# Management's Discussion and Analysis

# Year Ended – December 31, 2018

(Expressed in Canadian dollars, unless otherwise noted)

April 29, 2019

*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.greenbriarcapitacorp.com . This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018, 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 described at the end of this report.*

## 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. In addition, the Company acquired an Ontario based private company which holds the exclusive Canadian sales, distribution and marketing rights for the entire suite of Smart Glass energy products, developed and built by Gauzy of Tel-Aviv, Israel. The Company is concurrently 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 – Year Ended December 31, 2018

- The Company's $1.9 Billion - one hundred megawatt (100 MW) Montalva solar contract moved closer to commercial reality with the US Financial Management and Oversight Board designating the project as a Critical Project. The US Congress established the Financial Oversight and Management Board ("FOMB") to recommend and expedite critical energy and infrastructure projects and on April 25, 2018 the FOMB informed the Company our Montalva Solar Farm has been approved to proceed to the next stage of the process. The project will now be shared with all the appropriate government agencies for review.

- On April 11, 2018, the Company's subsidiary RealBlock, the first publicly traded real estate blockchain enterprise announced that Landmark Title Assurance Corp. of Phoenix agreed to integrate RealBlock's blockchain technology into it's day to day operation. This announcement came just weeks after Title Security of Arizona announced it would be using RealBlock's disruptive technology. RealBlock is a wholly owned subsidiary of the Company. In 2017, Title Security and Landmark Title Assurance were responsible for nearly 20,000 separate real estate transactions and underwrote title insurance in excess of $3 USD billion. The proprietary blockchain software will greatly reduce fraud, and decrease the costs associated with real estate transactions, from offer acceptance to closing.

- On May 1, 2018, the Company announced the execution of a US $50 Million Mandate Arrangement with Pegasus Renewable Energy and Sustainable Infrastructure Credit Advisors LP ("RESIC"). RESIC is a dedicated renewable energy and infrastructure fund specializing in key mezzanine capital investments and is an affiliate of 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. The purpose of the mandate is to structure and provide the essential project equity portion of the proposed US $305 Million

Montalva project financing package, comprising tax motivated project equity and senior secured project debt. Completion by the fund is solely discretionary and will be subject to complete satisfaction by the fund of all usual and customary conditions for financings of this type. The finance team includes individuals that provided a similar type of key essential equity - mezzanine financing for the company's predecessor, Western Wind Energy Corp. and its US $313 Million Windstar project in the amount of US $55 Million. This US$50 Million equity funding will not dilute the issued common shares as this is a structured product at the project level.

- On May 28, 2018, the Company announced the execution of an additional US $265 Million mandate with ("RESIC") for the Company's 100 MW AC Montalva Solar Project ("Montalva Project"). Together with the previously disclosed $50 million mandate with RESIC, the total under Letter of Intent "LOI" is now $315 million, which covers the entire forecasted project cost. RESIC specializes in key mezzanine capital investments and is an affiliate of Pegasus Capital Advisors LP, an alternative asset management firm with approximately $1.9 billion in assets under management. Pegasus invests in companies within the sustainability and wellness sectors that are seeking strategic growth capital. The purpose of the mandate is to structure, arrange, and/or provide the entire and complete capital requirements of the US$305 million Montalva Project financing package. 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.

- On October 10, 2018, the Company announced that RealBlock, its blockchain-based, real estate transaction platform, entered into advanced stage development on October 8, 2018 with Title Security of Arizona. RealBlock, a subsidiary of the Company, has completed the first phase of functionality that will help eliminate wire fraud during real estate settlements.

- On October 16, 2018, the Company announced that it formed a joint venture with Captiva Verde Land Corp ("Captiva") to co-develop its 1,100 lots residential real estate project in California. Captiva is a newly listed Life Sciences company on the Canadian Securities Exchange with a mandate to invest in land assets that contain green residential communities, disruptive manufacturing facilities, organic food production and hemp seed oil operations. Captiva issued 10,687,500 of its common shares to Greenbriar at a deemed price of $0.20 per share (valued at $1,068,750) and $112,500 in a one-year interest-free promissory note and will incur all of the development costs to earn a 50% interest in the project.

- Subsequent to year end, on January 28, 2019, the Company appointed Luis Baćo, LL.M of Capitol Hill Consulting Group ("CHCG"), as a special consultant. Prior to joining CHCG, Mr. Bacó served as Chief of Staff to Congresswoman Jenniffer González-Colón in the U.S. House of Representatives. Luis was the Congresswoman's chief policy advisor and oversaw the legislative efforts leading to Puerto Rico's recovery in the aftermath of the devastating hurricanes of 2017. Luis was also responsible for shaping the overall strategic vision of the Congresswoman's health care, economic development, energy, and foreign affairs agenda.

- Subsequent to year end, on February 6, 2019, the Company announced that the Puerto Rico Electric Power Authority ("PREPA") has communicated to the Company, through Luis Baco, that it wants to re-open negotiations to move forward the Montalva Project - the company's 100 MW solar/30MW battery powered energy project. The shovel-ready project, when built out, will be the largest renewable energy project in the Caribbean. Generating 100% renewable energy, the project will greatly reduce emissions on the island and will save PREPA customers between $1 and $2 billion dollars in energy savings over the 25 to 35-year lifespan of the project. In addition, it will add 900 direct jobs during the construction phase and over 1,000 indirect jobs will be created for suppliers, transport, accommodations, etc. The $305 million project will be located in, and provide substantially to the tax base of the municipalities of Guanica and Lajas.

- Subsequent to year end, on February 10, 2019, the Company announced that management will undertake a reorganization of the Company's capital structure by way of statutory arrangement (the "Arrangement") pursuant to the Business Corporations Act (British Columbia) resulting in each existing shares of the Company being split into two shares, comprising one share in the existing company plus one additional share in a new public company ("SpinCo") holding the Montalva solar assets and any new renewable energy projects.

