Greenbriar Capital Corp.

Consolidated Financial Statements
Year Ended December 31, 2018 and 2017
(amounts expressed in Canadian dollars, except where indicated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Greenbriar Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Greenbriar Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a loss of $3,803,743 during the year ended December 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by $4,799,332. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Greenbriar Capital Corp. for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2018.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

April 29, 2019

Greenbriar Capital Corp.

Consolidated Statements of Financial Position

For the year ended December 31, 2018 and 2017
(amounts expressed in Canadian dollars, except where indicated)

	Note	As at December 31, 2018	As at December 31, 2017
Assets			
Current assets			
Cash		$ 2,695	$ 132
Deposits and prepaid expenses	5	4,616	3,136
Other receivables	5	3,367	34,533
Marketable securities	8	1,068,750	-
Asset held for sale	7	-	713,743
		1,079,428	751,544
Non-current assets			
Land	7	684,254	713,743
Power project development and construction cost	9	3,099,645	2,495,113
Intangible assets	10	1,705,250	1,568,125
Smart glass distribution agreement	11	1,676,367	2,745,746
Total assets		$ 8,244,944	$ 8,274,271
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	$ 4,525,295	$ 4,047,826
Loans payable (current portion)	13	1,190,202	1,592,489
Convertible debenture (current portion)	14	163,263	-
		5,878,760	5,640,315
Non-current liabilities			
Loans payable	13	-	211,697
Convertible debenture	14	383,459	310,435
Total liabilities		6,262,219	6,162,447
Shareholders' equity			
Share capital	15	10,351,489	8,278,156
Reserves	15	3,776,969	2,545,209
Accumulated other comprehensive income		827,986	458,435
Deficit		(12,973,719)	(9,169,976)
Total shareholders' equity		1,982,725	2,111,824
Total liabilities and shareholders' equity		$ 8,244,944	$ 8,274,271

Nature of operations and going concern (note 1)
Commitments and contingencies (note 21)
Subsequent events (note 23)

Approved by the Board of Directors

__________”Jeff Ciachurski”_____________ Director ________”Daniel Kunz”__________ Director

The accompanying notes are an integral part of these consolidated financial statements.

Greenbriar Capital Corp.

Consolidated Statements of Loss and Comprehensive Loss

For the year ended December 31, 2018 and 2017
(amounts expressed in Canadian dollars, except where indicated)

	Notes	2018	2017
General and administration expenses			
Marketing		$ (294,721)	$ -
Consulting fees		(1,132,251)	(185,249)
General and administrative		(201,574)	(265,955)
Finance cost		(250,288)	(224,585)
Share-based payment expense	15	(694,216)	(120,303)
Professional fees		(247,647)	(298,877)
		(2,820,697)	(1,094,969)
Other (expenses) income, net			
Foreign exchange gain (loss)		(300,572)	230,061
Finance income		-	22,616
Gain on settlement of account payable		5,332	139,851
Gain on sale of land	7	381,573	-
Provision for deposits	5	-	(237,684)
Share of loss of joint-venture	6	-	(23,075)
Impairment	6	-	(3,325,824)
Smart glass distribution agreement amortization	11	(1,069,379)	(154,130)
Loss before tax		(3,803,743)	(4,443,154)
Deferred tax recovery (expense)	16	-	-
Loss		(3,803,743)	(4,443,154)
Other comprehensive (loss) gain			
Cumulative translation adjustment		369,551	(373,832)
Total comprehensive loss		(3,434,192)	(4,816,986)
Loss per share – basic and diluted		$ (0.21)	$ (0.30)
Weighted average shares outstanding – basic and diluted		18.388.040	14.956.164
Total shares issued and outstanding		19,615,690	16,969,647

The accompanying notes are an integral part of these consolidated financial statements.

Greenbriar Capital Corp.

Consolidated Statements of Changes in Shareholders' Equity

For the year ended December 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Convertible debenture reserves	Accumulated other comprehensive income	Deficit	Total equity
Balance at December 31, 2017		16,969,647	$ 8,278,156	$ 1,583,130	$ 917,764	$ 44,315	$ 458,435	$ (9,169,976)	$ 2,111,824
Loss for the year		-	-	-	-	-	-	(3,803,743)	(3,803,743)
Private placements	15	2,103,625	1,601,069	-	568,665	-	-	-	2,169,734
Share issuance cost	15	4,900	(195,621)	-	54,133	-	-	-	(141,488)
Shares issued for services	15	277,518	320,754	-	-	-	-	-	320,754
Conversion of debt to shares	14	60,000	57,862	-	11,662	(7,965)	-	-	61,559
Convertible debt issuance	14	-	-	-	-	42,818	-	-	42,818
Exercised options	15	200,000	289,269	(131,769)	-	-	-	-	157,500
Cumulative translation adjustment		-	-	-	-	-	369,551	-	369,551
Share-based payment expense	15	-	-	694,216	-	-	-	-	694,216
Balance at December 31, 2018		19,615,690	$ 10,351,489	$ 2,145,577	$ 1,552,224	$ 79,168	$ 827,986	$ (12,973,719)	$ 1,982,725

