

TRANSEASTERN POWER TRUST

Unaudited Condensed Interim Consolidated Financial Statements

As at and for the three and nine month periods ended September 30, 2015

(EXPRESSED IN CANADIAN DOLLARS)

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The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Trust's auditors.

TRANSEASTERN POWER TRUST

Condensed Interim Consolidated Statements of Financial Position

	<u>As at September 30, 2015</u>	<u>As at December 31, 2014</u>
ASSETS		
Current		
Cash	\$ 1,554,576	\$ 245,566
Trade and other receivables [note 4]	1,491,823	323,066
Green certificates [note 5]	360,134	131,106
Prepays and other assets	<u>361,022</u>	<u>44,415</u>
Total current assets	3,767,555	744,153
Restricted green certificates [note 5]	4,525,206	137,703
Restricted cash [note 11]	2,289,148	-
Other non-current assets	35,426	28,947
Property, plant and equipment, net [note 6]	<u>52,452,831</u>	<u>16,973,066</u>
Total assets	\$ 63,070,166	\$ 17,883,869
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities [note 7]	\$ 3,021,631	\$ 853,476
Due to related parties [note 8]	192,712	81,213
Debenture interest payable [note 9]	222,369	-
Distributions payable [note 10]	561,740	250,816
Acquisition instalment payments	36,606	1,369,097
Note payable [note 9]	-	600,000
Current portion of capital leases [note 9]	<u>2,694,146</u>	<u>-</u>
Total current liabilities	6,729,204	3,284,255
Milestone Units	1,322,478	531,879
Vendor take back loan [3]	760,973	-
Deferred tax liability [3]	620,227	129,653
Warrants [12]	594,475	-
Capital leases [note 9]	25,015,092	-
Debt Facility [note 9]	4,665,729	-
Convertible debentures [note 9]	<u>13,297,219</u>	<u>9,410,400</u>
Total liabilities	53,005,397	13,226,534
Unitholders' equity [note 12]	<u>10,064,769</u>	<u>4,657,335</u>
	\$ 63,070,166	\$ 17,883,869

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

TRANSEASTERN POWER TRUST

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

	Three month period ended September 30, 2015	Three month period ended September 30, 2014	Nine month period ended September 30, 2015	Period from February 4, 2014 to September 30, 2014
REVENUE				
Sale of electricity	\$ 220,371	\$ 95,999	\$ 527,568	\$ 116,374
Income from green certificates	1,320,378	34,291	1,850,837	34,291
	<u>1,540,749</u>	<u>130,290</u>	<u>2,378,405</u>	<u>150,665</u>
OPERATING EXPENSES				
Operating	632,605	33,840	1,273,273	47,512
Depreciation [note 6]	1,434,841	198,657	1,800,908	256,921
Cost of sales	<u>2,067,446</u>	<u>230,497</u>	<u>3,074,181</u>	<u>304,433</u>
General and administrative	256,040	413,637	887,014	777,132
Legal and professional	457,466	71,774	554,586	97,093
Milestone units	359,695	237,090	790,599	258,965
Transaction costs	214,437	2,233	214,437	2,516,909
Total operating expenses	<u>3,355,084</u>	<u>955,231</u>	<u>5,520,817</u>	<u>3,954,532</u>
Operating Loss	<u>1,814,335</u>	<u>826,941</u>	<u>3,142,412</u>	<u>3,803,867</u>
OTHER EXPENSES				
Fair value loss (gain) on Debentures [note 9]	(465,781)	(588,150)	1,886,819	(1,176,300)
Debenture interest [note 9]	222,369	220,556	663,482	300,309
Loss on settlements	948,019	-	948,019	-
Foreign exchange gains	17,802	(72,150)	16,978	26,510
Finance income	48,752	(2,757)	(5,176)	(4,769)
Finance cost	1,168,662	40,454	1,517,704	56,060
Loss before tax	<u>3,754,158</u>	<u>424,894</u>	<u>8,170,238</u>	<u>3,005,677</u>
Current income tax expense	-	4,451	-	9,585
Deferred income tax (recovery)	(53,543)	-	(43,590)	-
Loss for the period	<u>\$ 3,700,615</u>	<u>\$ 429,345</u>	<u>\$ 8,126,648</u>	<u>\$ 3,015,262</u>
Amounts to be recycled subsequently to profit and loss				
Foreign currency translation loss	<u>(2,437,819)</u>	<u>648,354</u>	<u>(2,319,984)</u>	<u>824,309</u>
Total comprehensive loss after tax	<u>\$ 1,262,796</u>	<u>\$ 1,077,699</u>	<u>\$ 5,806,664</u>	<u>\$ 3,839,571</u>
Loss per Trust Unit – basic and diluted	<u>\$ 0.17</u>	<u>\$ 0.04</u>	<u>\$ 0.53</u>	<u>\$ 0.52</u>
Weighted average number of Trust Units outstanding – basic and diluted	<u>22,331,192</u>	<u>11,119,967</u>	<u>15,314,113</u>	<u>5,830,035</u>

