Condensed Consolidated Interim Financial Statements and Notes of

Greenbriar
CAPITAL CORP.

For the three and nine months ended September 30, 2014 and 2013

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, 2014 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, 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.

September 30, 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 September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
		$	$	**$**	$
Expenses					
Audit and tax		**17,448**	7,707	**72,019**	25,869
Bank charges		**1,056**	675	**4,778**	1,703
Consultant	15	**35,152**	-	**35,152**	-
Finance Cost		**30,000**	-	**90,000**	-
Foreign exchange		**94,705**	(1,543)	**88,184**	212
Interest Expense		**3,711**	-	**8,225**	-
Legal		**30,135**	12,342	**41,507**	31,775
Office		**6,379**	16,406	**16,930**	34,608
Project exploration		**-**	4,047	**-**	11,245
Public company		**14,085**	13,215	**39,520**	28,303
Salaries		**61,790**	21,365	**173,716**	51,748
Share-based compensation	10(d)	**137,464**	142,242	**470,475**	267,464
Travel		**25,625**	116,749	**83,626**	231,300
		457,550	333,205	**1,124,132**	684,227
Other Income (Expenses)					
Other income	6	**(13,674)**	-	**-**	-
Interest income		**4,101**	3,786	**11,875**	11,084
Share of loss of joint venture	5(b)	**(7,205)**	-	**(22,434)**	-
Net loss		**(474,328)**	(329,419)	**(1,134,691)**	(673,143)
Other comprehensive loss					
Currency translation adjustment		**143,932**	(25,448)	**151,338**	36,826
Comprehensive loss		**(330,396)**	(354,867)	**(983,353)**	(636,317)
Basic and diluted loss per common share	10(e)	**(0.04)**	(0.03)	**(0.10)**	(0.06)
Weighted average number of common shares outstanding - basic and diluted		**11,717,679**	11,008,538	**11,801,918**	11,062,108

See accompanying notes to the condensed consolidated interim financial statements.

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	Notes	As at September 30, 2014	As at December 31, 2013
		$	$
Assets			
Current assets			
Cash		**60,295**	228,580
Deposits	4	**185,094**	151,615
Interest receivable	4(iii)	**31,715**	19,840
GST/HST receivable		**14,630**	1,976
Prepaid expenses		**2,520**	48
		294,254	402,059
Deposits	4	**82,130**	-
Investment and advances	5	**2,898,421**	2,906,602
Option to acquire joint venture interest	5(c)	**-**	772,150
Leased land	6	**1,229,752**	1,154,599
Power project development and construction costs	7	**961,581**	-
Intangible assets	5(c)	**1,400,000**	-
		6,866,138	5,235,410
Liabilities			
Current liabilities			
Accounts payable	8	**2,263,011**	2,299,601
Accrued interest		**98,627**	27,854
Accrued liabilities		**180,360**	62,603
Loans payable	9	**358,400**	803,801
		2,900,398	3,193,859
Non-current liabilities			
Loans payable	9	**759,079**	-
		3,659,477	3,193,859
Shareholders' equity			
Share capital	10	**4,381,646**	2,997,399
Share-based compensation reserve	10(d)	**1,046,255**	593,297
Warrants reserve	11	**349,882**	38,624
Accumulated other comprehensive loss		**182,595**	31,257
Accumulated deficit		**(2,753,717)**	(1,619,026)
		3,206,661	2,041,551
		6,866,138	5,235,410

Nature of business and continuing operations (Note 1)
Commitments (Note 16)
Subsequent events (Note 6 & 17)

Approved by the Directors on November 30, 2014

(signed) Jeffrey Ciachurski
Jeffrey Ciachurski, Director

(signed) John Wardlow
John Wardlow, Director

See accompanying notes to the condensed consolidated interim financial statements.

