

Condensed Consolidated Interim Financial Statements and Notes of



For the three months ended March 31, 2014

**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 March 31, 2014 and the Statement of Loss and Comprehensive Loss, Statement of Cash Flows and Statement of Changes in Equity for the three months ended March 31, 2014 are the responsibility of the Company's management. The independent external auditors of the Company have not reviewed these financial statements.

Greenbriar Capital Corp.

March 31, 2014

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GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share amounts)

(Unaudited)

	Notes	Three months ended March 31,	
		2014	2013
		\$	\$
Expenses			
Audit and tax		10,720	7,692
Bank charges		1,916	503
Finance Cost		33,900	-
Foreign exchange		99,155	(27)
Interest Expense		1,426	-
Legal		4,373	12,896
Office		5,137	3,843
Public company		18,327	6,102
Salaries		56,253	11,102
Share-based compensation	9(c)	137,463	41,778
Travel		31,764	24,678
		400,434	108,567
Other Income (Expenses)			
Interest income		3,818	3,535
Share of loss of joint venture	5(b)	(8,408)	-
Net loss		(405,024)	(105,032)
Other comprehensive loss			
Currency translation adjustment		44,338	23,804
Comprehensive loss		(360,686)	(81,228)
Basic and diluted loss per common share	9(d)	(0.03)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		11,633,440	10,932,516

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

		<u>As at March 31,</u>	<u>As at December 31,</u>
	<u>Notes</u>	<u>2014</u>	<u>2013</u>
		\$	\$
Assets			
Current assets			
Cash		162,364	228,580
Deposits	4	170,120	151,615
Interest receivable	4(ii)	23,658	19,840
GST receivable		1,318	1,976
Prepaid expenses		3,614	48
		361,074	402,059
Investment and advances	5	3,343,893	2,906,602
Option to acquire joint venture interest	5	1,321,125	772,150
Property held for development and sale	6	1,205,414	1,154,599
		6,231,506	5,235,410
Liabilities			
Current liabilities			
Accounts payable	7	2,848,416	2,299,601
Accrued interest		49,519	27,854
Accrued liabilities		73,419	62,603
Funds on deposit		59,334	-
Loans payable	8	221,100	803,801
		3,251,788	3,193,859
Non-current liabilities			
Loans payable	8	600,205	-
		3,851,993	3,193,859
Shareholders' equity			
Share capital	9	3,520,262	2,997,399
Share-based compensation reserve	9(c)	730,760	593,297
Warrants reserve	10	76,946	38,624
Accumulated other comprehensive loss		75,595	31,257
Accumulated deficit		(2,024,050)	(1,619,026)
		2,379,513	2,041,551
		6,231,506	5,235,410

Nature of business and continuing operations (Note 1)

Commitments (Note 15)

Subsequent events (Note 5 & 16)

Approved by the Directors on May 29, 2014

(signed) Jeffrey Ciachurski

Jeffrey Ciachurski, Director

(signed) John Wardlow

John Wardlow, Director

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Notes	Three months ended March 31,	
		2014	2013
		\$	\$
Operating activities			
Net loss		(405,024)	(105,032)
Item not involving cash			
Foreign exchange unrealized		(1,034)	693
Share-based compensation expense	9(c)	137,463	41,778
		(268,595)	(62,561)
Change in non-cash working capital			
Accounts payable	7	548,815	28,459
Accrued interest		21,665	-
Accrued liabilities		10,816	9,552
Funds on deposit		59,334	-
GST receivable		658	(1,061)
Interest receivable		(3,818)	(3,535)
Prepaid expenses		(3,566)	(8,025)
		365,309	(37,171)
Investing activities			
Investment and advances	5	(437,291)	-
Option to acquire joint venture interest	5	(548,975)	-
Property held for development and sale	6	(5,443)	(3,675)
Deposits	4	(18,505)	-
		(1,010,214)	(3,675)
Financing activities			
Loans payable		17,504	-
Shares issued for cash, net of issuance costs	9(b)	561,185	88,500
		578,689	88,500
Net cash outflow		(66,216)	47,654
Cash position, beginning of period		228,580	652,962
Cash position, end of period		162,364	700,616

