Greenbriar
CAPITAL CORP.

Management Discussion and Analysis

For the year ended December 31, 2013

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and related notes thereto of Greenbriar Capital Corp. ("Greenbriar" or "us" or "we" or "our" or the "Company") for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise stated. This Management Discussion and Analysis has been prepared as of April 30, 2014 and includes certain statements that may be deemed "forward-looking statements". Investors are directed to the section "Risks and Uncertainties" and to page 13 for a statement on forward-looking information included within this MD&A.

BUSINESS OVERVIEW

Greenbriar's business focus is the acquisition, permitting, re-zoning, management, development and possible sale of commercial, residential, industrial, and renewable energy related real estate and energy projects in North America. The Company is currently developing wind and solar energy projects in Utah and Puerto Rico.

Greenbriar is listed on the Toronto Venture Exchange under the symbol "GRB" and its registered records office is located at 1780 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

RECENT DEVELOPMENTS AND OVERVIEW

Blue Mountain Wind Project

On August 2, 2013, the Company completed the formal acquisition agreement of the 80 Megawatt ("MW") Blue Mountain, Utah Wind Energy Project, USA ("Blue Mountain"). Blue Mountain is a fully contracted 80 MW wind project that has a twenty year Power Purchase Agreement ("PPA") with PacifiCorp executed on July 3, 2013. The Blue Mountain project includes all discretionary permits, eight individual land leases and option to purchase agreements, a fully executed twenty year 80 MW PPA with PacifiCorp, six years of meteorological data and studies, a completed System Impact Study, completed environmental work, the receipt of seven supply term sheets from top tier wind turbine vendors and a draft financing mandate from a world class financial institution.

The acquisition of Blue Mountain was completed through Greenbriar Capital Corp's wholly owned US subsidiary, Greenbriar Capital Holdco Inc., which signed a definitive Membership Interest Purchase Agreement ("MIPA") with Champlin Windpower, LLC of Santa Barbara, California. The acquisition of the MIPA has immediately granted Greenbriar a 50% interest. The agreement then allows Greenbriar to perform two milestone tasks, which will then increase the ownership interest up to 100%. The Company financed the acquisition of the initial 50% interest by way of a three year loan which bears interest at 10% per annum.

On August 22, 2013, the Company signed a project financing mandate with Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank") whereby Rabobank will act as lead arranger for the project financing of Blue Mountain.

Blue Mountain will create over 100 jobs during construction, offer full-time green collar jobs during its operation, contribute millions of dollars in taxes during construction and provide the county government with over US $9 Million in local property taxes over the life of the project. Blue Mountain will further prevent the release of over four million tons of greenhouse gases into the atmosphere during the life of the project while offering the ratepayers of Utah a steady, secure and reliable source of affordable green energy. Commencement of construction will qualify Blue Mountain for US $42 Million of monetize-able Federal investment tax credits.

On December 9, 2013, the Company commenced construction at Blue Mountain. Construction has been awarded to RMT, Inc. ("RMT") of Madison, Wisconsin, a subsidiary of IEA Infrastructure and Energy Alternatives, LLC of Chicago. RMT is a world leader in renewable power engineering, procurement and construction services having built over 5,000 MW of renewable energy facilities including 2 world-class projects owned by Greenbriar management's previous company, Western Wind Energy Corp. This included the industry leading 120 MW Windstar Wind Project in Tehachapi, California and the 10.5 MW Kingman combined wind-solar project, the first purpose built fully integrated wind-solar generating facility in the world. Construction costs are expected to be $140 Million financed with approximately $120 Million of combined project tax equity and back-leveraged debt, and the balance through mezzanine loans and vendor related financing.

Puerto Rico

In April 2013, the Company entered into a 50/50 joint venture partnership with a subsidiary of Alterra Power Corp ("Alterra") (the "Partnership") to develop 100 MW's of solar generation capacity in Puerto Rico under a master renewable Power Purchase and Operating Agreement ("PPOA") with the Puerto Rico Electric Power Authority ("PREPA"). The Partnership is structured through a limited liability company called AG Solar One, LLC ("AG Solar").

