Consolidated Financial Statements and Notes of

For the years ended December 31, 2014 and 2013

Greenbriar Capital Corp.

December 31, 2014 and 2013

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Independent Auditor's Report

To the Shareholders of Greenbriar Capital Corp.

We have audited the accompanying consolidated financial statements of Greenbriar Capital Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greenbriar Capital Corp. as at December 31, 2014 and December 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that as at December 31, 2014, the Company had a working capital deficiency of $2,911,888, an accumulated deficit of $3,196,387 and incurred a net loss of $1,577,361 for the year ended December 31, 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Chartered Accountants
April 29, 2015
Vancouver, Canada

GREENBRIAR CAPITAL CORP.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share amounts)

	Notes	Years Ended December 31, 2014	2013
		$	$
Expenses			
Audit and tax		**87,540**	38,580
Bank charges		**5,889**	3,121
Consultant		**70,430**	-
Finance Cost		**98,921**	-
Foreign exchange		**171,698**	30,594
Interest Expense		**17,861**	1,873
Legal		**46,877**	31,214
Office		**22,882**	44,472
Project exploration		**-**	15,500
Public company		**44,434**	48,107
Salaries		**226,648**	73,288
Share-based compensation	11(d)	**666,024**	454,018
Travel		**106,617**	285,542
		1,565,821	1,026,309
Other Income (Expenses)			
Interest income		**16,080**	14,813
Share of loss of joint venture	5	**(27,620)**	(30,067)
Net loss		**(1,577,361)**	(1,041,563)
Other comprehensive loss			
Currency translation adjustment		**271,876**	74,540
Comprehensive loss		**(1,305,485)**	(967,023)
Basic and diluted loss per common share	11(d)	**(0.13)**	(0.09)
Weighted average number of common shares outstanding - basic and diluted		**11,924,960**	11,150,301

See accompanying notes to the consolidated financial statements.

GREENBRIAR CAPITAL CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	As at December 31, 2014	As at December 31, 2013
		$	$
Assets			
Current assets			
Cash		**3,184**	228,580
Deposit	4	**179,615**	151,615
Interest receivable	4	**35,920**	19,840
GST receivable & other		**3,790**	2,024
		222,509	402,059
Deposits	4	**82,130**	-
Investment and advances	5	**2,983,562**	2,906,602
Option to acquire joint venture interest	5	**-**	772,150
Leased land	6	**1,280,143**	1,154,599
Power project development and construction costs	7	**1,034,910**	-
Intangible assets	5(c)	**1,450,125**	-
		7,053,379	5,235,410
Liabilities			
Current liabilities			
Accounts payable	8	**2,443,202**	2,299,601
Accrued interest		**134,458**	27,854
Accrued liabilities		**168,470**	62,603
Loans payable	9	**388,267**	803,801
		3,134,397	3,193,859
Non-current liabilities			
Loans payable	9	**838,905**	-
		3,973,302	3,193,859
Shareholders' equity			
Share capital	11	**4,381,645**	2,997,399
Share-based compensation reserve	11	**1,241,803**	593,297
Warrants reserve	12	**349,883**	38,624
Accumulated other comprehensive loss		**303,133**	31,257
Accumulated deficit		**(3,196,387)**	(1,619,026)
		3,080,077	2,041,551
		7,053,379	5,235,410

Nature of business and continuing operations (Note 1)
Commitments (Note 17)
Subsequent events (Note 18)

Approved by the Directors on April 28, 2015

/s/ Jeffrey Ciachurski
Jeffrey Ciachurski, Director

/s/ John Wardlow
John Wardlow, Director

See accompanying notes to the consolidated financial statements.