GREENBRIAR CAPITAL CORP

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Common shares		Share-based compensation reserve	Warrants reserve		Accumulated other comprehensive income (loss)	Accumulated deficit	Total shareholders' equity
	Number	Amount		Number	Amount			
	#	\$	\$	#	\$	\$	\$	\$
Balance at January 1, 2013	10,800,000	2,156,836	231,877	287,000	59,981	(43,283)	(577,463)	1,827,948
Exercise of options at \$0.10	100,000	19,043	(9,043)	-	-	-	-	10,000
Exercise of warrants at \$0.50	157,000	111,312	-	(157,000)	(32,812)	-	-	78,500
Currency translation for adjustment	-	-	-	-	-	23,804	-	23,804
Net loss for the period	-	-	-	-	-	-	(105,032)	(105,032)
Share-based compensation	-	-	41,778	-	-	-	-	41,778
Balance as at March 31, 2013	11,057,000	2,287,191	264,612	130,000	27,169	(19,479)	(682,495)	1,876,998
Balance at January 1, 2014	11,503,000	2,997,399	593,297	97,720	38,624	31,257	(1,619,026)	2,041,551
Private placement of 130,000 shares at a price of \$2.50 per common share, plus half warrant with whole warrant convertible into a new share at \$3.00, net of issuance costs of \$13,815 (Note 9 (b))	230,000	522,863	-	115,000	38,322	-	-	561,185
Currency translation for adjustment	-	-	-	-	-	44,338	-	44,338
Net loss for the period	-	-	-	-	-	-	(405,024)	(405,024)
Share-based compensation	-	-	137,463	-	-	-	-	137,463
Balance as at March 31, 2014	11,733,000	3,520,262	730,760	212,720	76,946	75,595	(2,024,050)	2,379,513

GREENBRIAR CAPITAL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

1) Nature of business and continuing operations

Greenbriar Capital Corp. ("Greenbriar" or "the Company") is a leading developer of renewable energy and sustainable real estate projects.

Greenbriar was incorporated under the British Columbia Business Corporations Act on April 2, 2009 and is a real estate issuer on the TSX Venture Exchange. The Company's registered records office is located at suite 1780 – 400 Burrard Street, Vancouver, V6C 3A6. 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 primary business is the acquisition, management, development, and possible sale of real estate and renewable energy projects. The Company has been successful to date in acquiring its first property and investments in other property projects, 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. As at March 31, 2014, the Company had a working capital deficiency of \$2,890,714, an accumulated deficit of \$2,024,050 and incurred a net loss of \$405,024 for the three months then ended. 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 to undertake planned development, 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) Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in the significant accounting policies outlined in the December 31, 2014 consolidated financial statements

Since the condensed consolidated interim financial statements do not include all disclosures required by the IFRS for annual financial statements, they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2013.

These financial statements were authorised for issue by the Board of Directors on May 29, 2014.

GREENBRIAR CAPITAL CORP.

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For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2013, except for the application of the following new interpretation and amendments to existing IFRSs, which were effective January 1, 2014:

- **IFRIC 21, Levies imposed by governments**

In May 2013, the IASB issued IFRIC 21, which 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 has applied IFRIC 21 on a retrospective basis in compliance with the transitional requirements of IFRIC 21. The application of IFRIC 21 did not result in an adjustment to the Company's condensed consolidated interim financial statements.

- Certain amendments to IFRSs issued by the IASB. These amendments did not have significant impact on the Company's condensed consolidated interim financial statements.

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective.

Significant judgements and estimates

The preparation of these condensed consolidated 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 reported 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.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The critical judgements and estimates applied in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2014 are consistent with those applied and disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2013.

3) **Accounting standards issued but not yet effective**

The Company is currently assessing the potential impacts of these new standards on its consolidated financial statements.

IFRS 9 Financial Instruments

The IASB intend to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9, *Financial Instruments* ("IFRS 9"), which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company has not early-adopted the standard and is currently assessing the impact it will have on the consolidated financial statements.

GREENBRIAR CAPITAL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

4) Deposits

	March 31 2014	December 31 2013
	\$	\$
Leidos Engineering (i)	10,465	10,465
I.M.W Industries (ii)	141,150	141,150
Land Authority of Puerto Rico (iii)	13,026	-
Others	5,479	-
Total deposits	170,120	151,615

(i) On October 31, 2013, the Company made an advanced payment to Leidos Engineering, LLC to provide independent engineering services that will allow the Company to advance its project development in Puerto Rico under the minimum technical requirements set forth by the Puerto Rico Electric Power Authority ("PREPA").