Upon entering the Partnership, it was understood by both parties that if a partnership operating agreement could not be negotiated to a mutually satisfactory conclusion, the Company would repay the funds advanced by Alterra to purchase their portion of the Partnership. On July 12, 2013, and amended October 11, 2013, the Company signed a Membership Interest Purchase Agreement with Alterra whereby the Company will purchase from Alterra its 50% interest in and to the shares of AG Solar. The Company will pay US $1.25 Million, to be paid in five tranches of US $250,000 monthly beginning with October 17, 2013. Upon payment of all five tranches to Alterra, the Company will retain a 100% ownership interest in and to the PPA. As at December 31, 2013, the Company has paid US $250,000 to Alterra and has accrued two payments totaling US $500,000.

Effective September 2013, the Company entered into a land lease option agreement in Puerto Rico after a site selection process. The site is located in a region associated with low rainfall and cloud cover, exceptional levels of solar irradiance, excellent topography and drainage, low environmental impact and in proximity to 115 kilovolts ("kV") transmission lines and a substation. On October 1, 2013, the Company entered into a one year option agreement which gives the Company the exclusive right and option to lease a 775 acre site in Puerto Rico for the construction and operation of the 100 MW solar photovoltaic electric generating facility ("Solar facility"). Upon execution of the option agreement, the Company paid US $50,000 and is required to pay two additional US $50,000 payments four and eight months after the effective date of the agreement. On December 1, 2013, the Company entered into a three year option agreement which gives the Company the exclusive right and option to lease a 161 acre site in Puerto Rico to expand the Solar facility. Upon execution of the option agreement, the Company paid US $35,000 and is required to pay after the first year, an additional $10,000 in advance each successive four month periods for the next two years. On January 1, 2014, the Company entered into two, five year option agreements which gives the Company the exclusive right and option to lease up to a total of 653 additional acres in Puerto Rico to further expand the Solar facility. The option agreements provide for a lease term of twenty-five years and may be extended for up to four additional consecutive periods of five years each, at the Company's option.

In addition, Greenbriar has entered into a service agreement with a leading environmental consulting firm based in Puerto Rico for completing environmental site studies, completing the environmental assessment and for filing a site location authorization with the jurisdictional permitting authorities for review and approval of the construction and operation of the 100 MW project. On December 3, 2013, an environmental impact statement was prepared for the project and a permit application was filed with the jurisdictional agency.

Under the master PPOA, Greenbriar will receive US $150 per Megawatt hours ("MWh") for electricity production if the facility is in operation by the end of 2014 and US $140 per MWh if commercial operation occurs after 2014. The sale terms additionally provide for the sale price to escalate at 2% annually. The term of the PPOA will be for twenty-five years and may be extended by mutual agreement for up to two consecutive additional five year terms. In addition, under terms of the master PPOA, Greenbriar will own all Renewable Energy Credits ("REC") produced by the facility, which can be sold separately to PREPA or into the US National market where qualified. Currently the average price contracted for the REC's in Puerto Rico is an additional US $35 per MWh. Anticipated production is 250,000 MWh per year. Greenbriar will also retain the US Investment Tax Credit ("ITC"), which provides 30% of the entire capital costs of the Puerto Rico project. Estimated capital costs of the Puerto Rico project are US $320 Million financed entirely by project debt and tax equity.

Tehachapi Project

On September 27, 2011 the Company acquired property in accordance with its acquisition agreement with Marks & Kilkenny 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 Property was US $1,040,000. 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.