  The proposed reorganization is being viewed as a way to provide greater market awareness and business opportunities of Company's solar energy projects (the "Solar Energy Assets"), which will be transferred to

SpinCo, while the Company will retain all remaining assets and business interests it currently holds (the "Remaining Assets"). Management believes that the separation of the Company's Solar Energy Assets from its Remaining Assets will provide both the Company and SpinCo with increased flexibility to utilize and exploit their respective assets. Management also feels that by separating its assets into two companies and providing Shareholders with proportionate interests in those companies, Shareholder value will be increased.

**GOING CONCERN**

The Company continues to have a significant working capital deficit of $4,799,332 as at December 31, 2018, however most of this amount is owed to Directors and Related Parties who have loaned the Company money to avoid any share dilution, and the bulk of the remaining amounts are due to a single vendor who went bankrupt 3 years ago with no contact in over 3 years.

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 the 100 MW Puerto Rico solar project, smart glass venture, Tehachapi housing development or RealBlock venture.

**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 237,000 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 $360 Million expected to be financed by project debt, project equity and tax equity. Annual revenues are anticipated at approximately US $58 Million per year, annualized over 25 years.

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. During the period ended September 30, 2017 the Company entered into an amendment with the Montalva options holders, where the Company has agreed to pay US $80,000 to cover all past and future option payments.

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.

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. 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.

May 1, 2018, 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 $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.

On April 25, 2018, the Company's $1.9 Billion - one hundred megawatt (100 MW) Montalva solar contract moved closer to commercial reality with the US Financial Management and Oversight Board designating the project as a Critical Project. The US Congress established the Financial Oversight and Management Board ("FOMB") to recommend and expedite critical energy and infrastructure projects and on April 25, 2018 the FOMB informed the Company our Montalva Solar Farm has been approved to proceed to the next stage of the process. The project will now be shared with all the appropriate government agencies for review. In May of 2018, the Company filed a US Federal RICO lawsuit against PREPA for US $951 Million.

On February 6, 2019, the Company announced that PREPA wanted to re-open negotiations to move forward the Montalva Project. The Company has met with PREPA representatives in 2019 and the negotiations are ongoing.

**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 years 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.

As at December 31, 2017, the company recorded an impairment of the blue mountain investment of $3.3 million due to the ongoing delays in the project and various legal disputes. The Company still intends to pursue the project and will keep moving forward to try and get a favorable resolution.

**GAUZY SMART GLASS DISTRIBUTION AGREEMENT**

On September 25, 2017 the Company completed the acquisition of an Ontario based private company which holds the exclusive Canadian sales, distribution and marketing rights for the entire suite of Smart Glass energy products, developed and built by Gauzy of Tel-Aviv, Israel. Gauzy is an award-winning world leader in Smart Glass technology, manufacturing a complete product line of liquid crystal glass (LCG) products for worldwide use. In addition, Greenbriar will be entitled to sell the products into any other country of the world if the sales are being made to a subsidiary of an entity which has its principal place of business or head office located within Canada. Gauzy embeds technology into glass, offering varying degrees of opacity for privacy or projection when needed, or transparency for an open atmosphere when desired. In the real estate, building, retail, construction or auto industries, Gauzy glass can be installed in homes, office buildings, hospitals, apartments, universities, schools, hotels, trucks and autos.

**TEHACHAPI HOUSING PROJECT**

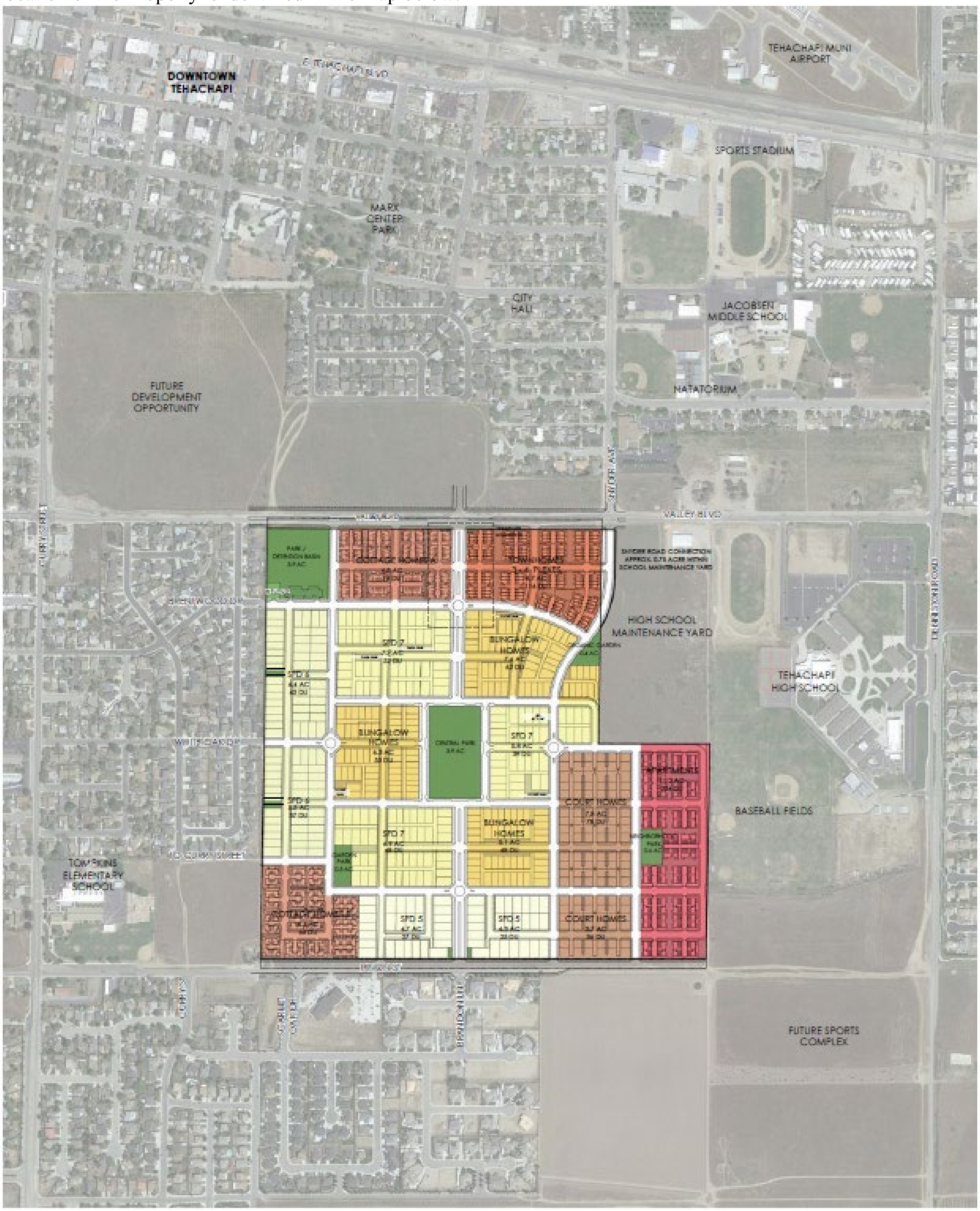
On September 27, 2011 the Company acquired property in accordance with its acquisition agreement with Marks & Kilkenny LLC to acquire real property in Tehachapi, California, USA (the "Property"), as its qualifying transaction under the rules of the TSX Venture Exchange. The purchase price for the Property was US $1,040,000. The Property comprises of an aggregate of 161 acres divided into approximately 689 total lots.

