



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

TERRABIOGEN TECHNOLOGIES INC.

(Expressed in Canadian Dollars)

For the nine months ended March 31, 2015

(Unaudited – Prepared by Management)

Notice: These condensed consolidated interim financial statements have been prepared by management and they have not been reviewed by the Company's external auditors

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of TerraBioGen Technologies Inc. for the nine months ended March 31, 2015 have been prepared by management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated 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 consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

TERRABIOGEN TECHNOLOGIES INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by management)

	March 31, 2015	June 30, 2014
ASSETS		
Current		
Cash	\$ 285,087	\$ 92,976
Amounts receivable	6,793	18,064
Deposits and prepaid expenses	20,867	7,555
CURRENT ASSETS	312,745	118,595
Property and equipment	291,314	346,613
Long term assets	47,355	39,364
TOTAL ASSETS	\$ 651,414	\$ 504,572
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 350,680	427,316
CURRENT LIABILITIES	350,680	427,316
Provision for dismantling	6,094	5,979
TOTAL LIABILITIES	356,774	433,295
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	38,540,425	37,647,373
Contributed surplus	2,262,095	2,105,807
Deficit	(40,507,880)	(39,681,903)
SHAREHOLDERS' EQUITY (DEFICIENCY)	294,640	71,277
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 651,414	\$ 504,572

Operations (Note 1)
Commitments (Note 7)
Subsequent Events (Note 9)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on May 27, 2015 and are signed on its behalf by:

"Blair Heffelfinger"
Director

"Theodore Deuel"
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRABIOGEN TECHNOLOGIES INC.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

For the Nine Months ended March 31
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Nine months 2015	Nine months 2014	Three months 2015	Three months 2014
REVENUE				
Other income	\$ 94	\$ 198	\$ 94	\$ -
TOTAL REVENUE	94	198	94	-
EXPENSES				
Administration	302,652	431,677	95,330	124,523
Research and development	521,412	522,313	148,185	168,986
TOTAL EXPENSES	824,064	953,990	243,515	293,509
Loss before other items	(823,970)	(953,792)	(243,421)	(293,509)
Other items:				
Gain on sale of equipment	-	410	-	410
Interest income	115	222	96	19
Interest expense	(2,122)	(3,585)	(625)	(493)
TOTAL OTHER ITEMS	(2,007)	(2,953)	(529)	(64)
NET LOSS AND COMPREHENSIVE LOSS	\$ (825,977)	\$ (956,745)	\$ (243,950)	\$ (293,573)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.49)	\$ (0.63)	\$ (0.14)	\$ (0.18)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,702,686	1,516,182	1,748,644	1,619,377

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRABIOGEN TECHNOLOGIES INC.
CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
For the Periods Ended March 31
(Expressed in Canadian Dollars)