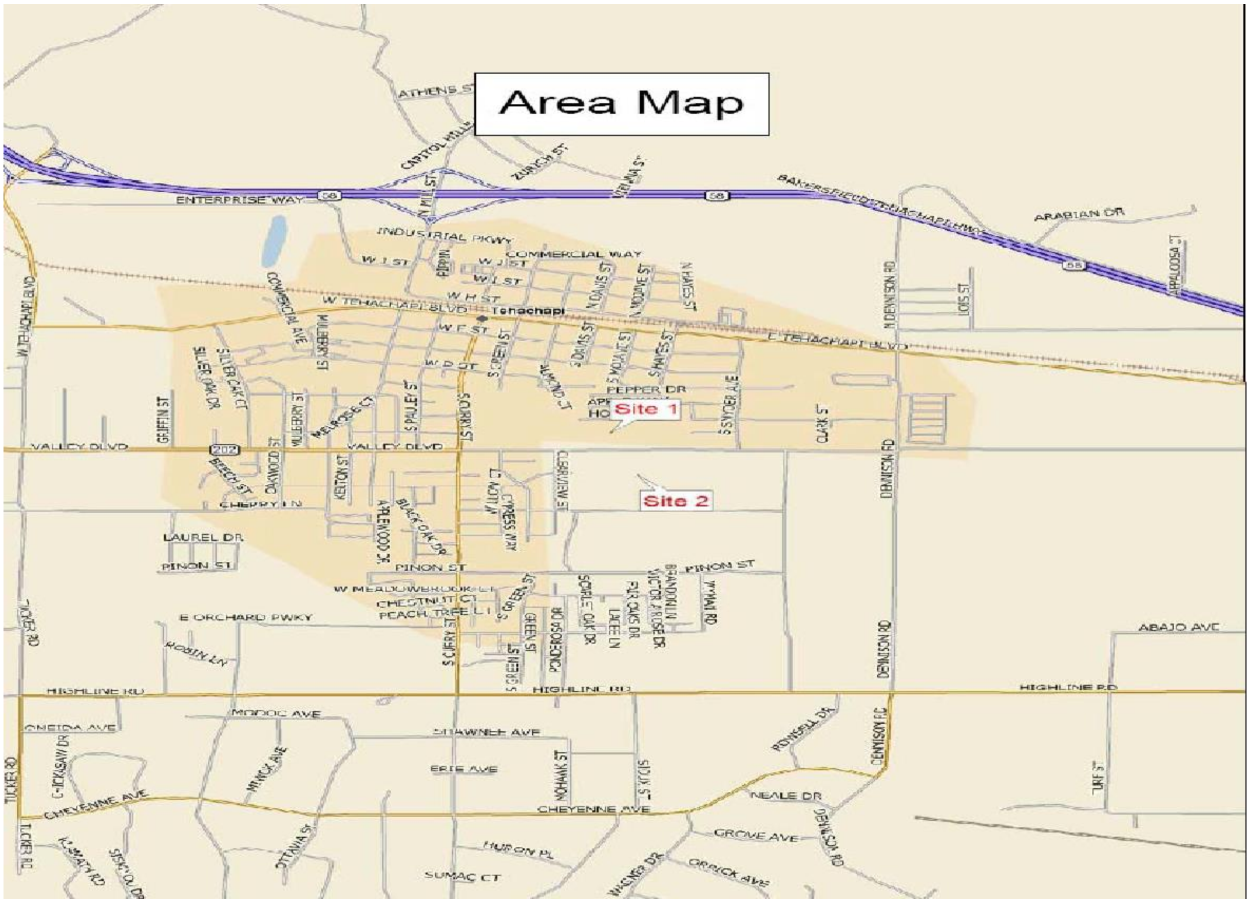
The Property comprises one of the largest undeveloped areas of land within the City of Tehachapi boundaries, situated close to the central business district and adjacent Tehachapi High School.

The Property is comprised of five parcels of undeveloped real property located within the City of Tehachapi. Tehachapi is located in Kern County on the edge of the Mojave Desert, approximately 35 miles east-southeast of Bakersfield, California.

The legal description of each parcel is as follows:

- Parcel 1 – APN 417-012-01 (approx. 32.97 acres)
- Parcel 2 – APN 417-012-28 (approx. 60 acres)
- Parcel 3 – APN 417-012-27 (approx. 20 acres)
- Parcel 4 – APN 417-012-25 (approx. 19.16 acres)
- Parcel 5 – APN 415-012-14 (approx. 28.75 acres)

Parcels 1 through 4 ("Site 2") are contiguous and aggregate approximately 132 acres of land on the south side of Cummings Valley Boulevard (State Highway 202), a major east – west thoroughfare through Tehachapi. The parcels lie immediately east of Clearview Street and immediately north of Pinon Street. The new Tehachapi High School, which opened its doors in 2003, is located immediately to the east of the parcels. A previous owner of these parcels had received Tentative Tract Map ("**TTM**") approvals under TTM 6218 and TTM 6723. Parcel 5 ("Site 1") comprises approximately 28 acres and lies north of parcels 1 through 4, on the north side of Cummings Valley Boulevard. The location of the Property is identified in the map below:



On June 23, 2011, the Company received a summary appraisal report from a registered U.S. real estate appraiser in accordance with the Uniform Standards and Professional Appraisal Practice for its property held for development and sale. The valuation was based on a “sales comparison approach” in which the appraiser determined the fair value as US $1,980,000 if the two sites were sold together and US $345,000 for site 1 and US $2,130,000 for site 2 if sold separately. As of December 31, 2013, the Company had capitalized $1.15 Million for the property acquisition.

In February, 2013, the Company signed an agreement of Purchase and Sale and Escrow Instructions (the “Agreement”) for the sale of the Property for US$2.3 million. This agreement was cancelled in April 2013. The Company is currently redesigning the sub-division plans to allow for a configuration that meets the needs of the current demographics of Eastern Kern County.

On March 24, 2014, the Company contracted Michael Burger & Associates to conduct another land appraisal for the Property. The appraiser determined the fair value of the Property as of March 24, 2014, with an exposure time of 11-12 months, to be US $3,410,000 if the two sites were sold together. The fair market value of site 1 and site 2, if sold separately, are valued at US $518,000 and US $3,270,000 respectively.

SELECTED ANNUAL INFORMATION

	Years Ended December 31,		
	2013 $	2012 $	2011 $
Revenue	-	-	-
Net loss	(1,041,563)	(149,788)	(302,656)
Net loss per share - basic and diluted	(0.09)	(0.01)	(0.04)
Cash	228,580	652,962	924,987
Deposit (current and Non-current)	151,615	141,150	-
GST receivable	1,976	875	16,023
Interest receivable	19,840	5,027	-
Investment and advances	2,906,602	-	-
Option to acquire joint venture interest	772,150	-	-
Prepaid expenses	48	-	-
Property held for development and sale	1,154,599	1,065,460	1,070,573
Total assets	5,235,410	1,865,474	2,011,583
Total liabilities	3,193,859	37,526	20,503

RESULTS OF OPERATIONS

Expenses

	Years Ended December 31,		
	2013 $	2012 $	Variance $
Audit and tax	38,580	38,339	241
Bank charges	3,121	1,967	1,154
Consultant	-	20,000	(20,000)
Foreign exchange	30,594	20	30,574
Interest expense	1,873	-	1,873
Land maintenance	-	8,945	(8,945)
Legal	31,214	20,357	10,857
Office	44,472	234	44,238
Project exploration	15,500	-	15,500
Public company	48,107	20,705	27,402
Salaries	73,288	44,248	29,040
Stock-based compensation	454,018	-	454,018
Travel	285,542	-	285,542
Total expenses	$ 1,026,309	$ 154,815	$ 871,494

Total expenses increased to $1,026,309 for the year ended December 31, 2013, compared to $154,815 in 2012. The main fluctuations in expenses are as follows:

Audit and tax
For the year ended December 31, 2013, the Company incurred $38,580 of audit and tax expenses, which is comparable to the year ended December 31, 2012 of $38,339.

Consultant
For the year ended December 31, 2013, the Company incurred $Nil in consultant expenses compared with $20,000 for the previous year. The fees incurred in 2012 were to compensate a part-time consultant for the performance of business development activities.

Foreign Exchange
Foreign exchange for the year ended December 31, 2013 increased to $30,594 from $20 in the comparable period due to a weakening Canadian dollar against the US dollar, which resulted in higher foreign exchange losses on the Company's trade payables and outstanding loans payable.

Interest Expense
Interest expense increased to $1,873 for the year ended December 31, 2013 from $Nil in 2012 as a result of the Company entering into a loan agreement totaling $100,000 in 2013.

Land maintenance
For the year ended December 31, 2013, the Company incurred $Nil of land maintenance expenses compared with $8,945 in the comparable period. The expense in 2012 relates to the removal of unwanted vegetation on the vacant land as a fire prevention measure.

Legal
Legal Fees for the year ended December 31, 2013 increased to $31,214 compared with $20,357 in the previous year due to increased activity as the Company pursues potential development opportunities, particularly the negotiations of PPA's for the Company's existing projects as well as the issuance of incentive stock options in the year.

