Management's Discussion and Analysis

Year ended – December 31, 2016

(Expressed in Canadian dollars, unless otherwise noted)

May 1, 2017

For further information on the Company, reference should be made to its public filings on SEDAR at www.sedar.com. Information is also available on the Company's website at www.greenbriarcapitalcorp.com. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain Forward Looking Statements which are provided on Page 19.

CORPORATE OVERVIEW

Greenbriar's business focus is the acquisition, permitting, re-zoning, management, development and possible sale of commercial, residential, industrial, and renewable energy related real estate and energy projects in North America. The Company is currently developing wind and solar energy projects in Utah and Puerto Rico. However, as discussed below, these projects are experiencing delays and are subject to ongoing disputes.

Greenbriar is listed on the Toronto Venture Exchange under the symbol "GRB" and GEBRF on the US OTC market. Its registered records office is located at 1780 – 400 Burrard Street, Vancouver, British Columbia, V6C 3A6.

HIGHLIGHTS – FISCAL YEAR ENDED 2016

- During fiscal 2016, the Company completed two private placements for total gross proceeds of $350,000
- Subsequent to December 2016, the Company completed two private placement for gross proceeds of $453,936
- Subsequent to December 2016, the Company issued two convertible debentures in the aggregate amount of $125,000. The debenture has a maturity term of 3 years from the date of issuance, and bears interest rate of 8% per annum compounded semi-annually. The debenture holder can convert the outstanding principal amount into units of the Company at a price of CAD$1.00 per unit. Each unit shall be comprised of one common share of the Company and one half of one common share purchase warrant entitling the holder to acquire an additional common share at the price of CAD$1.50 on or prior to January 13, 2020.
- Subsequent to December 2016, the Company announced the execution of a US $50 Million Mandate arrangement with Pegasus Renewable Energy and Sustainable Infrastructure Credit Advisors LP, an affiliate of Pegasus Renewable Energy and Sustainable Infrastructure Credit Fund LP ("RESIC") for the Company's 100 MW Montalva Solar Project.

RECENT DEVELOPMENTS AND OVERVIEW

The Company continues to have a significant working capital deficit of $5,225,013 and a cash overdraft of $105 at December 31, 2016.

In order to continue operations, the Company will need to raise additional capital through debt or equity in the short-term until it can obtain financing for the construction and eventual production of the Company's projects or until the

Company is sold. At this time, the Company cannot represent that it will be successful in raising additional capital. As discussed below, much will depend on the progress of the 80 MW Utah wind project and the 100 MW Puerto Rico solar project.

MONTALVA SOLAR PROJECT

As background, the Montalva Solar Project is a proposed 100 MW AC solar photovoltaic renewable generating facility located in the municipalities of Guanica and Lajas, Puerto Rico and is being developed under a 100 MW AC Master Renewable Power Purchase and Operating Agreement ("PPOA") between PBJL Energy Corporation ("PBJL") and Puerto Rico Electric Power Authority ("PREPA") dated December 20, 2011, and amended on March 16, 2012 (the "Master Agreement"). PBJL a wholly owned subsidiary of AG Solar One, LLC and as discussed below AG Solar One is 100% owned by Greenbriar Capital Corp. The value of the agreement commits PREPA to purchase from the Company approximately $1.9 Billion USD of renewable energy over the term of the agreement.
Under the terms of the Master Agreement, if the Montalva Solar Project is constructed, the Company will receive US $140 per megawatt hour ("MWh") for electricity production escalating at 2% annually. If the project had been completed in 2014, then the terms of the Master Agreement would have paid US $150 per MWh escalating at 2% annually. Since the Montalva Solar Project has been delayed by PREPA beyond 2014 through no fault of the Company, it is the position of the Company that the US $150 per MWh, plus inflation escalation price should be paid under the PPOA.

The term of any project specific PPOA issued under the Master Agreement will be for twenty-five years and may be extended by mutual agreement for up to two consecutive additional five-year terms. In addition, under terms of the Master Agreement, the Company will own all Renewable Energy Credits ("REC") produced by the facility which can be sold separately to PREPA or into the US national market where qualified. Currently the average price contracted for the REC's by PREPA in Puerto Rico is an additional US $35 per MWh. Anticipated production is 250,000 MWh per year. The Company will also retain the US Investment Tax Credit ("ITC"); which provides 30% of the entire capital costs of the Montalva Solar Project. The ITC was originally set to expire at the end of 2016, however it has been extended at its current rate of 30% until 2019 after which it will fall to 26% in 2020, 22% in 2021 and 10% in 2022. Based on recent estimates of capital costs and designing a project size of 146 MW DC which will incorporate additional solar panels to maintain maximum generation over more hours of delivery of the 100 MW AC, the estimate all-in project cost is US $380 Million expected to be financed by project debt, project equity and tax equity. Annual revenues are anticipated at approximately US $50 Million per year.

In April 2013 the Company entered into a 50/50 arrangement, called AG Solar One with a subsidiary of TSX-listed Alterra Power Corp ("Alterra") (the "Arrangement") to develop 100 Megawatts (MW's) of solar generation capacity in Puerto Rico under the Master Agreement (the "Montalva Solar Project" or "Montalva"). The Arrangement was structured through a limited liability company called AG Solar One, LLC ("AG Solar"). As described below, on September 12, 2014, the Company acquired Alterra's 50% interest in AG Solar and the Company now owns 100%.