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

TRANSEASTERN POWER TRUST

Unaudited Condensed Interim Consolidated Statements of Unitholders' Equity

	<u>Trust Units</u>		Deficit	Accumulated Comprehensive Loss – Foreign Currency Translation	Unitholders' Equity
	Number	Value			
February 4, 2014	15	\$ 15	\$ -	-\$	15
Net loss	-	-	-	-	-
March 31, 2014	15	15	-	-	15
Issuance of Trust Units [note 12]	11,045,785	9,234,508	-	-	9,234,508
Net loss	-	-	(2,585,917)	-	(2,585,917)
Other comprehensive loss	-	-	-	(175,955)	(175,955)
Distributions to Unitholders'	-	-	(90,023)	-	(90,023)
June 30, 2014	11,045,800	\$ 9,234,508	\$ (2,675,940)	\$ (175,955)	\$ 6,382,628
Distribution Reinvestment Plan [note 12]	88,615	71,556	-	-	71,556
Net loss	-	-	(429,345)	-	(429,345)
Foreign currency translation	-	-	-	(648,354)	(648,354)
Distributions to Unitholders	-	-	(246,071)	-	(246,071)
September 30, 2014	11,134,4150	9,306,079	(3,351,356)	(824,309)	5,130,414

TRANSEASTERN POWER TRUST

Unaudited Condensed Interim Consolidated Statements of Unitholders' Equity

	Trust Units		Deficit	Accumulated Comprehensive Loss – Foreign Currency Translation	Unitholders' Equity
	Number	Value			
December 31, 2014	11,349,122	\$ 9,539,427	\$(3,765,906)	\$(1,116,186)	\$ 4,657,335
Distribution Reinvestment Plan [note 12]	206,492	176,551	-	-	176,551
Net loss	-	-	(2,070,671)	-	(2,070,671)
Other comprehensive loss	-	-	-	(139,438)	(139,438)
Distributions to Unitholders	-	-	(249,312)	-	(249,312)
March 31, 2015	11,555,614	9,715,978	\$(6,085,889)	\$(1,255,624)	2,374,465
Distribution Reinvestment Plan [note 12]	209,727	199,241	-	-	199,241
Issuance of Trust Units [note 12]	1,011,410	1,007,000	-	-	1,007,000
Net loss	-	-	(2,355,362)	-	(2,355,362)
Other comprehensive loss	-	-	-	21,603	21,603
Distributions to Unitholders	-	-	(279,491)	-	(279,491)
June 30, 2015	12,776,751	\$ 10,922,219	\$(8,720,742)	\$(1,234,021)	\$ 967,456
Distribution Reinvestment Plan [note 12]	255,850	206,599	-	-	206,599
Issuance of Trust Units [note 12]	12,646,921	11,427,560	-	-	11,427,560
Issuance of warrants	-	(594,475)	-	-	(594,475)
Net loss	-	-	(3,700,615)	-	(3,635,129)
Other comprehensive loss	-	-	-	2,319,984	2,254,498
Distributions to Unitholders	-	-	(561,740)	-	(561,740)
September 30, 2015	25,679,522	21,961,903	\$(12,983,097)	1,085,963	10,064,769