GREENBRIAR CAPITAL CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Notes	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
		$	$	**$**	$
Operating activities					
Net loss		**(474,328)**	(329,419)	**(1,134,691)**	(673,143)
Item not involving cash					
Foreign exchange unrealized		**86,029**	(780)	**90,227**	1,946
Share-based compensation expense	10(d)	**137,464**	142,243	**470,475**	267,464
		(250,835)	(187,956)	**(573,989)**	(403,733)
Change in non-cash working capital					
Accounts payable	8	**(683,241)**	123,513	**(36,590)**	219,950
Accrued interest		**27,736**	8,706	**70,773**	8,706
Accrued liabilities		**93,287**	(10,201)	**117,757**	8,860
Deferred income	6	**(137,242)**	-	**-**	-
GST/HST receivable		**(2,067)**	1,646	**(12,654)**	(349)
Interest receivable		**(4,101)**	(3,785)	**(11,875)**	(11,084)
Prepaid expenses		**2,519**	(4,584)	**(2,472)**	(8,332)
		(953,944)	(72,661)	**(449,050)**	(185,982)
Investing activities					
Investment and advances	5	**731,508**	(897,658)	**8,181**	(951,223)
Option to acquire joint venture interest	5	**1,321,125**	-	**772,150**	-
Leased land	6	**(6,142)**	(4,256)	**(14,042)**	(11,686)
Deposits	4	**(28,000)**	-	**(115,609)**	(5,058)
Power project development and construction costs	7	**(961,581)**	-	**(961,581)**	-
Intangible assets	5(c)	**(1,400,000)**	-	**(1,400,000)**	-
		(343,090)	(901,914)	**(1,710,901)**	(967,967)
Financing activities					
Loans payable		**175,884**	588,440	**313,678**	588,440
Shares issued for cash, net of issuance costs	10(c)	**1,116,803**	111,874	**1,677,988**	247,250
		1,292,687	700,314	**1,991,666**	835,690
Net cash outflow		**(4,347)**	(274,261)	**(168,285)**	(318,259)
Cash position, beginning of period		**64,642**	608,964	**228,580**	652,962
Cash position, end of period		**60,295**	334,703	**60,295**	334,703

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	Number	Amount			
	#	$	#	$	#	$	$	$	$
Balance at January 1, 2013	10,800,000	2,156,836	500,000	231,877	287,000	59,981	(43,283)	(577,463)	1,827,948
Exercise of options at $0.10	100,000	19,043	(100,000)	(9,043)	-	-	-	-	10,000
Exercise of options at $0.75	125,000	177,305	(125,000)	(83,555)	-	-	-	-	93,750
Exercise of warrants at $0.50	287,000	203,481	-	-	(287,000)	(59,981)	-	-	143,500
Currency translation for adjustment	-	-	-	-	-	-	36,826	-	36,826
Net loss for the period	-	-	-	-	-	-	-	(673,143)	(673,143)
Share-based compensation	-	-	700,000	267,464	-	-	-	-	267,464
Balance as at September 30, 2013	**11,312,000**	**2,556,665**	**975,000**	**406,743**	**-**	**-**	**(6,457)**	**(1,250,606)**	**1,706,345**
Balance at January 1, 2014	11,503,000	2,997,399	1,225,000	593,297	97,720	38,624	31,257	(1,619,026)	2,041,551
Private placement of 230,000 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 10(b))	230,000	522,863	-	-	115,000	38,322	-	-	561,185
Exercise of options at $0.57	39,305	39,920	(39,305)	(17,517)	-	-	-	-	22,403
Issuance of common shares to complete acquisition of AG Solar (Note 10(c))	684,000	821,464	-	-	684,000	272,936	-	-	1,094,400
Currency translation for adjustment	-	-	-	-	-	-	151,338	-	151,338
Net loss for the period	-	-	-	-	-	-	-	(1,134,691)	(1,134,691)
Share-based compensation	-	-	-	470,475	-	-	-	-	470,475
Balance as at September 30, 2014	**12,456,305**	**4,381,646**	**1,185,695**	**1,046,255**	**896,720**	**349,882**	**182,595**	**(2,753,717)**	**3,206,661**

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, BC, 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 September 30, 2014, the Company had a significant working capital deficiency of $2,606,144, an accumulated deficit of $2,753,717 and incurred a net loss of $1,134,691 for the nine months then ended. To address this working capital deficit, on October 10, 2014, the Company listed its Tehachapi property (Note 6) with a real estate agent for US $2.4 Million. Further, to fund operations in the short-term, on November 19, 2014, two directors loaned the Company a total of $23,500 (Note 17). If the Company is unable to generate cash flow from the sale 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, 2013 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 November 30, 2014.