(ii) The Company entered into an installation agreement dated July 12, 2012 with the San Juan Marriott Hotel in San Juan, Puerto Rico ("Installation agreement") to purchase and install a 300 ton heat recovery unit for \$510,408 payable at completion. On July 12, 2012, the Company made a deposit to I.M.W. Industries of \$141,150 for the purchase of the heat recovery unit.

On August 24, 2012, the Company entered into an agreement to have Green Matters Inc. take over the installation agreement. The Company had approved a loan facility to Green Matters Inc. for \$141,150 plus interest of 10% per annum due August 23, 2013. On February 22, 2014, the Company extended the term of the loan until February 22, 2015 and it will continue to bear interest of 10% per annum. At March 31, 2014, total outstanding interest receivable was \$23,658 (December 31, 2013 - \$19,840).

(iii) On January 6, 2014, the Company made a deposit with the Land Authority of Puerto Rico which granted the Company a permit to enter the premises and conduct field studies and surveying, environmental studies, design, financial viability, and to establish an easement for a transmission line on farm land located in the municipality district of Guanica, Puerto Rico.

5) Investment and advances and option to acquire joint venture interest

Included in investment and advances is the Company's interest in AG Solar One, LLC ("AG Solar") and Blue Mountain Wind Holdings, LLC ("Blue Mountain") which consists of the following amounts:

As at March 31, 2014

	AG Solar (a)	Blue Mountain (b)	Total
	\$	\$	\$
Initial contribution	-	696,465	696,465
Funds advanced	700,702	1,955,134	2,655,836
Share of loss of joint venture	-	(8,408)	(8,408)
Total investment and advances	700,702	2,643,191	3,343,893
Option to acquire joint venture interest (c)	1,321,125	-	1,321,125

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

As at December 31, 2013

	AG Solar (a)	Blue Mountain (b)	Total
	\$	\$	\$
Initial contribution	-	670,131	670,131
Funds advanced	520,626	1,745,912	2,266,538
Share of loss of joint venture	-	(30,067)	(30,067)
Total investment and advances	520,626	2,385,976	2,906,602
Option to acquire joint venture interest (c)	772,150	-	772,150

(a) AG Solar

In April 2013, the Company entered into a 50/50 partnership, AG Solar, with Alterra Power Corp ("Alterra"). The partnership was created to develop 100 Megawatts ("MW's") of solar generation capacity in Puerto Rico under a Master Renewable Power Purchasing and Operating Agreement ("PPOA") with the Puerto Rico Electric Power Authority which the partnership, through its wholly owned subsidiary, PBJL Energy Corporation, currently has rights to.

On September 11, 2013, the Company 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 100MW project. On December 3, 2013, an environmental impact statement was prepared for the project and a permit application was filed with the jurisdictional agency.

On October 1, 2013, the Company entered into a one year option agreement which gives the Company the exclusive right and option to lease up to 775 acre site in Puerto Rico for the construction and operation of the 100 MW solar photovoltaic electric generating facility ("Solar facility"). The option agreement provides 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. Upon execution of the option agreement, the Company paid US \$50,000 and is required to pay two additional option payments at 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. The option agreement provides 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. Upon execution of the option agreement, the Company paid US \$35,000 and is required to pay after the first year, an additional US \$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 654 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. Upon execution of the option agreements, the Company paid US \$25,000 and US \$10,000 and is required to pay after the first year, an additional US \$8,500 and US \$3,500 respectively, in advance each successive four month periods for the next four years.

GREENBRIAR CAPITAL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

On April 14, 2014, the Company entered into an agreement with the Land Authority of Puerto Rico and deposited US \$75,000 to lease an additional 51 acres of land for the construction and operation of the Solar facility. The lease agreement provides for a term of thirty years.

For the three month period ended March 31, 2014, the Company had advanced funds to AG Solar of \$180,077 (2013 - \$Nil) for environmental assessments, land lease option payments, and consulting services.

(b) Blue Mountain

On August 2, 2013, the Company, through its wholly owned subsidiary, Greenbriar Capital Holdco Inc., completed its acquisition agreement of the 80MW Blue Mountain, Utah Wind Energy Project, USA ("Blue Mountain"). The acquisition has immediately granted the Company a 50% interest and then allows the Company to perform two milestones, increasing its ownership to 100%. The Company paid US \$630,000 for the initial 50% ownership, which was partially financed by way of a loan from the spouse of the CEO (Note 8).