	<u>Common shares</u>						
	<u>Number of Shares</u>	<u>Amount</u>	<u>Commitment to Issue Shares</u>	<u>Contributed Surplus</u>	<u>Deficit</u>	<u>Total Equity</u>	
Balance at July 1, 2013	1,510,388	\$ 36,326,110	\$ 210,000	\$ 1,861,374	\$ (38,277,965)	\$ 119,519	
Shares issued for cash	106,000	1,060,000	-	-	-	1,060,000	
Shares issued for debt	8,123	81,231	-	-	-	81,231	
Issue of warrants	-	(174,608)	-	174,608	-	-	
Commitment to issue shares	-	-	(140,000)	-	-	(140,000)	
Comprehensive loss for the period	-	-	-	-	(956,745)	(956,745)	
Balance at March 31, 2014	<u>1,624,511</u>	<u>\$ 37,292,733</u>	<u>\$ 70,000</u>	<u>\$ 2,035,982</u>	<u>\$ (39,234,710)</u>	<u>\$ 164,005</u>	
Balance at July 1, 2014	1,666,511	\$ 37,647,373	\$ -	\$ 2,105,807	\$ (39,681,903)	\$ 71,277	
Shares issued for cash	105,000	1,050,000	-	-	-	1,050,000	
Issue of warrants	-	(156,288)	-	156,288	-	-	
Share issue costs	-	(660)	-	-	-	(660)	
Comprehensive loss for the period	-	-	-	-	(825,977)	(825,977)	
Balance at March 31, 2015	<u>1,771,511</u>	<u>\$ 38,540,425</u>	<u>\$ -</u>	<u>\$ 2,262,095</u>	<u>\$ (40,507,880)</u>	<u>\$ 294,640</u>	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRABIOGEN TECHNOLOGIES INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the Nine Months ended March 31
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Nine months 2015	Nine months 2014
OPERATIONS		
Net Income (Loss)	\$ (825,977)	\$ (957,404)
Items not involving cash:		
Depreciation	81,236	103,584
Impairment of property and equipment	-	32,989
Accretion on provision for dismantling	115	125
Interest expense	2,122	625
	(742,504)	(820,081)
Changes in non-cash working capital balances:		
Amounts receivable	11,271	12,416
Deposits and prepaid expenses	(13,312)	4,556
Accounts payable and accrued liabilities	(76,635)	(180,301)
	(821,180)	(983,410)
Interest paid	(2,122)	(625)
CASH USED IN OPERATING ACTIVITIES	(823,302)	(984,035)
INVESTING		
Increase in other assets	(7,991)	(16,220)
Increase in property and equipment	(25,936)	(45,700)
CASH USED IN INVESTING ACTIVITIES	(33,927)	(61,920)
FINANCING		
Common shares issued, less issue costs	1,049,340	1,060,000
Increase (decrease) in commitments to issue shares	-	(140,000)
Increase in bank loans	-	9,550
CASH PROVIDED BY FINANCING ACTIVITIES	1,049,340	929,550
Increase (decrease) in cash	192,111	(115,737)
Cash and cash equivalents, beginning of period	92,976	115,737
CASH, end of period	\$ 285,087	\$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TERRABIOGEN TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 2015
(Expressed in Canadian Dollars)

1. OPERATIONS

TerraBioGen Technologies Inc. was incorporated in British Columbia, Canada, on August 17, 1993.

The Company has identified active ingredients that impart growth promotion and disease suppression in plants, and is planning to commercialize this technology. Following its move to a new facility in Burnaby, British Columbia in 2013, the company has increased its research and development capabilities including a lab scale pilot line. This new facility is used exclusively for strain screening and development, product formulation, growth room and greenhouse trials, and production of materials for field trials.

These condensed consolidated interim financial statements have been prepared on a going concern basis. At March 31, 2015, the Company had a working capital deficit of \$37,935 (March 31, 2014 - \$248,674), an accumulated deficit of \$40,507,880 (March 31, 2014 - \$39,234,710), and a net cash outflow from operating activities of \$823,302 for the nine months then ended (9 months to March 31, 2014 - \$984,025). These conditions raise significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its major shareholders, and ultimately, generating profitable operations and positive operating cash flows. Failure to obtain sufficient financing or other appropriate arrangements would require the Company's assets and liabilities to be restated on a liquidation basis which would differ significantly from the going concern basis. These condensed consolidated financial statements do not give effect to any adjustments or disclosures which would be necessary should the Company be unable to continue as a going concern.

The address of the Company's corporate office and principal place of business is 8536 Baxter Place, Burnaby, BC V5A 4T8.

2. BASIS OF PRESENTATION

Basis of Presentation

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those in the Company's consolidated financial statements for the year ended June 30, 2014. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2014.

Approval of the Financial Statements

These unaudited condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 27, 2015.

Use of estimates

The preparation of these condensed consolidated financial statements, in compliance with IFRS, requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Significant areas requiring the use of management estimates include the fair value of property and equipment, deferred income tax asset valuations, provision for dismantling, and fair value measurements for financial instruments and share-based compensation. Actual results could differ from those estimates.

