Condensed Consolidated Interim Financial Statements and Notes of

Greenbriar Capital Corp.

For the three and six months ended June 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 June 30, 2014 and the Statement of Loss and Comprehensive Loss, Statement of Cash Flows and Statement of Changes in Equity for the three and six months ended June 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.

June 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 June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
		$	$	**$**	$
Expenses					
Audit and tax		**43,851**	10,470	**54,571**	18,162
Bank charges		**1,806**	525	**3,722**	1,028
Finance Cost		**26,100**	-	**60,000**	-
Foreign exchange		**(105,676)**	1,782	**(6,521)**	1,755
Interest Expense		**3,088**	-	**4,514**	-
Legal		**6,999**	6,537	**11,372**	19,433
Office		**5,414**	14,359	**10,551**	18,202
Project exploration		**-**	7,198	**-**	7,198
Public company		**7,108**	8,986	**25,435**	15,088
Salaries		**55,673**	19,281	**111,926**	30,383
Share-based compensation	9(c)	**195,548**	83,444	**333,011**	125,222
Travel		**26,237**	89,873	**58,001**	114,551
		266,148	242,455	**666,582**	351,022
Other Income (Expenses)					
Other income		**13,674**	-	**13,674**	-
Interest income		**3,956**	3,763	**7,774**	7,298
Share of loss of joint venture	5(b)	**(6,821)**	-	**(15,229)**	-
Net loss		**(255,339)**	(238,692)	**(660,363)**	(343,724)
Other comprehensive loss					
Currency translation adjustment		**(36,932)**	38,470	**7,406**	62,274
Comprehensive loss		**(292,271)**	(200,222)	**(652,957)**	(281,450)
Basic and diluted loss per common share	9(d)	**(0.02)**	(0.02)	**(0.06)**	(0.03)
Weighted average number of common shares outstanding - basic and diluted		**11,633,440**	10,949,000	**11,683,220**	11,003,000

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 June 30, 2014	As at December 31, 2013
		$	$
Assets			
Current assets			
Cash		**64,642**	228,580
Deposits	4	**157,094**	151,615
Interest receivable	4(iii)	**27,614**	19,840
GST/HST receivable		**12,563**	1,976
Prepaid expenses		**5,039**	48
		266,952	402,059
Deposits	4	**82,130**	-
Investment and advances	5	**3,629,929**	2,906,602
Option to acquire joint venture interest	5	**1,321,125**	772,150
Leased land	6	**1,165,707**	1,154,599
		6,465,843	5,235,410
Liabilities			
Current liabilities			
Accounts payable	7	**2,946,252**	2,299,601
Accrued interest		**70,891**	27,854
Accrued liabilities		**87,073**	62,603
Deferred income	6	**53,214**	-
Loans payable	8	**213,400**	803,801
		3,370,830	3,193,859
Non-current liabilities			
Deferred income	6	**84,028**	-
Loans payable	8	**728,195**	-
		4,183,053	3,193,859
Shareholders' equity			
Share capital	9	**3,520,262**	2,997,399
Share-based compensation reserve	9(c)	**926,308**	593,297
Warrants reserve	10	**76,946**	38,624
Accumulated other comprehensive loss		**38,663**	31,257
Accumulated deficit		**(2,279,389)**	(1,619,026)
		2,282,790	2,041,551
		6,465,843	5,235,410

Nature of business and continuing operations (Note 1)
Commitments (Note 15)
Subsequent events (Note 5c & 16)

