</u>

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and 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.

	For the year ended September 30 2015	For the period Oct 31, 2013 to September 30 2014
Net income (loss) for the period	\$ 81,119	\$ (27,571)
Weighted average number of common shares (see Note 7)	16,628,716	16,628,716
Basic income (loss) per share	\$ 0.00	\$ (0.00)

(b) Diluted

Diluted earnings (loss) per share has not been calculated as there are no potential common share issuances.

10. 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 is due August 1, 2019 and accrued interest thereon is due and payable monthly.

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and 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:

	2016	2017	2018	2019	2020	Thereafter	Total
Accounts payable and other liabilities	\$ 64,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,555
Loan payable	-	-	-	2,557,970	-	-	2,557,970
Loan interest	102,319	102,319	102,319	85,266	-	-	392,223
Operating lease and contract payable	62,991	62,991	52,813	52,813	52,813	733,100	1,017,521
	<u>\$ 229,865</u>	<u>\$ 165,310</u>	<u>\$ 155,132</u>	<u>\$ 2,696,049</u>	<u>\$ 52,813</u>	<u>\$ 733,100</u>	<u>\$ 4,032,269</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, 2015, 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, 2015, 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.

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For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

The majority 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 and interest payable approximate their respective fair values due to the short-term nature of these instruments.

The carrying value and fair value of the loan payable is as follows:

	September 30, 2015		September 30, 2014	
	Carrying value	Fair value	Carrying value	Fair value
Loan payable	\$ 2,557,970	\$ 2,633,690	\$ 2,321,970	\$ 2,314,340

The Company uses the government of Canada bond yield curve plus an adequate constant credit spread to discount the above financial instruments in order to determine fair value. The fair value of loan payable is based upon level 2 fair value hierarchy inputs.

11. 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, 2015 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, 2015 and 2014:

	September 30 2015	September 30 2014
Loan payable	\$ 2,557,970	\$ 2,321,970
Shareholders' equity (deficiency)	53,558	(27,561)
	<u>\$ 2,611,528</u>	<u>\$ 2,294,409</u>

Gencan Capital Inc. (formerly Genterra Energy Inc.)

Notes to the Financial Statements

For the year ended September 30, 2015 and the period from Incorporation on October 31, 2013 to September 30, 2014

12. 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 financial statements are as follows:

The Company is the owner of a solar energy generation project located on the roof of GCI's properties, which is being rented by the Company from GCI for \$52,813 per annum ending in August 2034. 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 \$60,000 (2014: \$10,000) were charged by Highroad and rent of \$52,813 (2014: \$6,282) and administrative services fees of \$6,000 (2014: \$Nil) was charged by GCI.

Accounts payable and accrued liabilities at September 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 September 30, 2015 of \$2,557,970 (September 30, 2014: \$2,321,970) is payable to GCI, due August 1, 2019 bearing interest at 4% per annum. During the year ended September 30, 2015, \$101,984 (2014: \$10,085) of interest was charged under this loan and \$Nil (2014: \$10,085) is included in interest payable on the statement of financial position.

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