The US subsidiary of Alterra, which owned half of AG Solar, advanced US $1.1 Million to AG Solar so that it could acquire the interest in a Puerto Rican Company PBJL that, in turn owned the Master Agreement. The Company's US subsidiary owned 33.3% and owes the spouse of an officer US $500,000 for that 33.3% interest on terms yet to be negotiated. Upon entering the Arrangement, it was understood by both parties that if a partnership operating agreement could not be negotiated to a mutually satisfactory conclusion, the Company would repay the funds advanced by Alterra for the indirect purchase of the Master Agreement. The Company and Alterra could not reach an agreement regarding how AG Solar was going to be operated and, therefore, on July 12, 2013, and as amended October 11, 2013, the Company signed a Membership Interest Purchase and Sale Agreement ("MIPSA") with Alterra whereby the Company agreed to acquire Alterra's 50% interest in and to the shares of AG Solar. The Company agreed to repay Alterra the original monies advanced by Alterra, including additional amounts agreed to by the parties in connection with the forbearance, a total of US $1.25 Million to be paid in five tranches. Upon payment of all monies to Alterra, the Company was to 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 as set forth below.

On August 12, 2014, Alterra agreed to exchange the remaining outstanding payments of $1,094,400 (US $1.0 Million) for 684,000 units of the Company (see Liquidity and Capital Resources). With the completion of the MIPSA on

September 12, 2014, the Company now owns 100% of AG Solar and the option to acquire joint venture interest of $1.4 Million (December 31, 2013 - $772,150) was transferred to intangibles since the advance from Alterra was related to the purchase of the Master Agreement.

In September and December 2013, the Company entered into four (4) land lease option agreements in Puerto Rico after a site selection process (the "Montalva and Lajas Option Agreements"). The Montalva and Lajas Option Agreements are for two (2) sites located in close proximity that can be developed as a single project of 100MW AC or 5 projects of 20MW AC each in a region associated with low rainfall and cloud cover, exceptional levels of solar irradiance, excellent topography and drainage, low environmental impact and in proximity to 115 kilovolts ("kV") transmission lines and a PREPA substation.

Of the Montalva Option Agreements, the Company entered into a one-year lease option agreement dated September 9, 2013, which gives the Company the exclusive right and option to lease a 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"). Upon execution of the option agreement, the Company paid US $50,000 and paid two additional US $50,000 payments 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 subsequently have agreed to further extend 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 $30,000 paid on the commencement of the lease, a payment of US $30,000 (paid) on April 1, 2015, and two additional payments of US $45,000 each due on July 1, 2015 and October 1, 2015. On July 1, 2015, the parties agreed to further extend the lease and underlying purchase option to July 2, 2017, with modified payment terms. Under the amended option, the Company is required to pay US $45,000, commencing on July 1, 2015 and every three months thereafter for seven additional payments due on October 1, 2015, January 1, 2016, April 1, 2016, July 1, 2016, October 1, 2016, January 1, 2017 and April 1, 2017. The Company will be assessed a late fee of 4% per month on any late payment with the exception of the July 1, 2015 and October 1, 2015 payment. The Company has the option to defer the July 1, 2015 payment until October 13, 2015 with no penalty; thereafter, a penalty of $1,000 per day will be assessed. The Company paid $55,000 on October 23, 2015. The Company also has the option to defer the October 1, 2015 payment to December 31, 2015 for a fee of $4,500; thereafter, a penalty of $1,000 per day will be assessed. On December 29, 2015, the Company paid $45,000. Upon payment of an additional $50,400, 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 $50,400 and the forbearance period is in effect. The Company further renegotiated the forbearance period to April 1, 2017 and made a payment of $51,800 to be made on November 15, 2016 to ensure the continued forbearance period and to have the Montalva Option Agreement remain in good standing. The Company made a payment of $41,400 in November 2016.

Of the Lajas Option Agreements, on December 1, 2013, the Company entered into a three-year lease 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. 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 additional lease option agreements for five years each, which gives the Company the exclusive right and option to lease up to a total of 654 additional acres in 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 cash position, the lessor agreed to a deferral of all Lajas payments commencing January 1, 2015 to December 1, 2015. Upon payment of any 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. The Company further renegotiated the forbearance period to April 1, 2017 with a payment of $14,253 to be made on November 15, 2016 and $10,333 on January 1, 2017 to ensure the continued forbearance period and to have the Lajas Farm Option Agreements remain in good standing.

All four option agreements comprising the Montalva and Lajas Option Agreements provide for a lease term of twenty-five years from the date of execution and may be extended for up to four additional consecutive periods of five-years each, at the Company's option.

As previously stated, in order to continue operations and likewise make the lease option payments, the Company will need to raise additional capital through debt or project equity in the short-term until it can realize the proceeds from the placement of stock or until the Company is sold.

Further, 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 ("EIS") was prepared for the project and a permit application was filed with the jurisdictional agency. The Office of Government Permissions ("OGPe") in charge of processing the permit completed an environmental review of the project's permit application and found the application complete and informally noted no red flags or issues. Notwithstanding, OGPe made a decision not to advance the application to other agencies for their review pending a site specific PPOA being issued by PREPA under the Master Agreement. The Company filed an appeal through OGPe's internal appeal process to appeal the OGPe's decision not to process the application to other agencies in advance of issuance of a site specific PPOA. Such appeal was rejected by notice received from OGPe on August 25, 2014. Subsequently, the Company filed an appeal action with the Puerto Rico Court of Appeals on September 19, 2014. On March 26, 2015, the Appeals Court upheld the prior appealed decision of OGPe and denied the Company's requested relief. Subsequently, on April 24, 2015, the Company filed a further appeal action with the Supreme Court of Puerto Rico. On June 17, 2015, the Supreme Court refused to hear the Company's further appeal or to take a position as to whether OPGe's position and process was correct in taking instruction from PREPA. Noteworthy, however, nowhere did the courts take a position that the Company did not hold a valid and enforceable PPOA with PREPA. The Company did not file a request of reconsideration with the Supreme Court and therefore the Company will need to refile its application with OGPe for the Montalva Project once a site specific PPOA has been issued by PREPA.

On April 14, 2014, the Company entered into an agreement with the Land Authority of Puerto Rico and deposited US $75,000 to lease an additional 51 acres of land for the construction and operation of the interconnection transmission line for the Solar Facility. The lease agreement provides for a term of thirty-years and can be extended for a longer term at then applicable commercial rates by mutual agreement of the parties.