Approved by the Directors on August 26, 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 June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
		$	$	**$**	$
Operating activities					
Net loss		**(255,339)**	(238,692)	**(660,363)**	(343,724)
Item not involving cash					
Foreign exchange unrealized		**4,858**	2,076	**3,825**	2,892
Share-based compensation expense	9(c)	**195,548**	83,444	**333,011**	125,222
		(54,933)	(153,172)	**(323,527)**	(215,610)
Change in non-cash working capital					
Accounts payable	7	**97,836**	67,978	**646,651**	96,437
Accrued interest		**21,372**	-	**43,037**	-
Accrued liabilities		**13,654**	9,509	**24,470**	19,061
Deferred income	6	**137,242**	-	**137,242**	-
Funds on deposit		**(59,334)**	-	**-**	-
GST/HST receivable		**(11,245)**	(934)	**(10,587)**	(1,995)
Interest receivable		**(3,956)**	(3,764)	**(7,774)**	(7,299)
Prepaid expenses		**(1,425)**	4,277	**(4,991)**	(3,748)
		139,211	(76,106)	**504,521**	(113,154)
Investing activities					
Investment and advances	5	**(286,036)**	(53,565)	**(723,327)**	(53,565)
Option to acquire joint venture interest	5	**-**	-	**(548,975)**	-
Leased land	6	**(2,082)**	(3,798)	**(7,526)**	(7,596)
Deposits	4	**(69,104)**	(5,058)	**(87,609)**	(5,058)
		(357,222)	(62,421)	**(1,367,437)**	(66,219)
Financing activities					
Loans payable		**120,290**	-	**137,794**	-
Shares issued for cash, net of issuance costs	9(b)	**-**	46,875	**561,185**	135,375
		120,290	46,875	**698,979**	135,375
Net cash outflow		**(97,722)**	(91,652)	**(163,938)**	(43,998)
Cash position, beginning of period		**162,364**	700,616	**228,580**	652,962
Cash position, end of period		**64,642**	608,964	**64,642**	608,964

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 options at $0.75	62,500	88,653	(41,778)					46,875
Exercise of warrants at $0.50	157,000	111,312	-	(157,000)	(32,812)	-	-	78,500
Currency translation for adjustment	-	-	-	-	-	62,274	-	62,274
Net loss for the period	-	-	-	-	-	-	(343,724)	(343,724)
Share-based compensation	-	-	125,222	-	-	-	-	125,222
Balance as at June 30, 2013	**11,119,500**	**2,375,844**	**306,278**	**130,000**	**27,169**	**18,991**	**(921,187)**	**1,807,095**
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 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 9 (b))	230,000	522,863	-	115,000	38,322	-	-	561,185
Currency translation for adjustment	-	-	-	-	-	7,406	-	7,406
Net loss for the period	-	-	-	-	-	-	(660,363)	(660,363)
Share-based compensation	-	-	333,011	-	-	-	-	333,011
Balance as at June 30, 2014	**11,733,000**	**3,520,262**	**926,308**	**212,720**	**76,946**	**38,663**	**(2,279,389)**	**2,282,790**

See accompanying notes to the condensed consolidated interim financial statements.

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 June 30, 2014, the Company had a working capital deficiency of $3,103,878, an accumulated deficit of $2,279,389 and incurred a net loss of $660,363 for the six 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 August 26, 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 six months ended June 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 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.

(Expressed in Canadian dollars)

4) Deposits

	June 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
Others	**5,479**	-
	239,224	151,615
Less: Current portion	**(157,094)**	(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.

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 June 30, 2014, total outstanding interest receivable was $27,614 (December 31, 2013 - $19,840).

(Expressed in Canadian dollars)

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 June 30, 2014

	AG Solar (a)	Blue Mountain (b)	**Total**
	$	$	**$**
Initial contribution	-	672,210	**672,210**
Funds advanced	833,230	2,139,718	**2,972,948**
Share of loss of joint venture	-	(15,229)	**(15,229)**
Total investment and advances	833,230	2,796,699	**3,629,929**
Option to acquire joint venture interest (c)	1,321,125	-	**1,321,125**

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

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.

For the six month period ended June 30, 2014, the Company had advanced funds to AG Solar of $312,604 (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 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 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. 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.

For the six month period ended June 30, 2014, the Company had advanced funds to Blue Mountain of $393,806 (2013 - $Nil) for environmental and wind resource assessments, consulting and legal services. Blue Mountain had a net loss of $30,458 (2013 - $Nil) in which the Company accounted for 50% of its shared loss of $15,229 (2013 - $Nil).

(c) Option to acquire interest in AG Solar

On July 12, 2013, the Company signed a Membership Interest Purchase Agreement ("MIPP") 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 PPOA. As at June 30, 2014, the Company has paid the first payment of $257,125 (US $250,000) and has accrued four additional payments totaling $1,067,000 (US $1.0 Million) (December 31, 2013 – $515,025 (US $500,000)).