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 gives 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 nine months ended September 30, 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 intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9"), which will 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 is currently evaluating the impact the final standard is expected to have on its financial statements.

(Expressed in Canadian dollars)

IFRS 15 Revenue Recognition

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

4) Deposits

	September 30, 2014	December 31, 2013
	$	$
Land Authority of Puerto Rico (i)	**82,130**	-
Leidos Engineering (ii)	**10,465**	141,150
I.M.W Industries (iii)	**141,150**	10,465
Rezek Option Agreement (iv)	**28,000**	-
Others	**5,479**	-
	267,224	151,615
Less: Current portion	**(185,094)**	(151,615)
Deposits, non-current	**82,130**	-

(i) On April 14, 2014, the Company entered into an agreement with the Land Authority of Puerto Rico to lease an additional 51 acres of land for the construction of an interconnection transmission line in Puerto Rico. The lease agreement provides a term of thirty years. The Company paid a security deposit of US $63,000, with a credit of US $12,000 from a permit deposit. The total deposit of US $75,000 will be refunded if construction occurs within three years of the agreement execution date.

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. The permit deposit of US $12,000 was credited to the security deposit on the transmission line easement.

(ii) 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").

(iii) 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.

(Expressed in Canadian dollars)

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 September 30, 2014, total outstanding interest receivable was $31,715 (December 31, 2013 - $19,840).

(iv) On September 23, 2014, the Company signed a second amended land options agreement with Dennis Rezek and Robert Carroll ("Rezek Option Agreement") to extend the terms of the initial option agreement executed on May 31, 2013. The Company paid the first of four extension payments of US $30,000 on September 30, 2014. Upon the option purchase closing, the Company will receive a US $25,000 credit against the land purchase price.

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 September 30, 2014

	AG Solar (a)	Blue Mountain (b)	**Total**
	$	$	**$**
Initial contribution	-	705,600	**705,600**
Funds advanced	961,581	2,215,225	**3,176,836**
Share of loss of joint venture	-	(22,434)	**(22,434)**
Transfers to power project development and construction costs (Note 7)	(961,581)	-	**(961,581)**
Total investment and advances	-	2,898,421	**2,898,421**
Option to acquire joint venture interest (c)	1,400,000	-	**1,400,000**
Transfer to intangibles (c)	(1,400,000)	-	**(1,400,000)**
Total	-	-	**-**

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
Total	772,150	-	**772,150**

(a) AG Solar

In April 2013, the Company entered into a 50/50 arrangement, AG Solar with Alterra Power Corp ("Alterra") (the "Arrangement"). The Arrangement 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"), dated December 20, 2011, and amended on March 16, 2012 (the "Master Agreement"), with PREPA which the partnership through its wholly owned subsidiary, PBJL Energy Corporation, currently has rights to. On September 12, 2014, the Company acquired Alterra's 50% interest in AG Solar (Note 5 (c)).

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

The Company entered into a one-year option agreement dated September 9, 2013, 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 first phase of the 100 MW AC 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. In August 2014, the parties agreed in principal to extend the lease option to January 2, 2015, and the Company paid an additional option fee of US $30,000. The Company and the underlying parties have also agreed in principal to further extended the lease and underlying purchase option for an additional one-year period commencing January 2, 2015, at the rate of US $150,000 payable with US $75,000 on the commencement of the lease on January 2, 2015, and an additional US $75,000 on July 2, 2015.

On December 1, 2013, the Company entered into a three-year option agreement with renewal options for up to two additional years which gives the Company the exclusive right and option to lease an additional 161 acre site in Puerto Rico for 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.

For the nine month period ended September 30, 2014, the Company had advanced funds to AG Solar of $440,955 (2013 - $174,188) for environmental assessments, land lease option payments, consulting services, legal fees, and financing costs. Total advanced funds of $961,581 were transferred to power project development and construction costs (Note 7) when the option to acquire joint venture interest in AG Solar was exercised.