TERRABIOGEN TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 2015
(Expressed in Canadian Dollars)

3. NEW ACCOUNTING PRONOUNCEMENT

The following new standard has been issued by the IASB but is not yet effective:

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. In response to delays to the completion of the remaining phases of the project, the IASB issued amendments to IFRS 9 and has indefinitely postponed the adoption of this standard. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

4. BANK LOAN

The Company has a loan agreement with HSBC Bank Canada under a credit facility. The credit facility consists of a \$100,000 operating loan which bears interest at the bank's prime rate plus 1.25% per annum and is payable on demand. The loan is secured by a general security agreement providing a first security interest in all of the Company's assets and ranks ahead of all other loans. As at March 31, 2015, the Company had no outstanding drawings against this credit facility.

5. SHARE CAPITAL

Authorized Share Capital

On December 3, 2013, the Company's shareholders approved new Articles of Incorporation and the Company now has authorized share capital of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. There have been no preferred shares issued as at March 31, 2015.

Issued and outstanding: See Consolidated Statement of Changes in Equity.

The following share transactions occurred:

- a) On September 10, 2013, the Company issued 43,000 units at a price of \$10.00 per unit for gross proceeds of \$430,000. Each unit consisted of one common share and one warrant exercisable at \$12.00 per share until September 5, 2018.
- b) On October 25, 2013, the Company issued 42,000 units at \$10.00 per unit for gross proceeds of \$420,000. Each Unit consists of one common share and one warrant exercisable at \$12.00 per share until October 25, 2018.
- c) On January 23, 2014, the Company issued 21,000 units at \$10.00 per unit for gross proceeds of \$210,000. Each Unit consists of one common share and one warrant exercisable at \$12.00 per share until January 22, 2019.
- d) On April 25, 2014, the Company issued 21,000 units at \$10.00 per unit for gross proceeds of \$210,000. Each Unit consists of one common share and one warrant exercisable at \$12.00 per share until April 24, 2019.

TERRABIOGEN TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 2015
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

- e) On June 11, 2014, the Company issued 21,000 units at \$10.00 per unit for gross proceeds of \$210,000. Each Unit consists of one common share and one warrant exercisable at \$12.00 per share until June 10, 2019.
- f) On September 9, 2014, the Company issued 21,000 units at \$10.00 per unit for gross proceeds of \$210,000. Each Unit consists of one common share and one warrant exercisable at \$12.00 per share until September 8, 2019.
- g) On December 29, 2014, the Company issued 42,000 units at \$10.00 per unit for gross proceeds of \$420,000. Each unit consists of one common share and one warrant exercisable at \$12.00 per share until December 28, 2019.
- h) On February 19, 2015, the Company issued 42,000 units at \$10.00 per unit for gross proceeds of \$420,000. Each unit consists of one common share and one warrant exercisable at \$12.00 per share until February 18, 2020.

Warrants – Details of share purchase warrants during the periods ended March 31, 2015 and June 30, 2014 are as follows:

	Nine Months Ended Mar. 31, 2015		Year Ended June 30, 2014	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	292,123	\$ 12.00	246,249	\$ 13.34
Issued	105,000	12.00	156,123	12.00
Expired	-	-	(110,249)	15.00
Outstanding, end of period	397,123	\$ 12.00	292,123	\$ 12.00

As at March 31, 2015, the Company had share purchase warrants outstanding and exercisable as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date	Weighted average Remaining Life
Mar. 31, 2015	June 30, 2014			
90,000	90,000	\$12.00	March 7, 2018	2.93 years
46,000	46,000	\$12.00	May 31, 2018	3.17 years
43,000	43,000	\$12.00	Sept. 5, 2018	3.43 years
42,000	42,000	\$12.00	Oct. 25, 2018	3.57 years
8,123	8,123	\$12.00	Oct. 31, 2018	3.57 years
21,000	21,000	\$12.00	Jan. 22, 2019	3.81 years
21,000	21,000	\$12.00	April 24, 2019	4.07 years
21,000	21,000	\$12.00	June 10, 2019	4.19 years
21,000	-	\$12.00	Sept. 8, 2019	4.44 years
42,000	-	\$12.00	Dec. 28, 2019	4.75 years
42,000	-	\$12.00	Feb. 18, 2020	4.89 years
355,123	292,123			3.75 years