GREENBRIAR CAPITAL CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Year Ended December 31, 2014	2013
		$	$
Operating activities			
Net loss		**(1,577,361)**	(1,041,563)
Item not involving cash			
Foreign exchange unrealized		**166,240**	1,890
Share-based compensation expense	11(d)	**666,024**	454,018
		(745,097)	(585,655)
Change in non-cash working capital			
Accounts payable		**143,601**	2,293,834
Accrued interest		**106,604**	27,854
Accrued liabilities		**105,866**	30,844
GST receivable and other		**(1,766)**	(1,101)
Interest receivable		**(16,080)**	(14,813)
		(406,872)	1,750,963
Investing activities			
Investment and advances		**(76,960)**	(2,906,602)
Option to acquire joint venture interest		**772,150**	(772,150)
Leased land		**(19,908)**	(16,489)
Deposit	4	**(110,130)**	(10,465)
Power project development and construction costs	7	**(1,034,910)**	-
Intangible assets		**(1,450,125)**	-
		(1,919,883)	(3,705,706)
Financing activities			
Loans payable		**423,372**	803,801
Shares issued for cash, net of issuance costs	11	**1,677,987**	726,608
		2,101,359	1,530,409
Net cash outflow		**(225,396)**	(424,334)
Cash position, beginning of year		**228,580**	652,962
Cash position, end of year		**3,184**	228,628

See accompanying notes to the consolidated financial statements.

GREENBRIAR CAPITAL CORP

Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	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 as at December 31, 2012	**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
Private placement of 111,000 shares at a price of $2.70 per common share, plus half warrant with whole warrant convertible into a new share at $3.00, net of issuance costs of $16,780 (Note 11 (b))	111,000	259,372		-	57,720	24,636	-	-	284,008
Private placement of 80,000 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 $4,650 (Note 11 (b))	80,000	181,362		-	40,000	13,988	-	-	195,350
Currency translation for adjustment	-	-		-	-	-	74,540	-	74,540
Net loss for the year	-	-		-	-	-	-	(1,041,563)	(1,041,563)
Share-based compensation	-	-	950,000	454,018	-	-	-	-	454,018
Balance as at December 31, 2013	**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 11(b))	230,000	522,862	-	-	115,000	38,323	-	-	561,185
Exercise of options at $0.57	39,305	39,920	(39,305)	(17,518)	-	-	-	-	22,402
Issuance of common shares to complete acquisition of AG Solar (Note 11(c))	684,000	821,464	-	-	684,000	272,936	-	-	1,094,400
Currency translation for adjustment	-	-	-	-	-	-	271,876	-	271,876
Net loss for the period	-	-	-	-	-	-	-	(1,577,361)	(1,577,361)
Share-based compensation	-	-	-	666,024	-	-	-	-	666,024
Balance as at December 31, 2014	**12,456,305**	**4,381,645**	**1,185,695**	**1,241,803**	**896,720**	**349,883**	**303,133**	**(3,196,387)**	**3,080,077**

See accompanying notes to the consolidated 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, 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 consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The nature of the Company's 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 December 31, 2014, the Company has cash of $3,184 (2013 - $228,580) had a significant working capital deficiency of $2,911,888 (2013 - $2,791,800), an accumulated deficit of $3,196,387 (2013 – 1,619,026) and incurred a net loss of $1,577,361 for the year then ended (2013 - $1,041,563). 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, the Company's directors and a company controlled by a director, at various times throughout the year, have loaned the Company a total of $423,371 (Note 9). 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 consolidated financial statements, then significant adjustments would be necessary to the carrying value of assets and liabilities, the reported statement of loss and comprehensive loss and the financial position classification.

2) Basis of preparation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), effective as of December 31, 2014. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The Company's significant accounting policies are described in Note 3.

3) Significant accounting policies

a) Basis of presentation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value as described in the significant accounting policies. All information is expressed in Canadian dollars unless otherwise stated and is prepared in accordance with the significant accounting policies outlined below.

b) *Foreign exchange translation*

The Company's functional and local currency is the Canadian dollar and the subsidiaries' functional currency is the US dollar. The subsidiaries are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date for all assets and liabilities.

Revenues and expenses of the subsidiaries will be translated at the average exchange rate prevailing during the period. Translation gains and losses are recorded as a currency translation adjustment in accumulated other comprehensive loss.

c) *Principles of consolidation*

Subsidiaries

These consolidated financial statements include the accounts of Greenbriar and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company consolidates subsidiaries where there is ability to exercise control. Control of an investee is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through the Company's power over the investee. Specifically, The Company controls an investee if, and only if, it has all of the following: power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated balance sheet. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary.

Joint Arrangements

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations ("JO") and joint ventures ("JV").

A JO is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The Company has no JO's.