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Convertible debenture reserves	Accumulated other comprehensive income	Deficit	Total equity
Balance at December 31, 2016		13,824,227	$ 4,988,685	$ 1,462,827	$ 805,716	$ 27,720	$ 832,267	$ (4,726,822)	$ 3,390,393
Loss for the year		-	-	-	-	-	-	(4,443,154)	(4,443,154)
Private placement	15	542,420	348,911	-	109,165	-	-	-	458,076
Share issuance cost	15	3,000	(14,440)	-	-	-	-	-	(14,440)
Shares issued for services	15	100,000	80,000	-	-	-	-	-	80,000
Convertible debt issuance	14	-	-	-	-	16,595	-	-	16,595
Warrants issued as issuance cost on convertible debt	14				2,883	-	-	-	2,883
Shares issued upon acquisition	11	2,500,000	2,875,000	-	-	-	-	-	2,875,000
Share-based payment expense	15	-	-	120,303	-	-	-	-	120,303
Cumulative translation adjustment		-	-	-	-	-	(373,832)	-	(373,832)
Balance at December 31, 2017		16,969,647	$ 8,278,156	$ 1,583,130	$ 917,764	$ 44,315	$ 458,435	$ (9,169,976)	$ 2,111,824

The accompanying notes are an integral part of these consolidated financial statements.

Greenbriar Capital Corp.

Consolidated Statements of Cash Flows

For the year ended December 31, 2018 and 2017
(amounts expressed in Canadian dollars, except where indicated)

	Note	2018	2017
Cash used from operating activities			
Loss for the year		$ (3,803,743)	$ (4,443,154)
Items not affecting cash			
Unrealized foreign exchange loss (gain)		300,572	(226,461)
Loss (gain) on settlement of accounts payable and write-off of deposits		(5,332)	97,833
Share-based payment expense	15	694,216	120,303
Accretion on convertible debt	14	25,939	16,282
Share of loss of joint-venture	6	-	23,075
Gain on sale of land	7	(381,573)	-
Impairment	6	-	3,325,824
Smart glass distribution agreement amortization	11	1,069,379	154,130
		(2,100,542)	(932,168)
Change in non-cash operating working capital			
Other receivables, deposits and prepaid expenses		29,687	(16,401)
Increase in accounts payable and accrued liabilities		879,489	717,948
		(1,191,366)	(230,621)
Cash flows used in investing activities			
Land development	7	114,391	-
Proceeds from land sale	7	112,500	-
Leased land	7	(72,207)	-
Power project development and construction costs		(208,283)	(96,800)
		(53,599)	(96,800)
Cash flows from financing activities			
Loans payable	13	(471,819)	(6,709)
Interest payment		(1,454)	-
Convertible bond net of transaction costs	14	-	68,367
Private placements, net of issuance costs	15	1,563,301	266,000
Options exercised		157,500	-
		1,247,528	327,658
Effect of exchange rate changes on cash		-	-
Decrease in cash		2,563	237
Cash – beginning of year		132	(105)
Cash – end of year		2,695	132

Supplemental cash flow information (note 22)

1 Nature of operations and going concern

Greenbriar Capital Corp. ("Greenbriar" or the "Company") is a developer of renewable energy and sustainable real estate projects.

Greenbriar was incorporated under British Columbia Business Corporations Act on April 2, 2009 and is a real estate issuer on TSX Venture Exchange. The Company registered records office is located at Suite 1780 – 400 Burrard, Vancouver, BC V6C 3A6. The Company is listed as a Tier 2 real estate issuer. The Company's shares trade on the exchange under the symbol "GRB".

These consolidated financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The nature of the Company's primary business is the acquisition, management, development, and possible sale of real estate and renewable energy projects. The Company had a loss of $3,803,743 for the year ended December 31, 2018, and an accumulated deficit of $12,973,719. As at December 31, 2018, the Company has a working capital deficiency of $4,799,332. To date, the Company has no history of earning revenues. If the Company is unable to raise any additional funds to undertake planned development, it could have a material adverse effect on its financial condition and cause significant doubt about the Company's ability to continue as a going concern. If the going concern basis were not appropriate for these consolidated financial statements, then significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications used in the statement of financial position.

2 Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), effective as December 31, 2018.The policies set out below were consistently applied to all periods presented.

These financial statements were authorized for issue by the Board of Directors on April 29, 2019.