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

TRANSEASTERN POWER TRUST

Unaudited Condensed Interim Consolidated Statements of Cash Flows

	Three month period ended September 30,	Three month period ended September 30,	Nine month period ended September 30,	Period from February 4, 2014 to September 30, 2014
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES				
Loss for the period	\$ (3,700,615)	\$ (429,345)	\$ (8,126,648)	\$ (3,015,262)
Add items related to financing activities				
Transaction costs related to Debentures	-	-	-	1,890,725
Fees settled with Trust Units	392,157	-	584,157	-
Accretion expense	91,961	30,197	123,151	30,197
Add (deduct) items not affecting cash				
Fair value loss (gain) on Debentures [note 8]	(465,781)	(588,150)	1,886,819	(1,176,000)
Depreciation	1,434,841	198,657	1,800,908	256,921
Loss on settlements of debt	948,019	-	948,019	-
Foreign exchange gains	824	(72,150)	-	26,510
Deferred income tax recovery	(48,944)	4,451	(48,944)	9,585
Milestone Units	359,695	237,090	790,599	258,965
Changes in non-cash working capital	(1,061,286)	(186,913)	(275,686)	159,599
Cash used in operating activities	(2,049,129)	(806,163)	(2,317,625)	(1,559,060)
INVESTING ACTIVITIES				
Acquisitions (net of cash acquired)	(5,583,588)	-	(5,583,588)	(16,842,087)
Additions to property, plant and equipment	(103,243)	-	(54,258)	(6,596)
Cash used in investing activities	(5,686,831)	-	(5,637,846)	(16,848,683)
FINANCING ACTIVITIES				
Distributions paid [note 10]	(72,892)	(18,467)	(197,227)	(18,467)
Interest paid on debentures	-	(79,753)	(441,113)	(79,753)
Repayment of vendor take back loan	(872,820)	-	(872,820)	-
Capital leases	(791,467)	-	(791,467)	-
Debt facility	4,665,729	-	4,665,729	-
Issuance of Debentures [note 10]	-	-	-	9,872,275
Issuance of Trust Units, net [note 11]	4,912,537	-	5,727,537	9,234,508
Cash provided by financing activities	7,841,087	(98,220)	8,090,639	19,008,563
Effect of currency translation	1,318,790	16,919	1,173,842	(4,451)
Net (decrease)/increase in cash during the period	1,423,917	(887,464)	1,309,010	596,369
Cash, beginning of period	130,659	1,483,848	245,566	15
Cash, end of period	1,554,576	596,384	1,554,576	596,384
Supplemental information:				
Cash paid for interest	\$ 83,334	\$ 18,467	\$ 524,447	\$ 18,467
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -

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

TRANSEASTERN POWER TRUST

Notes to Unaudited Condensed Interim Consolidated Financial Statements

1. Nature and Description of the Trust and Going Concern

(a) Nature and Description of the Trust

Transeastern Power Trust (“Transeastern” or the “Trust”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario that, through its subsidiaries, generates and sells electricity to licensed electricity buyers in Romania through its portfolio of hydro-electric generation facilities comprised of 11 run-of-river hydroelectric power plants with total capacity of over 5.1 MW (the “Hydro Projects”) and two photovoltaic solar power production plants with a total capacity of over 16 MWp (the “Solar Projects”, and together with the Hydro Projects, the “Projects”). All of the power production facilities are located in Romania.

The Trust directly and indirectly owns all of the membership rights of Transeastern Power Coöperatief U.A. (“Netherlands Parent”), which owns all of the issued and outstanding shares of Transeastern Power B.V. (“Netherlands Holdco” and, together with the Netherlands Parent, the “Netherlands Subsidiaries”). The Netherlands Subsidiaries jointly own, directly or indirectly, 100% of five Romanian subsidiaries which hold the Romanian hydroelectric power projects, two Romanian subsidiaries that hold the Romanian photovoltaic solar power production plants and a Romanian subsidiary that acts as a management company for the Romanian operations.

Equity Financial Trust Company (the “Trustee”), trustee of Transeastern, has delegated most of its powers and duties relating to the operations and governance of Transeastern to Transeastern Power Administrator Inc. (the “Administrator”) pursuant to an Administrative Services Agreement dated February 4, 2014. All of the shares of the Administrator are owned by Transeastern Management Inc. (the “Administrator Shareholder”), all of the shares of which are owned by Mr. Eadie, the Chief Executive Officer and Mr. Sood, the Chairman of the Administrator, and are subject to the terms of a unanimous shareholders agreement dated May 28, 2014.

