

Interim Financial statements of

Greenbriar Capital Corp.

June 30, 2011

UNAUDITED INTERIM FINANCIAL STATEMENTS

PREPARED BY MANAGEMENT

The accompanying financial statements of Greenbriar Capital Corp., comprised of the Interim Statement of Financial Position as at June 30, 2011 and the Interim Statement of Comprehensive Loss, Interim Statement of Cash Flows and Interim Statement of Changes in Equity for the three and six month periods ended June 30, 2011 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

Greenbriar Capital Corp.

June 30, 2011

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GREENBRIAR CAPITAL CORP

Interim Statement of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
		\$	\$	\$	\$
Expenses					
Accounting		8,371	-	21,129	-
Audit and tax		1,750	1,750	6,500	3,500
Bank charges		128	5	155	32
Foreign exchange		731	-	731	-
Legal		273	1,798	1,380	6,106
Office		106	-	106	-
Public company fees		2,049	4,595	6,812	10,691
Travel		-	-	250	-
		13,408	8,148	37,063	20,329
Net loss and comprehensive loss		(13,408)	(8,148)	(37,063)	(20,329)
Basic and diluted loss per common share	3e	(0.00)	(0.00)	(0.01)	(0.00)
Weighted average number of common shares outstanding - basic and diluted		6,148,375	6,148,375	6,148,375	6,148,230

GREENBRIAR CAPITAL CORP

Interim Statement of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

		As at June 30,	As at December 31,	January 1, 2010 (note 2(b))
	Notes	2011	2010	2010
		\$	\$	\$
Assets				
Current assets				
Cash		190,208	323,780	350,495
Prepaid expense		2,600	-	-
Refundable tax credits		13,694	290	2,218
		206,502	324,070	352,713
<hr/>				
Deposits		109,680	-	-
		316,182	324,070	352,713
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Liabilities				
Current liabilities				
Accounts payable		34,726	1,551	534
Accrued liabilities		3,500	7,500	7,350
		38,226	9,051	7,884
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Shareholders' equity				
Share capital	3	390,614	390,614	390,213
Contributed surplus	3d	36,175	36,175	36,187
Warrants	4	13,249	13,249	13,388
Deficit		(162,082)	(125,019)	(94,959)
		277,956	315,019	344,829
		316,182	324,070	352,713

Continuing operations

Approved by the Directors

(signed) Jeffrey Ciachurski

Jeffrey Ciachurski, Director

(signed) John Wardlow

John Wardlow, Director

GREENBRIAR CAPITAL CORP

Interim Statement of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
		\$	\$	\$	\$
Operating activities					
Net loss		(13,408)	(8,148)	(37,063)	(20,329)
Item not involving cash					
Foreign exchange unrealized		61	-	61	-
		(13,347)	(8,148)	(37,002)	(20,329)
Change in non-cash working capital					
Accounts payable		1,119	1,805	33,114	1,997
Accrued liabilities		1,750	1,750	(4,000)	(3,850)
Prepaid expenses		1,300	1,250	(2,600)	(2,500)
Refundable tax credits		(9,970)	401	(13,404)	1,970
		(19,148)	(2,942)	(23,892)	(22,712)
Investing activities					
Qualifying transaction land deposit		(28,188)	-	(28,188)	-
		(28,188)	-	(28,188)	-
Financing activities					
Shares and warrants issued for cash		-	-	-	250
Qualifying transaction share issuance deposit		(81,492)	-	(81,492)	-
		(81,492)	-	(81,492)	250
Net cash (outflow) inflow		(128,828)	(2,942)	(133,572)	(22,462)
Cash position, beginning of period		319,036	330,975	323,780	350,495
Cash position, end of period		190,208	328,033	190,208	328,033
Supplementary information:					
Cash paid during the period for interest		-	-	-	-
Cash paid during the period for income taxes		-	-	-	-

GREENBRIAR CAPITAL CORP
Interim Statement of Changes in Equity

(Expressed in Canadian dollars)
(Unaudited)