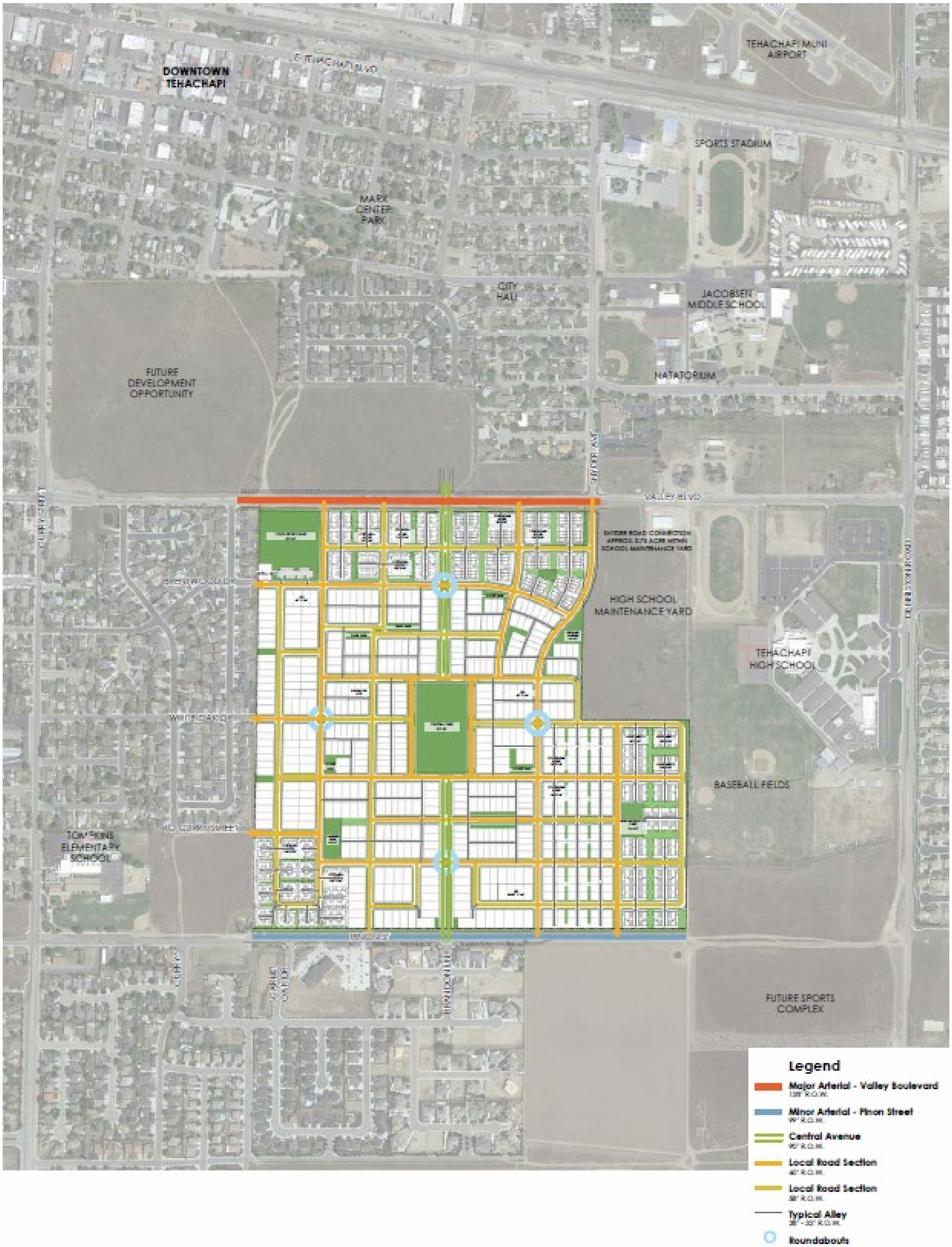
The Property is situated close to the central business district and adjacent Tehachapi High School and is comprised of five parcels of real property located within the City of Tehachapi. Tehachapi is located in Kern County on the edge of the Mojave Desert, approximately 35 miles east-southeast of Bakersfield,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




DOWNTOWN TEHACHAPI
TEHACHAPI MUNI AIRPORT
SPORTS STADIUM
MARX CENTER PARK
CITY HALL
JACOBSEN MIDDLE SCHOOL
NATATORIUM
FUTURE DEVELOPMENT OPPORTUNITY
VALLEY BLVD
HIGH SCHOOL MAINTENANCE YARD
TEHACHAPI HIGH SCHOOL
BASEBALL FIELDS
TOMPKINS ELEMENTARY SCHOOL
FUTURE SPORTS COMPLEX
Legend
Major Arterial - Valley Boulevard
Minor Arterial - Pinon Street
Central Avenue
Local Road Section
Local Road Section
Typical Alley
Roundabouts

On August 8, 2017, the Company received an updated valuation report on the Property conducted by Valbridge Property Advisors. The appraiser determined the fair value of the Property as of July 18, 2017 US $4,600,000.