A JV is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Company's investment in the JV is accounted for using the equity method. On acquisition, an equity method investment is initially recognized at cost. The carrying amount of equity method investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The carrying amount of the investment is adjusted by The Company's share of post-acquisition net income or loss, depreciation, amortization or impairment of the fair value adjustments made at the date of acquisition, dividends, cash contributions and the Company's share of post acquisition movements in Other Comprehensive Income ("OCI").

<u>Associates</u>

An associate is an entity over which the investor has significant influence but not control and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is presumed to exist where the Company has between 20% and 50% of the voting rights, but can also arise where the Company has less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity. The Company does not have any investments in Associates.

Outlined below is information related to the Company's subsidiaries and joint arrangements at December 31, 2014:

	Place of business	Entity type	Economic interest	Method
Greenbriar Capital Holdco Inc.	USA	Subsidiary	100%	Consolidation
Greenbriar Capital (U.S.) LLC	USA	Subsidiary	100%	Consolidation
AG Solar One, LLC	USA	Subsidiary	100%	Consolidation
Blue Mountain Wind Holdings, LLC	USA	JV	50%	Equity

AG Solar One LLC owns 100% of PBJL Energy Corporation and Blue Mountain Wind Holdings LLC owns 100% of Blue Mountain Ranch LLC.

d) *Significant accounting judgments and estimates*

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and 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.

Areas that often require significant management estimates and judgment include share-based compensation, warrants, going concern assessment, accruals, provisions, and determination of the functional currency and income tax provisions.

e) *Cash*

Cash consists of cash on deposit and short-term investments with maturity at the date of purchase of 90 days or less.

f) *Investment and advances and option to acquire joint venture interest*

The Company is in the premature stage of construction with respect to its activities and accordingly follows the practice of capitalizing all costs related to the acquisition, environmental assessment, feasibility studies, security of property rights, financing, and initial construction. The costs will be amortized over the terms of the Power Purchasing Agreement (the "PPA") once the project commences commercial operations. The recoverability of the capitalized costs is dependent on the Company's ability to complete construction of the projects, meet its obligations under various agreements, and complete future operations and dispositions.

Option payments made by the Company are capitalized until the decision to exercise the option is made.

g) *Financial assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables, or fair value through profit or loss ("FVTPL")

Financial assets classified as FVTPL are measured at fair values with unrealized gains and losses recognized through profit and loss

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment is below its cost.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

h) *Financial liabilities*

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

i) *Property held for development and sale*

Capitalized costs for land under development and sale include costs of conversion and other costs relating to the development of the property.

Property held for development is recorded at the lower of cost and net realizable value.

j) *Taxation*

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount, expected to be recovered, from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the end of each reporting period.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax assets or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable or deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in equity is recognized in the consolidated statements of changes in equity and not in the consolidated statements of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

k) Share-based payments

The Company accounts for share-based compensation using the Black-Scholes option-pricing model. Accordingly, the fair value of the options at the date of grant is accrued with a corresponding credit to equity compensation reserve, and charged to earnings over the vesting period. If and when the stock options are exercised, the applicable amounts of equity compensation reserve are transferred to share capital.

l) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures, expected to be required to settle the obligation using a pre-tax rate, that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

m) Recently adopted accounting standards

The following new and amended IFRS pronouncements were adopted during 2014:

Levies imposed by governments
International Financial Reporting Interpretations Committee's ("IFRIC") Interpretation 21, *Levies* ("IFRIC 21"), an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments, was effective for annual periods beginning on January 1, 2014. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

Impairment of assets
IAS 36, *Impairment of assets*, was amended to clarify disclosure requirements when a recoverable amount is determined based on FVLCTD. The amendment was effective for annual periods beginning on January 1, 2014.

The IASB also made certain amendments to the following IFRSs and IASs effective January 1, 2014:

- IFRS 10 – *Consolidated Financial Statements*
- IFRS 12 – *Disclosure of Interests in Other Entities*
- IAS 27 – *Separate Financial Statements*
- IAS 32 – *Financial Instruments: Presentation*
- IAS 36 – *Impairment of Assets*
- IAS 39 – *Financial Instruments: Recognition and Measurement*

The amendments did not have an impact on the Company's consolidated financial statements.

n) 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

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9") to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

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 Programs, 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 consolidated financial statements.