	Common shares		Contributed surplus	Warrants	Accumulated Deficit	Total shareholders' equity
	Number	Amount				
Balance at December 31, 2009	6,145,750	390,213	36,187	13,388	(94,959)	344,829
Shares issued for:						
Exercise of warrants at \$0.10	2,625	401	(12)	(139)	-	250
Net loss and comprehensive loss for the period	-	-	-	-	(20,329)	(20,329)
Balance as at June 30, 2010	6,148,375	390,614	36,175	13,249	(115,288)	324,750
Balance at December 31, 2010	6,148,375	390,614	36,175	13,249	(125,019)	315,019
Net loss and comprehensive loss for the period	-	-	-	-	(37,063)	(37,063)
Balance at June 30, 2011	6,148,375	390,614	36,175	13,249	(162,082)	277,956

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

1. Continuing operations

Greenbriar Capital Corp. (the "Company") was incorporated on April 2, 2009 under the laws of British Columbia. It is a capital pool corporation, and accordingly, its principal purpose is to use its capital to investigate and find a business to acquire as their qualifying transaction under the rules of the TSX Venture Exchange ("TSX-V"). The Company's registered office is located at Suite 1326 – 885 W Georgia Street, Vancouver, British Columbia, V6C 3E8.

The Company is classified as a capital pool company as defined pursuant to the TSX Venture Exchange Policy 2.4. The Company proposes to identify and evaluate corporations, businesses or assets for acquisition, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder and regulatory approval (note 8). The long-term future of the Company is dependent upon the completion of a qualifying transaction within 24 months of listing on the TSX-V which occurred on September 18, 2009, and ultimately achieving profitable operations.

The financial statements were authorized by the Board of Directors on August 26, 2011.

2. Significant accounting policies

(a) *Basis of presentation*

These interim financial statements are unaudited and have been prepared in accordance with IAS 34 '*Interim Financial Reporting*' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's second IFRS interim financial statements for part of the period covered by the Company's first IFRS annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its annual and interim financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

As these are the Company's second IFRS interim financial statements in accordance with IFRS, the Company's disclosure exceeds the minimum required under IAS 34. The Company has elected to exceed the minimum requirements in order to present the Company's accounting policies in accordance with IFRS.

The interim financial statements have been prepared on the historical cost basis. The comparative figures presented in these interim financial statements are in accordance with IFRS and have not been audited in conformity with IFRS. All information is stated in Canadian dollars unless otherwise stated and are prepared in accordance with the following significant accounting policies:

(b) *First Time Adoption of IFRS*

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 '*First-time Adoption of International Financial Reporting Standards*', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company is not applying any exemptions on first-time adoption of IFRS.

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

(b) First Time Adoption of IFRS (continued)

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption of IFRS has not changed the Statement of Financial Position, Statement of Comprehensive Loss, Statement of Changes in Equity and Statement of Cash Flows as previously reported under GAAP. No transitional adjustments were made when converting from GAAP to IFRS.

Statement of Financial Position Reconciliation

	As at January 1, 2010 (Date of transition)		
	Canadian GAAP	Effects of transition to IFRS	IFRS Opening
	\$	\$	\$
Assets			
Cash	350,495	-	350,495
Refundable tax credit	2,218	-	2,218
	352,713	-	352,713
Liabilities			
Accounts payable	534	-	534
Accrued liabilities	7,350	-	7,350
	7,884	-	7,884
Shareholders' equity			
Share capital	390,213	-	390,213
Contributed surplus	36,187	-	36,187
Warrants	13,388	-	13,388
Deficit	(94,959)	-	(94,959)
	344,829	-	344,829
	352,713	-	352,713

(c) Adoption of new and revised standards and interpretations

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2011:

- IFRS 7 (Amendment) Enhanced disclosure on transfer of financial assets ⁽ⁱ⁾
- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets ^(iv)
- IFRS 10 New standard to establish principles for the presentation and preparation of consolidated financial statements when an entity controls multiple entities ⁽ⁱⁱ⁾
- IFRS 11 New standard to account for the rights and obligations in accordance with joint agreement ⁽ⁱⁱ⁾
- IFRS 12 New standard for the disclosure of interests in other entities not within the scope of IFRS 9/IAS 39 ⁽ⁱⁱ⁾
- IFRS 13 New standard on the measurement and disclosure of fair value ⁽ⁱⁱ⁾
- IAS 1 (Amendment) Presentation of other comprehensive income ⁽ⁱⁱⁱ⁾
- IAS 28 (Amendment) New standard issued that supersedes IAS 28 (2003) to prescribe the accounting for investments in associates and joint ventures ⁽ⁱⁱ⁾

i. Effective for annual periods beginning on or after July 1, 2011

ii. Effective for annual periods beginning on or after January 1, 2013

iii. Effective for annual periods beginning on or after July 1, 2012

iv. Effective for annual periods beginning on or after January 1, 2013, current proposal to delay until 2015

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

(c) *Adoption of new and revised standards and interpretations (continued)*

The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company.

(d) *Significant accounting judgments and estimates*

The preparation of interim financial statements requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and reporting amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Areas that often require significant management estimates and judgment include stock-based compensation and income tax provisions.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

(f) *Financial assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

(g) *Financial liabilities*

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. At the end of each reporting period subsequent to initial recognition, financial liabilities classified as FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

(h) *Income taxes*

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. Future income tax assets are recognized to the extent it is probable that sufficient taxable profit will be available to allow all or part of the future income tax asset to be utilized. Unrecognized future income tax assets are assessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the future tax asset to be recovered.

(i) *Stock-based payments*

The Company accounts for stock-based compensation using the Black-Scholes option pricing model. Accordingly, the fair value of the options at the date of grant is accrued with a corresponding credit to contributed surplus, and charged to earnings over the vesting period. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

(j) *Loss per share*

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the period.

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized for the use of the proceeds that could be obtained upon the exercise of options, warrants or similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies (continued)

(k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

3. Share capital

(a) *Authorized*

Unlimited number of common shares without par value

(b) *Private placement of units*

On May 28, 2009, the Company completed a private placement of 2,000,000 common shares at a price of \$0.05 per common share for total proceeds of \$100,000. These shares were subscribed by the Company's Directors and allotted from the treasury. The 2,000,000 common shares are deposited in escrow pursuant to the terms of an escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Final Exchange Bulletin.

(c) *Initial public offering*

On September 18, 2009 the Company completed its initial public offering of 4,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,000. As a condition of the offering, the agent PI Financial Corp received a commission of \$40,000, a \$10,000 agent fee and 400,000 warrants which give the agent the option to acquire 10% of the common shares, exercisable at a price of \$0.10 per share, for a period of 24 months from September 18, 2009.

(d) *Stock option plan*

The Company has a stock option plan (the "Plan") to issue up to and not to exceed 10% of the issued and outstanding common shares.

Under the Plan, each option entitles the holder to acquire one common share at its exercise price. Options vest immediately. If the Optionee exercises any options prior to the Company completing its qualifying transaction and the issuance of the Final Exchange Bulletin, the Optionee shall deposit any and all such shares issued into escrow subject to the Escrow Agreement mentioned in note 3(b) above.

On June 15, 2009, the Company granted 400,000 options to its Directors to acquire common shares at \$0.10 per share under the Plan. The options are exercisable from the date that the Company's shares commence trading on the TSX Venture Exchange (the "listing date"), until the tenth anniversary after the listing date.

The Company recorded \$Nil of stock-based compensation expense during the three and six months ended June 30, 2011 (\$Nil-June 30, 2010), complemented by an equal amount of contributed surplus.

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

3. Share capital (continued)

(d) Stock option plan (continued)

A summary of stock option information as at June 30, 2011 is as follows:

	Shares	price \$
Options outstanding at April 2, 2009	-	-
Options Granted- June 15,2009	400,000	0.10
Options exercised	-	-
Options forfeited	-	-
Options outstanding at June 30, 2011	400,000	0.10

Exercise price	Number of stock options outstanding	Stock options outstanding		Options exercisable	
		Weighted average exercise price	Weighted average remaining contractual life	Number of options outstanding	Weighted average exercise price
\$		\$	Years		\$
0.10	400,000	0.10	7.96	400,000	0.10

The fair value of the Company's stock-based awards granted to Directors was estimated using the Black-Scholes option-pricing model.