On October 1, 2017, the Company entered into a sale agreement with Captiva Verde Land Corp. (“Captiva”) to sell a 50% undivided interest in approximately 132 acres of its real property located in the City of Tehachapi, California, USA. The sale represents a non-arm’s length transaction as the Chief Executive Officer of the Company, Jeffrey Ciachurski, is also the Chief Executive Officer of Captiva. On October 6, 2018, the Company closed the sale of land to Captiva and received 10,687,500 common shares of the Captiva which had a fair value of $1,068,750 and $112,500 in a one-year interest-free promissory note for total consideration of $1,181,250. As a result, the Company recorded a gain on sale of land of $381,573 in the statement of loss.

On June 4, 2018, the Company announced that it has engaged the consulting services of Co-Create Living, Inc. and its founder Stuart Nacht. Stuart who has over 40 years of construction and development experience and has owned or managed real estate development from inception to completion. These activities include land acquisition, entitlement, product development, financing, construction, marketing and sales. Stuart has built over 3,500 units across the Western US and Canada.

**RealBlock**

The Company launched a wholly owned independent subsidiary company called Realblock, a first of its kind functional real estate blockchain enterprise. The company will unleash the key attributes of blockchain on the transaction-heavy real estate industry; not as an academic exercise, but as a real time solution to the entire real estate market. Blockchain allows for a faster, safer and cheaper real estate transaction and Realblock will be leading this change.

On April 11, 2018 the Company announced that Landmark Title Assurance Corp. of Phoenix has agreed to integrate RealBlock’s blockchain technology into it’s day to day operation. This announcement came just weeks after Title Security of Arizona announced it will be using RealBlock’s disruptive technology. In 2017, Title Security and Landmark Title Assurance were responsible for nearly 20,000 separate real estate transactions and underwrote title insurance in excess of $3 USD billion. The proprietary blockchain software will greatly reduce fraud, and decrease the costs associated with real estate transactions, from offer acceptance to closing.

On September 11, 2018, the Company Announced that its subsidiary RealBlock Limited, through its tradename "RealBloq", will begin dealing with Title Security of Arizona ("TSA"). TSA and its affiliated companies complete over US $3 Billion in transactions per year. TSA is 20% owned by First American Title Corp., a subsidiary of First American Financial Corp., the premier title insurance company in the United States. Professor Todd Taylor of RealBloq, will be the keynote speaker at the Land Title Association of Arizona's 2018 Annual Conference held on October 5th. Further updates on RealBloq will be disseminated in the near future.

October 10, 2018, the Company announced that RealBlock, its blockchain-based, real estate transaction platform, entered into advanced stage development on October 8, 2018 with Title Security of Arizona. RealBlock, a subsidiary of the Company, has completed the first phase of functionality that will help eliminate wire fraud during real estate settlements.

# SELECTED ANNUAL INFORMATION

| *(tabled amounts are expressed in CAD dollars)* | **As at December 31, 2018** | **As at December 31, 2017** | **As at December 31, 2016** |
|---|---|---|---|
| Cash and cash equivalent | 2,695 | 132 | (105) |
| Deposit and prepaid (current and non-current) | 4,616 | 3,136 | 154,577 |
| Other receivables | 3,367 | 34,533 | 7,841 |
| Investment and advances | - | - | 3,360,467 |
| Marketable securities | 1,068,750 | - | - |
| Interest receivable | - | - | 73,918 |
| Asset held for sale - Land | - | 713,743 | - |
| Land | 684,254 | 713,743 | 1,511,350 |
| Power project development and construction | 3,099,645 | 2,495,113 | 2,279,008 |
| Intangible asset | 1,705,250 | 1,568,125 | 1,678,375 |
| Smart glass distribution agreement | 1,676,367 | 2,745,746 | - |
| Total assets | 8,244,944 | 8,274,271 | 9,065,536 |
| Total non-current liabilities | 383,459 | 522,132 | 428,862 |
| Total liabilities | 6,262,219 | 6,162,447 | 5,675,143 |

The Company has total assets of $8.2 million as at December 31, 2018, compared to $8.3 million as at December 31, 2017, and $9.1 million as at December 31, 2016. The 2018 amount is consistent with the prior year with the netting amount of sale of land and amortized value of smart glass distribution agreement offset by the marketable securities received as consideration on the sale. The 2018 amount lower than the 2016 year because of the Blue Mountain project still being on the books in 2016 being written off in 2017 netted by the addition of the smart glass distribution agreement.