4) Deposit

	December 31, 2014	December 31, 2013
	$	$
Land Authority of Puerto Rico (i)	**82,130**	-
Leidos Engineering (ii)	**10,465**	10,465
I.M.W Industries (iii)	**141,150**	141,150
Rezek Option Agreement (iv)	**28,000**	-
	261,745	151,615
Less: Current portion	**(179,615)**	(151,615)
Deposits, non-current	**82,130**	-

(i) 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.

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.

(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 December 31, 2014, total outstanding interest receivable was $35,920 (December 31, 2013 - $19,840).

(iv) On September 23, 2014, the Company signed a second amended land option 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 as at December 31, 2014, is the Company's interest in Blue Mountain Wind Holdings, LLC ("Blue Mountain"). During the year ended December 31, 2014, the Company ownership interest in AG Solar One, LLC ("AG Solar") increased to 100% as AG Solar became a wholly-owned subsidiary of the Company and the Company began to consolidate it in these financial statements. As at December 31, 2013, the Company owned 50% of AG Solar and included it in investment and advances.

As at December 31, 2014

	AG Solar (a)	Blue Mountain (b)	**Total**
	$	$	**$**
Initial contribution	-	730,863	**730,863**
Funds advanced	961,581	2,280,319	**3,241,900**
Share of loss of joint venture	-	(27,620)	**(27,620)**
Transfers to power project development and construction costs (Note 7)	(961,581)	-	**(961,581)**
Total investment and advances	-	2,983,562	**2,983,562**
Option to acquire joint venture interest (c)	1,450,125	-	**1,450,125**
Transfer to intangibles (c)	(1,450,125)	-	**(1,450,125)**
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 period 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 period for the next four years.

For the year ended December 31, 2014, the Company had advanced funds to AG Solar of $440,955 (2013 - $520,626) 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.

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.

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 11(c)). With the completion of the MIPSA on September 12, 2014 (the "Acquisition Date"), 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.

The Company has determined that AG Solar did not meet the definition of a business under IFRS 3 Business Combinations; therefore the change of control of AG Solar has been accounted for as an asset acquisition. On the acquisition date, the Company allocated the carrying amount of its investment in AG Solar to assets and liabilities of AG Solar and commenced consolidating AG Solar in the Company's financial statements.

(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 year ended December 31, 2014, the Company had advanced funds to Blue Mountain of $534,407 (2013 - $314,255) for environmental and wind resource assessments, consulting and legal services. Blue Mountain had a net loss for the year ended December 31, 2014, of $55,240 (2013 - $60,134) in which the Company accounted for 50% of its shared loss of $27,620 (2013 - $30,067).

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 December 31, 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.

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:

	December 31, 2014	December 31, 2013
	$	$
Land acquisition	**1,206,504**	1,106,248
Property taxes	**58,185**	37,585
Land development	**4,362**	4,000
Land appraisal & related fees	**11,092**	6,766
	1,280,143	1,154,599

The unrealized foreign exchange translation gain for the year ended December 31, 2014 was $104,638 (2013 – ($72,649)). For the year ended December 31, 2014, the Company had property taxes of $20,600 (2013 - $16,489).

7) Power project development and construction costs

	December 31, 2014	December 31, 2013
	$	$
Opening balance	**-**	-
Transferred from investment and advances	**961,581**	
Additions	**73,329**	-
Ending balance	**1,034,910**	-

Included in the power project development and construction costs balance for AG Solar are costs 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

	December 31, 2014	December 31, 2013
	$	$
Project related accounts payables (i)	**1,915,747**	2,206,093
Other accounts payable (ii)	**527,455**	93,508
Total Accounts Payable	**2,443,202**	2,299,601

(i) Total project related accounts payable include costs for the AG Solar and Blue Mountain projects. At December 31, 2014, $1.2 million is payable to RMT for initial construction of the Blue Mountain project (2013 - $1.2 million), $Nil (December 31, 2013 - $515,025) is payable to Alterra for the option to acquire interest in AG Solar (2013 - $515,025), $180,262 is payable to Akin Gump for legal fees related to Blue Mountain (2013 - $155,539), $120,012 (December 31, 2013 - $73,221) is payable to Western EcoSystems for environmental assessments for Blue Mountain and the remainder $414,550 to various vendors related to the two projects (2013 - $308,013).