(e) Basic and diluted loss per common share

Outstanding stock option and share purchase warrants have not been included in the computation of diluted loss per share for the three and six period ended June 30, 2011 and the three and six period ended June 30, 2010, because to do so would be anti-dilutive.

4. Warrants

Share purchase warrants outstanding as at June 30, 2011:

Number of share purchase warrants	(i)	Black-Scholes value	Exercise price	Expiry date
		\$	\$	
251,625	(ii)	13,249	0.10	September 18, 2011
251,625		13,249		

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

4. Warrants (continued)

- (i) Each share purchase warrant entitles the holder to acquire one common share of the Company on the payment of the exercise price as indicated.

Warrants granted during the period ended December 31, 2009 were issued in conjunction with the initial public offering and are exercisable at the holder's option. There are no conditions whereby the Company would have to settle the warrants in cash.

- (ii) On September 18, 2009 the Company completed its initial public offering. As a condition of the offering, the agent PI Financial Corp received an option to acquire common shares equal to 10% of the common shares, exercisable at a price of \$0.10 per share for a period of 24 months.

The Company recorded \$Nil warrants exercised for the three and six period ended June 30, 2011 (\$Nil – June 30, 2010).

5. Financial instruments

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

(a) Fair value

Financial instruments consist of cash, refundable tax credits, accounts payable and accrued liabilities. The fair values of all financial instruments are considered to approximate their carrying values due to their short-term nature.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash balances; however, management does not believe this exposure is significant.

(c) Credit risk

The Company is exposed to credit risk through its cash which is held in large Canadian financial institutions and its refundable tax credits. The Company believes this credit risk is insignificant and reported at fair value, using level 1 of the fair value hierarchy.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accrued liabilities and accounts payable are due within the current operating period.

6. Capital management

The Company manages its capital, taking into account the long-term business objectives of the Company, to provide stability and reduce risk. The Company defines its capital as shareholders' equity. The primary use of capital will be to identify target companies for the purpose of completing a qualifying transaction (note 8).

Greenbriar Capital Corp.

Notes to the Interim Financial Statements

June 30, 2011

(Expressed in Canadian dollars)

(Unaudited)

7. Related party transactions

During the three and six month ended June 30, 2011, the Company paid \$Nil in related party transactions and key management personnel compensation (\$Nil - June 30, 2010)

8. Subsequent event

On June 3, 2011 the Company entered into an acquisition agreement with Marks & KilKenny LLC (the "Vendor") to acquire real property in Tehachapi, California, USA, as its qualifying transaction under the rules of the TSX Venture Exchange ("TSX-V"). The purchase price for the real property is US \$1,040,000. The Vendor is the sole owner of the property. On June 7, 2011, the company advanced the sum of US\$25,000 to the escrow agent as a non-refundable deposit (the "Deposit") to the Vendor for the acquisition of the Property, to be applied to the purchase price. The purchase price, less the deposit, will be paid by the Company to the Vendor in cash on the closing date. The property comprises approximately 160 acres of undeveloped land, currently zoned for residential use. The property is located in the city boundary of Tehachapi, California, a city of 14,414 inhabitants, located approximately 56 kilometres east -southeast of the city of Bakersfield, California and 120 kilometres northeast of the city of Los Angeles.

The proposed qualifying transaction was negotiated at arm's length and involves arm's length parties and, therefore, is not a non-arm's length qualifying transaction under the policies of the exchange.

Concurrently with the completion of the acquisition, the Company will undertake the offering of up to 6,000,000 shares at a price of \$0.50 per share for gross proceeds of \$3,000,000. In connection with the offering, the Company will pay the sponsor an adviser fee of 7% and reimburse the sponsor for certain expenses, including certain disbursements and its legal fees up to a maximum of \$25,000. In addition, the Company will pay the sponsor the sponsorship fee of \$40,000 in connection with the proposed qualifying transaction and reimburse expenses of the agent related thereto, including legal fees, taxes and disbursements.

The form of proxy, management information circular, and notice of the annual general meeting have been filed on Sedar (www.sedar.com) for a detailed explanation of the proposed qualifying transaction.