Consolidated Financial Statements

For the Years Ended December 31, 2015 and 2014

Greenbriar Capital Corp.

December 31, 2015

Table of contents

Independent Auditor’s Report	1
Statements of Loss and Comprehensive Loss	2
Statements of Financial Position	3
Statements of Cash Flows	4
Statements of Changes in Equity	5
Notes to the Consolidated Financial Statements	6-25

Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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, 2015, the Company had a working capital deficiency of $5,069,825, an accumulated deficit of $4,311,861 and incurred a net loss of $1,115,474 for the year ended December 31, 2015. 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.

/s/ *Deloitte LLP*

Chartered Professional Accountants
May 2, 2016
Vancouver, Canada

GREENBRIAR CAPITAL CORP.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except share amounts)

	Notes	Year ended December 31 2015	2014
		$	$
Expenses			
Audit and tax		**42,576**	87,540
Bank charges		**4,953**	5,889
Consultant		**157,528**	70,430
Finance Cost		**35,362**	98,921
Foreign exchange		**498,409**	171,698
Interest Expense		**33,035**	17,861
Legal		**137,073**	46,877
Office		**10,312**	22,882
Project Exploration		**5,356**	-
Public company		**25,039**	44,434
Salaries		**143,178**	226,648
Share-based compensation	13	**-**	666,024
Travel		**13,970**	106,617
		1,106,791	1,565,821
Other Income (Expenses)			
Other Income			-
Interest income		**17,534**	16,080
Share of loss of joint venture	6	**(26,217)**	(27,620)
Net loss		**(1,115,474)**	(1,577,361)
Other comprehensive loss			
Currency translation adjustment		**653,689**	271,876
Comprehensive loss		**(461,785)**	(1,305,485)
Basic and diluted loss per common share	13	**(0.09)**	(0.13)
Weighted average number of common shares outstanding - basic and diluted		**12,646,678**	11,924,960

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, 2015	As at December 31, 2014
		$	$
Assets			
Current assets			
Cash and cash equivalents		**3,903**	3,184
Deposits & Prepaids	5	**37,969**	179,615
Interest receivable	5	**-**	35,920
GST receivable & other		**3,593**	3,790
		45,465	222,509
Deposits & Prepaids	5	**244,950**	82,130
Investment and advances	6	**3,273,881**	2,983,562
Interest receivable	5	**53,454**	-
Leased land	7	**1,538,356**	1,280,143
Power project development and construction costs	8	**1,644,549**	1,034,910
Intangible assets	9	**1,730,000**	1,450,125
		8,530,655	7,053,379
Liabilities			
Current liabilities			
Accounts payable	10	**3,295,118**	2,443,202
Accrued interest		**315,122**	134,458
Accrued liabilities		**200,731**	168,470
Loans payable	11	**1,304,319**	388,267
		5,115,290	3,134,397
Non-current liabilities			
Loans payable	11	**72,804**	838,905
		5,188,094	3,973,302
Shareholders' equity			
Share capital	13	**4,899,388**	4,381,645
Share-based compensation reserve	13	**1,237,827**	1,241,803
Warrants reserve	13	**560,385**	349,883
Accumulated other comprehensive loss		**956,822**	303,133
Accumulated deficit		**(4,311,861)**	(3,196,387)
		3,342,561	3,080,077
		8,530,655	7,053,379

Nature of business and continuing operations (Note 1)
Commitments and contingencies (Note 18)
Subsequent Event (Note 5, 6 & 19)

/s/ Jeff 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, 2015	2014
			See note 2
		$	$
Operating activities			
Net loss		**(1,115,474)**	(1,577,361)
Item not involving cash			
Foreign exchange unrealized		**337,510**	166,240
Share-based compensation expense	13	**-**	666,024
		(777,964)	(745,097)
Change in non-cash working capital			
Accounts payable		**532,822**	143,601
Accrued interest		**157,283**	106,604
Accrued liabilities		**30,918**	105,866
GST receivable and other		**197**	(1,766)
Interest receivable		**35,920**	(16,080)
		(20,825)	(406,872)
Investing activities			
Investment and advances		**(169,469)**	(76,960)
Option to acquire joint venture interest		**-**	772,150
Leased land		**(11,144)**	(19,908)
Deposit	5	**(21,174)**	(110,130)
Power project development and construction costs	8	**(409,900)**	(1,034,910)
Intangible assets		**-**	(355,725)
		(611,687)	(825,483)
Financing activities			
Loans payable		**(37,584)**	423,372
Shares issued for cash, net of issuance costs	13	**724,269**	583,588
		686,685	1,006,960
Net cash outflow		**54,173**	(225,396)
Cash position, beginning of year		**3,184**	228,580
Cash position, end of year		**57,357**	3,184

