

Condensed Consolidated Interim Financial Statements of

Greenbriar Capital Corp.

September 30, 2012

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

PREPARED BY MANAGEMENT

The accompanying condensed consolidated interim financial statements of Greenbriar Capital Corp., comprised of the Statement of Financial Position as at September 30, 2012 and the Statement of Loss and Comprehensive Loss, Statement of Cash Flows and Statement of Changes in Equity for the three and nine months ended September 30, 2012 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

Greenbriar Capital Corp.

September 30, 2012

Table of contents

Condensed Consolidated Interim Statement of Losses and Comprehensive Loss.....	2
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Cash Flows	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Notes to the Condensed Consolidated Interim Financial Statements	6-11

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share amounts)

(Unaudited)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2012	2011	2012	2011
		\$	\$	\$	\$
Expenses					
Accounting		-	-	-	21,129
Audit and tax		5,438	1,750	22,903	8,250
Bank charges		477	265	1,505	420
Consultant		5,000	-	15,000	-
Foreign exchange		29	196	27	927
Land Maintenance		8,959	-	8,959	-
Legal		6,597	-	18,876	1,380
Office		234	-	234	106
Public company		6,780	6,090	14,675	12,902
Salaries		10,621	-	33,153	-
Travel		-	-	-	250
		44,135	8,301	115,332	45,364
Other Income (expense)					
Interest Income		1,470	-	1,470	-
Loss before income taxes		(42,665)	(8,301)	(113,862)	(45,364)
Current income tax expense		802	-	1,052	-
Net loss		(43,467)	(8,301)	(114,914)	(45,364)
Other Comprehensive loss					
Currency translation adjustment		(38,282)	3,728	(36,484)	3,728
Comprehensive loss		(81,749)	(4,573)	(151,398)	(41,636)
Basic and diluted loss per common share	5d	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		10,700,000	6,565,215	10,700,000	6,288,777

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statement of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

		<u>As at September 30,</u>	<u>As at December 31,</u>
	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		\$	\$
Assets			
Current assets			
Cash		669,141	924,987
Interest receivable	3	1,470	-
HST receivable		1,245	16,023
Prepaid expenses		7,024	-
Short term investment	3	141,150	-
		820,030	941,010
Property held for development and sale	4	1,048,960	1,070,573
		1,868,990	2,011,583
Liabilities			
Current liabilities			
Accounts payable		6,457	7,630
Accrued liabilities		22,851	12,873
		29,308	20,503
Shareholders' equity			
Share capital	5	2,137,792	2,137,792
Equity compensation reserve	5c	240,921	240,921
Warrants reserve	6	59,981	59,981
Accumulated other comprehensive loss		(56,423)	(19,939)
Accumulated Deficit		(542,589)	(427,675)
		1,839,682	1,991,080
		1,868,990	2,011,583

General Information (Note 1)

Approved by the Directors

Jeffrey Ciachurski, Director

John Wardlow, Director

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statement of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

Notes	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Operating activities				
Net loss	(43,467)	(8,301)	(114,914)	(45,364)
Item not involving cash				
Foreign exchange unrealized	(1,129)	(60)	(1,633)	(60)
	(44,596)	(8,361)	(116,547)	(45,424)
Change in non-cash working capital				
Interest receivable	(1,470)	-	(1,470)	-
Accounts payable	5,983	73,532	(1,173)	106,707
Accrued liabilities	7,235	1,750	9,978	(2,250)
Prepaid expenses	8,042	1,300	(7,024)	(1,300)
HST receivable	2,555	(11,566)	14,778	(24,970)
	(22,251)	56,655	(101,458)	32,763
Investing activities				
Property held for development and sale	(512)	(1,052,073)	(13,238)	(1,080,060)
Short term investment	(141,150)	-	(141,150)	-
	(141,662)	(1,052,073)	(154,388)	(1,080,060)
Financing activities				
Shares and warrants issued for cash	-	1,837,315	-	1,755,822
	-	1,837,315	-	1,755,822
Net cash (outflow) inflow	(163,913)	845,625	(255,846)	712,053
Cash position, beginning of period	833,054	190,208	924,987	323,780
Cash position, end of period	669,141	1,035,833	669,141	1,035,833
Supplementary information:				
Cash paid during the period for income taxes	802	-	1,052	-