The Company has total liabilities of $6.3 million as at December 31, 2018, compared to $6.2 million as at December 31, 2017, and $5.7 million as at December 31, 2016. 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)* | **2018** | **2017** | **2016** |
|---|---|---|---|
| Consulting fee | $ (1,132,251) | $ (185,249) | $ (155,877) |
| Marketing | (294,721) | - | - |
| General and administrative | (201,574) | (265,955) | (37,536) |
| Finance cost | (250,288) | (224,585) | (57,661) |
| Professional fees | (247,647) | (298,877) | (60,626) |
| Share based compensation | (694,216) | (120,303) | (225,000) |
| | (2,820,697) | (1,094,969) | (536,700) |
| Foreign exchange (loss) gain | (300,572) | 230,061 | 78,874 |
| Finance income | - | 22,616 | 20,464 |
| Gain on settlement of debt | 5,332 | 139,851 | 46,248 |
| Provision for deposits | - | (237,684) | - |
| Gain on sale of property | 381,573 | - | - |
| Share of loss of joint-venture | - | (23,075) | (23,847) |

| | | | |
|---|---|---|---|
| Impairment | - | (3,325,824) | - |
| Smart glass distribution agreement amortization | (1,069,379) | (154,130) | - |
| Net loss | (3,803,743) | (4,443,154) | (414,961) |
| Other comprehensive (loss) gain | 369,551 | (373,832) | (124,553) |
| Net loss and comprehensive loss | (3,434,192) | (4,816,986) | (539,514) |
| Basic/Diluted loss per share | $ (0.21) | $ (0.30) | $ (0.03) |

The Company incurred a net loss of $3,803,743 for the year ended December 31, 2018, compared to a net loss of $4,443,154 in 2017, net loss of $414,961 in 2016. The decrease from 2017 was mainly due to an increase in consulting fees totaling $1,132,251, share based compensation expense of $694,216 and a marketing expense of $294,721 offset by a gain on sale of land of $381,573 although no impairment of $3,325,824 which was recorded in 2017. The increase from 2016 was mainly due to an increase in consulting fees totaling $1,132,251, share based compensation expense of $694,216 and a marketing expense of $294,721 offset by a gain on sale of land of $381,573 which were not incurred in 2016.

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 2018 | Q3 2018 | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 |
|---|---|---|---|---|---|---|---|---|
| Total revenues | - | - | - | - | - | - | - | - |
| Loss for the period | (1,039,986) | (766,300) | (1,210,869) | (786,588) | (3,853,876) | (124,751) | (278,597) | (185,930) |
| Basic/Diluted loss per share | (0.05) | (0.04) | (0.07) | (0.05) | (0.26) | (0.01) | (0.02) | (0.01) |
| Total assets | 8,244,944 | 8,643,714 | 8,668,098 | 8,410,026 | 8,274,271 | 12,062,427 | 9,351,504 | 9,308,720 |
| Working capital deficit | 4,799,332 | 4,724,016 | 4,592,598 | 4,672,878 | 4,888,771 | 5,235,775 | 5,267,032 | 5,425,051 |
| Cash dividend declared | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

***Three months ended December 31, 2018 vs. historical quarters in 2018, 2017***

The Company realized a net loss of $1,039,986 for the quarter ended December 31, 2018, which is lower than the net loss in Q2 in 2018, and Q4 2017 and higher than the remainder of the comparative quarters. The net loss in Q4 2017 included impairment off $3.3 million Blue Mountain project, provision for the Green Matters deposit and increased business activities related to professional fees which increased loss which weren't included in the current quarter. The current quarter loss was higher than the remainder quarters, Q2 2018 was similar, due to increase in consulting expenses incurred as the Company continues with operations and brings on new business units, the recording of amortization on the smart glass and share-based compensation expense which was not incurred in the comparative period.

Basic and diluted loss per share is in each quarter is relative to the loss recorded in that period.

Total assets are consistent from the current quarter to Q4 2017, and lower than the remainder of the comparative quarter. The decrease is the result of the Company recording an impairment related to the Blue Mountain project in Q4 2017, with fluctuations related to expenditures made and the exchange rate as most of the capitalized costs are in US subsidiaries.

Working capital deficit are fairly consistent between periods and fluctuate related to exchange rate as most of the accounts payable are in US subsidiaries.

No cash dividends have been declared by the Company.

## LIQUIDITY AND CAPITAL RESOURCES

| *(tabled amounts are expressed in CAD dollars)* | Year ended December 31, | | |
|---|---|---|---|
| | 2018 | 2017 | 2016 |
| Cash outflows from operating activities | $ (1,191,366) | $ (230,621) | $ (92,652) |
| Cash inflows from financing activities | 1,247,528 | 327,658 | 372,120 |
| Cash outflows from investing activities | (53,599) | (96,800) | (283,476) |
| Net cash flows | 2,563 | 237 | (4,008) |
| Cash balance | 2,695 | 132 | (105) |

The Company has a cash balance of $2,695 as of December 31, 2018. Cash outflow from operating activities was $1,191,366, compared to $230,621 in fiscal 2017 and $92,652 in fiscal 2016. The change in outflow was primarily attributable to increased corporate activity during the current year.

Cash inflow from financing activities in the year ended December 31, 2018 was $1,247,528. The Company completed three private placements net of loan repayments which did not occur in the comparative years.

Cash outflow from investing activities in the year ended December 31, 2018 was $53,599, which was lower than the activity in the previous years as the Company received proceed from the sale of land to Captiva.

## SHAREHOLDERS' EQUITY

As at December 31, 2018, the Company had unlimited authorized common shares without par value and 19,615,690 common issued and outstanding, 1,275,000 share purchase options and 3,116,378 warrants outstanding. As at the date of this report the Company had unlimited authorized common shares without par value and 20,267,765 common issued and outstanding, 1,525,000 share purchase options and 3,384,728 warrants outstanding.

- On March 2, 2018, the Company closed a non-brokered private placement, the Company issued 747,142 units at a price of $1.03 per unit and 42,858 units at a price of $1.10 per unit, for a total of 790,000 units and gross proceeds of $646,795 and $169,905 in reduction of accounts payable. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $1.50 until March 1, 2020. In addition, 32,230 finder's options which allow the holder to purchase units of the Company at a purchase price of $1.03 per unit for a period of two years from the date of closing were issued. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $1.50 per share for a period of two years from the date of closing.
- On June 15, 2018, the Company closed a non-brokered private placement, the Company issued 703,625 units at a price of $1.03 per unit for gross proceeds of $477,000 and $247,734 in reduction of accounts payable. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $1.50 until June 14, 2020. Finder fees of $3,605 were paid in cash and 3,500 warrants were issued. Each finder's fee warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $1.50 until June 14, 2020.
- On June 21, 2018, the Company issued the 70,802 common shares at a fair value of $76,686 to settle certain debts owned to an arms-length party, a loss of $1,488 on settlement of accounts payable was recorded.