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, 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	230,000	522,863		-	115,000	38,322	-	-	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	684,000	821,463	-	-	684,000	272,937	-	-	1,094,400
Currency translation for adjustment	-	-	-	-	-	-	271,876	-	271,876
Net loss for the year	-	-	-	-	-	-	-	(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**
Exercise of options at $0.57	8,922	9,062	(8,922)	(3,976)	-	-	-	-	5,086
Private placement of 205,000 shares at a price of $1.50 per common share, plus half warrant with whole warrant convertible into a new share at $1.75, net of issuance costs of $67,708 (Note 13(b))	205,000	147,184			102,500	92,608			239,792 - -
Expired Warrants		24,636			(57,720)	(24,636)			0 -
Private placement of 404,000 shares at a price of $1.50 per common share, plus half warrant with whole warrant convertible into a new share at $1.75, plus finders fee shares 50,000, net of issuance costs of $126,767 (Note 13(b))	454,000	336,703			202,000	142,530			479,233 - - -
Expiry of Options			(325,000)						- -
Share Issuance Costs - TSX and Troutman Sanders		158							158
Currency translation for adjustment	-	-	-	-	-	-	653,689	-	653,689
Net loss for the year	-	-	-	-	-	-		(1,115,474)	(1,115,474)
Share-based compensation	-	-	-		-	-	-	-	-
Balance as at December 31, 2015	**13,124,227**	**4,899,388**	**851,773**	**1,237,827**	**1,143,500**	**560,385**	**956,822**	**(4,311,861)**	**3,342,561**

1) Nature of business and continuing operations

Greenbriar Capital Corp. ("Greenbriar" or "the Company") is a 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 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 acquired 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 earnings or revenues. As at December 31, 2015, the Company has cash of $3,903 (December 31, 2014 - $3,184) had a significant working capital deficiency of $5,069,825 (December 31, 2014 - $2,911,888), an accumulated deficit of $4,311,861 (December 31, 2014 – $3,196,387) and incurred a net loss of $1,115,474 for the year ended December 31, 2015 (2014 -$1,577,361). To address this working capital deficit, on February 22, 2016, the Company received subscription agreements for 400,000 units at $0.50 per unit through a private placement for gross proceeds of $200,000 (Note 19(a)) and on April 8, 2016, the Company received subscription agreements for 300,000 units at $0.50 per unit for gross proceeds of $150,000. (Note 19(b)). Of the $350,000 subscribed, $275,000 has been received and $75,000 remains receivable from the spouse of the CEO. If the Company 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 were 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"), effective as of December 31, 2015. 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.

The consolidated statement of cash flow for the year ended December 31, 2014 has been amended to adjust cash provided by financing activity for the non-cash portion of shares issued of $1,094,400 and the portion of cash used in investing activities for intangible assets that were acquired for shares of $1,094,400. This adjustment had no impact on the net cash outflow or cash position, end of year.

These financial statements were authorised for issue by the Board of Directors on April 27, 2016.

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 are prepared in accordance with the significant accounting policies outlined below.

b) *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.

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").

Associates

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, 2015:

	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.

c) *Foreign exchange translation*

The Company's functional and local currency is the Canadian dollar and its subsidiaries is the US dollar.

Transactions and balances
Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income.

Translation of subsidiary results into the presentation currency
The operating results and statements of financial position of the Company's subsidiaries are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in a separate component of equity, foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in net income as part of the gain or loss on sale.

d) *Cash*

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

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

The Company is in the premature stage of development 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.

f) *Financial Instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

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

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.

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.

Impairment of financial instruments
The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired using the following criteria:

- For available-for-sale financial assets, an impairment loss is established when there is a significant or prolonged decline in the fair value of the investment or when there is objective evidence that the carrying amount of the investment may not be recovered. The amount of the impairment loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognized in the statement of loss and comprehensive loss. Any amounts related to that asset are removed from losses accumulated in the fair value reserve recognized in shareholders' equity and are included in the statement of loss and comprehensive loss. Reversals in respect of available-for-sale financial assets are not reversed through the statement of loss and comprehensive loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income (loss) until the assets are disposed of.