Transeastern qualifies as a “mutual fund trust” and not a “SIFT trust” (each as defined in the Tax Act) in accordance with the restrictions set forth in the Trust Indenture. The Administrator is responsible for monitoring Transeastern’s investments and holdings of property to ensure Transeastern is not at any time a “SIFT trust” and does not hold any “non-portfolio property”.

The principal head and registered office of each of Transeastern, the Administrator, the Administrator Shareholder and Transeastern’s Canadian subsidiaries are located at Suite 1800, 181 Bay Street, Toronto, Ontario, Canada. References to Transeastern herein include reference to the applicable subsidiary where appropriate.

b) Going concern

These financial statements are prepared under the going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. While management considers that the preparation of the financial statements under the going concern basis is appropriate, there is significant doubt about the Trust's ability to continue as a going concern as the Trust has a working capital deficiency of \$2,961,649 as at September 30, 2015, an accumulated deficit of \$12,983,097 as at September 30, 2015 and for the nine month period ended September 30, 2015, the Trust incurred a loss of \$8,126,648. The Trust's ability to continue as a going concern is dependent upon the Trust's ability to raise additional capital through equity and/or debt financings and achieve profitable

operations. Should the Trust be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

In order to secure additional working capital, on October 28, 2015, the Trust closed the plan of arrangement whereby it acquired all of the shares of Mediterranean Resources Inc. (“Mediterranean”) through a wholly-owned subsidiary of Transeastern through the issuance of Trust Units and warrants. This transaction resulted in additional cash of \$3.49 million for the Trust. See “Subsequent Events” described in Note 14 below. The Trust believes that this transaction and increased revenues from operations will provide sufficient cash flow for it to continue as a going concern in its present form for the foreseeable future, however, there can be no assurances that future revenues from operations will increase. Accordingly, the financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Trust be unable to continue as a going concern.

The volume of energy produced by the Projects is seasonal and depends on water flows and sunshine. Under normal circumstances of operations, no disruptions are foreseen. However there are uncertainties that may arise due to the Project’s dependence on hydrology, water flows and sufficient sunshine.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34 (“Interim Financial Reporting”) and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2014 which have been prepared in accordance with IFRS.

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting. All amounts are expressed in Canadian dollars.

These unaudited condensed interim consolidated financial statements were approved by the board of directors of the Administrator on November 27, 2015.

b) Significant Accounting Policies

These unaudited condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Trust’s most recent annual financial statements for the year ended December 31, 2014. The Trust has consistently applied the same accounting policies throughout all periods presented.

c) Significant Accounting Judgements, Estimates and Assumptions

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in these unaudited condensed interim consolidated financial statements, including the key sources of estimation

uncertainty were the same as those applied in the Trust’s latest audited annual financial statements for the year ended December 31, 2014.

d) Basis of consolidation

These unaudited condensed interim consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved when the Trust is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

e) Future accounting policies

There have been no additional accounting pronouncements by the International Accounting Standards Board (IASB) beyond what is described in our annual financial statements impacting these unaudited condensed interim consolidated financial statements except that IFRS 15, Revenue from Contracts from Customers is mandatorily applicable for years beginning on or after January 1, 2017; however the IASB has voted to delay this mandatory application date by one year.

3. ACQUISITION OF ROMANIAN SOLAR PROJECTS

On July 24, 2015, the Trust acquired the Solar Projects, being 100% of the shares of two Romanian photovoltaic solar power production companies, SC Corabia Solar SRL (“Corabia”) and SC Power L.I.V.E. One SA (“Power LIVE”) for a total purchase price (net of assumed debt) of approximately €9.0 million (approximately \$12.7 million) payable by way of approximately €4.17 million (approximately \$5.88 million) cash and the remainder in Trust Units at a deemed price of \$1.00 per unit. The Solar Projects are fully operational and have a total capacity of over 16 MWp. The plants have been in production for over two years and have performed consistently over that timeframe.