- On June 27, 2018, the Company issued the 15,291 common shares at a fair value of $15,750 to settle certain debts owned to an arms-length party, a loss of $4,893 on settlement of accounts payable was recorded.

- On September 11, 2018, the Company issued the 53,811 common shares at a fair value of $58,950 to settle certain debts owned to an arms-length party, a loss of $9,516 on settlement of accounts payable was recorded.

- On September 18, 2018, $30,000 of the $150,000 convertible debentures issued on November 21, 2016 was converted into units of the Company at a price of $1.00 per unit. Each unit is 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 $1.50 on or prior to September 18, 2019.

- On October 1, 2018, the Company closed a non-brokered private placement of 500,000 units at a price of $1.03 per unit for gross proceeds of $467,694 and $47,306 in reduction of accounts payable. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $1.50 per common share until October 1, 2020. Finders' fees of $38,962 were paid in cash and 4,900 finder's units were issued with terms similar to the private placement. In addition, 32,927 finder's options which allow the holder to purchase units of the Company at a purchase price of $1.03 per unit for a period of two years from the date of closing were issued with terms similar to the private placement. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant, each whole warrant entitling the holder thereof to purchase one additional common share of the Company at an exercise price of $1.50 per share for a period of two years from the date of closing.

- On October 26, 2018, the Company issued the 23,212 common shares at a fair value of $31,499 to settle certain debts owned to an arms-length party, a gain of $2,485 on settlement of accounts payable was recorded.

- On November 6, 2018, the Company issued the 48,317 common shares at a fair value of $58,609 to settle certain debts owned to an arms-length party, a gain of $557 on settlement of accounts payable was recorded.

- On December 11, 2018, the Company announced that it closed a non-brokered private placement of 110,000 units at a price of $1.03 per unit for gross proceeds of $113,300. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of $1.50 per common share until December 11, 2020. Finders' fees of $7,931 were paid in cash.

- On December 21, 2018, $30,000 of the $150,000 convertible debentures issued on November 21, 2016 was converted into units of the Company at a price of $1.00 per unit. Each unit is 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 $1.50 on or prior to December 21, 2019.

- On December 21, 2018, the Company issued the 66,085 common shares at a fair value of $79,260 to settle certain debts owned to an arms-length party, a gain of $18,187 on settlement of accounts payable was recorded.

- Subsequent to year end on March 18, 2019, the Company issued 81,793 common shares to settle shares for services owed to an arms-length party.

- Subsequent to year end on April 5, 2019, the Company issued 33,582 common shares to settle shares for services owed to an arms-length party.

- Subsequent to year end on April 12, 2019, the Company issued 250,000 stock options exercisable at $1.00 per share for a period of 5 years with an 18-month vesting provision.

Q4 2018 MD&A (expressed in CAD Dollars) – year ended December 31, 2018 www.greenbriarcapitalcorp.com

- Subsequent to year end, on April 15, 2019 the Company closed the non-brokered private placement and issued 536,700 units at a price of $1.03 per unit for gross proceeds of $552,801. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of $1.50 until April 15, 2021.

The following table discloses the number of options and vested options outstanding as at December 31, 2018:

| Number of options outstanding | Weighted average exercise price | Weighted average remaining contractual life (years) | Number of options Outstanding and exercisable | Weighted average exercise price | Weighted average remaining contractual life (years) |
|---|---|---|---|---|---|
| 275,000 | $0.85 | 2.96 | 275,000 | $0.85 | 2.96 |
| 250,000 | 1.20 | 3.64 | 187,500 | 1.20 | 3.64 |
| 750,000 | 1.10 | 4.21 | 375,000 | 1.10 | 4.21 |
| **1,275,000** | **$1.30** | **3.42** | **837,500** | **$1.04** | **3.67** |

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

| Number of options outstanding | Weighted average exercise price | Weighted average remaining contractual life (years) | Number of options Outstanding and exercisable | Weighted average exercise price | Weighted average remaining contractual life (years) |
|---|---|---|---|---|---|
| 275,000 | 0.85 | 2.96 | 275,000 | 0.85 | 2.96 |
| 250,000 | 1.20 | 3.64 | 187,500 | 1.20 | 3.64 |
| 750,000 | 1.10 | 4.21 | 375,000 | 1.10 | 4.21 |
| 250,000 | 1.00 | 5.0 | 62,500 | 1.00 | 5.0 |
| **1,525,000** | **$1.05** | **4.02** | **900,000** | **$1.04** | **3.62** |

The following table discloses the number of warrants outstanding as at December 31, 2018:

| 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 |
| 3,750 | January 13, 2020 | $1.50 |
| 400,000 | February 21, 2021 | $0.60 |
| 300,000 | April 21, 2021 | $0.60 |
| 25,000 | February 3, 2022 | $1.50 |
| 246,210 | April 7, 2022 | $1.20 |
| 394,999 | March 1, 2020 | $1.50 |
| 355,312 | June 14, 2020 | $1.50 |
| 15,000 | September 18, 2019 | $1.50 |
| 252,450 | October 1, 2020 | $1.50 |
| 15,000 | December 3, 2019 | $1.50 |
| 55,000 | December 11, 2021 | $1.50 |
| 3,051,221 | | |

Q4 2018 MD&A (expressed in CAD Dollars) – year ended December 31, 2018 www.greenbriarcapitalcorp.com

The following table discloses the number of finder's options outstanding as at December 31, 2018:

| Outstanding Finders Options | Expiry Date | Exercise price |
|---|---|---|
| 32,230 | March 1, 2020 | $1.03 |
| 32,927 | October 1, 2020 | $1.03 |
| 65,157 | | |