- For loans and receivables, a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor or delinquency in payments are considered indicators that a trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of provision account and the amount of the loss is recognized in the statement of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of loss and comprehensive loss.

g) 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.

h) Impairment of Long-Lived Assets

The Company assessed at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required – when intangible assets are not yet available for use, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets of groups of assets. Impairment losses are recognized in profit or loss.

i) 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.

j) *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.

k) *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.

l) *Earnings per share*

Earnings per share is calculated based on the weighted average number of shares outstanding during the period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year. Dilution from convertible securities is calculated based on the number of shares to be issued after takin into account the reduction of the related after-tax interest expense.

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of share options and warrants, if dilutive.

m) *Segmented reporting*

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of share options and warrants, if dilutive.

n) *Recently adopted accounting standards*

The Company has not adopted any new accounting standards during the year ended December 31, 2015.

o) 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.

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. On July 22, 2015, the IASB confirmed a one year deferral of the effective date of IFRS 15, therefore the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16.

4) Significant accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS 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. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Areas that often require significant management estimates and judgment are as follows:

a) Share-based payments

Amounts recorded for share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including assumptions such a volatility, forfeiture, dividend yield and expected option life.

b) *Tax*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

c) *Functional currency*

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates. The Company's functional and local currency is the Canadian dollar. The functional currency of the Company's subsidiaries is the US dollar. The determination of functional currency may require certain judgments to determent the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

d) *Assets' carrying values and impairment charges*

In determining carrying values and impairment charges the Company looks at recoverable amounts, defined as the higher of value in use or fair value less cost to sell in the case of assets, and at objective evidence that identifies significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

5) Deposit & Prepaids

	December 31 2015	December 31 2014
	$	$
Land Authority of Puerto Rico (i)	**103,800**	82,130
Leidos Engineering (ii)	**13,840**	10,465
Green Matters (iii)	**141,150**	141,150
Rezek Option Agreement (iv)	**-**	28,000
Others & prepaids	**24,129**	-
	282,919	261,745
Less: Current portion	**(37,969)**	(179,615)
Deposits, non-current	**244,950**	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"). Subsequent to December 31, 2015, the Company terminated the independent engineering services agreement and the deposit was refunded to the Company.

(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. ("Green Matters") take over the installation agreement. The Company had approved a loan facility to Green Matters for $141,150 plus interest of 10% per annum due August 23, 2013. This loan has been extended to February 22, 2015 and will continue to bear interest at 10% per annum until the loan is paid.

On March 11, 2016, the Company entered into a Letter of Intent ("LOI") with Green Matters, Captiva Verde Industries Inc., Energy Recovery Systems Inc. ("ERS") and Jeff Ciachurski, CEO of the Company whereby, as part of a transaction between ERS and Green Matters, the Company will enter into a secured loan agreement with Green Matters for the repayment of the outstanding debt. The definitive terms and agreement are currently being negotiated.

(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 option agreement was terminated on November 30, 2015 and has not been renewed or extended. The deposit has been included in the Blue Mountain project under investments and advances.

6) Investment and advances

Included in investment and advances as at December 31, 2015, is the Company's interest in Blue Mountain Wind Holdings, LLC ("Blue Mountain"). On September 12, 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, 2015

	AG Solar (a)	Blue Mountain (b)	**Total**
	$	$	**$**
Initial contribution	-	730,863	**730,863**
Foreign Exchange	-	141,057	**141,057**
Funds advanced	-	2,428,178	**2,428,178**
Share of loss of joint venture	-	(26,217)	**(26,217)**
Total investment and advances	-	3,273,881	**3,273,881**

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 8)	(961,581)	-	**(961,581)**
Total investment and advances	-	2,983,562	**2,983,562**
Option to acquire joint venture interest	1,450,125	-	**1,450,125**
Transfer to intangibles	(1,450,125)	-	**(1,450,125)**
Total	-	-	**-**

(a) 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 had obtained a twenty-year Power Purchase Agreement ("PPA") with PacifiCorp, a subsidiary of Mid-American Energy Holdings Company. The acquisition 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 related party loan (Note 11 (iv)).