Acquisition of Corabia

The acquisition price for Corabia was \$5,198,465, consisting of a cash payment of \$2,435,006, the issuance of \$2,431,194 of Trust Units and a vendor take back loan of \$332,265 due two years from close of the acquisition.

The transaction will be accounted for using the acquisition method as set out in IFRS 3 “Business Combinations”. The net assets acquired have been preliminarily fair valued based on the assets and liabilities of Corabia as follows:

Assets Acquired

Working capital	\$	(273,098)
Property, plant and equipment		14,723,391
Green certificates		1,458,728
Deferred tax		(52,660)
Restricted cash		942,328
Capital lease		(11,600,224)
Net assets acquired	\$	<u>5,198,465</u>

Consideration

Cash	\$	2,435,006
Units		2,431,194
Vendor take back loan		332,265
Total consideration	\$	<u>5,198,465</u>

Acquisition of Power LIVE

The acquisition price for Power LIVE was \$7,134,122, consisting of a cash payment of \$3,362,627, the issuance of \$3,359,171 of Trust Units and a vendor take back loan of \$412,324 due two years from close of the acquisition.

The transaction will be accounted for using the acquisition method as set out in IFRS 3 ‘‘Business Combinations’’. The net assets acquired have been preliminarily fair valued based on the assets and liabilities of Power LIVE as follows:

Assets Acquired

Working capital	\$	(251,768)
Property, plant and equipment		20,395,028
Green certificates		2,010,284
Deferred tax		(486,857)
Restricted cash		1,257,643
Capital lease		(15,790,208)
Net assets acquired	\$	<u>7,134,122</u>

Consideration

Cash	\$	3,362,627
Trust Units		3,359,171
Vendor take back loan		412,324
Total consideration	\$	<u>7,134,122</u>

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Trade receivables	\$ 951,587	\$ 61,143
VAT receivable	284,938	131,923
HST receivable	94,094	130,000
Other taxes receivable	161,204	
Total	<u>\$ 1,491,823</u>	<u>\$ 323,066</u>

5. GREEN CERTIFICATES

Pursuant to applicable Romanian legislation, new hydro plants with production capacity of less than

10MW that commenced operations before January 1, 2014, such as its Rott Hydro Project (“Rott”), are entitled to receive three green certificates for each one MW of energy production that enters the Romanian power grid, with one green certificate restricted from trading until March 31, 2017. Projects with production capacity of less than 10MW that were accredited after January 1, 2014, such as its Zagra Hydro Project (“Zagra”), are entitled to receive 2.3 green certificates for each one MW of energy production that enters the Romanian power grid, none of which are restricted from trading. Refurbished hydro projects with capacity of less than 10MW, such as its Suha Hydro Project (“Suha”), are entitled to receive two green certificates for each 1 MW of energy production that enters the Romanian power grid, none of which are restricted from trading.

The Trust is entitled to receive six tradable green certificates for each 1 Mw of production from its Solar Projects with two green certificates restricted from trading until March 31, 2017. The tradable GC are usually sold in less than one year.

Prior to the acquisition of Rott, the previous owner received financial support from the government. Under applicable Romanian legislation, an energy producer that benefits from the support mechanism of green certificates and that receives additional state support may have its entitlement to green certificates reduced until the support amounts are paid back in kind via a reduction in green certificates issued. Currently, Rott’s entitlement has been reduced by 1.04 green certificates.

As at September, 30, 2015, the Trust has recognized tradeable green certificates of \$360,134 (December 31, 2014: \$131,106) and restricted green certificates of \$4,525,206 (December 31, 2014: \$137,703).

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & Equipment	Furniture & Fixtures	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at December 31, 2014	296,065	10,317,976	5,038,928	23,076	1,725,371	17,401,416
Additions	-	11,099	40,966	2,193	-	54,258
Assets acquired in Acquisition	381,142	10,168,234	24,569,043	-	-	35,118,419
Effect of foreign currency translation	29,362	1,079,607	808,463	1,872	139,969	2,059,273
Balance at September 30, 2015	706,569	21,576,916	30,457,400	27,141	1,865,340	54,633,366
Accumulated depreciation						
Balance at December 31, 2014	-	(222,685)	(204,136)	(1,529)	-	(428,350)
Depreciation expense	-	(653,760)	(1,144,922)	(2,226)	-	(1,800,908)
Effect of foreign currency translation	-	16,750	31,881	92	-	48,723
Balance at September 30, 2015	-	(859,695)	(1,317,177)	(3,663)	-	(2,180,535)