GREENBRIAR CAPITAL CORP

Condensed Consolidated Interim Statement of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common shares		Equity compensation Reserve	Warrants reserve		Accumulated other comprehensive income (loss)	Accumulated Deficit	Total shareholders' equity
	Number	Amount		Number	Amount			
	#	\$	\$	#	\$	\$	\$	\$
Balance at January 1, 2011	6,148,375	390,614	36,175	251,625	13,249	(125,019)	-	315,019
Exercise of warrants at \$0.10	251,625	38,411	-	(251,625)	(13,249)	-	-	25,162
Private placement of 4,100,000 shares at a price of \$0.05 per common share, net of issuance costs of \$379,321	4,100,000	1,670,679	-	287,000	59,981	-	-	1,730,660
Currency translation adjustment	-	-	-	-	-	-	3,728	3,728
Net loss for the period	-	-	-	-	-	(45,364)	-	(45,364)
Balance as at September 30, 2011	10,500,000	2,099,704	36,175	287,000	59,981	(170,383)	3,728	2,029,205
Balance at January 1, 2012	10,700,000	2,137,792	240,921	287,000	59,981	(19,939)	(427,675)	1,991,080
Currency translation for adjustment	-	-	-	-	-	(36,484)	-	(36,484)
Net loss for the period	-	-	-	-	-	-	(114,914)	(114,914)
Balance as at September 30, 2012	10,700,000	2,137,792	240,921	287,000	59,981	(56,423)	(542,589)	1,839,682

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

1. General Information

Greenbriar Capital Corp. was incorporated under the Canada Business Corporations Act on April 2, 2009 and is a real estate issuer on the TSX Venture Exchange. The Company's head office is located at Suite 1328, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. On August 2, 2011, Greenbriar incorporated Greenbriar Capital Holdco Inc. ("Greenbriar USA"), a Delaware corporation. Greenbriar is the sole shareholder of Greenbriar USA. On August 2, 2011, Greenbriar USA formed Greenbriar Capital (U.S.) LLC ("Greenbriar LLC"), a limited liability corporation formed under the laws of the State of Delaware. Greenbriar USA is the sole member and manager of Greenbriar LLC.

On October 6, 2011 the Company received approval from the TSX Venture Exchange approving its qualifying transaction and non-brokered private placement. The Company is listed as a Tier 2 real estate issuer and is no longer considered a Capital Pool Company. The Company's shares trade on the exchange under the symbol "GRB".

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The nature of the Company's business is the acquisition, management, development, and eventual sale of its property and any other properties it acquires in the future. The Company has been successful to date in acquiring its first property, however future inflows of cash are dependent on actions by management to bring the property to completion including the eventual sale of property lots and raising additional capital for other acquisitions if required. The Company has no history of operations, earnings or revenues. However, the Company anticipates that existing cash resources will be sufficient to cover its funding requirements for the ensuing year. If it is unable to generate cash flow from the sale or otherwise disposition of the property, or if it is unable to raise any additional funds, it could have a material adverse effect on its financial condition and cause significant doubt about the company's ability to continue as a going concern. If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then significant adjustments would be necessary to the carrying value of assets and liabilities, the reported statement of loss and comprehensive loss and the financial position classification.

2. Significant accounting policies

(a) *Statement of compliance*

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 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 IFRS Interpretations Committee.

(b) *Basis of presentation*

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011 consolidated annual financial statements.

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

2. Significant accounting policies (continued)

(c) Adoption of new and revised standards and interpretations

At the date of authorization of these condensed consolidated interim financial statements, the IASB has issued the following new and revised standards, amendments and interpretations which are not yet effective for the year ended December 31, 2012.

- IFRS 9 New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets and financial liabilities (iii)
- 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 a joint arrangement (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 (i)

(i) Effective for annual periods beginning on or after July 1, 2012

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

(iii) Effective for annual periods beginning on or after January 1, 2015

The Company is currently assessing these new and revised standards and interpretations to determine the potential impact on the consolidated financial statements.

3. Short term investment

In July 2012, the Company made an investment of \$141,150 in a renewable energy technology. This technology, a heating, ventilating, and air conditioning unit, may become part of the future development of the properties the Company currently owns. This investment will result in a rate of return of 10% per annum. The full amount of the investment and interest will be repaid to the Company by February 22, 2013.

4. Property held for development and sale

	As at	
	September 30, 2012	December 31, 2011
Property held for development and sale	\$ 1,048,960	\$ 1,070,573
	\$ 1,048,960	\$ 1,070,573

On September 27, 2011 the Company acquired property in accordance with its acquisition agreement with Marks & Kilkeny LLC to acquire real property in Tehachapi, California, USA, (the "Property") as its qualifying transaction under the rules of the TSX Venture Exchange. The purchase price for the real property was US \$1,040,000 and was in the form of cash consideration. The vendor was the sole owner of the property. The Property comprises of an aggregate of 160 acres divided into approximately 689 total lots. The Property's existing use is as vacant land, which land has been rezoned to permit the construction and development of multi-family apartments and / or single family residential homes. The City of Tehachapi is located in the Tehachapi Pass, a mountain pass located in southern California. The pass connects San Joaquin Valley to the Mojave Desert. It is located approximately 35 miles southeast of Bakersfield, California.