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 requested suspension of the QFLGIA and was granted the requested suspension by PacifiCorp for a period of up to three years. The suspension of the QFLGIA can be cancelled at any time by giving notice to PacifiCorp without penalty.

The Company and PacifiCorp are currently in dispute with respect the application of Force Majeure that the Company has declared as a third party has raised issue with the Company's PPA to the Federal Energy Regulatory Commission ("FERC"). Both the Company and PacifiCorp entered into settlement discussions under the PPA dispute resolution process 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 initially and now through FERC. A mediation occurred on August 11, 2015, and the parties were unable to resolve their ongoing disputes. On August 13, 2015, the mediator did recommend an award of US $4.4 million monetary damages for the benefit of the Company, but since the mediation is non-binding and PacifiCorp did not proceed with the mediators' advice, the mediation was terminated. On August 18, 2015, the Company received a letter from PacifiCorp affirming termination of the PPA for reasons stated therein and the termination of settlement discussions. The mediation has thus terminated without reaching agreement and the Company is free to seek resolution in the courts or with regulatory agencies.

On September 14, 2015, the Company filed a complaint with the Division of Public Utilities of the Utah Public Service Commission against PacifiCorp and followed with notice of filing a formal complaint with the full Commission. Pending the outcome with the Division of Public Utilities, the Company can either formalize its formal complaint with the full Commission or seek damages in the courts. The Company is unable to predict, based on either of these courses of action, whether it will be granted PPA revisions with acceptable terms or that it will be awarded damages against PacifiCorp.

For the year ended December 31, 2015, the Company had advanced funds to Blue Mountain of $147,859 (December 31, 2014 - $534,407) for environmental and wind resource assessments, consulting and legal services. Blue Mountain had a net loss for the year ended December 31, 2015 of $52,433 (December 31, 2014 - $55,240) in which the Company accounted for 50% of its shared loss of $26,217 (December 31, 2014 - $27,620).

7) Land

The Company owns 161 acres of land in Tehachapi, California, USA, (the "Property") which it acquired in 2011 for US $1,040,000. On March 24, 2014, the land was appraised at US$3,410,000.

On October 10, 2014, the Company listed both site 1 and site 2 for US $2.4 Million with Berkshire Hathaway Home Services ("Berkshire"). Upon sale, Berkshire will charge a commission of 10%. The sale price for the land was reduced to $1.4 million in the first six months of 2015. In September 2015, the Company delisted the property due to renewed interest in the land for possible development for agricultural purposes.

The Company's land consists of the following:

	December 31 2015	December 31 2014
	$	$
Land acquisition	**1,439,360**	1,206,504
Property taxes	**80,351**	58,185
Land development	**5,204**	4,362
Land appraisal & related fees	**13,233**	11,092
	1,538,356	1,280,143

The unrealized foreign exchange translation gain for the year ended December 31, 2015 was $250,160 respectively (December 31, 2014 – $104,638).

8) Power project development and construction costs

	December 31 2015	December 31 2014
	$	$
Opening balance	**1,034,910**	-
Transferred from investment and advances	**-**	961,581
Additions	**409,900**	73,329
Foreign exchange unrealized	**199,739**	-
Ending balance	**1,644,549**	1,034,910

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.

The Montalva and Lajas Farm Option Agreements, as outlined below, provide for a lease with a term of twenty-five years and may be extended for up to four additional consecutive periods of five years each, at the Company's option. In total the option agreements provide for a total of 1,590 acres for the construction and operation of a 100 MW AC solar photovoltaic electric generating facility ("Solar Facility").

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 (the "Montalva Option Agreement").

Upon execution of the Montalva Option Agreement, the Company paid US $50,000. As of December 31, 2015, the Company paid $270,000 in option payments for the extension of the lease and had several modifications to the original agreement with respect to payment terms and extensions. The Company negotiated a forbearance period extending to October 1, 2016, during which time no further payment will be required upon the payment of an additional $50,000. On April 15, 2016, the Company paid the $50,400 and the forbearance period is in effect and the Montalva Option Agreement continues to be applicable.