Net book value at December 31, 2014	296,065	10,095,291	4,834,792	21,547	1,725,371	16,973,066
Net book value at September 30, 2015	706,569	20,717,221	29,140,223	23,478	1,865,340	52,452,831

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2015	December 31, 2014
Accounts payable	\$ 2,856,582	\$ 635,297
Salaries and related contributions due	5,157	5,394
Taxes payable	46,320	34,427
Other payables	38,572	51,090
Accrued liabilities	75,000	127,268
	<u>\$ 3,021,631</u>	<u>\$ 853,476</u>

8. RELATED PARTY TRANSACTIONS

Apart from the transactions disclosed elsewhere in these unaudited condensed interim consolidated financial statements, all transactions are in the normal course of business and are recorded at the exchange value agreed to by the related parties. Inter-company transactions and balances are eliminated upon consolidation.

Key management of the Trust consists of members of the board of directors and officers of the Trust and Administrator. During the period ended September 30, 2015, the Trust expensed \$305,830 of salaries and benefits to the officers of the Trust in addition to \$52,500 in directors' fees.

As at September 30, 2015, the Trust has amounts payable of \$192,712 to related parties consisting of advances to the Trust as well as reimbursement of payments of expenses incurred on behalf of the Trust by the Executive Chairman and the CEO. These advances are non-interest bearing and due on demand.

9. DEBT

Convertible Debentures

On May 28, 2014, the Trust issued 11,763 7.5% unsecured convertible debentures (the "Debentures") as part of its initial public offering at a price of \$1,000 per Debenture for proceeds of \$11,763,000. Transaction costs related to the issuance of the Debentures of \$1,890,725 were expensed. The Debentures bear an interest rate of 7.5% and mature on May 28, 2019 and have interest payable semi-annually. The outstanding principal under the Debentures may, at the option of the holder, be converted into Trust Units at a conversion rate of 800 Trust Units per \$1,000 of the principal amount of the Debentures.

During the nine month period ended September 30, 2015, the Trust issued Debentures in the aggregate principal amount of \$2,000,000 towards settlement of outstanding secured debt.

The principal amount of the Debentures is payable at maturity in cash or, at the Trust's option and subject to satisfaction of certain conditions, by delivery of Trust Units or a combination of cash and Trust Units.

For the three and nine months ended September 30, 2015, the Trust recorded interest expense of \$222,369 and \$663,482, respectively, on the Debentures and recognized a mark-to-market gain of \$465,781 for the three months ended September 30, 2015 and a mark-to market loss of \$1,886,819 for the nine months ended September 30, 2015.

Note Payable

On December 1, 2014, the Trust entered into a \$600,000 short term secured debt financing arrangement in the form of a promissory note (the “Note Payable”), maturing on February 1, 2015. The Note Payable carries interest of 6% per annum, payable upon maturity and a 10% upfront structuring fee. The Trust and the holder of the Note Payable extended the maturity date of the Note Payable below.

The Trust and the holder of the Note Payable negotiated a second extension agreement which extended the repayment terms to the earlier of June 30, 2015 and the moment that is immediately prior to the closing of the secured debt facility.

In exchange for both the extension of the maturity date and the Trust’s right to settle the obligations under the Note Payable with Debentures, the Trust agreed to an additional fee of \$300,000, which the holder agreed to settle by way of an issuance of Subscription Receipts as described in note 12 – Trust Units.

During the nine month period ended September 30, 2015 the Trust accrued \$20,712 (September 30, 2014: nil) in interest related to the Note Payable. At September 30, 2015, interest payable on the Note Payable totaled nil (December 31, 2014: \$2,268).

During the nine month period ended September 30, 2015, the Trust settled the Note Payable and related interest of \$22,981 with the issuance of \$300,000 of Trust Units and Debentures in the principal amount of \$1,000,000. As a result of this settlement the Trust recorded a loss on settlement of \$677,019.