TERRABIOGEN TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 2015
(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Stock options

The Company grants stock options to directors, officers, employees and consultants as compensation for services, pursuant to its Incentive Stock Option Plan (the "Plan") instituted in 1999 and amended, most recently in July 2010. Options issued pursuant to the Plan have an exercise price as determined by the Board. Options have a maximum expiry period of ten years from the grant date. The number of options, which may be issued under the plan, is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. The aggregate number of options granted to any one optionee in a twelve-month period is limited to 5% of the Company's issued shares at the time the options are granted. Options granted under the plan are subject to vesting terms determined by the Board.

A summary of the Company's share options at March 31, 2015 and June 30, 2014 and the changes for the periods ended on those dates is presented below:

	March 31, 2015		June 30, 2014	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	57,000	\$13.72	68,000	\$15.40
Forfeited or expired	(3,000)	(12.00)	(11,000)	(22.95)
Ending balance	54,000	\$13.81	57,000	\$13.72

As at March 31, 2015, the Company had the following share options outstanding and exercisable:

Quantity		Exercise Price	Expiry Date	Weighted Average Remaining Life
Outstanding	Exercisable			
2,000	2,000	\$75.00	May 31, 2015	.17 years
20,000	20,000	\$12.00	July 5, 2015	.26 years
14,000	14,000	\$10.00	May 31, 2015	.17 years
13,000	13,000	\$12.00	Dec 15, 2015	.71 years
5,000	5,000	\$12.00	Oct 3, 2016	1.51 years
54,000	54,000			.46 years

The weighted average contractual life remaining on the above options is .46 years (June 30, 2014 – 1.22 years)

The Company did not grant any options to directors and officers during the year ended June 30, 2014 or the nine months ended March 31, 2015. Total share-based compensation for the nine months ended March 31, 2015 was \$Nil (year ended June 30, 2014 - \$5,565).

TERRABIOGEN TECHNOLOGIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 2015
(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

Related party transactions during the nine months ended March 31, 2015:

- a) Consulting fees of \$37,100 (2014 - \$45,000) were expensed for services provided by a company controlled by an officer, and consulting fees of Nil (2014 - \$3,900) were expensed for services provided by a director.
- b) Accounts payable and accrued expenses include fees payable to directors of \$1,800 (2014 - \$8,200). Fees to directors of \$9,600 (2014 - \$8,800) were expensed during the nine months, and \$13,000 (2014 - \$8,000) were paid to directors during the nine months ended March 31, 2015.

7. COMMITMENTS

In the year ended June 30, 2013, the Company signed a lease for premises located in Burnaby, British Columbia. The lease is for a four-year term which expires on May 31, 2017 with a renewal option for an additional four-year term. The remaining commitment for rent and operating costs is \$131,490 in the current year and \$153,405 for the remainder of the initial term; the Company paid a security deposit of \$7,612 which will be applied against the final month's rent.

8. GOVERNMENT ASSISTANCE

The Company has received assistance or signed Contribution Agreements under a number of government programs including the National Research Council of Canada's Industrial Research Assistance Program (NRC-IRAP), Agriculture Adaption Council's Canadian Agricultural Adaption Program (CAAP), the National Research Council of Canada's Youth Internship Program (NRC-Intern), and the Natural Sciences & Engineering Research Council (NSERC) under their Industrial Undergraduate Student Research Award.