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 October 27, 2014, the Company requested and received a legal opinion from a Puerto Rican law firm establishing that the Company's Master Agreement is a binding agreement between the Company and PREPA and that PREPA will be subject to damages by the Company if PREPA fails to perform on its obligations to the Company. On February 10, 2015, the law firm of Gierbolini Consulting Group, LLC ("GCG") of San Juan, Puerto Rico was retained by the Company and sent a letter to Juan Alicea Flores, President of PREPA, stating our intent to commence legal action against PREPA unless PREPA performed the required studies as required by the Master Agreement and signed the project specific PPOA for Montalva or in the alternative paid the Company $210 Million in monetary damages. No response to the May 15, 2015, letter was received from PREPA. On May 15, 2015, the Company, through its lawyers GCG, filed a legal action against PREPA in the courts of Puerto Rico in order to protect and enforce its rights under the Master Agreement and for monetary damages of $210 Million. 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.

On January 2, 2017 the Company announced the execution of a US $50 Million Mandate arrangement with Pegasus Renewable Energy and Sustainable Infrastructure Credit Advisors LP, an affiliate of Pegasus Renewable Energy and Sustainable Infrastructure Credit Fund LP ("RESIC") for the Company's Montalva Solar Project. RESIC is a dedicated renewable energy and infrastructure fund specializing in key mezzanine capital investments and is an affiliate of

Pegasus Capital Advisors LP, a private, US $1.7 billion alternative asset management firm providing strategic growth capital to companies focused on global resource scarcity, including energy, food, water and wellness.

As an incentive to RESIC, the Company will issue upon certain conditions, two million common share purchase warrants exercisable for a period of five years at a price of CDN $1.00 per share. The purpose of the mandate is to structure and provide the essential, keystone mezzanine portion of the proposed US $300 Million Montalva project financing package, comprising tax motivated project equity and senior secured project debt. Completion by RESIC is solely discretionary and will be subject to complete satisfaction by RESIC of all usual and customary conditions for financings of this type. The RESIC finance team includes individuals that provided a similar type of essential keystone mezzanine financing for Greenbriar's predecessor, Western Wind Energy Corp. and its US $313 Million Windstar project in the amount of US $55 Million.

The Company's design partner in the project, Atherton Pacific Holdings LLC, has progressed with bringing Chinese based engineering firms to provide technical project support and equipment design specification for procurement and project construction. Atherton Pacific Holdings LLC is willing to fund the Company once direction is given by PREPA in moving this fully executed Master PPOA forward.

BLUE MOUNTAIN WIND PROJECT

The Blue Mountain Wind Project ("Blue Mountain") is a proposed 80 MW AC renewable generating wind facility located in Southeastern Utah near the city of Montecito in San Juan County. Blue Mountain has a twenty-year Power Purchase Agreement ("PPA") with PacifiCorp executed on July 3, 2013. However, as stated below, the project is stalled and the PPA is subject to a Notice of Termination issued by PacifiCorp dated April 22, 2015, and affirmed by PacifiCorp on August 18, 2015.

On May 14, 2014, the Company declared a Force Majeure event under its 80 MW Blue Mountain PPA with PacifiCorp and suspended its Generator Interconnection Agreement ("QFLGIA"). Many of the requirements, deadlines and prices as specified in the PPA contemplated that the startup commencement date would be no later than the fall of 2013. However, the Company's PPA approval by the Utah Public Service Commission had been the subject of an appeal to the Commission and the Utah courts by an unrelated third party and, therefore, the Company's PPA was not final and non-appealable until December 21, 2014 – 30 days after the Court issued its written opinion upholding the Commission's prior approval of the PPA, when no further appeal of the PSC's approval could be taken. As follow-up, in July 2015 the Company had a discussion with the director of QF contracts at PacifiCorp confirming their position and agreement that an extraordinary and lengthy force majeure of eight months had occurred. During this conversation, the Company requested a forbearance period under the PPA of milestones and the posting of development security until the company could determine the new contract dates required in the agreement in order for the project to move forward. PacifiCorp raised no objection. In January 2015 after extension of the wind federal tax credits had been enacted in December for an additional year, the Company contacted PacifiCorp to request new dates in its PPA and to amend the agreement. However, instead of negotiating new dates and terms for the delays, PacifiCorp notified the Company by letter in February 2015 that upon further review it did not agree that a force majeure event had occurred and no date extensions or modified terms would be granted for the project. The Company followed with a Notice of Dispute under the PPA dated February 16, 2014. During this time, an additional event of force majeure occurred where the same third party filed a complaint against PacifiCorp with the Federal Energy Regulatory Commission ("FERC") contending that the interconnection agreement between PacifiCorp and the Company was invalid. By letter dated February 24, 2015, the Company filed an additional notice of force majeure under the provisions on the PPA. Subsequently, the Company and PacifiCorp entered into settlement discussions under the PPA dispute resolution process with the involvement of senior management from both sides, but were unable to reach an agreement or resolution of the dispute. During these ongoing discussions, PacifiCorp without warning served a notice of default on the Company for failure to post development security required within 30 days of PPA approval. However, without an extension of PPA dates, the project would not be feasible and any security posted would be automatically defaulted without new dates reflecting the delays in PPA approval. Ignoring the protests of the Company, PacifiCorp filed a notice of termination of the PPA with the Company on April 22, 2015. In addition, PacifiCorp was taking this action in the middle of the ongoing dispute resolution process under the terms of the PPA. Subsequently without resolution of the dispute, the Company exercised its right under the PPA to request mediation and a mediation occurred on August 11, 2015 before a former US federal judge acting as mediator. However, the parties were unable to resolve their ongoing disputes during mediation despite assistance from the mediator supporting a settlement of $4.4 Million cash in favor of the company.