Debt Facility

The Trust has a \$5 million debt facility with Sprott Resource Lending Partnership (the “Sprott Debt Facility”). The Sprott Debt Facility accrues interest at a rate of 10% per annum, compounded monthly. It has a two year term and is pre-payable at the Trust’s option without penalty provided six months’ interest has been paid. It is guaranteed by certain of the Trust’s subsidiaries and is secured against the Hydro Projects.

Capital Leases

In connection with the acquisition of the Solar Projects, the Trust assumed leasing contracts with Unicredit Leasing Corporation IFN SA which were initially entered into for the purpose of financing the construction of the photovoltaic solar plants. The interest rate on the leasing contracts is 7% until the end of 2015 escalating to 8.5% for the remaining years until maturity in 2023. At the end of the contract, the ownership of the photovoltaic plants passes to the Trust for nominal consideration.

At September 30, 2015, the discounted balance of the capital lease facilities is \$27,709,238. The following is a summary of the stated scheduled future minimum payments under the Trust's capital lease and term loan obligations as at September 30, 2015 (in thousands):

Within 1 year	\$4,522
1-5 years	23,609
Later than 5 years	<u>9,461</u>
Total	\$37,592

10. DISTRIBUTIONS PAYABLE

The Trust declared distributions as follows:

	September 28, 2015	July 6, 2015 ⁽¹⁾	March 31, 2015	December 31, 2014
Record date				
Payment date	October 15, 2015	July 15, 2015	April 15, 2015	January 13, 2015
Distributions declared	\$561,739	\$279,491	\$ 249,312	\$ 250,816
Distribution reinvestment plan	291,709	206,599	199,241	176,552
Cash distribution	<u>\$ 270,030</u>	<u>\$ 72,892</u>	<u>\$ 50,071</u>	<u>\$ 74,264</u>

Trust Units issued pursuant to reinvestment plan	330,174	255,850	209,727	206,492
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On an annualized basis, the current distribution is equal to \$0.0875 per Trust Unit or a 8.75% yield based on a \$1.00 price per Trust Unit.

Note:

(1) Distribution was approved by the board of directors of the Administrator on June 23, 2015.

11. RESTRICTED CASH

Restricted cash at September 30, 2015 of \$2,289,148 consists of debt service reserve accounts relating to

letters of guarantee issued on the capital leases. These funds are restricted subject to full repayment of the capital leases.

12. EQUITY

Trust Units

On May 28, 2014, the Trust issued 11,045,800 Trust Units as part of its initial public offering at a price of \$1.00 per Trust Unit for proceeds of \$9,272,042 which is net of \$1,773,743 in transaction costs.

During the year ended December 31, 2014, the Trust issued 303,322 Trust Units to settle distributions payable of \$267,370 pursuant to the Trust's distribution reinvestment plan.

During the nine month period ended September 30, 2015, the Trust:

- i. Issued 5,995,194 Trust Units pursuant to the satisfaction of applicable escrow release conditions related to the Subscription Receipts issued by the Trust on June 23, 2015 (the 'Subscription Receipts') for net proceeds of \$4,912,538 which is net of \$1,287,656 in transaction costs;
- ii. Issued 32,500 Trust Units valued at \$32,500 for prepaid investor relation services;
- iii. Issued 392,157 Trust Units valued at \$392,157 as a bonus payment on the Sprott Debt Facility;
- iv. Issued 6,812,194 Trust Units valued at \$5,790,365 to acquire the Solar Projects;
- v. Issued 209,727, 255,850 and 206,492 Trust Units to settle first and second quarter of 2015 and fourth quarter 2014 distributions payable of \$199,241, \$206,599 and \$176,551, respectively, pursuant to the Trust's distribution reinvestment plan;
- vi. Issued 192,000 Trust Units to settle agent and finder fees in connection with issuance of the Subscription Receipts;
- vii. Issued 29,410 Trust Units at \$0.85 per Trust Unit pursuant to the Trust's Unit purchase plan for gross cash proceeds of \$25,000; and
- viii. Issued 205,000 Trust Units at \$1.00 per Trust Unit pursuant for gross cash proceeds of \$205,000.