The Lajas Farm option agreement is comprised of three separate lease agrements. 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 ("Original Lajas Farm Option"). Upon execution of the option agreement, the Company paid US $35,000 and is required to pay after the first year, an additional $10,000 every four months. On January 1, 2014, the Company entered into two additional option agreements for five years each (the "Secondary Lajas Farm Option"), which gives the Company the exclusive right and option to lease up to a total of 654 additional acres in Lajas, Puerto Rico to further expand the Solar Facility. 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. Due to the Company's current cash position the Company, the lessor has agreed to a deferral of payment from January 1, 2015 to December 1, 2015. Upon payment of an additional $10,333, the Company has negotiated a forbearance period extending to October 1, 2016, during which time no further payment will be required. On April 15, 2016, the Company paid the $10,333 and the forbearance period is in effect and the Lajas Farm Option Agreements are in good standing.

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 application was not accepted.

Under the terms of the Master Agreement, the Company filed its 100 MW AC Montalva Solar Project with PREPA on September 5, 2013, requesting an interconnection evaluation and issuance of a project specific PPOA for Montalva. After numerous delays by PREPA and failed attempts by the Company through emails and correspondence to PREPA requesting the interconnection evaluation and issuance of a project specific PPOA for Montalva, the Company filed a Notice of Default under the Master Agreement with PREPA on September 24, 2014. PREPA responded to the Notice of Default on November 3, 2014, taking the position that it had other PPOAs issued that would exceed its system renewable capacity and could not accept any additional renewable projects and further had met its obligations under the Master Agreement.

On May 15, 2015, the Company, filed a legal action against PREPA in the courts of Puerto Rico in order to protect and enforce its rights under the Master Agreement. As of the date of this report, the Company has been successful in a series of motions to be heard in October of 2016. The Company is confident the court will enforce the $1.9 Billion agreement in favor of the Company or in the alternative, the Company is asking the court for $210 million in monetary damages, however the ultimate outcome of the court action is unknown.

Included in the power project development and construction costs balance for AG Solar are costs related to environmental assessments and land lease option payments.

9) Intangible assets

	December 31 2015	December 31 2014
	$	$
Opening balance	**1,450,125**	-
Transferred from investment and advances	**-**	1,450,125
Additions	**-**	_
Foreign exchange unrealized	**279,875**	-
Ending balance	**1,730,000**	1,450,125

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 was US $1.25 Million. The Company completed 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 $1,450,000 was transferred to intangibles as it is related to the purchase of the Master Agreement (note 8).

10) Accounts Payable

	December 31 2015	December 31 2014
	$	$
Project related accounts payables (i)	**2,186,972**	1,915,747
Other accounts payable (ii)	**1,108,146**	527,455
Total Accounts Payable	**3,295,118**	2,443,202

(i) Total project related accounts payable include costs for the AG Solar and Blue Mountain projects. At December 31, 2015, $1.5 million is payable for initial construction of the Blue Mountain project (December 31, 2014 - $1.2 million) $233,780 is payable for legal fees related to Blue Mountain (December 31, 2014 - $180,262), $157,567 (December 31, 2014 - $120,012) is payable for environmental assessments for Blue Mountain and the remainder $295,625 to various vendors related to the two projects (December 31, 2014 - $414,550).

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

11) Loans Payable

	December 31 2015	December 31 2014
	$	$
Captiva loans (i)	**80,721**	110,721
Shareholder loans (ii)	**138,400**	116,010
Director's loans (iii)	**377,662**	344,060
Initial & Secondary loans (iv)	**780,340**	656,381
	1,377,123	1,227,172
Less: Current portion	**(1,304,319)**	(388,267)
Loans payable, non-current	**72,804**	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, Captiva loaned the Company $33,000. The loan bears interest at 10% per annum, compounded monthly and repayable after two years.

(ii) In September 2014, the Company received two loans totaling $138,400 (US $100,000) from an independent shareholder. Both loans bear interest of 10% per annum, compounded monthly and repayable on February 25, 2015. The Company is currently renegotiating the repayment term.

(iii) In May 2014 and June 2014, the Company received loans of $41,519 (US $30,000) 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. A payment of $4,152 (US $3,000) was made October 27, 2015. A payment of $20,760 (US $15,000) was made November 2, 2015.

On July 30, 2014, a director of the Company provided a demand loan of $27,680 (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 $276,800 (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 three months ended March 31, 2015, the terms of the loan were extended to February 28, 2016. On December 1, 2014, an additional $14,255 (US$10,300) was loaned by the same director under the same terms and conditions as the Original Loan. A payment of $27,680 (US $20,000) was made October 26, 2015.

On November 29, 2014 and December 22, 2014 a director of the Company, loaned the Company $11,500 and $3,500, respectively. Under the terms of the loan agreements, these loans bear interest of 1% per month, and shall be paid upon demand.