On August 13, 2015, the mediator recommended an award of $4.4 Million monetary damages for the benefit of the Company, but since the mediation was non-binding, PacifiCorp did not proceed with the mediators' advice and 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 under the terms of the PPA 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 compliant with the full Commission. Pending the outcome with the Division of Public Utilities, the Company can either formalize its formal compliant 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. In addition, until a resolution is reached, if the project is to go forward, a further extension of the US wind tax credits may be necessary to support the economics of the project sufficient to obtain debt financing.

As historical background, on August 2, 2013, the Company completed a formal acquisition agreement for Blue Mountain, Utah Wind Energy Project, USA. The Blue Mountain acquisition included all discretionary permits, eight individual land leases and option to purchase agreements, a fully executed twenty year 80 MW PPA with PacifiCorp, six years of meteorological data and studies, a System Impact Study agreement, completed environmental work, the receipt of seven supply term sheets from top tier wind turbine vendors and a draft financing mandate from a world class financial institution. The acquisition of Blue Mountain was completed through Greenbriar Capital Corp's wholly owned US subsidiary, Greenbriar Capital Holdco Inc., which signed a definitive Membership Interest Purchase and Sale Agreement ("MIPSA") with Champlin Windpower, LLC of Santa Barbara, California. The acquisition of the MIPSA has immediately granted the Company a 50% interest ("Initial interest"). The agreement then allows the Company to perform two milestone tasks, which will then increase the ownership interest up to 100%. The initial interest was financed by way of a three-year loan from the CEO and his spouse, which bears interest at 10% per annum.

On December 9, 2013, the Company commenced construction at Blue Mountain sufficient to qualify the project for federal tax subsidies in the form of Production Tax Credits or Investment Tax Credits both of which were extended by Congress for wind projects under construction or had spent 5% of project cost by the end of 2014. Construction was awarded to RMT, Inc. ("RMT") of Madison, Wisconsin, a subsidiary of IEA Infrastructure and Energy Alternatives, LLC of Chicago. Total construction costs for Blue Mountain are expected to be US $160 Million if financed by the Company, with approximately US $136 Million of combined project tax equity and back-leveraged debt, and the balance through mezzanine loans and vendor related financing. Construction costs if built by a large balance sheet energy company with internal tax appetite would be in the US $140 to $145 Million range. The commencement of construction qualified Blue Mountain for US $43 Million of federal investment tax credits under current legislation, but as stated above a further extension of the US wind tax credits may be necessary to support the economics of the project sufficient to obtain debt financing. Construction has since been suspended.

On May 5, 2014, the Company, under Blue Mountain Power Partners, LLC, entered into a Qualifying Facility for a Large QFLGIA with PacifiCorp, the transmission provider. Under the QFLGIA, PacifiCorp shall design, procure, and construct the interconnection facilities and provide network upgrades for the Blue Mountain. 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. As previously stated, on May 14, 2014, the Company declared a Force Majeure event under its 80 MW Blue Mountain PPA with PacifiCorp and suspended its QFLGIA. Under the terms of its QFLGIA, the Company is allowed to suspend its QFLGIA for a period of up to three years.

On October 3, 2013, the Utah Public Service Commission ("PSC") approved the power purchase agreements between Blue Mountain Power Partners and PacifiCorp and an additional small power producer, Latigo Wind Park. Under these agreements, PacifiCorp's Rocky Mountain Power division is obligated to purchase all power produced by the producers' clean energy wind projects in Southeastern Utah. As previously discussed, within the statutory timeframe, an unrelated third party competitor of Latigo and Blue Mountain filed an appeal of the approval of the PPA contracts by the PSC with Utah State Supreme Court. The third party had intervened in the PSC approval proceedings and had legal standing to challenge the Latigo and Blue Mountain agreements. The third party asserted that the PSC had unlawfully excused Latigo and Blue Mountain from compliance with the terms of an applicable regulatory tariff, referred to as Schedule 38. It also claimed discrimination by PacifiCorp in requiring the third party to comply with the regulatory requirements from which Latigo and Blue Mountain had been excused and asserted that the power purchase agreements were too vague to be enforceable and should be disapproved on that basis. By the third party's actions, the approval of the Blue Mountain PPA was not legally approved and could not become final until thirty days after the appeal was resolved. On May 30, 2014, the Utah State Supreme Court ruled against the third party and upheld the approval of the PPA by the PSC.

On January 31, 2017 the Company announced that the Utah Public Service Commission issued an order on January 30, 2017 in favor of Greenbriar (Blue Mountain), denying Rocky Mountain Power's Motion to Dismiss. The Utah Public Service Commission further ordered that within 30 days of the date of that Order, Rocky Mountain Power shall answer the Blue Mountain complaint, which is considered to have been supplemented by Blue Mountain's response to Rocky Mountain Power's Motion to Dismiss.

TEHACHAPI HOUSING PROJECT

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 Property was US $1,040,000. The Property comprises of an aggregate of 161 acres divided into approximately 689 total lots.

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 of payments of $164,181 (US $149,618) in advance. As at December 31, 2014, the Company had 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.