On December 9, 2013, the Company commenced construction of Blue Mountain. The Blue Mountain Project has a twenty year energy sales agreement with PacifiCorp, a subsidiary of Mid-American Energy Holdings Company. Construction of the Blue Mountain has been awarded to RMT, Inc. ("RMT").

For the three month period ended March 31, 2014, the Company had advanced funds to Blue Mountain of \$209,221 (2013 - \$Nil) for environmental and wind resource assessments, consulting and legal services. Blue Mountain had a net loss of \$16,816 (2013 - \$Nil) in which the Company accounted for 50% of its shared loss of \$8,408 (2013 - \$Nil).

(c) Option to acquire interest in AG Solar

On July 12, 2013, the Company signed a Membership Interest Purchase Agreement with Magma Energy (U.S.) Corp. ("Magma"), a subsidiary of Alterra, and amended on October 11, 2013 whereby the Company will purchase from Alterra its 50% interest in and to the shares of AG Solar One, LLC. The consideration will be US \$1.25 Million. Payment is due in 5 tranches of US \$250,000 each, due on the 17th of each month commencing with October 17, 2013. Upon complete payment of all five tranches to Alterra, the Company will retain a 100% ownership interest in and to the Power Purchasing Agreement ("PPA"). As at March 31, 2014, the Company has paid the first payment of US \$250,000 and has accrued four additional payments totaling US \$1 Million (December 31, 2013 - US \$500,000).

6) Property held for development and sale

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.

On February 26, 2013, the Company signed an Agreement of Purchase and Sale and Escrow Instructions for the sale of its 160 acres of real property held in the city of Tehachapi for US \$2,300,000. This agreement was cancelled in April 2013.

GREENBRIAR CAPITAL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

On March 24, 2014, the Company contracted Michael Burger & Associates to conduct a 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.

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

	March 31 2014	December 31 2013
	\$	\$
Land acquisition	1,149,720	1,106,248
Property taxes	40,967	37,585
Land development	4,157	4,000
Land appraisal & related fees	10,570	6,766
	1,205,414	1,154,599

The unrealized foreign exchange translation gain (loss) for the three month period ended March 31, 2014 was \$45,371 (2013 - (\$23,111)). For the three month period ended March 31, 2014, the Company had property taxes and land appraisal fees of \$5,443 (2013 - \$3,675).

7) Accounts Payable

	March 31 2014	December 31 2013
	\$	\$
Project related accounts payables (i)	2,723,721	2,206,093
Other accounts payables (ii)	124,695	93,508
Total Accounts Payable	2,848,416	2,299,601

(i) Total project related accounts payables include costs for the AG Solar and Blue Mountain projects. At March 31, 2014, \$1.2 Million (December 31, 2013 - \$1.2 million) is payable to RMT for initial construction of the Blue Mountain project, \$1.06 Million (December 31, 2013 - \$515,025) is payable to Alterra for the option to acquire interest in AG Solar, \$148,613 (December 31, 2013 - \$155,539) is payable to Akin Gump for legal fees related to Blue Mountain, and the remainder \$315,108 (December 31, 2013 - \$308,013) to various vendors related to the two projects.

(ii) Other accounts payables include costs related to the Company and not to the AG Solar or Blue Mountain projects.

8) Loans Payable

	March 31 2014	December 31 2013
	\$	\$
Initial & Secondary loan (i)	600,205	591,061
Director's loan (ii)	221,100	212,740
	821,305	803,801
Less: Current portion	(221,100)	-
Loans payable, non-current	600,205	803,801

GREENBRIAR CAPITAL CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2014

(Expressed in Canadian dollars)

(Unaudited)

- (i) 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.
- (ii) On November 1, 2013, Mr. Daniel Kunz, a director of the Company, loaned the Company US \$200,000 ("Director's Loan"). Under the terms of the loan agreement, the loan bears interest at 10% per annum, compounded monthly and repayable on February 28, 2014.

In the three months ended March 31, 2014, both the Initial Loan and the Secondary Loan have been extended to March 20, 2016 and the Director's Loan to February 28, 2015.

9) Share Capital

a) Authorized

Unlimited number of common shares without par value.

b) Private placement of units

On October 24, 2013, the Company completed a non-brokered private placement offering of 111,000 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 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. 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 ("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 to share purchase warrants based upon the relative fair values.

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 \$185,679 was allocated to common shares and \$14,321 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 of which \$4,317 was allocated to common shares and \$333 to share purchase warrants based upon the relative fair values.