On January 19, 2015, a director of the Company, loaned the Company $45,000. Under the terms of the loan agreements, this loan bears interest of 1% per month, and shall be paid on January 19, 2017.

(iv) On August 1, 2013, the Company entered into a loan agreement for $692,000 (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. The loan was extended in 2014 to be repayable on March 20, 2016. A payment of $41,520 (US $30,000) was made on April 20, 2015. A payment of $30,448 (US $22,000) was made on October 26, 2015.

On January 15, 2015, January 30, 2015, March 23, 2015 and May 5, 2015, the spouse of the Company's CEO loaned additional amounts of $6,000, $2,000, $20,000 and $7,000. Each loan bears interest of 10% per annum, compounded monthly and repayable after two years. A payment of $20,000 was made towards the loan on April 20, 2015.

On August 15, 2015, the spouse of Director loaned an additional amount of $12,802 (US $9,250). The loan bears interest of 10% per annum, compounded monthly and repayable after two years.

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, 2015, the Secondary loan balance was $90,505 (December 31, 2014 - $76,331).

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

On September 2, 2014, the Company's CEO loaned the Company $30,000. The loan bears interest at 10% per annum, compounded monthly and repayable after two years

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.

12) Income Taxes

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

	December 31 2015	December 31 2014
	$	$
Net loss	**(1,115,474)**	(1,577,361)
Statutory tax rate	**26.0%**	26.0%
Recovery of income taxes based on combined Canadian and provincial statutory rates	**(290,023)**	(410,114)
Add/Deduct:		
Non-deductible expenses	**-**	173,166
Changes in unrecognized deferred tax assets	**290,023**	236,948
	-	-

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 2015	December 31 2014
	$	$
Unrecognized deductible temporary differences and unused tax losses		
Share issue costs [1]	**231,669**	99,171
Non-capital and net operating loss carry forward	**3,304,504**	1,243,253
	3,536,173	1,342,424

[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, 2015 and 2014, the Company does not believe it meets the criteria to recognize DTA.

At December 31, 2015, the Company has total non-capital and net operating loss carry forwards of approximately $3,304,059, which expire as follows:

	$
2029	75,288
2030	52,045
2031	163,100
2032	221,199
2033	589,663
2034	950,211
2035	1,252,553
	3,304,059

13) Share Capital

a) Authorized and Outstanding

At December 31, 2015, the Company had unlimited authorized common shares without par value and 13,124,227 common shares issued and outstanding (December 31, 2014 – 12,456,305).

b) Private placement of units

On November 25, 2015, the Company issued 404,000 units through a private placement for gross proceeds of $606,000 of which $336,703 (net of issuance costs of $126,767) was allocated to common shares and $142,530 to the share purchase warrants based upon the relative fair values. 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. A finder's fee of $75,000 in the form of 50,000 shares was given to CV Brokerage.

On April 17, 2015, the Company issued 205,000 units through a private placement for gross proceeds of $307,500 of which $147,184 (net of issuance costs of $67,708) was allocated to common shares and $92,608 to the share purchase warrants based upon the relative fair values. 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.

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.

A summary of stock option information as at December 31, 2015 is as follows:

	Number of options	Weighted average exercise price
		$
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
Exercised/Expired	(333,922)	0.57
Balance at December 31, 2015	**851,773**	**1.77**

Stock options outstanding as at December 31, 2015:

	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	351,773	0.57	0.91	351,773	0.57
0.75	125,000	0.75	2.14	125,000	0.75
2.60	125,000	2.60	2.57	125,000	2.60
2.50	250,000	2.50	2.83	250,000	2.50
Total	**851,773**	**1.46**	**1.90**	**851,773**	**1.27**

The Company did not issue stock options for the year ended December 31, 2015 or the year ended December 31, 2014. The Company recorded $Nil of share-based compensation expense during the year ended December 31, 2015 (2014 – $666,024) as all had vested in as at December 31, 2014. During the year ended December 31, 2015, 325,000 options expired.

d) *Warrants*

Share purchase warrants outstanding as at December 31, 2015:

Expiry date	Share purchase warrants outstanding	Finder's warrants outstanding	Black-scholes value	Exercise Price
			$	$
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	-	272,937	2.00
May 4, 2020	102,500	-	92,608	1.75
November 25, 2015	202,000	-	142,529	1.75
Total	**1,143,500**	**-**	**560,384**	

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.