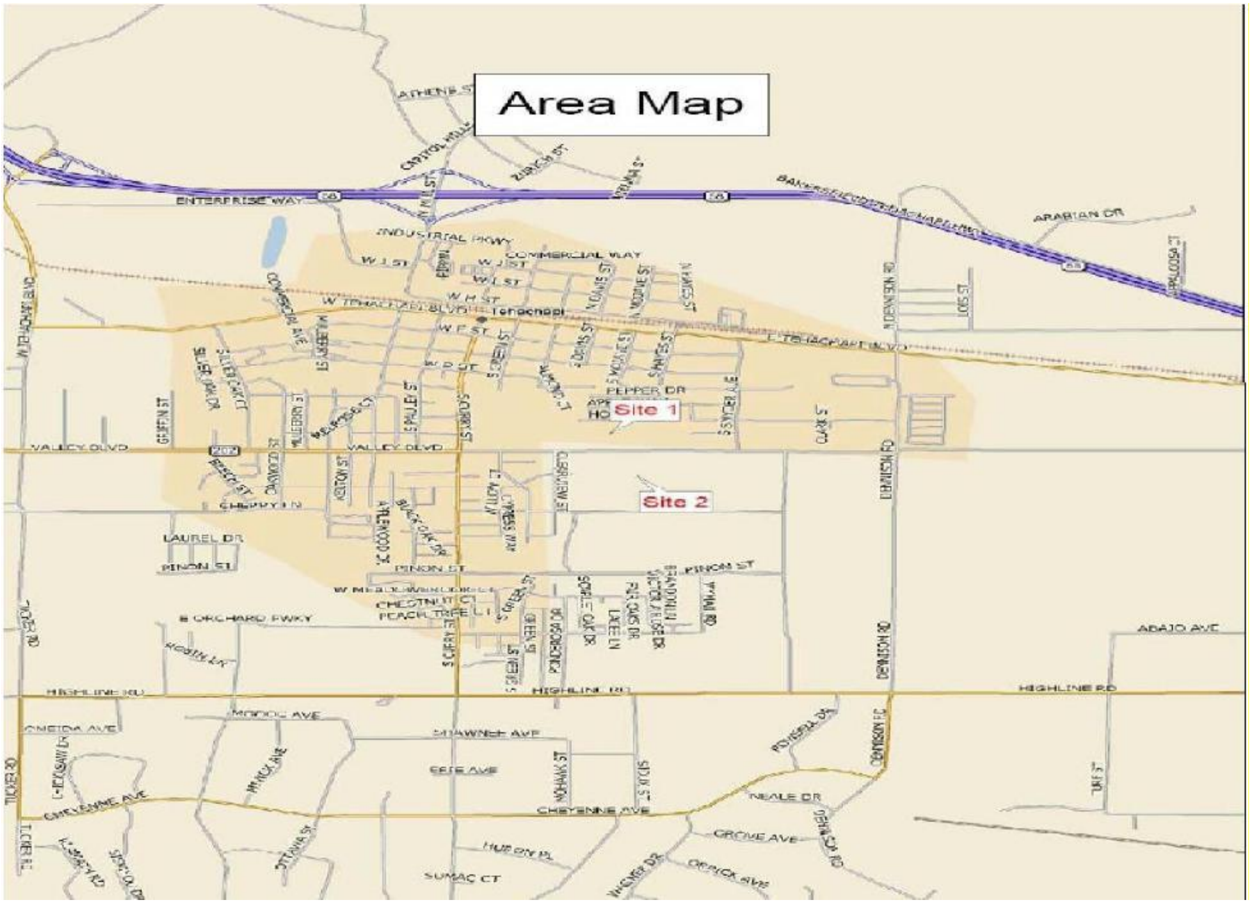
On October 10, 2014, the Company listed both site 1 and site 2 for US $2.4 Million with Berkshire Hathaway Home Services ("Berkshire"). The property was being marketed both in the local US market and internationally. Upon sale, Berkshire will charge a commission of 10%. During the first three months of 2015 the Company reduced the sale price to $1.8 million and during the quarter ended June 30, 2015 further reduced the purchase price to $1.4 million. In September 2015, the Company delisted the property due to renewed interest in the land for possible agricultural purposes.

The Property is situated close to the central business district and adjacent Tehachapi High School and is comprised of five parcels of real property located within the City of Tehachapi. Tehachapi is located in Kern County on the edge of the Mojave Desert, approximately 35 miles east-southeast of Bakersfield, California.

The legal description of each parcel is as follows:

- Parcel 1 – APN 417-012-01 (approx. 32.97 acres)
- Parcel 2 – APN 417-012-28 (approx. 60 acres)
- Parcel 3 – APN 417-012-27 (approx. 20 acres)
- Parcel 4 – APN 417-012-25 (approx. 19.16 acres)
- Parcel 5 – APN 415-012-14 (approx. 28.75 acres)

Parcels 1 through 4 ("Site 2") are contiguous and aggregate approximately 132 acres of land on the south side of Cummings Valley Boulevard (State Highway 202), a major east – west thoroughfare through Tehachapi. The parcels lie immediately east of Clearview Street and immediately north of Pinon Street. The new Tehachapi High School, which opened its doors in 2003, is located immediately to the east of the parcels. A previous owner of these parcels had received Tentative Tract Map ("TTM") approvals under TTM 6218 and TTM 6723. Parcel 5 ("Site 1") comprises approximately 28 acres and lies north of parcels 1 through 4, on the north side of Cummings Valley Boulevard. The location of the Property is identified in the map below:



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 US $3,410,000. As of December 31, 2016, the Company had capitalized $1.51 million for the property acquisition.

SELECTED ANNUAL INFORMATION

(tabled amounts are expressed in CAD dollars)	**2016**	**2015**	**2014**
Cash and cash equivalent	-	3,903	3,184
Overdraft	105	-	-
Deposit and prepaid (current and non-current)	154,557	282,919	261,745
Investment and advances	3,360,467	3,273,881	2,983,562
Interest receivable	73,918	53,454	-
Land	1,511,350	1,538,356	1,280,143
Power project development and construction	2,279,008	1,644,549	1,034,910
Intangible asset	1,678,375	1,730,000	1,450,125
Total assets	9,065,536	8,530,655	7,053,379
Total liabilities	5,675,143	5,188,094	3,973,302

The Company has total asset of $9.0 million as of December 31, 2016, compared to $8.5 million in 2015 and $7.1 million in 2014. This increase is mainly attributable to increase in investment and advances, and power project development and construction accounts, as Company continue to capitalize costs relate to Blue Mountain and AG

Solar projects. The Company has total liability of $5.5 million as of December 31, 2016, compared to $5.2 million in 2015 and $4.0 million in 2014. The increase in total liability is due to increase in payables and Company's continuous effort to finance its operation through debt.