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(Expressed in Canadian dollars)

(Unaudited)

On January 28, 2014 and March 10, 2014, the Company closed a portion of the non-brokered private placement, previously announced on December 12, 2013, issuing 130,000 units and 100,000 units respectively, for a total of 230,000 units. Each unit was at a price of \$2.50 per share for total gross proceeds of \$575,000 of which \$535,735 was allocated to common shares and \$39,265 to the 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 related to the non-brokered private placement amounted to \$13,815 of which \$12,872 was allocated to common shares and \$943 to share purchase warrants based upon the relative fair values.

c) Share-based compensation

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 granted in 2013 vest over 18 months, from the date of grant, and expire five years from the date of grant.

A summary of stock option information as at March 31, 2014 is as follows:

	Number of options	Weighted average exercise price
		\$
Balance at December 31, 2012	500,000	0.48
Granted	950,000	2.09
Exercised	(225,000)	0.46
Forfeited	-	-
Expired	-	-
Balance at December 31, 2013	1,225,000	1.73
Granted	-	-
Exercised	-	-
Forfeited	-	-
Expired	-	-
Balance at March 31, 2014	1,225,000	1.73

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		\$
0.57	400,000	0.57	2.67	400,000	0.57
0.75	125,000	0.75	3.89	62,500	0.75
2.60	200,000	2.60	4.20	100,000	2.60
2.60	250,000	2.60	4.32	125,000	2.60
2.50	250,000	2.50	4.59	62,500	2.50
Total	1,225,000	1.73	3.77	750,000	1.35

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(Unaudited)

The fair value of each option granted during the year was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Three months ended	
	March 31 2014	March 31 2013
Expected life (in years)	-	5.0
Risk-free interest rate	-	1.48%
Expected volatility	-	80%
Dividend yield	-	-
Forfeiture rate	-	3.36%

The expected stock price volatility is based on the historic volatility of the Company's shares (based on the life of the share-based options).

The fair value of share-based options granted during the three month period ended March 31, 2014 is \$Nil (2013 - \$167,110). The Company recorded \$137,463 of share-based compensation expense during the three month period ended March 31, 2014 (2013 - \$41,778) due to the vesting of options issued in previous periods.

d) Loss per share

Stock options and share purchase warrants have not been included in the computation of diluted loss per share for the three month periods ended March 31, 2014 and March 31, 2013, because to do so would be anti-dilutive.

10) Warrants

Share purchase warrants outstanding as at March 31, 2014:

Expiry date	Share purchase warrants outstanding	Finder's warrants outstanding	Black-scholes value	Exercise price
			\$	\$
October 24, 2015	55,500	2,200	24,636	3.00
December 18, 2015	40,000	-	13,988	3.00
January 16, 2016	10,000		3,305	3.00
January 16, 2016	10,000		3,305	3.00
January 21, 2016	55,000		19,291	3.00
March 3, 2016	50,000		15,726	3.00
Total	210,520	2,200	76,946	

Each share purchase warrant and finder's warrant entitles the holder to acquire one common share of the Company upon the payment of the exercised price as indicated for a period of 24 months from the date the warrants were issued.

On January 23, 2013 and March 19, 2013, 143,500 and 13,500 warrants were exercised respectively for total proceeds of \$78,500.

On August 26, 2013 and September 19, 2013, 77,500 and 52,500 warrants were exercised respectively for total proceeds of \$65,000.

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The share purchase warrants and broker's warrants issued were fair-valued using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended	
	March 31 2014	March 31 2013
Expected life (in years)	2.00	-
Risk-free interest rate	0.99%-1.04	-
Expected volatility	30%	-
Dividend yield	-	-

The expected stock price volatility is based on the historic volatility (based on the life of the warrants).

The fair value of warrants issued during the three months ended March 31, 2014 is \$38,322 (2013 - \$Nil).

11) 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) Categories of financial instruments

	March 31 2013	December 31 2012
	\$	\$
Loans and receivables		
Cash	162,364	228,580
Deposits	170,120	151,615
Interest receivable	23,658	19,840
	356,142	400,035
Other liabilities		
Accounts payable	2,848,416	2,299,601
Accrued interest	49,519	27,854
Accrued liabilities	73,419	62,603
Funds on deposit	59,334	-
Loans payable	821,305	803,801
	3,851,993	3,193,859

b) Fair value

Financial instruments consist of cash, interest receivables, deposits, accounts payable, accrued interest and liabilities, funds on deposit, and loans payable. The fair values of all financial instruments are considered to approximate their carrying values due to their short term nature.