(b) Blue Mountain

On August 2, 2013, the Company, through its wholly owned subsidiary, Greenbriar Capital Holdco Inc., completed its acquisition agreement of the 80 MW Blue Mountain, Utah Wind Energy Project, USA ("Blue Mountain"). Blue Mountain has a twenty year Power Purchase Agreement ("PPA") with PacifiCorp, a subsidiary of Mid-American Energy Holdings Company. 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 financed by way of a loan from the spouse of the CEO (Note 9 (iv)).

On December 9, 2013, the Company commenced construction of Blue Mountain. Construction of the Blue Mountain has been awarded to RMT, Inc. ("RMT").

On May 5, 2014, the Company 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.

On May 14, 2014, the Company declared a Force Majeure event under its 80 MW Blue Mountain PPA with PacifiCorp and suspended its QFLGIA. Many of the requirements, deadlines and prices as specified in the PPA contemplated that the commencement date would be no later than the Fall of 2013. However, the Company's PPA has been the subject of an appeal to the Utah courts by an unrelated third party and, therefore, the Company's PPA was not been final and non-appealable until May 30, 2014, when the third party appeal was rejected by the Utah Supreme Courts. The Company's PPA is now final and non-appealable and the Force Majeure event is over. The Company and PacifiCorp must enter into settlement discussion to renegotiate dates, prices and obligations contained in the PPA and the Interconnection Agreement to better reflect current market conditions that had lapsed while the PPA was disputed for almost eight months. Settlement discussions have not yet occurred with PacifiCorp regarding the status of the project and the PPA as PacifiCorp is still in litigation with the unrelated third party.

For the nine month period ended September 30, 2014, the Company had advanced funds to Blue Mountain of $469,343 (2013 - $314,255) for environmental and wind resource assessments, consulting and legal services. Blue Mountain had a net loss for the nine month period ended September 30, 2014, of $44,868 (2013 - $Nil) in which the Company accounted for 50% of its shared loss of $22,434 (2013 - $Nil).

(c) Option to acquire interest in AG Solar

On July 12, 2013, the Company signed a Membership Interest Purchase and Sale Agreement ("MIPSA") 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. 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 Master Agreement. As at February 17, 2014, the Company had paid US $250,000 to Alterra and had accrued remaining payments totaling US $1.0 Million. The Company negotiated the issuance of securities to Alterra to settle the remaining debt of US $1.0 Million.

(Expressed in Canadian dollars)

On August 12, 2014, Alterra agreed to exchange the remaining outstanding payments of $1,094,400 (US $1 Million) for equity of the Company (Note 10(c)). With the completion of the MIPSA on September 12, 2014, the Company now owns 100% of AG Solar and the option to acquire joint venture interest of $1.4 Million (December 31, 2013 - $772,150) was transferred to intangibles as the original advance from Alterra was related to the purchase of the Master Agreement.

6) Leased land

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 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 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.

On April 1, 2014, the Company leased 161 acres of land in Tehachapi to Captiva Verde Industries Ltd ("Captiva") for organic farming. Captiva is related to the Company by a director in common. Lease payments are US $300 per acre for the first year, US $310 per acre for the second year, and US $320 per acre for the third year. The lease agreement stipulates that the Company will receive all three years payments of $164,181 (US $149,618) in advance. As at September 30, 2014, the Company received all three years payments. At the time the lease was entered into, the land was zoned for high and low density housing. Captiva made an application to have the land rezoned for commercial farming but was unsuccessful in its attempts. Therefore, since Captiva is unable to use the land for farming, as originally contemplated in the lease agreement, the Company and Captiva have agreed to cancel the lease and all advance payments made by Captiva will be refunded. Other income of $13,674 (US $12,468) and deferred income of $137,242 (US $124,682) were reversed in the three and nine month period ended September 30, 2014.

On October 10, 2014, the Company listed both site 1 and site 2 for US $2.4 Million with Berkshire Hathaway Home Services ("Berkshire"). The property is being marketed both in the local US market and internationally. Upon sale, Berkshire will charge a commission of 10%.