(tabled amounts are expressed in CAD dollars)	**2016**	**2015**	**2014**
Consulting fee	(155,877)	(157,528)	(70,430)
Salaries and benefits	-	(143,178)	(226,648)
General and administrative	(37,536)	(54,677)	(173,933)
Finance cost	(57,661)	(73,350)	(122,671)
Professional fees	(60,626)	(179,649)	(134,417)
Share based compensation	(225,000)	-	(666,024)
	(536,700)	(608,382)	(1,394,123)
Foreign exchange gain (loss)	78,874	(498,409)	(171,698)
Finance income	20,464	17,534	16,080
Share of loss of joint-venture	(23,847)	(26,217)	(27,620)
Gain (loss) on settlement of debt	46,248	-	-
Net loss	(414,961)	(1,115,474)	(1,577,361)
Other comprehensive gain (loss)	(124,553)	653,689	271,876
Net loss and comprehensive loss	(539,514)	(461,785)	(1,305,485)
Basic/Diluted loss per share	(0.03)	(0.09)	(0.13)

The Company incurred a net loss of $414,961 for the year ended December 31, 2016, which is significantly lower than fiscal 2015's $1.1 million loss and 2014's $1.6 million loss as the Company has lowered its business activities to conserve cash and other resources before it gets adequately capitalized. The Company let go all employees and re-negotiated compensation with the President. This resulted in $nil salaries and benefits and a net gain on settlement of debt of $46,248. Also, there was a $666,024 share based compensation cost recognized in 2014, which did not occur in 2015 and was only 225,000 in 2016 as all the options have been vested. During fiscal 2016, the Company recognized $78,874 foreign exchange gain, compared to significant losses in previous two years.

Other comprehensive income fluctuated over the fiscal periods. This was mainly due to the volatility of the foreign exchange, which resulted in translation gains or losses on Company's inter-company receivables.

Consolidated quarterly loss – 8 quarters historic trend

(tabled amounts are expressed in CAD dollars)	**Q4 2016**	**Q3 2016**	**Q2 2016**	**Q1 2016**	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**
Total revenues	-	-	-	-	-	-	-	-
Loss for the period	(334,507)	(66,258)	(141,442)	127,246	(364,088)	(313,736)	(71,804)	(365,846)
Basic/Diluted loss per share	(0.02)	(0.00)	(0.01)	(0.01)	(0.03)	(0.02)	(0.01)	(0.03)
Total assets	9,065,536	8,690,223	8,492,313	8,205,135	8,530,655	8,219,113	7,672,891	7,619,352
Working capital deficit	5,225,013	5,091,354	4,869,400	4,662,096	5,069,825	3,951,646	3,433,985	3,364,404

Three months ended December 31, 2016 vs. prior quarters in 2016

The Company realized a net loss of $334,507 for the quarter ended December 31, 2016, compared to net income of $127,246 in Q1 2016, net loss of $141,442 in Q2 2016 and net loss of $66,258 in Q3 2016. The increase in net loss compared to Q3, Q2 and Q1 2016 is mainly due to increased legal fees and timing of payments related to the Company's projects and the recording of share-based payment expense, offset by as a gain on settlement of debt of $46,248 realized in the fourth quarter. The increase in working capital deficit is due to increase in payables and reduction in cash on hand.

Three months ended December 31, 2016 vs. historical quarters in 2015

The Company realized a net loss of $334,507 for the quarter ended December 31, 2016, is consistent with the quarters in 2015.

Change in working capital

The Company has a working capital deficit of $ $5,225,013 as of December 31, 2016. The working capital continue to grow due to the declining cash balance and the Company is holding off on payment of certain payables.

LIQUIDITY AND CAPITAL RESOURCES

	Year ended December 31,		
(tabled amounts are expressed in CAD dollars)	**2016**	**2015**	**2014**
Cash outflows from operating activities	(92,652)	(74,279)	(406,872)
Cash inflows from financing activities	372,120	686,685	1,006,960
Cash outflows from investing activities	(283,476)	(611,687)	(825,483)
Net cash flows	(4,008)	719	(225,396)
Cash balance	(105)	3,903	3,184

The Company has a cash balance of negative $105 as of December 31, 2016. Cash outflow from operating activities was $92,652, compared to $74,279 in 2015 and $406,872 in 2014. The outflow was primarily attributable to settlement of payables through cash and loan. The difference between the current year and prior years cash outflow was mainly due to change in payables and timing of payment.

Cash outflow from investing activities in the year ended December 31, 2016 was $283,476, representing a significant decline from $611,687 in 2015 and $825,483 in 2014. This decrease is due to reduced activity at Company's projects or investment as the Company is conserving cash until further capitalized.

Q4 2016 MD&A (expressed in CAD Dollars) – year ended www.greenbriarcapitalcorp.com

Cash inflow from investing activities in the year ended December 31, 2016 was $372,120. On April 8 and June 2, 2016, the Company issued total of 700,000 units through a private placement for gross proceed of $350,000. On November 21, 2016, the Company issued two convertible debentures in the aggregate amount of $225,000, at 8% per annum for 3 years. The Company also repaid its loan for a total of $91,899. The difference between current and prior period cash inflow is due to the difference in amount raised through private placement and debt. The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds.

SHAREHOLDERS' EQUITY

As at December 31, 2016, the Company had unlimited authorized common shares without par value and 13,824,227 common issued and outstanding (December 31, 2015 – 13,124,227). As at the date of this report the Company had 14,369,647 common shares issued and outstanding.

In April 2016, the Company issued 300,000 units through a private placement for gross proceeds of $150,000. 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.

In February 2016, the Company issued 400,000 units 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. Of the 400,000 units issued, 250,000 were purchased by the spouse of the CEO.