On August 12, 2014, Alterra agreed to exchange the remaining outstanding payments of $1.09 Million (US $1.0 Million) for 684,000 units of the Company. 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. 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 will be 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. With the completion of the MIPP, the Company now owns 100% of AG Solar.

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 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.

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 160 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 $160,088 (US $149,618) in advance, but no later than December 1, 2014. As at June 30, 2014, the Company received a total of $150,916 of which $13,674 relates to other income and $137,242 was deferred. The remainder of $9,172 was received subsequent to the end of the quarter.

(Expressed in Canadian dollars)

The Company's leased land consists of the following:

	June 30 2014	December 31 2013
	$	$
Land acquisition	**1,109,680**	1,106,248
Property taxes	**41,813**	37,585
Land development	**4,012**	4,000
Land appraisal & related fees	**10,202**	6,766
	1,165,707	1,154,599

The unrealized foreign exchange translation gain for the six month period ended June 30, 2014 was $3,582 (2013 – $59,382). For the six month period ended June 30, 2014, the Company had property taxes and land appraisal fees of $7,526 (2013 - $7,596).

7) Accounts Payable

	June 30 2014	December 31 2013
	$	$
Project related accounts payables (i)	**2,744,323**	2,206,093
Other accounts payables (ii)	**201,929**	93,508
Total Accounts Payable	**2,946,252**	2,299,601

(i) Total project related accounts payables include costs for the AG Solar and Blue Mountain projects. At June 30, 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, $176,526 (December 31, 2013 - $155,539) is payable to Akin Gump for legal fees related to Blue Mountain, and the remainder $307,797 (December 31, 2013 - $335,529) 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) Loan Payable

	June 30 2014	December 31 2013
	$	$
Captiva loan (i)	**21,902**	-
Director's loans (ii)	**265,226**	212,740
Initial & Secondary loan (iii)	**654,467**	591,061
	941,595	803,801
Less: Current portion	**(213,400)**	-
Loans payable, non-current	**728,195**	803,801

(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.

(ii) In May 2014, the Company received loans of $42,668 (US$39,200) and $10,000 from the directors of the Company. Each loan bears interest of 10% per annum, compounded monthly and repayable after two years.

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 six months ended June 30, 2014, the terms of the loan were extended to February 28, 2015.

(iii) 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 June 30, 2014, the Secondary loan balance was $120,967 (December 31, 2014 - $59,211).

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

9) Share Capital

a) Authorized and Outstanding

At June 30, 2014, the Company had unlimited authorized common shares without par value and 11,733,000 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.

(Expressed in Canadian dollars)

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) 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 June 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	-	-
Forfeited	-	-
Expired	-	-
Balance at June 30, 2014	**1,225,000**	**1.73**

(Expressed in Canadian dollars)

		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	400,000	0.57	2.42	400,000	0.57
0.75	125,000	0.75	3.64	62,500	0.75
2.60	200,000	2.60	4.07	125,000	2.60
2.60	250,000	2.60	3.95	150,000	2.60
2.50	250,000	2.50	4.43	125,000	2.50
Total	**1,225,000**	**1.73**	**3.52**	**862,500**	**1.51**

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		**Six Months Ended**	
	June 30 2014	June 30 2013	**June 30 2014**	June 30 2013
Expected life (in years)	**-**	5.0	**-**	5.0
Risk-free interest rate	**-**	1.63%	**-**	1.48%-1.63%
Expected volatility	**-**	80%	**-**	80%
Dividend yield	**-**	-	**-**	-
Forfeiture rate	**-**	3.36%	**-**	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 and six month period ended June 30, 2014 is $Nil (2013 – three months - $333,776; six months - $500,886). The Company recorded $195,548 and $333,011 of share-based compensation expense during the three and six month period ended June 30, 2014 (2013 – three months - $83,444; six months - $125,222) 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 and six month periods ended June 30, 2014 and June 30, 2013, because to do so would be anti-dilutive.

(Expressed in Canadian dollars)

10) Warrants

Share purchase warrants outstanding as at June 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
Total	**210,500**	**2,220**	**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.