The following table discloses the number of warrants outstanding as 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 |
| 3,750 | January 13, 2020 | $1.50 |
| 400,000 | February 21, 2021 | $0.60 |
| 300,000 | April 21, 2021 | $0.60 |
| 25,000 | February 3, 2022 | $1.50 |
| 246,210 | April 7, 2022 | $1.20 |
| 394,999 | March 1, 2020 | $1.50 |
| 355,312 | June 14, 2020 | $1.50 |
| 15,000 | September 18, 2019 | $1.50 |
| 252,450 | October 1, 2020 | $1.50 |
| 15,000 | December 3, 2019 | $1.50 |
| 55,000 | December 11, 2020 | $1.50 |
| 268,350 | April 15, 2021 | $1.50 |
| 3,319,571 | | |

The following table discloses the number of finder's options outstanding as at the date of this report:

| Outstanding Finders Options | Expiry Date | Exercise price |
|---|---|---|
| 32,230 | March 1, 2020 | $1.03 |
| 32,927 | October 1, 2020 | $1.03 |
| 65,157 | | |

## COMMITMENTS AND CONTINGENCIES

As at December 31, 2018, the Company had the following commitments and contingencies outstanding:

| | Within 1 year | Over 1 year | Total |
|---|---|---|---|
| Puerto Rico land leases (i) | $ - | - | $ - |
| PBJL Share transfer (ii) | 682,100 | - | 682,100 |
| Total | $ 682,100 | $ - | $ 682,100 |

(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.

Q4 2018 MD&A (expressed in CAD Dollars) – year ended December 31, 2018 www.greenbriarcapitalcorp.com

(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.

(iii) The Company entered into an additional US $265 Million mandate with Pegasus Renewable Energy and Sustainable Infrastructure Credit Advisors LP ("RESIC") for the Company's 100 MW AC Montalva Solar Project. Together with the US$50 million mandate with Pegasus from fiscal 2017, the total is now US$315 million, which covers the entire forecasted project cost. As part of the agreement, the Company agrees to issue to RESIC warrants to purchase 2 million common shares of the Company, at a strike price equal to $1.00, exercisable at any time within five years from the date hereof, subject to the following conditions (collectively, the "Senior Loan Warrant Grant"). The warrants shall be issued and fully exercisable by RESIC on or after the date of any of the following events: a) issuance of notice to proceed to start construction of the Project, b) closing of the loans referred to in the attached term sheets, c) closing of financing equal to more than 50% of the cost of the Project, d) transfer of ownership of over 50% of the Project, measured from the date hereof, e) sale or transfer of over 25 million in the Company's shares, f) the Company's stock price trading at or above $3.00, g) change of control of the Company, whereby more than 50% of the shares are owned or under the control of one investor, or over 50% of the directors being appointed by one investor, or h) PREPA is rated investment grade by at least one nationally-recognized rating agency. Notwithstanding any other condition of the Senior Loan Warrant Grant, the Company will not be obligated to issue the warrants to RESIC if both Thomas Emmons and Edward Levin are no longer employed by Pegasus Capital Advisors, L.P., or an affiliate.

# REGULATORY DISCLOSURES

***Off-Balance Sheet Arrangements***

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

**Proposed Transactions**

The Company does not have any proposed transactions as at December 31, 2018 other than as disclosed elsewhere in this document.

***Related Party Transactions***

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

The Company incurred the following expenses with related parties for the year ended December 31:

| | 2018 | 2017 |
|---|---|---|
| Management fees | $ 226,528 | $ 105,249 |
| Share-based compensation | 128,024 | - |
| Total | 354,552 | 105,249 |

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

On August 13, 2018, the Company renegotiated the terms of an outstanding loan comprising certain debt due to Clifford M. Webb, the Company's President, for services rendered to the Company. Mr. Webb has agreed to extend the term of the loan until June 15, 2021. In recognition of Mr. Webb's efforts to move the Company's Montalva project in Puerto Rico forward to date and as a further inducement to ensure Mr. Webb's continued contribution to the advancement of the Montalva Project, the Company has agreed to grant a bonus of $65,000 to Mr. Webb. During the year ended December 31, 2018, the Company agreed to convert $322,534 of the loans outstanding from a director into a convertible debenture granted to the lender the ability to convert the loan and interest into units of the Company at the conversion price of $1.25 per unit. Each unit is comprised of one share and one half of one share purchase warrant. One whole warrant entitles the holder to purchase one additional share of the Company at a price of $1.50 on or prior to June 15, 2021.

During the year ended December 31, 2018, the President of the Company has been paid a total of $115,819 (2017 - $100,009) under the contract. As at December 31, 2018, included in accounts payable are fees and expenses due to the President of the Company of $122,706 (December 31, 2017 – $98,952).

During the year ended December 31, 2018, related party loan interest of US $43,000 (2017 – US $39,000) was capitalized to power project development and construction costs.

Q4 2018 MD&A (expressed in CAD Dollars) – year ended December 31, 2018 www.greenbriarcapitalcorp.com

### *Financial Instruments*

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

*Categories of financial instrument*

| | December 31, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | **Carrying value $** | **Fair value $** | **Carrying value $** | **Fair value $** |
| **Financial assets** | | | | |
| *Fair value through profit and loss ("FVTPL")* | | | | |
| Cash | 2,695 | 2,695 | 132 | 132 |
| Marketable securities | 1,068,750 | 1,068,750 | - | - |
| *Amortized cost* | | | | |
| Other receivables | 3,367 | 3,367 | 34,533 | 34,533 |
| **Financial liabilities** | | | | |
| *Other financial liabilities* | | | | |
| Accounts payable and accrued liabilities | 4,525,295 | 4,525,295 | 4,047,826 | 4,047,826 |
| Convertible debenture | 546,722 | 546,722 | 310,435 | 310,435 |
| Loan payable | 1,190,202 | 1,190,202 | 1,804,186 | 1,804,186 |

**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

The Company did not move any instruments between levels of the fair value hierarchy during the year ended December 31, 2018 and December 31, 2017.