3 Significant accounting policies

Basis of presentation

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

Principles of consolidation

Subsidiaries

These consolidated financial statements include the accounts of Greenbriar and its subsidiaries. All intercompany balances, transactions, income and expenses, and profits or losses have been eliminated on consolidation. The Company consolidates where there is ability to exercise control. Control of an investee is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through the Company's power over the investee. Specifically, the Company controls an investee if and only if, it has all of the following: power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Joint Arrangements

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

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

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

Associates

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

Outlined below is information related to the Company's subsidiaries and joint arrangements at December 31, 2018:

	Place of business	Entity type	Economic interest	Method
Greenbriar Capital Holdco Inc.	USA	Subsidiary	100%	Consolidation
Greenbriar Capital (U.S.) LLC	USA	Subsidiary	100%	Consolidation
AG Solar One, LLC	USA	Subsidiary	100%	Consolidation
Blue Mountain Wind Holdings, LLC	USA	JV	50%	Equity
2587344 Ontario Inc.	Canada	Subsidiary	100%	Consolidation
RealBlock Limited	Canada	Subsidiary	100%	Consolidation

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

Foreign currency translation

The Company's functional and local currency is the Canadian dollar and its subsidiaries have a functional currency of the United States dollar.

Transactions and balances

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

Translation of subsidiary results into the presentation currency

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of loss and comprehensive loss are translated at average exchange rates, unless the average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; in which case income and expenses are translated at the rate on the dates of the transaction; and
- All resulting exchange differences are recognized directly in OCI and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the transaction of the net investment in foreign entities are recognized in a separate component of equity, foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to profit or loss on disposal.

Cash

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

Investment and advances and option to acquire joint venture interest

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

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

Financial Instruments - Recognition and Measurements

(i) Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Certain receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash and marketable securities are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, convertible debentures and loan payable are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in profit or loss.

(iii) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

Property held for development and sale

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

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

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Impairment of Long-lived assets

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

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

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

Taxation

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

Current income tax

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

Deferred income tax

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

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

- where the deferred income tax assets or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable or deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Current and deferred income tax relating to items recognized in OCI or directly in equity is recognized in OCI or in the consolidated statements of changes in equity and not in the consolidated statements of loss.

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

Share-based payments

The Company accounts for share-based payment expense using the Black-Scholes option pricing model. Accordingly, the fair value of the options at the date of grant is accrued with a corresponding credit to share-based compensation reserves, and charged to earnings over the vesting period. If and when the stock options are exercised, the applicable amounts of equity compensation reserve are transferred to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the stock-based compensation. Otherwise, stock-based compensation is measured at the fair value of goods or services received.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as units. Under the relative fair value method, the Company first determines the fair values of the shares and warrants included in the units, then allocates the unit price based on the relative fair value of the instruments included in the unit. The Company considers the fair value of common shares issued in these types of transactions to be determined by the closing quoted bid price on the issuance date. The fair value of the warrants included is determined using the Black-Scholes option pricing model. Any fair value attributed to the warrants is recorded to reserves.

Provisions

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

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

Loss per share

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

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

Segmented reporting

In identifying its operating segments, management generally follows the Company's activities. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The operating results of the segments are reviewed regularly by the Company's Chief Executive Officer (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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 the 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 impact material 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.

4 Significant accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

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

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.

5 Deposits and prepaid expenses

	December 31, 2018	December 31, 2017
Deposits and prepaids	4,616	3,136
Other receivables	3,367	34,533

The Company entered into an installation agreement dated July 12, 2012 with the San Juan Marriott Hotel in San Juan, Puerto Rico ("Installation agreement") to purchase and install a 300-ton heat recovery unit for $510,408 payable at completion. On July 12, 2012, the Company made a deposit to I.M.W. Industries of $141,150 for the purchase of the heat recovery unit.

On August 24, 2012, the Company entered into an agreement to have Green Matters Inc. ("Green Matters") take over the installation agreement. The Company had approved a loan facility to Green Matters for $141,150 plus interest of 10% per annum due August 23, 2013. This loan has been extended to February 22, 2015 and will continue to bear interest at 10% per annum until the loan is paid.

On March 11, 2016, the Company entered into a Letter of Intent ("LOI") with Green Matters, Captiva Verde Industries Inc., Energy Recovery Systems Inc. ("ERS") and Jeff Ciachurski, the CEO of the Company whereby, as part of a transaction between ERS and Green Matters, the Company will enter into a secured loan agreement with Green Matters for repayment of the outstanding debt. The agreement was executed on June 30, 2016. As at December 31, 2017 the Company has fully provided for the receivable and the accumulated interest, totalling $237,684 as collectability of the receivable is in doubt.

6 Investment and advance

Included in investment and advances as at December 31, 2017 is the Company's interest in Blue Mountain Wind Holding, LLC ("Blue Mountain").

	Blue Mountain	
	December 31, 2018	December 31, 2017
Initial contribution	$ -	$ 730,863
Foreign exchange	-	59,472
Funds advanced	-	2,558,564
Share of loss of joint-venture	-	(23,075)
Impairment	-	(3,325,824)
Total investment and advances	$ -	$ -

Blue Mountain

On August 2, 2013, the Company, through its wholly owned subsidiary, Greenbriar Capital Holdco Inc., completed its acquisition agreement of the 80 MW Blue Mountain, Utah Wind Energy Project, USA ("Blue Mountain"). Blue Mountain had obtained a twenty-year Power Purchase Agreement ("PPA") with PacifiCorp, a subsidiary of Mid-American Energy Holdings Company. The acquisition granted the Company a 50% interest and then allows the Company to perform two milestones, increasing its ownership to 100%.