The Company's leased land consists of the following:

	September 30, 2014	December 31, 2013
	$	$
Land acquisition	**1,164,800**	1,106,248
Property taxes	**50,032**	37,585
Land development	**4,211**	4,000
Land appraisal & related fees	**10,709**	6,766
	1,229,752	1,154,599

The unrealized foreign exchange translation gain for the nine month period ended September 30, 2014 was $61,111 (2013 – $34,880). For the nine month period ended September 30, 2014, the Company had property taxes and land appraisal fees of $14,042 (2013 - $11,686).

(Expressed in Canadian dollars)

7) Power project development and construction costs

	September 30, 2014	December 31, 2013
	$	$
Opening balance	**-**	-
Additions	**961,581**	-
Ending balance	**961,581**	-

Included in the power project development and construction costs balance for AG Solar are related to environmental assessments, land lease option payments, consulting services, legal fees, and financing costs which were initially recorded in investments and advances (Note 5(a)).

8) Accounts Payable

	September 30, 2014	December 31, 2013
	$	$
Project related accounts payables (i)	**1,791,873**	2,206,093
Other accounts payables (ii)	**471,138**	93,508
Total accounts payables	**2,263,011**	2,299,601

(i) Total project related accounts payables include costs for the AG Solar and Blue Mountain projects. At September 30, 2014, $1,200,923 (December 31, 2013 - $1,200,923) is payable to RMT for initial construction of the Blue Mountain project, $Nil (December 31, 2013 - $515,025) is payable to Alterra for the option to acquire interest in AG Solar, $180,262 (December 31, 2013 - $155,539) is payable to Akin Gump for legal fees related to Blue Mountain, $89,764 (December 31, 2013 - $73,221) is payable to Western EcoSystems for environmental assessments for Blue Mountain, and the remainder $320,924 (December 31, 2013 - $261,385) 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.

9) Loan Payable

	September 30, 2014	December 31, 2013
	$	$
Captiva loans (i)	**110,721**	-
Shareholder loans (ii)	**112,000**	-
Director's loans (iii)	**290,000**	212,740
Initial & Secondary loans (iv)	**604,758**	591,061
	1,117,479	803,801
Less: Current portion	**(358,400)**	(803,801)
Loans payable, non-current	**759,079**	-

(i) On April 29, 2014, Captiva loaned the Company $21,902 (US $20,000) with interest bearing 10% per annum, compounded monthly and repayable on April 29, 2016.

On July 14, 2014, Captiva loaned the Company $25,819 (US $24,000) with interest bearing 10% per annum, compounded monthly and repayable on July 14, 2016.

On July 30, 2014 and September 2, 2014, Captiva loaned the Company $33,000 and $30,000 respectively. Both loans bear interest at 10% per annum, compounded monthly and repayable after two years.

(ii) In September 2014, the Company received two loans total $109,750 (US $100,000) from an independent shareholder. Both loans bear interest of 10% per annum, compounded monthly and repayable on February 28, 2015.

(iii) In May 2014 and June 2014, the Company received loans of $42,668 (US $39,200) and $10,000 respectively, from the directors of the Company. Each loan bears interest of 10% per annum, compounded monthly and repayable after two years. On September 29, 2014, one of the director's loans for $10,009 (US $9,200) were paid back in full.

On July 30, 2014, a director of the Company provided a demand loan of $21,802 (US $20,000). The loan bears interest of 1% per month, and shall be paid upon recall.

On November 1, 2013, a director of the Company, loaned the Company $208,940 (US $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. In the nine months ended September 30, 2014, the terms of the loan were extended to February 28, 2015.

(iv) On August 1, 2013, the Company entered into a loan agreement for $516,900 (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 and payments made by the CEO on the Company's corporate credit card may be offset against the Secondary Loan. As at September 30, 2014, the Secondary loan balance was $44,758 (December 31, 2014 - $59,211).

In the nine months ended September 30, 2014, both the Initial Loan and the Secondary Loan have been extended to March 20, 2016.

10) Share Capital

a) Authorized and Outstanding

At September 30, 2014, the Company had unlimited authorized common shares without par value and 12,456,305 common shares issued and outstanding (December 31, 2013 – 11,503,000).

b) Private placement of units

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.