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 2015	December 31 2014
Expected life (in years)	**2.00-5.00**	2.00-5.00
Risk-free interest rate	**0.92% - 1.08%**	0.99%-1.70%
Expected volatility	**70.94% - 73.33%**	30.00%
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, 2015 is $235,137 (year ended December 31, 2014 $311,259).

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, 2015 and for year ended December 31, 2014, because to do so would be anti-dilutive.

14) 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 2015	December 31 2014
	$	$
Loans and receivables		
Cash	**3,903**	3,184
Deposits	**282,919**	261,745
Interest receivable	**53,454**	35,920
	340,276	300,849
Other financial liabilities		
Accounts payable	**3,295,118**	2,443,202
Accrued interest	**315,122**	134,458
Accrued liabilities	**200,731**	168,470
Loans payable	**1,377,123**	1,227,172
	5,188,094	3,973,302

b) *Fair value*

Financial instruments measured at fair value are grouped into Level 1 to 3 based on the degree to which fair value is observable:

Level 1 – quoted prices in active markets for identical securities
Level 2 – significant observable inputs other than quoted prices included in Level 1
Level 3 – significant unobservable inputs

All of the Company's financial instruments are measured at Level 1 with the exception of loans payable which are measured at Level 2. The Company did not move any instruments between levels of the fair value hierarchy during the years ended December 31, 2015 and 2014.

Financial instruments consist of cash, deposits, interest receivable, accounts payable, accrued interest, 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	**4 months to 1 year**	**Over 1 year**	**Total**
	$	$	$	**$**
Accounts payable	88,440	3,206,678	-	**3,295,118**
Accrued liabilities	38,629	162,102	-	**200,731**
Accrued interest liabilities	441	314,681	--	**315,122**
Corporate loans	-	1,304,319	72,804	**1,377,123**
Land lease payments	-	342,374	230,436	**572,810**
	127,510	5,330,154	303,240	**5,760,904**

15) 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, 2015, there has been no change in the Company's management of capital policies.

16) 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, 2015			
Total assets	332,918	8,197,737	8,530,655
Non-current assets	103,800	8,186,785	8,290,585
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
Year ended December 31, 2015			
Operating loss	(1,110,462)	(22,546)	(1,133,008)
Interest income	17,534	-	17,534
Loss for the period	(1,092,928)	(22,546)	(1,115,474)
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)

17) Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 10, the Company had the following expenses paid to key management:

	Year Ended	
	December 31 2015	December 31 2014
	$	$
Salaries & wages	**108,000**	61,150
Management fees	**157,528**	70,430
Share-based compensation	**-**	488,250
Total	**265,528**	619,830

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, 2015, the President of the Company has been paid a total of $57,312 (US $42,921) fees under the contract. As at December 31, 2015, included in accounts payable are fees and expenses due to the President of the Company of $237,226.

18) Commitments and Contingencies

As at December 31, 2015, the Company had the following commitments and contingencies outstanding:

	Within 1 year	2-3 years	Over 3 years	**Total**
	$	$	$	**$**
Puerto Rico land leases (i)	342,374	230,436	-	**572,810**
Consultant bonus (ii)	346,000	-	-	**346,000**
PBJL share transfer (iii)	692,000	-	-	**692,000**
Total	1,380,374	230,436	-	**1,610,810**

(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 period 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, 2015, the Company capitalized $586,816 (US $424,000) in land costs under the Puerto Rico project.

(ii) The Company agreed to pay the President a one-time consultant bonus of US $250,000 (Note 17).

(iii) 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 may be required to pay approximately US $500,000 for these shares on terms yet to be negotiated. Any future payments will be subject to available funds and the completion of a significant financing of the Company in the future.

19) Subsequent events

a) On February 22, 2016, the Company received subscription agreements for 400,000 units at $0.50 per unit through a private placement for gross proceeds of $200,000. Each unit is comprised of one common share and one common share purchase warrant. Each 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 $0.60 per share.

b) On April 8, 2016, the Company received subscription agreements for 300,000 units at $0.50 per unit for gross proceeds of $150,000. Each unit is comprised of one common share and one common share purchase warrant which 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 $0.60 per share. Of the $150,000 subscribed, $75,000 has been received and $75,000 remains receivable from the spouse of the CEO.