Office
Office costs increased to $44,472 in the year ended December 31, 2013 compared with $234 in 2012 due to a general increase in the business activity, supplies and other general office costs in the Company in 2013.

Project exploration
For the year ended December 31, 2013, the Company incurred $15,500 of project exploration expenses compared with $Nil in 2012. The overall increase for the year relates to advisory services on potential development projects in 2013.

Public company
For the year ended December 31, 2013, public company expenses increased $48,107 compared with $20,705 as a result of increased news releases in 2013.

Salaries
For the year ended December 31, 2013, the Company incurred $73,288 of salary expenses compared with $44,248 in the previous year. The increase relates to additional staff to assist with the increased business activities in 2013.

Share-based compensation
For the year ended December 31, 2013, the Company incurred $454,018 of share-based compensation expenses compared with $Nil in the previous year. The increase relates to the issuance of stock options to employees, directors and to the CFO of the Company during the year ended December 31, 2013.

Travel
Travel expenses increased to 285,542 in the year ended December 31, 2013 compared with $Nil travel expenses in 2012. The increase is attributable to travel expenses related to potential project developments and financing.

Comprehensive Loss
For the year ended December 31, 2013, comprehensive loss was $967,023 ($173,132 – December 31, 2012), which is comprised of the following items:

- A net loss of $1,041,563 ($149,788 – December 31, 2012); and
- Mark-to-market currency translation gain of $74,540 (loss of $23,344 – December 31, 2012).

SUMMARY OF QUARTERLY RESULTS

	Total Revenues $	Net loss For the Quarter $	Net loss Per Share Basic and Diluted $
December 31, 2013	-	(368,420)	(0.03)
September 30, 2013	-	(329,419)	(0.03)
June 30, 2013	-	(238,692)	(0.02)
March 31, 2013	-	(105,032)	(0.01)
December 31, 2012	-	(34,874)	(0.00)
September 30, 2012	-	(43,467)	(0.00)
June 30, 2012	-	(43,851)	(0.01)
March 31, 2012	-	(27,596)	(0.00)

Net loss has continued to increase quarter on quarter since December 31, 2012 mainly due to the increase in the business activity of the Company and the issuance of share-based compensation in each of the 2013 quarters.

Existing stock options have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2013, the Company had cash of $228,580 and negative working capital $2,791,800 compared with cash of $652,962 and positive working capital of $762,488 at December 31, 2012.

Cash used in investing activities during the year ended December 31, 2013 totaled $3,705,706 compared with $158,148 for the comparative period, the majority of which was used for the advancement of the Company's Blue Mountain and Puerto Rico projects.

Cash raised in financing activities during the year ended December 31, 2013 totaled $1,530,409 compared with $10,000 from the previous year. Financing activities for the year ended December 31, 2103 were as follows:

- On December 12, 2013, the Company closed a portion of the non-brokered private placement offering of 2,800,000 Units. The Company issued 80,000 units at a price of $2.50 per unit for total gross proceeds of $200,000 of which $4,317 was allocated to common shares and $ $333 to share purchase warrants based upon the relative fair values. Each unit was comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $3.00 for a period of 24 months from the date the warrants were issued. Total share issuance costs relating to the non-brokered private placement amounted to $4,650 and are recorded as a deduction from share capital.

- On November 1, 2013, the Company entered into a loan agreement with a director of the Company, Mr. Daniel Kunz, for $200,000. Under the terms of the loan agreement, the loan bears interest at 10% per annum, compounded monthly and repayable on February 28, 2014. Subsequent to December 31, 2013, the loan was extended to February 28, 2015.

- On October 24, 2013, the Company completed a non-brokered private placement offering of 111,000 units (the "units") at a price of $2.70 per unit for total gross proceeds of $299,700 of which $274,755 was allocated to common shares and $24,945 to the shares purchase warrants based upon the relative fair values. Each unit was comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $3.00 for a period of 24 months from the date the warrants were issued. The Company paid PI Financial Corp. ("PI") a finder's fee of cash commission equal to 6% of the proceeds by certain investors and 2,220 finder's warrants (the "Finder's Warrants") entitling PI to acquire up to 2,220 common shares in the capital of the Company at a price of $3.00 per share for a period of 24 months from the date that the Finder's Warrants were issued. Total share issuance costs relating to the non-brokered private placement amounted to $16,780 of which $15,384 was allocated to common shares and $1,396 allocated to share purchase warrants based upon the relative fair values.