Restricted Trust Units

On March 31, 2015, the Trust issued 150,000 restricted trust units (the "RTUs") as compensation to a third party consultant for services, of which 75,000 RTUs vested on issuance and the remaining 75,000 RTUs vested on June 30, 2015. The RTUs can be settled in either cash or by issuing Trust Units, at the option of the Trust, pursuant to the Trust's RTU plan. Additionally, the Trust issued 75,000 RTU's to non-executive board members in lieu of cash payment of board fees.

Warrants

As a result of the satisfaction of applicable escrow release conditions by the Trust, the Subscription Receipts each automatically converted into one Unit and one Warrant for no additional consideration. Each Warrant entitles the holder thereof to acquire one Unit for a period of 36 months from the date of issuance at an exercise price of \$1.00 per Unit. The Warrants contain an acceleration provision providing that if, after November 25, 2015, the closing price of the Units on the TSX Venture Exchange is higher than \$1.50 for 20 consecutive trading days, then on the 20th consecutive trading day (the "Acceleration

Trigger Date”) the expiry date of the Warrants will be accelerated to the 10th business day after the Acceleration Trigger Date. A total of 5,995,194 Warrants were issued in connection with the closing of the Subscription Receipts . In addition, in respect of agent and finder fees, 218,942 non-transferable broker warrants, containing the same terms as the Warrants were issued.

13. SEGMENT INFORMATION

In accordance with IFRS 8, “Operating Segments,” the Trust has identified the following operating segments: (i) three hydroelectric run of river companies (located in Romania) which consists of Rott, Zagra and Suha; (ii) two Solar Projects (located in Romania) which consist of Corabia and Power LIVE; and (iii) Corporate Overhead which includes the management of the Hydro and Solar Projects (located in Romania) and corporate costs for administration of the Trust (located in Canada). The operating segments have been identified based upon the nature of operations and technology used in the generation of electricity. The Trust analyzes the performance of its operating segments based on their operating income (loss), which is defined as revenue less operating expenses.

a) Segmented Profit (Loss)

Profit (loss) by segment for the nine month period ended September 30, 2015 is as follows:

	Hydro Projects	Solar Projects	Corporate Overhead	Total
Revenue	\$ 948,160	\$ 1,430,245	\$ -	\$ 2,378,405
Operating	1,025,941	247,333	-	1,273,273
Depreciation	565,807	1,235,100	-	1,800,908
Expenses	-	-	2,446,636	2,446,636
Operating (loss)	<u>643,588</u>	<u>52,188</u>	<u>2,446,636</u>	<u>3,142,412</u>
Profit (loss) for the period	<u>\$ 684,937</u>	<u>\$ 430,051</u>	<u>\$ 7,011,660</u>	<u>\$ 8,126,648</u>

Inter-segment charges are eliminated upon consolidation.

b) Segment Assets and Liabilities

	As at September 30, 2015	As at December 31, 2014
Assets		
Hydro Projects	\$ 18,637,030	\$ 17,601,026
Solar Projects	42,610,298	-
Corporate	1,822,838	282,843
Total assets	<u>\$ 63,070,166</u>	<u>\$ 17,883,869</u>
Liabilities		
Hydro Projects	\$ 558,899	\$ 1,789,725
Solar Projects	29,800,407	-
Corporate	22,646,091	11,436,809
Total liabilities	<u>\$ 53,005,397</u>	<u>\$ 13,226,534</u>

14. SUBSEQUENT EVENTS

On October 28, 2015 the Trust received a final court order and closed the plan of arrangement whereby Mediterranean was acquired by a wholly-owned subsidiary of Transeastern (the “Transaction”). Pursuant to the terms of the Arrangement Agreement, holders of Common Shares in the Capital of Mediterranean (“Mediterranean Shares”) received for each Mediterranean Share: (a) 0.247 Trust Units; and (b) 0.247 transferable purchase warrants, with each whole warrant (each, a “Transeastern Warrant”) enabling the holder thereof to acquire one whole Trust Unit at a price of \$1.00 per Trust Unit for a period of 36 months, subject to certain acceleration provisions. As a result of the acquisition of Mediterranean, the Trust has issued a total of 4,156,812 Trust Units and 4,156,812 Transeastern Warrants.