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

**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.

**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.

**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:

| | Less than 1 year | Over 1 year | Total |
|---|---|---|---|
| Accounts payable and accrued liabilities | $ 4,525,295 | $ - | $ 4,525,295 |
| Loan payables | 1,190,202 | - | 1,190,202 |
| Convertible debt | 163,263 | 383,459 | 546,722 |
| Total | $ 5,878,760 | $ 383,459 | $ 6,262,219 |

**Foreign Exchange Risk**

The Company operates in Canada and the United States and is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations of the operating currencies in relation to the Canadian dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at December 31, 2018 are denominated in Canadian Dollars and United States Dollars and are set out in the following table:

| | Canadian Dollars | US Dollars | Total |
|---|---|---|---|
| **Financial assets** | | | |
| Cash | $ 2,099 | $ 596 | $ 2,695 |
| Other receivables | 3,367 | | 3,367 |
| | 5,466 | 596 | 6,062 |
| **Financial liabilities** | | | |
| Accounts payable and accrued liabilities | (1,433,058) | (3,092,237) | (4,525,295) |
| Convertible debentures | (546,722) | - | (546,722) |
| Loan payable | (179,674) | (1,010,528) | (1,190,202) |
| Net financial liabilities | $ (2,153,988) | $ (4,102,169) | $ (6,256,157) |

The Company's financial assets and liabilities as at December 31, 2017 are denominated in Canadian Dollars and United States Dollars and are set out in the following table:

Q4 2018 MD&A (expressed in CAD Dollars) – year ended December 31, 2018 www.greenbriarcapitalcorp.com

| | Canadian Dollars | US Dollars | Total |
|---|---|---|---|
| **Financial assets** | | | |
| Cash | $ 79 | $ 53 | $ 132 |
| Other receivable | 20,712 | 13,821 | 34,533 |
| | 20,791 | 13,874 | 34,665 |
| **Financial liabilities** | | | |
| Accounts payable and accrued liabilities | (1,319,654) | (2,728,172) | (4,047,826) |
| Convertible debentures | (310,435) | - | (310,435) |
| Loan payable | (663,221) | (1,140,965) | (1,804,186) |
| Net financial liabilities | $ (2,272,519) | $ (3,855,263) | $ (6,127,782) |

The Company's reported results will be affected by changes in the US dollar to Canadian dollar exchange rate. As of December 31, 2018, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial liabilities by approximately $410,217 (December 31, 2017 - $385,526). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

***Commitments and contingencies***

As at December 31, 2018, the Company had the following commitments and contingencies outstanding:

| | Within 1 year | Over 1 year | Total |
|---|---|---|---|
| Puerto Rico land leases (i) | $ - | $ - | $ - |
| PBJL Share transfer (ii) | 682,100 | - | 682,100 |
| Total | $ 682,100 | - | $ 682,100 |

(iv) 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.

(v) 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.

(vi) The Company entered into an additional US $265 Million mandate with Pegasus Renewable Energy and Sustainable Infrastructure Credit Advisors LP ("RESIC") for the Company's 100 MW AC Montalva Solar Project. Together with the US$50 million mandate with Pegasus from fiscal 2017, the total is now US $315 million, which covers the entire forecasted project cost. As part of the agreement, the Company agrees to issue to RESIC warrants to purchase 2 million common shares of the Company, at a strike price equal to $1.00, exercisable at any time within five years from the date hereof, subject to the following conditions (collectively, the "Senior Loan Warrant Grant"). The warrants shall be issued and fully exercisable by RESIC on or after the date of any of the following events: a) issuance of notice to proceed to start construction of the Project, b) closing of the loans referred to in the attached term sheets, c) closing of financing equal to more than 50% of the cost of the Project, d) transfer of ownership of over 50% of the Project, measured from the date hereof, e) sale or transfer of over 25 million in the Company's shares, f) the Company's stock price trading at or above $3.00, g) change of control of the Company, whereby more than 50% of the shares are owned or under the control of one investor, or over 50% of the directors being appointed by one investor, or h) PREPA is rated investment grade by at least one nationally-recognized rating agency. Notwithstanding any other condition of the Senior Loan Warrant Grant, the Company will not be obligated to issue the warrants to RESIC if both Thomas Emmons and Edward Levin are no longer employed by Pegasus Capital Advisors, L.P., or an affiliate.

***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, 2018, 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 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 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:

**Share-based payments**

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

**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.

**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.

**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

**Value of assets acquired**

On September 25, 2017, the Company completed the acquisition of an Ontario based private company which holds the exclusive Canadian sales, distribution and marketing rights for the entire suite of Smart Glass energy products, developed and built by Gauzy of Tel-Aviv, Israel. As the value of the distribution agreement cannot be reliably measured the value assigned to the distribution agreement is equal to the value of the shares issued as consideration.

***New Accounting Standards Issued But Not Yet Effective***

*IFRS 16 – Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company expects that IFRS 16 will result in an increase in assets and liabilities as fewer leases will be expensed as payments are made. This will result in an increase in depreciation and accretion expenses. The Company also expects cash used in financing activities to increase as lease payments will be recorded as financing outflows in our consolidated statement of cash flows.

***New Accounting Standards Adopted during the year***

*IFRS 9 – Financial Instruments ("IFRS 9")*

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on January 1, 2018 and had no material impact on the Company's financial statements.

*IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")*

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on January 1, 2018 and did not have a material impact on the financial statements.

***Internal Controls Over Financial Reporting***

Management assessed the effectiveness of the Company's internal controls over financial reporting for the year ended December 31, 2018. 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, 2018, 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, 2018.

***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 forwardlooking 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.