- On August 1, 2013, the Company entered into a loan agreement for US $500,000 with the spouse of the Company's CEO ("Initial Loan"). The loan bears interest at 10% per annum and is repayable on March 20, 2014. In addition, the Company entered into a loan agreement with the CEO of the Company for $100,000 under the same terms as the Initial Loan ("Secondary Loan"). Any non-reimbursable expenses incurred by the CEO on the Company's corporate credit card may be offset against the Secondary Loan. Subsequent to December 31, 2013, the maturity date of the loan was extended to March 20, 2016.

These consolidated 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 possible sale of all types of real estate. The Company has been successful to date in acquiring its first property and is currently redesigning that property. The Company is also developing real estate that will support 100 MW's of solar generation capacity in Puerto Rico and 80 MW's of wind generation in Utah. 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. As the Company has no history of operations, earnings or revenues, the Company anticipates that existing cash resources and the funds resulting from the possible disposition of its property will be sufficient to cover its funding requirements for the ensuing year. If, however, it is unable to raise any additional funds it may require, it could have a material adverse effect on its financial condition. If the going concern basis was not appropriate for these consolidated 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to related party loans outlined in the Liquidity and Capital Resources section, the Company had the following related party transactions:

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

	Years Ended December 31,	
	2013	**2012**
	$	**$**
Salaries & wages	33,150	30,767
Management fees	-	20,000
Share-based compensation	356,936	-
Total	390,086	50,767

For the year ended December 31, 2013, the Company had paid consultant fees of $Nil (2012 - $20,000) to the Chief Executive Officer ("CEO") for performance of business development activities.

CONTINGENCY AND CONTRACTUAL OBLIGATIONS

The Company and its subsidiaries enter into contractual agreements from time to time relating to the on-going business activities. As at December 31, 2013, the Company has the following total commitments:

	2014	2015	2016	**Total**
	US$	US$	US$	**US$**
Environmental assessment agreement (i)	10,000	-	-	**10,000**
Financial advisory agreement (ii)	70,000	-	-	**70,000**
Puerto Rico land lease (iii)	110,000	30,000	20,000	**160,000**
	190,000	30,000	20,000	**240,000**

(i) On September 11, 2013, the Company entered into a service agreement with Intuitive Consulting Management LLC for the preparation of documents and studies in order to obtain authorizations required for the construction of the Puerto Rico solar project. A total of US $215,000 was paid upon signing of the agreement, completion of Environmental Assessment ("EA") studies, and the submission of the EA to the Puerto Rico Environmental Quality Board ("PREQB"). The final payment of US $10,000 will be due upon approval of the EA by the PREQB.

(ii) On August 22, 2013, the Company entered into a financial advisory agreement with Rabobank to assist with project financing for the 80MW Blue Mountain wind project in Utah. The Company agreed to pay Rabobank a monthly fee of US $10,000 (the "Retainer") until the earlier of a) the closing date of the proposed financing or b) July 31, 2014, but may be extended upon the mutual consent of both parties.

(iii) The Company entered into two separate land options agreements with Jose Arturo Acosta, leasing a total of 936 acres of land in the Municipality of Lajas and Guanica of Puerto Rico. The Company made initial payments on the execution date of each options agreement and will thereafter pay advances for each successive four month periods during the option term. The annual rent will be revised once the land area needed for the energy facility is determined and will have an initial term of twenty-five years with an extension of four consecutive periods of five years each.

RISKS & UNCERTAINTIES

Credit, Liquidity, Interest, Currency and Commodity Price Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at December 31, 2013, the Company's financial instruments consist of cash, interest receivable, deposits, accounts payable, accrued liabilities, accrued interest and loans payable. Cash is reported at fair value. The other amounts reflected in the balance sheet approximate their fair values due to their short-term nature.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash, which is held in a large Canadian financial institution with an issuer credit rating of A-1 by Standard & Poor's. The Company believes this credit risk is insignificant.