As at December 31, 2017, the Company recorded an impairment on the Blue Mountain investment of $3,325,824 due to the ongoing delays in the project. The Company still intends to pursue the project and will keep moving forward to try and get a favorable resolution.

The $3,325,824 impairment includes $263,718 of accumulated interest that the Company capitalized to the project from 2014-2016, which should in fact have been expensed in the years incurred. Management has concluded that the amount of interest capitalized was not material in total or in each of the respective years. As the project has now been impaired, the total investment and advances and capitalized interest are included in retained earnings as at December 31, 2017.

	December 31, 2017
Investment and advances	$ 3,062,106
Accumulated capitalized interest	263,718
Impairment	$ 3,325,824

For the year ended December 31, 2018, the Company had advanced funds to Blue Mountain of $nil (December 31, 2017 - $20,451) for environmental and wind resource assessments, consulting, interest and legal services. Blue Mountain had a net loss for the year ended December 31, 2018 of $nil (2017 - $46,150) in which the Company accounted for 50% of its shared loss of $nil (2017 - $23,075).

7 Land

The Company owns land in Tehachapi, California, USA, (the "Property") which it acquired in 2011 for US $1,040,000.

The Company's land consists of the following:

	December 31, 2018	December 31, 2017
Opening balance	$ 1,427,486	$ 1,511,350
Property taxes	13,810	-
Land development	-	7,866
Land appraisal & related fees	72,207	7,548
Sale of land (2)	(799,677)	-
Fund reimbursed on land	(114,391)	-
Unrealized foreign exchange	84,819	(99,278)
	$ 684,254	$ 1,427,486
Amount classified as asset held for sale(1)	-	713,743
	$ 684,254	$ 713,743

1) On October 1, 2017, the Company entered into a sale agreement with Captiva Verde Land Corp. ("Captiva") to sell a 50% undivided interest in the property. 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. The sale price for the 50% undivided interest is $2,250,000, divided into $112,500 one-year interest-free promissory note, 10,687,500 common shares of Captiva and a carried interest on further development costs for the project which will be covered by Captiva.
2) 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 (note 8) and $112,500 in cash 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.

8 Marketable securities

	December 31, 2017 Fair value	Acquired/ Disposed	Gain/(Loss)	December 31, 2018 Fair value
Captiva	$ -	$ 1,068,750	$ -	$ 1,068,750

On October 6, 2018, the Company closed the sale of land to Captiva (note 7) and received 10,687,500 common shares of the Captiva at a fair value of $1,068,750. There was no unrealized gain or loss on these FVTPL marketable securities for the year ended December 31, 2018.

9 Power project development and construction costs

	December 31, 2018	December 31, 2017
Opening balance	$ 2,495,113	$ 2,279,008
Additions	386,346	365,810
Unrealized foreign exchange	218,186	(149,705)
Ending balance	$ 3,099,645	$ 2,495,113

In April 2013, the Company entered into a 50/50 arrangement, AG Solar with Alterra Power Corp ("Alterra") (the "Arrangement"). The Arrangement was created to develop 100 Megawatts ("MW's") of solar generation capacity in Puerto Rico under a Master Renewable Power Purchasing and Operating Agreement ("PPOA"), dated December 20, 2011, and amended on March 16, 2012 (the "Master Agreement"), with Puerto Rico Electric Power Authority ("PREPA") which the partnership through its wholly owned subsidiary, PBJL Energy Corporation, currently has rights to. On September 12, 2014, the Company acquired Alterra's 50% interest in AG Solar.

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

The Company entered into a one-year option agreement dated September 9, 2013, which gives the Company the exclusive right and option to lease up to a 775 acre site in Puerto Rico (the "Montalva Option Agreement"). Upon execution of the Montalva Option Agreement, the Company paid US $50,000.

The Lajas Farm option agreement is comprised of three separate lease agreements. On December 1, 2013, the Company entered into a three-year option agreement with renewal options for up to two additional years, which gives the Company the exclusive right and option to lease an additional 161 acre site in Puerto Rico for the Solar Facility ("Original Lajas Farm Option"). Upon execution of the option agreement, the Company paid US $35,000 and was required to pay after the first year, an additional $10,000 every four months. On January 1, 2014, the Company entered into two additional option agreements for five years each (the "Secondary Lajas Farm Option"), which gives the Company the exclusive right and option to lease up to a total of 654 additional acres in Lajas, Puerto Rico to further expand the Solar Facility. Upon execution of the option agreements, the Company paid US $25,000 and US $10,000 and is required to pay after the first year, an additional US $8,500 and US $3,500 respectively, in advance each successive four-month period for the next four years.