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

9) Loans Payable

	December 31, 2014	December 31, 2013
	$	$
Captiva loans (i)	**110,721**	-
Shareholder loans (ii)	**116,010**	-
Director's loans (iii)	**344,060**	212,740
Initial & Secondary loans (iv)	**656,381**	591,061
	1,227,172	803,801
Less: Current portion	**(388,267)**	(803,801)
Loans payable, non-current	**838,905**	-

(i) On April 29, 2014, Captiva Verde Industries ("Captiva"), a company that has directors in common with Greenbriar, 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. All loans bear interest at 10% per annum, compounded monthly and repayable after two years.

(ii) In September 2014, the Company received two loans totaling $116,010 (US $100,000) from an independent shareholder. Both loans bear interest of 10% per annum, compounded monthly and repayable on February 25, 2015.

(iii) In May 2014 and June 2014, the Company received loans of $45,476 (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 $10,673 (US $9,200) was paid back in full.

On July 30, 2014, a director of the Company provided a demand loan of $23,202 (US $20,000). The loan bears interest of 1% per month, and shall be paid upon demand.

On November 1, 2013, a director of the Company, loaned the Company $232,020 (US $200,000) ("Original Loan"). Under the terms of the loan agreement, the loan bears interest at 10% per annum, compounded monthly and repayable on February 28, 2014. In the year ended December 31, 2014, the terms of the loan were extended to February 28, 2015. On December 1, 2014 an additional $11,949 (US$10,300) was loaned by the same director under the same terms and conditions as the Original Loan.

On November 29, 2014, December 22, 2014 and December 29, 2014, two directors of the Company, loaned the Company $11,500, $3,500 and $5,086 (US$4,500), respectively. Under the terms of the loan agreements, these loans bear interest of 1% per month, and shall be paid upon demand.

(iv) On August 1, 2013, the Company entered into a loan agreement for $580,050 (US $500,000) with the spouse of the Company's CEO ("Initial Loan"). The loan bears interest at 10% per annum and was 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 December 31, 2014, the Secondary loan balance was $76,331 (December 31, 2013 - $59,211).

In the year ended December 31, 2014, both the Initial Loan and the Secondary Loan have been extended to March 20, 2016.

Further, on November 19, 2014, the CEO loaned the Company $12,000, the loan bears interest at 10% per annum and was repayable on November 19, 2016.

10) Income Taxes

A reconciliation of the (provision) recovery for income taxes is as follows:

	December 31, 2014	December 31, 2013
	$	$
Net loss	**(1,577,361)**	(1,041,563)
Statutory tax rate	**26.0%**	26.0%
Recovery of income taxes based on combined Canadian and provincial statutory rates	**(410,114)**	(270,806)
Add/Deduct:		
Non-deductible expenses	**173,166**	122,151
Future rate difference	**-**	6,296
Changes in unrecognized deferred tax assets	**236,948**	142,359
	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2014	December 31, 2013
	$	$
Unrecognized deductible temporary differences and unused tax losses		
Share issue costs [1]	**99,171**	148,753
Non-capital and net operating loss carryforward	**1,243,253**	1,141,231
	1,342,424	1,289,984
Unrecognized deferred tax asset	**(1,342,424)**	(1,289,984)
Net deferred tax assets	-	-

[1] Share issue costs are credited directly to equity with a complimentary unrecognized deferred tax asset resulting in a nil recognized deferred tax asset.

In assessing the realizability of deferred tax assets ("DTA"), management considers whether it is probable that some portion or all of the DTA will not be realized. The ultimate realization of DTA is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. As of December 31, 2014 and 2013, the Company does not believe it meets the criteria to recognize DTA.

At December 31, 2014, the Company has total non-capital and net operating loss carryforwards of approximately $2,051,506, which expire as follows:

	$
2029	75,288
2030	52,045
2031	163,100
2032	221,199
2033	589,663
2034	950,211
	2,051,506

11) Share Capital

a) Authorized and Outstanding

At December 31, 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.