Details of each of these programs are as follows:

- The Company has a Contribution Agreement with NRC-IRAP to support the Company's research and development program for \$40,750 with an expiry date, as amended, to August 31, 2015. For the nine months ended March 31, 2015, the Company submitted two claims for \$2,836 and \$1,336 of this amount is included in accounts receivable as at March 31, 2015. A balance of \$7,000 remains under the Agreement and the Company anticipates that it will claim this amount.
- The Company signed an Agreement with CAAP for growing trials with a maximum contribution of \$23,343 and an expiry date of October 31, 2013. For the year ended June 30, 2014, the Company submitted a claim for \$23,343 and no balance remains under the Agreement.
- The Company signed two Contribution Agreements with NRC-Intern for the salary of recent graduate students working in the Company's research department. The first agreement had a maximum amount of \$20,000 and expired on December 15, 2014; the Company filed claims for \$12,230 during the six months to December 15, 2014 and this has been fully paid. The second agreement had a maximum amount of \$17,000 and expires on November 30, 2015; the Company filed claims totalling for \$5,500 under this agreement and \$2,600 this amount is included in accounts receivable as at March 31, 2015. A balance of \$11,500 remains under this agreement and the Company anticipates that it will claim this amount.
- The Company signed an agreement with NSERC for the salary of an undergraduate student with a maximum contribution of \$4,500 with an expiry date of August 31, 2015. No claims have been filed under this agreement up to March 31, 2015.



TERRABIOGEN TECHNOLOGIES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the nine months ended March 31, 2015

**TERRABIOGEN TECHNOLOGIES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

This discussion and analysis of financial position and results of operations is prepared as at May 27, 2015. The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of TerraBioGen Technologies Inc. (the "Company") as at and for the year ended June 30, 2014 and the unaudited condensed consolidated interim financial statements for the nine months ended March 31, 2015 and related notes thereof which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as otherwise disclosed, all dollar figures included therein and the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com or the Company's website at www.terrabiogen.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Readers are cautioned regarding statements discussing profitability; growth strategies; anticipated trends in our industry; our future financing plans; and our anticipated needs for working capital.

While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include: inability or delays in achieving its technical development and commercialization milestones, environmental factors that could impact the Company's product field trial performance, delays in achieving regulatory approval of its products, inability or delays in securing the necessary funding to complete the development and commercialization of its products.

The Company disclaims any obligation or intention to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, unless required to do so by law.

Description of the Business

TerraBioGen Technologies Inc. was incorporated in British Columbia, Canada, on August 17, 1993.

The Company has developed technologies for the production of innovative, high value, environmentally progressive agricultural and horticultural bio-products that improve crop health and yields, and suppress crop disease. In the periods up to December 2012, the Company operated a digestion pilot plant in North Vancouver and conducted research and development of its products; the pilot plant was dismantled during the first 5 months of 2013 and the Company moved to a new facility in June 2013. TerraBioGen's new and larger research and development facility is located in Burnaby, British Columbia where product development and greenhouse trials are conducted. In addition, the facility houses a laboratory pilot line for production process development and to provide product for crop research and market development.

The Company is committed to research and development to continue to improve the effectiveness of its technologies, the quality of its products, and the creation of new product lines. Through collaborations with some of the leading agricultural institutes and organizations in North America and funding from the Canadian government's NRC-IRAP Program, TerraBioGen is developing and testing the active ingredients in its products that are responsible for the improved crop yields and suppression of disease. Further, the Company is taking steps to secure intellectual property rights to these active ingredients and to formulate them in order to fully commercialize their potential.

**TERRABIOGEN TECHNOLOGIES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

Overall Performance

The Company is a development company with minimal revenues to date from its activities.