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

d) *Credit risk*

The Company is exposed to credit risk through its cash which is held in large Canadian financial institutions with high credit rating, deposits and other receivables. The Company believes the credit risk is insignificant. The Company's exposure is limited to amounts reported within the statement of financial position.

e) *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. In order to meet its financial obligations, the Company will need to generate cash flow from the sale or otherwise disposition of property or raise additional funds. The following table summarizes the remaining contractual maturities of the Company's financial liabilities and operating commitments:

	1 to 3 months	Less than 1 year	1 to 5 years	Total
	\$	\$	\$	\$
Accounts payable	434,880	2,413,539	-	2,848,416
Accrued liabilities	73,419	-	-	73,419
Accrued interest liabilities	-	9,299	40,220	49,519
Corporate loans	-	221,100	564,355	785,455
Land lease payments	85,000	116,000	30,000	231,000
	593,299	2,759,935	634,575	3,987,809

12) Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The primary use of capital will be used for the development of its properties and acquisitions.

The Company considers the items included in short-term loans and shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. During the three months ended March 31, 2014, there has been no change in the Company's management of capital policies.

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13) Segmented information

a) Operating segment

The Company currently operates in one business segment being property acquisition and development.

b) Geographic segments

The Company currently has two geographic segments: Canada and the United States of America ("USA"). The head office and management operate in Canada and the Company's long term assets are in the USA.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company is primarily involved in the acquisition and development of wind and solar energy farms in the United States and has determined that its reportable operating segment is based on the fact that the Company's projects have the same economic characteristics and represent the manner in which the Company's chief decision maker views and evaluates the Company's business. The Company has one reportable operating segment.

	Canada	USA	Total
	\$	\$	\$
As at March 31, 2014			
Total assets	354,109	5,877,397	6,231,506
Non-current assets	-	5,870,432	5,870,432
As at December 31, 2013			
Total assets	389,651	4,845,759	5,235,410
Non-current assets	-	4,833,351	4,833,351
Three months ended March 31, 2014			
Operating loss	(406,433)	(2,409)	(408,842)
Interest income	3,818	-	3,818
Loss for the period	(402,615)	(2,409)	(405,024)
Three months ended March 31, 2013			
Operating loss	(102,492)	(6,075)	(108,567)
Interest income	3,535	-	3,535
Loss for the period	(98,957)	(6,075)	(105,032)

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(Unaudited)

14) Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 8, the Company had the following expenses paid to key management:

	Three Months Ended	
	March 31 2014	March 31 2013
	\$	\$
Salaries & wages	10,900	7,800
Share-based compensation	41,778	41,778
Total	52,678	49,578

15) Commitments

As at March 31, 2014, the Company had the following commitments outstanding:

	Within 1 year	2-3 years	Over 3 years	Total
Environmental assessment agreement (i)	11,055	-	-	11,055
Financial advisory agreements (ii)	212,985	-	-	212,985
Puerto Rico land lease (iii)	160,298	134,871	79,596	374,765
	384,338	134,871	79,596	598,805

- (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.

On January 8, 2014, the Company entered into an advisory service and financing agreement with Jacob Securities Inc. ("JSI") in which JSI will provide advisory services to support the Company's positioning within the capital markets and to assist in raising \$6 Million in project financing for the Blue Mountain and AG Solar projects. The Company agrees to pay a monthly advisory fee of \$11,300 for a period of twelve months with the option to terminate the agreement in the event that the Company does not close financing. The Company also agrees to pay JSI a 7% cash commission on the gross proceeds raised and broker warrants entitling JSI to acquire 7% of the securities sold.

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- (iii) The Company entered into four separate land options agreements with Jose Arturo Acosta, leasing a total of 1,590 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 terms. 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.

16) Subsequent events

On May 5, 2014, the Company, under Blue Mountain Power Partners, LLC, entered into a Qualifying Facility for a Large Generator Interconnection Agreement ("QFLGIA") with PacifiCorp, the transmission provider. PacifiCorp shall design, procure, and construct the interconnection facilities and provide network upgrades for the Blue Mountain project. The term of the QFLGIA is for a period of ten years from the effective date and shall be automatically renewed for each successive one year period thereafter.