On February 6, 2017, the Company closed the private placement issued 50,000 units at a price of $1.20 per unit for a gross proceeds of $60,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $1.50 per unit until February 3, 2022. A finder's fee was paid to PI Financial Corp comprised of 3,000 shares. The shares are subject to hold period expiring at midnight on June 3, 2017.

On April 6, 2017, the Company closed the private placement issued 492,420 units at a price of $0.80 per unit for gross proceeds of $393,936. Each unit is comprised of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $1.50 per unit until April 7, 2022.

The following table discloses the number of options and vested options outstanding as at December 31, 2016 and at the date of this report:

Exercise price ($)	Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options Outstanding and exercisable	Expiry Date
0.75	125,000	0.75	1.13	125,000	18-Feb-2018
0.85	350,000	0.85	4.93	350,000	5-Dec-2021
2.60	125,000	2.60	1.57	125,000	26-Jul-2018
2.50	250,000	2.50	1.83	250,000	30-Oct-2018
$1.58	**850,000**	**$1.58**	**2.97**	**850,000**	

Q4 2016 MD&A (expressed in CAD Dollars) – year ended www.greenbriarcapitalcorp.com

The following table discloses the number of warrants outstanding as at December 31, 2016 and at the date of this report:

Outstanding warrants	Expiry Date	Exercise price
684,000	September 12, 2019	$2.00
102,500	May 4, 2020	$1.75
202,000	November 25, 2020	$1.75
400,000	February 21, 2021	$0.60
300,000	April 21, 2021	$0.60
1,688,500		

COMMITMENTS AND CONTINGENCIES

As at December 31, 2016, the Company had the following commitments and contingencies outstanding:

	Within 1 year	Over 1 year	Total
Puerto Rico land leases (i)	$ 169,180	$ 48,337	$ 217,517
PBJL Share transfer (ii)	671,350	-	671,350
Total	840,530	48,337	888,867

(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, 2016, the Company capitalized $918,734 (US $684,244) in land costs under the Puerto Rico project.

(ii) 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.

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

Related Party Transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 11, the Company had the following expenses paid to key management:

The Company incurred the following expenses with related parties during year ended December 31, are as follows:

Q4 2016 MD&A (expressed in CAD Dollars) – year ended www.greenbriarcapitalcorp.com

	2016	2015
Salaries & wages	$ -	$ 108,000
Management fees	143,542	157,528
Total	143,542	265,528

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.

On October 15, 2016, the President entered into an amended compensation agreement with the Company. Under this new agreement, the President agreed to settle all unpaid fees and late penalties with a US$168,750 loan at interest of 8% per annum compounded semi-annually. His base fee will be reduced to US$5,000 per month until such time as a PPOA for a project has been executed with PREPA or other such milestone has occurred as determined by the board. The fee will then be reverted back to US$10,000 per month. Further the development completion award for the Montavla solar project will be reduced to US$1.95 million from the initial US$3 million.

During the year ended December 31, 2016, the President of the Company has been paid a total of $nil (2015 - $57,312 US $42,921) fees under the contract. As at December 31, 2016, included in accounts payable are fees and expenses due to the President of the Company of $23,938 (2015 – 237,226).

Financial Instruments

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks.

Q4 2016 MD&A (expressed in CAD Dollars) – year ended www.greenbriarcapitalcorp.com

Categories of financial instrument

	December 31, 2016		December 31, 2015	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Fair value through profit and loss ("FVTPL")				
Cash and cash equivalents	-	-	3,903	3,903
Deposits	154,577	154,577	282,919	282,919
Interest receivables	73,918	73,918	53,454	53,454
Financial liabilities				
Other financial liabilities				
Overdraft	105	105	-	-
Accounts payable and accrued liabilities	4,015,362	4,015,362	3,810,971	3,810,971
Convertible debt	202,281	202,281	-	-
Loan payable	1,230,814	1,230,814	1,377,123	1,377,123
Long term obligation	226,581	226,581	72,804	72,804

Risk and Uncertainties

Credit, Liquidity, Interest, Currency and Commodity Price Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at December 31, 2016, the Company's financial instruments consist of cash and cash equivalents, interest receivable, deposits, accounts payable, accrued liabilities, accrued interest, and loans payable. Cash is reported at fair value. The other amounts reflected in the balance sheet approximate their fair values due to their short-term nature.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk through its cash, which is held in a large Canadian financial institution with an issuer credit rating of A-1 by Standard & Poor's. The Company believes this credit risk is insignificant.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash balances and deposits; however, management does not believe this exposure is significant.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. 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.

Cash is stated at amounts compatible with those prevailing in the market, are highly liquid, and are maintained with prime financial institutions for high liquidity.

Real Property Ownership

All real property investments are subject to elements of risk such investments are affected by general economic conditions, local real estate markets, the attractiveness of the properties to residents, supply and demand for housing, competition from other available housing and various other factors. Demand for residential real estate in the United States could be adversely affected by weakness in the national, regional and local economies, changes in supply of, or demand for, similar or competing properties in an area and the excess amount of units in a particular market. To the extent that any of these conditions occur, they are likely to affect market value for residential building lots, which could cause a decrease in the Company's future potential sales revenue from the Property.

No History of Revenue

To date the Company has relied entirely upon the sale of common shares and the exercising of warrants to provide working capital to fund its administration, overhead costs and project development. There is no guarantee that the Company will enter into profitable agreements and earn revenue from operations. The Company has not commenced commercial production and the Company has no history or earnings or cash flow from its operations. Thus, there can be no assurance that the Company will be able to develop any value or that its activities will generate positive cash flow. The Company has not paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company has limited cash and other assets. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management in all aspects of the development and implementation of the Company's business activities.