During the year ended December 31, 2018, the Company paid $52,581 (US$40,000) (2017 - $40,392 (US$30,00)) for the Montalva and Lajas option agreements. In fiscal 2017, the Company entered into an amendment where the Company has agreed to pay US $80,000 to cover all past and future option payments. As a result, the Company recorded a gain of $187,971 (US $145,000).

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

On May 15, 2015, the Company, filed a legal action against PREPA in the courts of Puerto Rico in order to protect and enforce its rights under the Master Agreement. On September 9, 2016, the Superior Court of Puerto Rico denied an application by PREPA to have the case for contractual enforcement and damages dismissed. The Company may now proceed to have the court enforce the agreement, or in lieu of enforcement, direct PREPA to pay US $210 Million in monetary damages, or both. In May of 2018 the Company filed a US Federal RICO lawsuit seeking US $951 Million in damages from PREPA.

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.

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

10 Intangible assets

	December 31, 2018	December 31, 2017
Opening balance	$ 1,568,125	$ 1,678,375
Unrealized foreign exchange	137,125	(110,250)
Ending balance	$ 1,705,250	$ 1,568,125

On July 12, 2013, the Company signed a Membership Interest Purchase and Sale Agreement (“MIPSA”) with Magma Energy (U.S.) Corp. (“Magma”), a subsidiary of Alterra, and amended on October 11, 2013 whereby the Company will purchase from Alterra its 50% interest in and to the shares of AG Solar. The consideration was US $1.25 Million. The Company completed the MIPSA on September 12, 2014 (the “Acquisition Date”), the Company now owns 100% of AG Solar and the option to acquire joint venture interest of $1,450,000 was transferred to intangibles as it is related to the purchase of the Master Agreement (note 9).

11 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.

In addition, the Company will be entitled to sell the entire suite of 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. 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.

As consideration for the acquisition, the Company issued 2,500,000 common shares.

The purchase price allocation is summarized as follows:

2,500,000 common shares of the Company at $1.15 per share	2,875,000
Transaction costs	24,876
Total consideration	2,899,876
Amortization	(154,130)
Balance, December 31, 2017	2,745,746
Amortization	(1,069,379)
Balance, December 31, 2018	1,676,367

The distribution agreement was amortized over 5 years in the previous year. During the year ended December 31, 2018 management assessed the distribution agreement useful life and as the contract can be terminated by either party after 3 years, management has concluded that 3 years from the original contract life is appropriate. This change in estimate has been accounted for prospectively, resulting in additional amortization of $489,404 in the year ended December 31, 2018.

12 Accounts payable and accrued liabilities

	December 31, 2018	December 31, 2017
Project related accounts payables (1)	$ 2,798,830	$ 2,581,866
Other accounts payable (2)	558,388	455,713
Accrued liabilities (2)	1,214,460	1,010,247
Total accounts payable and accrued liabilities	$ 4,571,678	$ 4,047,826

1) Total project related accounts payable include costs for the AG Solar and Blue Mountain projects. At December 31, 2018, $1.5 million is payable for initial construction of the Blue Mountain project (December 31, 2017 - $1.4 million), $385,113 is payable for legal fees related to Blue Mountain and AG Solar (December 31, 2017 - $402,515), $152,073 (December 31, 2017 - $139,844) is payable for environmental assessments for Blue Mountain and the remainder $544,684 to various vendors related to the two projects (December 31, 2017 - $623,001).
2) Other accounts payable and accrued liabilities include costs related to the Company and not to the AG Solar or Blue Mountain projects.

13 Loan payable

Shareholder loans	December 31, 2018	December 31, 2017
Opening balance	$ 125,450	$ 134,270
Unrealized foreign exchange	10,970	(8,820)
Ending balance, classified as current as at December 31, 2018	$ 136,420	$ 125,450

In September 2014, the Company received two loans totaling $131,170 (US $100,000) from an independent shareholder. Both loans bear interest of 10% per annum, compounded monthly and were repayable on February 25, 2015. The Company is currently renegotiating the repayment term.

Director loans		December 31, 2018		December 31, 2017
Opening balance	$	562,516	$	597,143
Repayment		(10,000)		-
Additional loan		65,000		-
Converted to convertible debenture		(322,534)		-
Unrealized foreign exchange		70,393		(34,627)
Ending balance, classified as current as at December 31, 2018	$	365,375	$	562,516

As at December 31, 2018, the Company had outstanding loans from directors of $365,375 (December 31, 2017 - $562,516). The loans bear interest of between 10% and 12% per annum and are repayable at varying terms from on demand to January 2017. Any loan past repayment date is now due on demand. During the year ended December 31, 2018, $10,000 was repaid on the loans (December 31, 2017 - $nil) and $65,000 was added to the loan (December 31, 2017 - $nil). 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 granting 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.