Quarterly Financial Results

	2015			2014				2013
	Jan-Mar/15	Oct-Dec/14	July-Sept/14	Apr-Jun/14	Jan-Mar/14	Oct-Dec/13	July-Sept/13	Apr-Jun/13
	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q1 2014</u>	<u>Q4 2013</u>
Revenues	\$ 94	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198	\$ -
Loss before other income (expense)	(243,325)	(357,650)	(222,899)	(447,937)	(293,517)	(372,247)	(287,996)	(403,367)
Net finance expense	(625)	(582)	(896)	(856)	(466)	(753)	(2,206)	(1,389)
Gain on sale of assets		-	-	1,600	410	-	-	42,423
Net Income (Loss)	(243,950)	(358,232)	(223,995)	(447,193)	(293,573)	(373,000)	(290,172)	(362,333)
Net Income (Loss) per share (basic and diluted)	\$ (0.14)	\$ (0.21)	\$ (0.13)	\$ (0.27)	\$ (0.18)	\$ (0.23)	\$ (0.20)	\$ (0.24)
	<u>Mar. 31/15</u>	<u>Dec. 31/14</u>	<u>Sept.30/14</u>	<u>June 30/14</u>	<u>Mar. 31/14</u>	<u>Dec. 31/13</u>	<u>Sept.30/13</u>	<u>June 30/13</u>
Total assets	651,414	463,919	386,475	504,572	426,895	492,059	486,924	634,266
Long term liabilities	6,094	6,049	6,017	5,979	5,941	5,897	5,867	5,816

Breakdown of Expenses

	2015	2014
ADMINISTRATION:		
Wages and management fees	\$ 164,561	\$ 267,456
Depreciation	23,197	24,323
Accretion for provision for dismantling	114	125
Professional fees	3,743	22,508
Office expenses	82,286	86,150
Directors fees and expenses	10,838	10,103
Travel & entertainment	8,127	11,000
Regulatory fees	9,786	10,012
	<u>\$ 302,652</u>	<u>\$ 431,677</u>
RESEARCH AND DEVELOPMENT:		
Wages and benefits	\$ 219,965	\$ 176,918
Contractors	39,060	40,645
Growing trials	95,984	103,268
Rent and utilities	89,869	73,921
Impairment of property and equipment	-	32,989
Depreciation	58,039	79,261
Other expenses	39,061	44,774
Government assistance	(20,566)	(29,463)
	<u>\$ 521,412</u>	<u>\$ 522,313</u>

**TERRABIOGEN TECHNOLOGIES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED MARCH 31, 2015**

Comparison of the nine months ended March 31, 2015 to the nine months ended March 31, 2014

Following an expense reduction of almost \$437,000 in the fiscal year ended June 30, 2014, in part due to the closure of the company's North Vancouver plant, expenses have been reduced a further \$129,926 during the first nine months of the current year. Almost all of this reduction was in administration costs which declined by \$129,025.

The administration expense decrease was a combination of reductions from prior year costs of \$102,895 in wages and management fees from a temporary business development person and termination payments made to a former employee, and \$18,765 in professional fees due to reduced activity in the current year and higher legal costs in the prior year in connection with new articles for approval at the annual shareholders meeting. Research and development expenses decreased by \$901 which was primarily due to an impairment of property and equipment in 2014 of \$33,989 offset by an increase of \$43,047 in wages costs due to higher staffing levels.

During the nine months ended March 31, 2015, the Company incurred interest expenses of \$2,122 and earned interest income of \$15, resulting in a net loss for the current year of \$825,977 or \$0.49 per share. In the prior year, the Company incurred interest expenses of \$3,585, earned interest income \$222 and realized \$410 on the sale of equipment, resulting in a net loss for the nine months ended March 31, 2014 of \$956,745 or \$0.63 per share.

Comparison of the three months ended March 31, 2015 to the three months ended March 31, 2014

During the three months ended March 31, 2015, the Company recorded total expenses of \$243,515, compared to \$293,509 in the same period last year, a decrease of \$49,994. Administration costs declined by \$29,193 and research and development costs declined by \$20,801.

The administration expense decrease was almost entirely due to a reduction of \$27,474 in wages and management fees from a temporary business development person and termination payments made to a former employee.

The research and development expense decrease resulted from an increase of \$22,007 for wages, offset by reductions of \$7,412 in contractor fees and \$9,164 in depreciation on capital equipment; in addition, the Company recorded an impairment on a capital asset in 2014 of \$32,989..