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		**Six Months Ended**	
	June 30 2014	June 30 2013	**June 30 2014**	June 30 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 and six month period ended June 30, 2014 is $Nil and $38,322 (Three and six months ended June 30, 2013 - $Nil).

(Expressed in Canadian dollars)

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

	June 30 2014	December 31 2013
	$	$
Loans and receivables		
Cash	**64,642**	228,580
Deposits	**239,224**	151,615
Interest receivable	**27,614**	19,840
	331,480	400,035
Other liabilities		
Accounts payable	**2,946,252**	2,299,601
Accrued interest	**70,891**	27,854
Accrued liabilities	**87,073**	62,603
Deferred income	**137,243**	-
Loans payable	**941,595**	803,801
	4,183,054	3,193,859

b) Fair value

Financial instruments consist of cash, deposits, interest receivables, accounts payable, accrued interest and liabilities, deferred income, 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.

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:

(Expressed in Canadian dollars)

	1 to 3 months	Less than 1 year	1 to 5 years	**Total**
	$	$	$	**$**
Accounts payable	410,328	2,535,924	-	**2,946,252**
Accrued liabilities	55,929	31,144	-	**87,073**
Accrued interest liabilities	-	14,628	56,263	**70,891**
Corporate loans	-	213,400	728,195	**941,595**
Land lease payments	-	44,000	256,000	**300,000**
	466,257	2,839,096	1,040,458	**4,345,811**

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 six months ended June 30, 2014, there has been no change in the Company's management of capital policies.

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.

(Expressed in Canadian dollars)

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 June 30, 2014			
Total assets	345,594	6,117,249	6,465,843
Non-current assets	82,130	6,116,761	6,198,891
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 June 30, 2014			
Operating loss	(272,038)	12,743	(259,295)
Interest income	3,956	-	3,956
Loss for the period	(268,082)	12,743	255,339
Three months ended June 30, 2013			
Operating loss	(241,640)	(815)	(242,455)
Interest income	3,763	-	3,763
Loss for the period	(237,877)	(815)	(238,692)
Six months ended June 30, 2014			
Operating loss	(678,471)	10,334	(668,137)
Interest income	7,774	-	7,774
Loss for the period	(670,679)	10,334	660,363
Six months ended June 30, 2013			
Operating loss	(344,132)	(6,890)	(351,022)
Interest income	7,298	-	7,298
Loss for the period	(336,834)	(6,890)	(343,724)

(Expressed in Canadian dollars)

14) Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 6 and 8, the Company had the following expenses paid to key management:

	Three Months Ended		**Six Months Ended**	
	June 30 2014	June 30 2013	**June 30 2014**	June 30 2013
	$	$	**$**	$
Salaries & wages	**14,250**	9,750	**25,150**	17,550
Share-based compensation	**202,347**	83,444	**244,125**	125,222
Total	**216,597**	91,194	**269,275**	142,772

15) Commitments

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

	Within 1 year	2-3 years	Over 3 years	**Total**
Financial advisory agreements (i)(ii)	70,670	-	-	**70,670**
Puerto Rico land leases (iii)	46,948	145,112	128,040	**320,100**
	117,618	145,112	128,040	**390,770**

(i) 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 $10,000 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. As at June 30, 2014, the Company accrued $60,000 in advisory service fees with JSI.

(ii) On August 22, 2013, the Company entered into a financial advisory agreement with Rabobank to assist with project financing for the 80 MW 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. As at June 30, 2014, the Company capitalized $117,895 (US $110,000) in financing costs under the Blue Mountain project.

(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. As at June 30, 2014, the Company capitalized $233,546 (US $220,000) in land costs under the Puerto Rico project.

16) Subsequent events

On May 14, 2014, the Company declared a Force Majeure event under its 80 MW Blue Mountain PPA with PacifiCorp. 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 had not been finalized. On May 30, 2014, the third party appeal was rejected by the Utah courts and the Company's PPA is now final and non-appealable. The Force Majeure event is over and the Company is currently renegotiating dates, prices and obligations contained in the PPA and the Interconnection Agreement to better reflect current market conditions.

On July 30, 2014, a director of the Company provided a demand loan of $21,802 (US $20,000). The loan does not bear interest.