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 December 31, 2014 is as follows:

	Number of options	Weighted average exercise price
		$
Balance at December 31, 2012	500,000	0.48
Granted	950,000	2.09
Exercised	(225,000)	0.46
Balance at December 31, 2013	1,225,000	1.73
Exercised	(39,305)	0.57
Balance at December 31, 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	1.91	360,695	0.57
0.75	125,000	0.75	1.91	125,000	0.75
2.60	200,000	2.60	3.14	200,000	2.60
2.60	250,000	2.60	3.44	187,500	2.60
2.50	250,000	2.50	3.57	125,000	2.50
Total	**1,185,695**	**1.77**	**3.05**	**1,060,195**	**1.67**

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:

	Year ended	
	December 31, 2014	December 31, 2013
Expected life (in years)	-	5.0
Risk-free interest rate	-	1.48%-1.72%
Expected volatility	-	76%-80%
Dividend yield	-	-
Forfeiture rate	-	3.36%

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

The fair value of share-based options granted during the year ended December 31, 2014 is $Nil (2013 – 1,378,360). The Company recorded $666,024 of share-based compensation expense during the year ended December 31, 2014 (2013 – $454,018) 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 year ended December 31, 2014 and 2013, because to do so would be anti-dilutive.

12) Warrants

Share purchase warrants outstanding as at December 31, 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.

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:

	Year ended	
	December 31, 2014	December 31, 2013
Expected life (in years)	**2.00-5.00**	2.00
Risk-free interest rate	**0.99%-1.70%**	1.1%-1.11%
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 year ended December 31, 2014 is $311,259 (year ended December 31, 2013 - $38,624).

13) 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

	December 31, 2014	December 31, 2013
	$	$
Loans and receivables		
Cash	**3,184**	228,580
Deposits	**261,745**	151,615
Interest receivable	**35,920**	19,840
	300,849	400,035
Other financial liabilities		
Accounts payable	**2,443,202**	2,299,601
Accrued interest	**134,458**	27,854
Accrued liabilities	**168,470**	62,603
Loans payable	**1,227,172**	803,801
	3,973,302	3,193,859

b) Fair value

Financial instruments consist of cash, deposits, interest receivable, accounts payable, accrued interest and accrued 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.

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	726,706	1,716,496	-	**2,443,202**
Accrued liabilities	113,345	55,125	-	**168,470**
Accrued interest liabilities	-	33,411	101,047	**134,458**
Corporate loans	-	388,267	838,905	**1,227,172**
Land lease payments	52,000	174,000	138,000	**364,000**
	892,051	2,367,299	1,077,952	**4,377,302**

14) 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 year ended December 31, 2014, there has been no change in the Company's management of capital policies.

15) Segmented information

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 December 31, 2014			
Total assets	304,580	6,748,799	7,053,379
Non-current assets	82,130	6,748,740	6,830,870
As at December 31, 2013			
Total assets	389,651	4,845,759	5,235,410
Non-current assets	-	4,833,351	4,833,351
Year ended December 31, 2014			
Operating loss	(1,577,334)	(16,107)	(1,593,441)
Interest income	16,080	-	16,080
Loss for the period	(1,561,254)	(16,107)	(1,577,361)
Year ended December 31, 2013			
Operating loss	(1,045,674)	(10,701)	(1,056,375)
Interest income	14,813	-	14,813
Loss for the period	(1,030,861)	(10,701)	(1,041,563)

16) Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 8 and 9, the Company had the following expenses paid to key management:

	2014	2013
	$	$
Salaries & wages	**61,150**	33,150
Management fees	**70,430**	-
Share-based compensation	**488,250**	356,936
Total	**619,830**	390,086

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 December 31, 2014, the President of the Company has not been paid any fees under the contract due to the Company's capital position. As at December 31, 2014, included in accounts payable are fees and expenses due to the President of the Company of $96,852.

17) Commitments

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

	Within 1 year	2-3 years	Over 3 years	**Total**
	$	$	$	**$**
Puerto Rico land leases (i)	198,377	221,579	125,291	**545,247**
Utah land option (ii)	69,606	-	-	**69,606**
Consultant bonus (iii)	290,025	-	-	**290,025**
PBJL share transfer (iv)	580,050	-	-	**580,050**
Total	1,138,058	221,579	125,291	**1,484,928**

(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 December 31, 2014, the Company capitalized $266,823 (US $230,000) 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 16).

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

18) Subsequent events

On April 17, 2015, the Company completed a private placement $307,500 by issuing 205,000 units of the Company. Each unit is comprised of one common share and one half common share purchase warrant Each full Warrant entitles the holder to purchase one common share of the Company for a period of five years from the date of issuance at a price of $1.75 per share.