Market Price of the Common Shares

The Common Shares are listed and posted for trading on the TSXV and OTCQX. The Company's business is in an early stage of exploration and an investment in the Company's securities is highly speculative. There can be no assurance that an active trading market in the Company's securities will be established and maintained. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Common Shares is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in its quarterly earnings reports.

Current Global Financial Conditions

Events over the last number of years in global financial markets, including sovereign debt crises, have had a profound impact on the global economy and global financial conditions have been subject to volatility. Many industries, including the mining sector, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continuing slowdown in financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's business, financial condition, results of operations and ability to grow.

Competition

The renewable energy development industry is highly competitive. The Company competes with other domestic and international power development companies that have greater financial, human and technical resources.
The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion or efficiency of their operations than the Company. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share to the Company's detriment. The Company may also encounter increasing competition from other renewable energy companies in the Company's efforts to hire experienced professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable properties or prospects for development in the future. As a result of this competition, the Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Furthermore, there is no assurance that a ready market will exist for the sale of renewable energy. Factors beyond the control of the Company may affect the marketability of electrical power in existing markets. These factors include market fluctuations, the proximity and capacity of renewable power markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

Risks related to International Activities

A material portion of the business of the Company is located outside of Canada, with assets predominately in USA. The Company's international operations may be adversely affected by political or economic developments or social instability, which will not be within the Company's control, including, among other things, the risks of political unrest, labour disputes and unrest, war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions, contracts and permits, government regulation, delays in obtaining or renewing or the inability to obtain or renew necessary permits, taxation policies, economic sanctions, fluctuating exchange rates, currency controls, high rates of inflation, limitations on foreign ownership and increased financing costs. The occurrence of any such events could have a material adverse effect on the Company's business and results of operations as currently contemplated.

Risks Associated with Joint Venture Agreements

Pursuant to agreements the Company may enter into in the course of its business, the Company's interest in its properties may become subject to the risks normally associated with the conduct of joint ventures. In the event that any of the Company's properties become subject to a joint venture, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial condition: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

Reliance on Key Individuals

The Company's success depends on its ability to attract and retain the services of key personnel who are qualified and experienced. In particular, the success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the Company's directors and senior management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of these individuals could have a material adverse effect on the Company.

The resource industry is largely driven by fluctuations in commodity prices which, when high, can lead to a large number of projects being developed which in turn increases the demand for skilled personnel, contractors, material and supplies. Accordingly, there is a risk to the Company of losing or being unable to secure enough suitable key personnel or key resources and, as a result, being exposed to increased capital and operating costs and delays, which may in turn adversely affect the development of the Company's projects, the results of operations and the Company's financial condition and prospectus.

Project Risk

- Availability of tax credits (Blue Mountain and Montalva)
- Interest rates at time of project financing
- Tax equity investor market, availability and pricing
- Uncertain financial markets and sponsor equity requirements
- Credit rating of off-takers (PREPA)
- Escalation of equipment cost such a wind turbines and solar panels
- Escalation of EPC cost
- Availability and timely delivery of key equipment
- Timely completion of interconnection by the transmission provider

- Weather related and force majeure events
- REC market pricing to be negotiate (PREPA)
- Eagle conservation costs and requirements (Blue Mountain)

Critical Accounting Policies and Estimates

The preparation of the 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 reporting 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. A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited consolidated financial statements for the year ended December 31, 2016.

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. The following is an outline of the estimates that the Company considers as critical in the preparation of its financial statements:

(a) The Company has recorded stock-based compensation using the Black-Scholes Pricing Model, which requires an assumption of the risk-free rate, expected lives of the stock options, forfeiture rates, and their related volatilities.
(b) The Company has recorded warrants using the Black-Scholes Pricing Model, which requires an assumption of the risk-free rate, expected lives of the warrants, and their related volatilities.
(c) Future income tax assets are recognized to the extent it is more likely than not they will be realized.

Recent Accounting Pronouncements

The adoption of the new and revised standards, amendments and interpretations issued by the IASB effective for periods beginning on or after January 1, 2015 has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company.
Additional new or amended accounting standards that have been previously issued by the IASB but are not yet effective, and have not been applied by the Company, are as follows:

<u>IFRS 2 Share based payment</u>
On June 20, 2016, the IASB published final amendments to IFRS 2 that clarify the classification and measurement of sharebased payment transactions. These amendments deal with variations in the final settlement arrangements including; (a) accounting for cash-settled share-based payment transactions that include a performance condition, (b) classification of share-based payment transactions with net settlement features, as well as (c) accounting for modifications of share-based payment transactions from cash-settled to equity. These changes are effective for annual periods beginning on or after January 1, 2018.

<u>IAS 7 Statement of Cash Flows</u>
The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The amendments to IAS 7 respond to investors' requests for information that helps them better understand changes in an entity's debt, which is important to their analysis of financial statements. These amendments are mandatory for annual periods beginning on or after January 1, 2017.

<u>IFRS 9 Financial Instruments</u>
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.

IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
The International Accounting Standards Board (IASB) published amendments to IAS 12 on January 19, 2016. The amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets (DTAs) related to debt instruments measured at fair value. Only four paragraphs (including one on commencement) have been added or amended in the Standard itself but there are several pages added to the Basis for Conclusions. The revisions apply for periods beginning on or after January 1, 2017, 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 (“IFRS16”), 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.

Internal Controls Over Financial Reporting

Management assessed the effectiveness of the Company’s internal controls over financial reporting for the year ended December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework. Based on this assessment, management believed that, as of December 31, 2016, our internal controls over financial reporting were effective based on those criteria.

No changes in the Company’s internal controls, or other factors that have materially affected, or are reasonably likely to materially affect these controls, have occurred during the period ended December 31, 2016.

Limitations of Controls and Procedures

The Company’s management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

ADVISORY ON FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains certain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

Forward-looking statements in this Management's Discussion and Analysis include references to:

- Management's Development Strategy including estimated timelines, marketing efforts and sales targets and timing.