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

4. Property held for development and sale (continued)

The Company's property held for development and sale consist of the following:

	As at	
	September 30 2012	December 31 2011
Land acquisition	1,023,048	1,057,472
Property taxes	15,955	6,633
Land development	3,699	-
Land appraisal & related fees	6,258	6,468
	1,048,960	1,070,573

The unrealized foreign exchange translation loss for the three and nine months ended September 30, 2012 was \$37,642 (\$Nil - September 30, 2011) and \$34,851 (\$Nil - September 30, 2011). For the nine months ended September 30, 2012, the Company had property tax and land development additions of \$13,238 (\$Nil - September 30, 2011).

5. Share capital

(a) Authorized

Unlimited number of common shares without par value.

(b) Private placement of units

On September 22, 2011 the Company closed a non-brokered private placement offering of 4,100,000 common shares at a price of \$0.50 per share for total gross proceeds of \$2,050,000. The shares are subject to a holding period expired on January 23, 2012. Total share issuance costs relating to the non-brokered private placement amounted to \$379,321 and are recorded as a deduction from common shares.

(c) 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.

On November 28, 2011, the Company granted 500,000 options to two of its Directors and an Officer to acquire common shares at \$0.57 per share under the Plan. The options are fully vested on the date of the grant of such option.

On December 12, 2011, 200,000 stock options were exercised at \$0.10 per share.

The Company recorded \$Nil of stock-based compensation expense during the three and nine months ended September 30, 2012 (\$Nil-September 30, 2011).

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

5. Share capital (continued)

A summary of stock option information as at September 30, 2012 is as follows:

	Shares	Weighted average exercise price
		\$
Options outstanding as at December 31, 2011	700,000	0.44
Options outstanding as at September 30, 2012	700,000	0.44

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 and exercisable	Weighted average exercise price
\$		\$	Years		\$
0.10	200,000	0.10	7.46	200,000	0.10
0.57	500,000	0.57	4.92	500,000	0.57
0.44	700,000	0.44	5.64	700,000	0.44

(d) Basic and diluted loss per common share

Outstanding stock options and share purchase warrants have not been included in the computation of diluted loss per share for the three and nine months ended September 30, 2012 and September 30, 2011, because to do so would be anti-dilutive.

6. Warrants

Share purchase warrants outstanding as at September 30, 2012:

Number of share purchase warrants	(i)	Black-Scholes value	Exercise price	Expiry date
		\$	\$	
287,000	(ii)	59,981	0.50	September 22, 2013
287,000		59,981		

(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.

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

6. Warrants (continued)

- (ii) On September 22, 2011 the Company completed its non-brokered private placement. As a condition of the offering, the agent received an option to acquire common shares equal to 7% of the number of shares sold (287,000) at a price of \$0.50 per share for a period of two years from September 22, 2011.

The Company recorded \$Nil warrants exercised for the three and nine months ended September 30, 2012 (\$Nil–September 30, 2011).

7. 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, interest receivable, HST receivable, short term investment, accounts payable and accrued liabilities. Cash is reported at its fair value. The fair values of all other 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 and on its short term investment; 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, short term investment and its HST receivable. The Company believes the credit risk is insignificant. Cash and short term investment are reported at fair value, using level 1 and level 2 respectively of the fair value hierarchy. The Company's exposure is limited to amounts reported within the statement of financial position.

(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.

(e) Fair value hierarchy

The following table provides an analysis of the Company's financial assets and liabilities that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observed market data.

Greenbriar Capital Corp.

Notes to Condensed Consolidated Interim Financial Statements
September 30, 2012
(Expressed in Canadian dollars)
(Unaudited)

7. Financial instruments (continued)

(e) *Fair value hierarchy (continued)*

As of September 30, 2012, the undernoted were reported at fair value.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	699,141	-	-	699,141
Short term investment	-	141,150	-	141,150
Total	699,141	141,150	-	840,291

8. 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 used for the development of its land held for development and sale and potential acquisitions.

9. Related party transactions

(a) The following expenses were paid to key management personnel of the Company:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Management fees	12,367	-	37,967	-
Total	12,367	-	37,967	-

(b) As at September 30, 2012, the Company had paid consultant fees of \$15,000 (September 30, 2011 - \$Nil) to the Chief Executive Officer for performance of business development activities.

10. Subsequent event

As of November 21, 2012, the Company has no material subsequent events to disclose.