During the three months ended March 31, 2015, the Company incurred interest expenses of \$625 and earned interest income of \$96, resulting in a net loss for the current quarter of \$243,950 or \$0.14 per share. In the prior year, the Company incurred interest expenses of \$493 and earned \$19 of interest income and a \$410 gain on the sale of an asset, resulting in a net loss for the three months ended March 31, 2014 of \$293,573 or \$0.18 per share.

Liquidity and Capital Resources

During the nine months ended March 31, 2015, the Company spent \$857,229 in cash on operating and investing activities, and generated \$1,049,340 from financing activities, for a net cash in-flow of \$192,111, resulting in a cash position of \$285,087 at March 31, 2015.

At March 31, 2015, the Company had total liabilities of \$356,774, a decrease of \$76,521 from June 30, 2014 primarily due to initial payments for 2014 growing trials. The Company had a working capital deficiency of \$37,935 compared to a deficiency of \$308,721 at June 30, 2014. There are no committed capital expenditures required to meet the Company's planned research and development efforts. The Company has a 4 year lease on its premises in Burnaby and the remaining commitment for rent and operating costs is \$130,490 in year 1 and \$153,505 for the remainder of the term.

The Company is dependent on cash from new financing activities in order to meet its obligations. Until the Company generates significant sales, it will be relying on new financing and any difficulty in raising new funds from these activities will have a significant impact on the Company's ability to operate. The Company anticipates that it will be able to raise new financing to cover its operating needs through private placements.

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Share Capital

As at May 27, 2015, the Company has 1,771,511 common shares issued and outstanding for a total of \$38,540,425 in share capital. There are 54,000 stock options outstanding exercisable at prices ranging from \$10.00 to \$75.00 and 397,123 warrants, all exercisable into common shares at an exercise price of \$12.00 per share.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Business Development

Over the past three years, the Company's primary focus has been conducting intensive research to identify and characterize the active ingredients under development. The research and development department has added additional staff and contract work and collaboration is being undertaken with leading universities as well as private companies. The Company is continuing an extensive growing trial program in 2015 in order to assess the efficacy of product formulations and delivery methods that will provide benefits to the grower and substantive return to the Company.

TerraBioGen is actively working on the further development, formulation and patenting of additional agriculturally bioactive compounds. The Company's growing trials over the next 12 months will focus on the formulation and delivery of these materials to a wide range of horticultural and agricultural crops.

Patents

In September 2013, the Company filed a provisional patent on one of its bioactive materials and conducted further growing trials during 2014 to gather supplemental data for final patent submissions. Based on trial data and ongoing research, and in the interest of improving the strength and expanding the scope of the claims, the company chose to refile the provisional patent in September 2014.

Transactions with Related Parties

During the nine months ended March 31, 2015, the Company paid fees of \$37,100 for accounting and financial services to a company controlled by an officer. In addition, directors receive a fee of \$200 for each meeting or committee meeting attended; directors' fees of \$9,600 were expensed during the nine months ended March 31, 2015, \$13,000 was paid to directors, and \$1,800 is owed to directors at March 31, 2015.

Critical Accounting Estimates and Judgments

The preparation of the consolidated financial statements requires management to make certain critical accounting estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. It also requires management to exercise judgment in applying the Company's accounting policies. Significant areas requiring the use of management estimates include the fair value of property and equipment, deferred income tax asset valuations, provision for dismantling, and fair value measurements for financial instruments and share-based compensation. Actual results could differ from those estimates.

Information about critical judgments that management has made in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include the going concern assessment, the recognition of deferred tax assets, the classification of financial instruments, the applicability of government assistance programs, and the determination of cash generating units for purposes of impairment testing.

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Changes in Accounting Policies

The following is an overview of an accounting standard change that the Company will be required to adopt in future years.

Effective for annual periods beginning on or after July 1, 2017:

New Standard IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IFRS issued IFRS 15. This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The standard applies to contracts with customers only.

The Company has not early adopted this revised standard and is currently assessing the impact it will have on the condensed consolidated financial statements.

Additional Information

Additional information about TerraBioGen Technologies Inc. can be found on SEDAR at www.sedar.com or on the Company's website at www.TerraBioGen.com.