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.

c) Debt to Equity

On September 12, 2014, the Company issued 684,000 units to settle debt of $1,094,400 (US $1,000,000) to Alterra in connection with the acquisition of the remaining interest of AG Solar. Each unit is comprised of one common share and one non-transferable common share purchase warrant, at a deemed price of $1.60 per unit for total of $1,094,000 of which $821,464 was allocated to common shares and $272,936 to share purchase warrants based upon the relative fair values. Each warrant will entitle Alterra to purchase one common share of the Company at a price of $2.00 per share for a period of 5 years from the date of issuance. The securities issued in connection with the transaction was issued pursuant to certain prospectus and registration exemptions available under applicable securities legislation and will be subject to a hold period of four months and a day from the date of issuance.

(Expressed in Canadian dollars)

d) 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 September 30, 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	(39,305)	0.57
Forfeited	-	-
Expired	-	-
Balance at September 30, 2014	**1,185,695**	**1.77**

	Stock options outstanding			Options exercisable	
Exercise price	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number of options outstanding and exercisable	Weighted average exercise price
$		$	Years		$
0.57	360,695	0.57	2.16	360,695	0.57
0.75	125,000	0.75	3.39	125,000	0.75
2.60	200,000	2.60	3.70	150,000	2.60
2.60	250,000	2.60	3.82	187,500	2.60
2.50	250,000	2.50	4.08	125,000	2.50
Total	**1,185,695**	**1.77**	**3.31**	**948,195**	**1.57**

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		**Nine Months Ended**	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Expected life (in years)	-	5.0	-	5.0
Risk-free interest rate	-	1.72%	-	1.48%-1.72%
Expected volatility	-	78%	-	78%-80%
Dividend yield	-	-	-	-
Forfeiture rate	-	3.36%	-	3.36%

(Expressed in Canadian dollars)

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 and nine month period ended September 30, 2014 is $Nil (2013 – three months - $401,861; nine months - $902,747). The Company recorded $137,464 and $470,475 of share-based compensation expense during the three and nine month period ended September 30, 2014 (2013 – three months - $142,242; nine months - $267,464) due to the vesting of options issued in previous periods.

e) Loss per share

Stock options and share purchase warrants have not been included in the computation of diluted loss per share for the three and nine month periods ended September 30, 2014 and September 30, 2013, because to do so would be anti-dilutive.

11) Warrants

Share purchase warrants outstanding as at September 30, 2014:

Expiry date	Share purchase warrants outstanding	Finder's warrants outstanding	Black-scholes value	Exercise Price
			$	$
October 24, 2015	55,500	2,220	24,636	3.00
December 18, 2015	40,000	-	13,988	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
September 12, 2019	684,000	-	272,936	2.00
Total	**894,500**	**2,220**	**349,882**	

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.

(Expressed in Canadian dollars)

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

	Three Months Ended		**Nine Months Ended**	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
Expected life (in years)	**5.00**	-	**2.00-5.00**	-
Risk-free interest rate	**1.70%**	-	**0.99%-1.70%**	-
Expected volatility	**30%**	-	**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 and nine month period ended September 30, 2014 is $272,936 and $311,258 (Three and nine months ended September 30, 2013 - $Nil).

12) 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

	September 30, 2014	December 31, 2013
	$	$
Loans and receivables		
Cash	**60,295**	228,580
Deposits	**267,224**	151,615
Interest receivable	**31,715**	19,840
	359,294	400,035
Other liabilities		
Accounts payable	**2,263,011**	2,299,601
Accrued interest	**98,627**	27,854
Accrued liabilities	**180,360**	62,603
Loans payable	**1,117,479**	803,801
	3,659,477	3,193,859

b) Fair value

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

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 interest rates through the interest earned on cash balances, deposits, and loans; however, management does not believe this exposure is significant.

(Expressed in Canadian dollars)

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	595,170	1,667,840	-	**2,263,011**
Accrued liabilities	133,976	46,384	-	**180,360**
Accrued interest liabilities	-	20,621	78,006	**98,627**
Corporate loans	-	358,400	759,079	**1,117,479**
Land lease payments	-	66,000	234,000	**300,000**
	729,146	2,159,245	1,071,085	**3,959,477**

13) 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 nine months ended September 30, 2014, there has been no change in the Company's management of capital policies.