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 deposits; however, management does not believe this exposure is significant.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current. The Company ensures that it has sufficient capital to meet short-term financial obligations for the ensuring year.

Cash is stated at amounts compatible with those prevailing in the market, are highly liquid, and are maintained with prime financial institutions for high liquidity.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, the attractiveness of the properties to residents, supply and demand for housing, and competition from other available housing and various other factors. Demand for residential real estate in the United States could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of units in a particular market. To the extent that any of these conditions occur, they are likely to affect market value for residential building lots, which could cause a decrease in the Company's future potential sales revenue from the Property.

No History of Revenue

To date the Company has relied entirely upon the sale of common shares and the exercising of warrants to provide working capital to fund its administration, overhead costs and project development. There is no guarantee that the Company will enter into profitable agreements and earn revenue from operations. The Company has not commenced commercial production and the Company has no history or earnings or cash flow from its operations. Thus, there can be no assurance that the Company will be able to develop any value or that its activities will generate positive cash flow. The Company has not paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company has limited cash and other assets. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management in all aspects of the development and implementation of the Company's business activities.

Market Price of the Common Shares

The Common Shares are listed and posted for trading on the TSXV. The Company's business is in an early stage of development and an investment in the Company's securities is highly speculative. There can be no assurance that an active trading market in the Company's securities will be established and maintained. Securities of companies involved in the renewable energy industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Common Shares is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in its quarterly earnings reports.

Current Global Financial Conditions

Recent events in global financial markets, including sovereign debt crises, have had a profound impact on the global economy and global financial conditions have been subject to volatility. Many industries, including the renewable energy sector, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continuing slowdown in financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's business, financial condition, results of operations and ability to grow.

Competition

The renewable energy development industry is highly competitive. The Company competes with other domestic and international power development companies that have greater financial, human and technical resources.

The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion or efficiency of their operations than the Company. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share to the Company's detriment. The Company may also encounter increasing competition from other renewable energy companies in the Company's efforts to hire experienced professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable properties or prospects for development in the future. As a result of this competition, the Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Furthermore, there is no assurance that a ready market will exist for the sale of renewable energy. Factors beyond the control of the Company may affect the marketability of electrical power in existing markets. These factors include market fluctuations, the proximity and capacity of renewable power markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

Risks related to International Activities

A material portion of the business of the Company is in Puerto Rico. The Company's operations may be adversely affected by political or economic developments or social instability, which will not be within the Company's control, including, among other things, the risks of political unrest, labour disputes and unrest, war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions, contracts and permits, government regulation, delays in obtaining or renewing or the inability to obtain or renew necessary permits, taxation policies, economic sanctions, fluctuating exchange rates, currency controls, Puerto Rico's creditworthiness, high rates of inflation, limitations on foreign ownership and increased financing costs. The occurrence of any such events could have a material adverse effect on the Company's business and results of operations as currently contemplated.

Risks Associated with Joint Venture Agreements

Pursuant to the Company's joint venture agreements, the Company's interest in its properties may become subject to the risks normally associated with the conduct of joint ventures. In the event that any of the Company's properties become subject to a joint venture, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures. This could have a material adverse impact on the Company's business prospects, results of operations and financial condition as follows: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

Reliance on Key Individuals

The Company's success depends on its ability to attract and retain the services of key personnel who are qualified and experienced. In particular, the success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the Company's directors and senior management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of these individuals could have a material adverse effect on the Company. The renewable energy industry is largely driven by prevailing electrical power prices and tax incentives which, when high, can lead to a large number of projects being developed which in turn increases the demand for skilled personnel, contractors, material and supplies. Accordingly, there is a risk to the Company of losing or being unable to secure enough suitable key personnel or key resources and, as a result, being exposed to increased capital and operating costs and delays, which may in turn adversely affect the development of the Company's projects, the results of operations and the Company's financial condition and prospectus.

CRITICAL ACCOUNTING JUDGEMENTS & ESTIMATES

The preparation of the consolidated 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.

A detailed summary of all of the Company's significant accounting policies is included in note 3 to the Consolidated Financial Statements for the year ended December 31, 2013.