Executive Loans		December 31, 2018		December 31, 2017
Opening balance	$	1,116,220	$	688,328
Net receipts (repayments)		(469,549)		516,967
Unrealized foreign exchange		41,736		(89,075)
Ending balance, classified as current as at December 31, 2018	$	688,407	$	1,116,220

As at December 31, 2018, the Company had outstanding loans from the CEO and the CEO's spouse of $688,407 (December 31, 2017- $1,116,220). The loans bear interest of between 10% and 12% per annum and are repayable at varying terms from on-demand to November 2016. Any loan past repayment date is now due on demand. During the year ended December 31, 2018, $461,819 was repaid on the loans (December 31, 2017 – drawn $516,967).

14 Convertible debenture

On November 21, 2016, the Company issued two convertible debentures in the aggregate amount of $225,000. The debenture has a maturity term of 3 years from the date of issuance, and bears interest at a rate of 8% per annum compounded semi-annually. The debenture holder can convert the outstanding principal amount into units of the Company at a price of $1.00 per unit. Each unit shall be comprised of one common share of the Company and one half of one common share purchase warrant entitling the holder to acquire an additional common share at the price of $1.50 on or prior to November 21, 2019.

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 December 21, 2018, an additional $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.

Based on the discount factor of 13.5% over the Debenture's term of three years, the equity portion was valued at $27,720. Accretion for the debenture for the year ended December 31, 2018 was $12,359 (December 31, 2017 – $8,623). Interest accrued for the year ended December 31, 2018 was $17,316 (December 31, 2017 – $18,000).

As at December 31, 2018, the total accrued interest related to the debenture was $37,289. (December 31, 2017 - $19,973) and was included in account payables and accrued liabilities.

	December 31, 2018	December 31, 2017
Opening balance	$ 210,904	$ 202,281
Converted	(60,000)	-
Accretion	12,359	8,623
Ending balance, classified as current as at December 31, 2018	$ 163,263	$ 210,904

On January 13, 2017, the Company issued convertible debentures in the aggregate amount of $125,000. The debenture has a maturity term of 3 years from the date of issuance and bears interest at a rate of 8% per annum compounded semi-annually. The debenture holder can convert the outstanding principal amount into units of the Company at a price of $1.00 per unit. Each unit shall be comprised of one common share of the Company and one half of one common share purchase warrant entitling the holder to acquire an additional common share at the price of $1.50 on or prior to January 13, 2020.

Based on the discount factor of 13.5% over the Debenture's term of three years, the equity portion was valued at $16,595. Accretion for the debenture for the year ended December 31, 2018 was $8,977 (2017 – $7,659). Interest for the debenture for the year ended December 31, 2018 was $10,000 (2017 – $9,644).

As at December 31, 2018, total interest accrued was $19,644 (December 31, 2017 - $9,644) and was included in account payables and accrued liabilities.

	December 31, 2018	December 31, 2017
Opening balance	$ 99,531	$ -
Principal issued	-	125,000
Equity portion	-	(16,595)
Capitalized transaction costs	-	(16,533)
Accretion	8,977	7,659
Ending balance, classified as long-term	$ 108,508	$ 99,531

During the year ended December 31, 2018, the Company agreed to convert $322,534 of loans outstanding from a director into a convertible debenture which grants to the lender certain rights 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.

Based on the discount factor of 13.5% over the Debenture's term of three years, the equity portion was valued at $42,818. Accretion for the debenture for the year ended December 31, 2018 was $7,935. Interest for the debenture for the year ended December 31, 2018 was $14,068.

	December 31, 2018	December 31, 2017
Opening balance	$ -	$ -
Principal issued	322,534	-
Equity portion	(42,818)	-
Capitalized transaction costs	(12,700)	-
Accretion	7,935	-
Ending balance, classified as long-term	$ 274,951	$ -

As at December 31, 2018, total interest accrued was $14,068 and was included in account payables and accrued liabilities.

15 Share capital

a) Authorized and outstanding

As at December 31, 2018, the Company had unlimited authorized common shares without par value and 19,615,690 common issued and outstanding (December 31, 2017 – 16,969,647).

b) Share issuances

- 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.

  The fair value of these warrants at the date of grant was estimated at $219,660 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 2-year expected average life; 120.68% volatility; risk-free interest rate of 1.77%; and a dividend yield of 0%. The fair value of the finder's options at the date of grant was estimated at $24,518 using the Black-Scholes method with the following assumptions: a 2-year expected average life; 120.68% volatility; risk-free interest rate of 1.77%; and a dividend yield of 0%.

- 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.

  The fair value of these warrants at the date of grant was estimated at $185,220 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 2 year expected average life; 117.85% volatility; risk-free interest rate of 1.89%; and a dividend yield of 0%. The fair value of the finder's warrants at the date of grant was estimated at $2,475 using the Black-Scholes method with the following assumptions: a 2 year expected average life; 117.85% volatility; risk-free interest rate of 1.89%; and a dividend yield of 0%.

- 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.

  The fair value of these warrants at the date of converted was estimated at $6,771 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1 year expected average life; 97.13% volatility; risk-free interest rate of 0.74%; and a dividend yield of 0%.