14) Segmented information

a) Operating segment

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

(Expressed in Canadian dollars)

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 September 30, 2014			
Total assets	375,470	6,490,668	6,866,138
Non-current assets	82,130	6,489,754	6,571,884
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 September 30, 2014			
Operating loss	(454,134)	(24,295)	(478,429)
Interest income	4,101	-	4,101
Loss for the period	(450,033)	(24,295)	(474,328)
Three months ended September 30, 2013			
Operating loss	(330,387)	(2,818)	(333,205)
Interest income	3,786	-	3,786
Loss for the period	(326,601)	(2,818)	(329,419)
Nine months ended September 30, 2014			
Operating loss	(1,132,605)	(13,961)	(1,146,566)
Interest income	11,875	-	11,875
Loss for the period	(1,120,730)	(13,961)	(1,134,961)
Nine months ended September 30, 2013			
Operating loss	(674,519)	(9,708)	(684,227)
Interest income	11,084	-	11,084
Loss for the period	(663,435)	(9,708)	(673,143)

15) Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 6 and 9, the Company had the following expenses paid to key management:

(Expressed in Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
	$	$	**$**	$
Salaries & wages	**18,000**	7,800	**43,150**	25,350
Share-based compensation	**41,778**	41,778	**285,902**	166,999
Management fees	**35,152**	-	**35,152**	-
Total	**94,930**	49,578	**364,204**	192,439

On July 1, 2014, the Company entered into a consulting contract with the President of the Company. The agreement provides for an annual fee of US $120,000 in which the President will lead all the wind and solar development in obtaining permitting, environmental compliance and raising of capital to construct the renewable energy facilities ("Annual Fee"). In addition, the Company agrees to reimburse all reasonable expense incurred related to office expenses, daily travel per diem, mileage expense and health and life insurance premium expense. Further, upon the Company closing certain development milestones allowing for an equity raise of at least US $2 Million or the sale of any Company assets or project rights including the Tehachapi land whichever comes first, the agreement provides for a one-time payment of US $250,000 in recognition of the President's unpaid work in support of the Company's projects since March 2013. Lastly, the President will be paid a US $3 Million development completion bonus at the time the Montalva Solar Project completes all key milestones necessary for the Company to obtain project financing for the Montalva Solar Project. As at September 30, 2014 and to the date of this MD&A, the President of the Company has not been paid any fees under the contract due to the Company's capital position. The Company has accrued US $35,152 in the financial statements for the Annual Fees earned under the contract as at September 30, 2014.

16) Commitments

As at September 30, 2014, the Company had the following commitments outstanding:

	Within 1 year	2-3 years	Over 3 years	**Total**
Puerto Rico land leases (i)	73,920	141,120	120,960	**336,000**
Utah land option (ii)	67,200	-	-	**67,200**
Consultant bonus (iii)	280,000	-	-	**280,000**
PBJL share transfer (iv)	560,000	-	-	**560,000**
Total	981,120	141,120	120,960	**1,243,200**

(i) 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. As at September 30, 2014, the Company capitalized $266,201 (US $250,000) in land costs under the Puerto Rico project.

(ii) The second amended Rezek Option Agreement signed September 23, 2014, allows the Company to extend its land purchase option in San Juan County, State of Utah for the Blue Mountain project. The first of four extension payments of US $30,000 was paid on September 30, 2014. The second and third extension payments of US $15,000 each are due November 24, 2014 and November 30, 2014 respectively. The final extension payment of US $30,000 is due May 31, 2015.

(iii) The Company agreed to pay the President a one-time consultant bonus of US $250,000 (Note 15).

(iv) On April 23, 2013, 330 common shares, approximately 33% interest, of PBJL was transferred between the spouse of an officer to AG Solar. The Company will be required to pay a total of US $500,000 for these shares on terms yet to be negotiated.

17) Subsequent events

On November 19, 2014, the Company received loans of $12,000 and $11,500 from the directors of the Company. Each loan bears interest of 10% per annum, compounded monthly and repayable on demand.