Areas that often require significant management estimates and judgment include share-based compensation, warrants, going concern assessment, accruals, provisions, determination of the functional currency and income tax provisions. The following is an outline of the estimates that the Company considers as critical in the preparation of its financial statements:

(a) The Company has recorded stock-based compensation using the *Black-Scholes Pricing Model*, which requires an assumption of the risk-free rate, expected lives of the stock options, forfeiture rates, and their related volatilities.
(b) The Company has recorded warrants using the *Black-Scholes Pricing Model,* which requires an assumption of the risk-free rate, expected lives of the warrants, and their related volatilities.
(c) Future income tax assets are recognized to the extent it is more likely than not they will be realized.

RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of the new and revised standards, amendments and interpretations issued by the IASB effective for periods beginning on or after January 1, 2013 has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company.

Additional new or amended accounting standards that have been previously issued by the IASB but are not yet effective, and have not been applied by the Company, are as follows:

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 for classification and measurement of financial assets and financial liabilities and will be effective for annual periods beginning on or after January 1, 2015.

IAS 32 Financial Instruments: Presentation

IAS 32 provides further clarity around details relating to the right of set-off and application of offsetting criteria under certain circumstances. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 Levies Imposed by Governments

In May 2013, the IASB issued IFRIC 21 that sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that give rise to pay a levy and when should a liability be recognized.

The Company is currently reviewing these standards and assessing the potential impact on the consolidated financial statements.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management assessed the effectiveness of the Company's internal controls over financial reporting for the year ended December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework*. Based on this assessment, management believed that, as of December 31, 2013, our internal controls over financial reporting were effective based on those criteria.

No changes in the Company's internal controls, or other factors that have materially affected, or are reasonably likely to materially affect these controls, have occurred during the year ended December 31, 2013.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

OTHER MD&A REQUIREMENTS

Disclosure of Outstanding Share Data

Summary of Securities Issued During the Year Ended December 31, 2013

	Common Shares #	Common Shares $	Warrants #	Warrants $
Balance, December 31, 2012	10,800,000	2,156,836	287,000	59,981
Exercise of options (1)	225,000	196,348	-	-
Exercise of warrants (2)	287,000	203,481	(287,000)	(59,981)
Private Placement (3)	191,000	440,734	97,720	38,624
Balance, December 31, 2013	11,503,000	2,997,399	97,720	38,624

(1) 100,000 stock options were exercised at $0.10 on March 1, 2013, and 62,500 stock options were exercised at $0.75 on June 6, 2013 and August 26, 2013;
(2) Total of 287,000 warrants were exercised at $0.50 per share on separate dates at January 23, 2013, March 19, 2013, August 26, 2013, and September 19, 2013.
(3) 111,000 common shares were issued at $2.70 per common share on October 24, 2013 and 80,000 common shares were issues at $2.50 per common share on December 12, 2013.

Summary of Securities at the End of the Reporting Period

Authorized Capital:	unlimited common shares without par value
Issued and Outstanding:	11,503,000 common shares

Description of Options as at December 31, 2013

Type of Security	Number or Amount	Exercise or Conversion Price	Expiry Date
Stock Options	400,000	$0.57	November 28, 2016
	125,000	$0.75	February 18, 2018
	200,000	$2.60	June 10, 2018
	250,000	$2.60	July 26, 2018
	250,000	$2.50	October 30, 2018
Total Stock Options	1,225,000		

Number and Recorded Value for Shares Issued and Outstanding

As at December 31, 2013 and April 30, 2014, the Company had 11,503,000 and 11,733,000 common shares outstanding having an average paid up value of $0.25 per share.

As at December 31, 2013 the Company had 1,225,000 stock options and 97,720 warrants outstanding.

As at April 30, 2014, the Company had 1,225,000 stock options and 212,720 warrants outstanding.

Total Number of Shares in Escrow or Subject to Pooling Agreement

A total of 1,524,000 shares are held in escrow, pursuant to an escrow agreement dated June 15, 2009.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

ADVISORY ON FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains certain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

Forward-looking statements in this Management's Discussion and Analysis include references to:

- Management's Development Strategy including estimated timelines, marketing efforts and sales targets and timing.