- 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.

  The fair value of these warrants at the date of grant was estimated at $141,717 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 2-year expected average life; 116.90% volatility; risk-free interest rate of 2.29%; and a dividend yield of 0%. The fair value of the finder's options at the date of grant was estimated at $27,140 using the Black-Scholes method with the following assumptions: a 2-year expected average life; 116.9% volatility; risk-free interest rate of 2.29%; and a dividend yield of 0%.

- 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.

  The fair value of these warrants at the date of grant was estimated at $22,068 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 2 year expected average life; 117.85% volatility; risk-free interest rate of 1.89%; and a dividend yield of 0%.

- 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.

  The fair value of these warrants at the date of converted was estimated at $4,891 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1 year expected average life; 97.13% volatility; risk-free interest rate of 0.74%; and a dividend yield of 0%.

- 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.

- On February 6, 2017, the Company closed a private placement and issued 50,000 units at a price of $1.20 per unit for gross proceeds of $60,000. Each unit is comprised of one common share and one half of one share purchase warrant. Each warrant entitles the holder

to acquire one additional common share at a price of $1.50 per unit until February 3, 2022. The Company incurred legal fees of $6,800 and issued 3,000 common shares which was recorded as share issuance costs and recorded as a reduction of share capital. The fair value of these warrants at the date of grant was estimated at $15,113 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 5 year expected average life; 89% volatility; risk-free interest rate of 1.07%; and a dividend yield of 0%.

- On April 6, 2017, the Company closed a private placement and issued 492,420 units at a price of $0.80 per unit for gross proceeds of $206,000 and $187,936 in reduction of accounts payable. Each unit is comprised of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire one additional common share at a price of $1.20 per unit until April 7, 2022.

  The fair value of these warrants at the date of grant was estimated at $94,052 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 5 year expected average life; 90% volatility; risk-free interest rate of 1.12%; and a dividend yield of 0%.

- On June 14, 2017, the Company issued 100,000 common shares to a consultant at a price of $0.80 per share.

- On September 25, 2017, the Company closed the acquisition of an Ontario based private company which holds the exclusive Canadian sales, distribution and marketing rights for the entire suite of game changing Smart Glass energy products, developed and built by Gauzy of Tel-Aviv, Israel. The Company issued 2,500,000 common shares at a value of $1.15 per share for a fair value of $2,875,000.

c) Stock options

The Company has a stock option plan (the “Plan”) to issue up to and not to exceed 10% of the issued and outstanding common shares. Under the Plan, each option entitles the holder to acquire one common share at its exercise price.

- On June 8, 2018, the Company granted 150,000 common share stock purchase options to a consultant, the fair value of the share options was estimated at $141,967 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 99.50%, dividend payment during life of option was nil, risk free interest rate 2.15%, weighted average exercise price $1.10, weighted average fair value per option $0.95, weighted average share price $1.24.

- On April 11, 2018, the Company granted 150,000 common share stock purchase options to a consultant, the fair value of the share options was estimated at $130,960 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 99.13%, dividend payment during life of option was nil, risk free interest rate 2.06%, weighted average exercise price $1.10, weighted average fair value per option $0.87, weighted average share price $1.16.

- On February 7, 2018, the Company granted 450,000 incentive stock options to certain directors, officers and consultants of the Company. The fair value of the share options was estimated at $460,887 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 95.92%, dividend payment during life of option was nil, risk free interest rate 2.13%, weighted average exercise price $1.10, weighted average fair value per option $1.02, weighted average share price $1.35.

- On May 2, 2018, 75,000 of options were exercised at $0.85 per share.

- On March 14, 2018, 125,000 of options were exercised at $0.75 per share.

Total share options granted during the year ended December 31, 2018 were 750,000 (2017 – 250,000). Total share-based payment expense recognized for the fair value of share options granted and vested during the year ended December 31, 2018 was $694,216 (2017 - $120,303).

A summary of stock option information as at December 31, 2018 and December 31, 2017 is as follows:

	December 31, 2018		December 31, 2017	
	Number of shares	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Outstanding – beginning of year	1,100,000	$ 1.49	850,000	$ 1.58
Granted	750,000	1.10	250,000	1.20
Exercised	(125.000)	0.75	-	-
Exercised	(75,000)	0.85	-	-
Expired	(250,000)	2.50	-	-
Expired	(125,000)	2.60	-	-
Outstanding – end of year	1,275,000	$ 1.06	1,100,000	$ 1.49

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
750,000	1.10	4.21	375,000	1.1	4.21
250,000	1.20	3.64	187,500	1.20	3.64
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 December 31, 2017:

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)
125,000	$0.75	0.13	125,000	$0.75	0.13
350,000	0.85	3.96	350,000	0.85	3.96
250,000	1.20	4.64	62,500	1.20	4.64
125,000	2.60	0.57	125,000	2.60	0.57
250,000	2.50	0.83	250,000	2.50	0.83
1,100,000	**$1.49**	**2.58**	**912,500**	**$1.55**	**2.16**

d) Warrants

The following table discloses the number of warrants outstanding as at:

	December 31, 2018	December 31, 2017
Outstanding – beginning of year	1,963,460	1,688,500
Granted	1,152,918	274,960
Outstanding – end of year	3,116,378	1,963,460

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
3,051,221		

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		

On January 13, 2017, the Company issued 3,750 warrants as part of the transaction costs for the convertible debt. Each warrant entitles the holder to acquire one additional common share at a price of $1.50 per unit until January 13, 2020. The fair value of these warrants at the date of grant was estimated at $2,883 using the Black-Scholes option pricing model with the following assumptions: a 3 year expected average life; 89% volatility; risk-free interest rate of 1.13%; and a dividend yield of 0%.

16 Income taxes

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

	Year ended December 31,	
	2018	2017
Loss before income taxes	$ (3,803,743)	$ (4,443,154)
Statutory tax rate	27%	26%
Recovery of income tax taxes based on combined federal and provincial statutory rates	(1,027,000)	(1,155,220)
Change in statutory, foreign tax, foreign exchange rates and other	(50,000)	-
Permanent differences	390,000	968,048
Share issue cost	(39,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	331,000	-
Changes in unrecognized deductible differences	395,000	187,172
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2018	2017
Deferred tax assets (liabilities)		
Land	$ (22,000)	$ -
Share issue costs	49,000	34,075
Debt with accretion	(56,000)	-
Non-capital and net operating loss carry forward	1,588,000	1,129,799
	1,559,000	1,163,874
Unrecognized deferred tax assets	(1,559,000)	(1,163,874)
	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	December 31, 2018		December 31, 2017	
Temporary Differences	**$**	**Expiry**	**$**	**Expiry**
Land	(80,000)	No expiry date	-	No expiry
Share issue costs	180,000	2038 to 2041	131,056	2037 to 2040
Debt with accretion	(208,000)	No expiry date	-	No expiry
Non-capital losses available for future periods	5,875,000	2029 to 2038	4,345,379	2029 to 2037
Canada	5,682,000	2029 to 2038	4,345,379	2029 to 2037
USA	193,000	2031 to 2038	-	N/A

17 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 years 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, 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:

	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.

18 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The primary use of capital will be used for the development of its properties and acquisitions.

The Company considers the items included in short-term loans and shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. During the year ended December 31, 2018, there has been no change in the Company's management of capital policies.

19 Segment disclosures

The Company is primarily involved in the acquisition and development of wind and solar energy farms in the United States and renewable energy projects in Canada and has determined that its reportable operating segment is based on the fact that the Company's projects have the same economic characteristics and represent the manner in which the Company's chief decision maker views and evaluates the Company's business.

The Company currently has two geographic segments: Canada and the United States of America ("USA"). The head office operates in Canada and the Company's long-term assets are in the USA.

The Company has one reportable operating segment.

	Canada	USA	Total
As at December 31, 2018			
Total assets	$ 2,759,973	$ 5,484,971	$ 8,244,944
Non-current assets	2,749,732	4,415,784	7,165,516
As at December 31, 2017			
Total assets	$ 2,783,608	$ 5,490,663	$ 8,274,271
Non-current assets	2,745,746	4,776,981	7,522,727

	Canada	USA	Total
Year ended December 31, 2018			
Operating loss	(3,704,818)	(98,925)	(3,803,743)
Interest income	-	-	-
Loss for the year	$ (3,704,818)	$ (98,925)	$ (3,803,743)
Year ended December 31, 2017			
Operating income (loss)	(4,402,436)	(63,334)	(4,465,770)
Interest income	22,616	-	22,616
Loss for the year	$ (4,379,820)	$ (63,334)	$ (4,443,154)

20 Related party transactions

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 13 and 14, the Company had the following expenses paid to key management:

The Company incurred the following expenses with related parties during 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. (Note 13 and 14)

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. (Note 9)

21 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

1) 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.

2) 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.

3) 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.

22 Supplemental cash flow information

Supplemental cash flow information	2018	2017
Marketable securities received on sale of land	$ 1,068,750	$ -
Shares issued to reduce shareholder loan	99,621	-
Shares issued to reduce accounts payable	356,769	-
Common shares (4,900) issued as finders fees	5,047	-
Loans converted to convertible debentures	322,534	-
Property taxes accrued through accounts payable	10,788	-
Shares issued for services	320,754	-
Convertible debt conversion	57,862	-
Accrued land and power project development costs through loans payable	49,239	-
Accrued pawer project development costs through accounts payable	55,981	-
Cash paid for interest and taxes	-	-

23 Subsequent events

(i) 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 $532,801 and $20,000 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 April 15, 2021.

(ii) On March 19, 2019, the Company issued 81,793 common shares to settle shares for services owed to an arms-length party.

(iii) On April 5, 2019, the Company issued 33,582 common shares to settle shares for services owed to an arms-length party.

(iv) 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.