



## **Greenbriar Capital Corp.**

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

(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, 2020 and 2019, and the consolidated statements of (loss) income and comprehensive (loss) income, changes in shareholders' equity, and cash flows for the years 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, 2020 and 2019, and its financial performance and its cash flows for the years 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 had a loss of \$3,145,139 for the year ended December 31, 2020 and, as of that date had an accumulated deficit of \$12,754,164. 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 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.

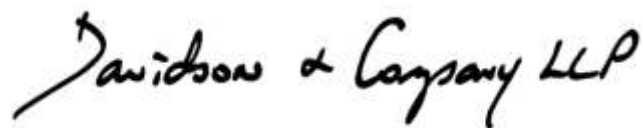
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 group audit. We remain solely responsible for our audit opinion.

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.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 29, 2021

**Greenbriar Capital Corp.**  
**Consolidated Statements of Financial Position**

For the years ended December 31, 2020 and 2019  
(amounts expressed in Canadian dollars, except where indicated)

	Note	As at December 31, 2020	As at December 31, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 47,672	\$ 25,865
Deposits and prepaid expenses		49,655	3,580
Other receivables		2,274	1,053
Loan receivable	11,17	1,301,013	-
Marketable securities	6	2,992,500	3,152,813
		4,393,114	3,183,311
<b>Non-current assets</b>			
Sage Ranch	5	701,983	816,820
Power project acquisition and development costs	7	5,699,836	4,733,381
Smart glass distribution agreement	8	-	709,741
Total assets		\$ 10,794,933	\$ 9,443,253
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	10	\$ 1,975,542	\$ 2,196,586
Loans payable	11	846,214	1,184,290
Convertible debentures (current portion)	12	171,146	288,912
		2,992,902	3,669,788
<b>Non-current liabilities</b>			
Convertible debentures	12	-	160,487
Total liabilities		2,992,902	3,830,275
<b>Shareholders' equity</b>			
Share capital	13	15,425,528	10,343,064
Reserves	13	4,703,760	4,161,019
Share subscriptions received in advance		-	100,000
Accumulated other comprehensive income		426,907	617,920
Deficit		(12,754,164)	(9,609,025)
Total shareholders' equity		7,802,031	5,612,978
Total liabilities and shareholders' equity		\$ 10,794,933	\$ 9,443,253

*Nature of operations and going concern (note 1)*  
*Commitments and contingencies (note 18)*  
*Subsequent events (note 21)*

**Approved by the Board of Directors**

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"Jeff Ciachurski" Director      \_\_\_\_\_  
"Cliff Webb" Director

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

# Greenbriar Capital Corp.

## Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

For the years ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Notes	Year Ended December 31,	
		2020	2019
<b>General and administration expenses</b>			
Consulting fees		\$ (511,847)	\$ (629,555)
General and administrative		(230,661)	(103,063)
Marketing		(239,181)	(11,685)
Finance cost		(150,578)	(223,210)
Share-based payment expense	13	(821,427)	(390,002)
Professional fees		(334,872)	(247,760)
		(2,288,566)	(1,605,275)
<b>Other (expenses) income, net</b>			
Foreign exchange gain		4,206	666,472
Gain on sale of Realblock	9	-	1,055,053
Unrealized (loss) gain on marketable securities	6	(161,439)	2,084,063
Gain on settlement of accounts payable and accrued liabilities	10	10,401	1,997,287
Smart glass distribution agreement	8	(709,741)	(966,626)
<b>(Loss) income</b>		(3,145,139)	3,230,974
Income tax recovery – future		-	-
<b>(Loss) income after tax</b>		(3,145,139)	3,230,974
<b>Other comprehensive (loss) gain (“OCI”)</b>			
Cumulative translation adjustment		(191,013)	(210,066)
<b>Total comprehensive (loss) gain</b>		(3,336,152)	3,020,908
<b>(Loss) income per share—basic and diluted</b>		\$ (0.14)	\$ 0.16
<b>Weighted average shares outstanding—basic and diluted*</b>		22,965,383	19,781,491
<b>Total shares issued and outstanding</b>		25,908,233	19,605,993

\*Potentially dilutive securities excluded in the diluted earnings per share calculation for the year ended December 31, 2019 were 1,300,000 out-of-the-money options, 2,456,415 out-of-the-money warrants and \$449,399 out of the money convertible debentures.

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

# Greenbriar Capital Corp.

## Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Share-based payment reserves	Warrants reserves	Share subscriptions received in advance	Convertible debenture reserves	Accumulated other comprehensive income	Deficit	Total Shareholders' Equity
<b>Balance at December 31, 2019</b>		19,605,993	\$ 10,343,064	\$ 2,431,568	\$ 1,671,026	\$ 100,000	\$ 58,425	\$ 617,920	\$ (9,609,025)	\$ 5,612,978
Loss for the year		-	-	-	-	-	-	-	(3,145,139)	(3,145,139)
Private placement	13	3,129,593	1,315,438	-	897,083	(100,000)	-	-	-	2,112,521
Share issuance cost		-	(49,547)	-	-	-	-	-	-	(49,547)
Share issuance settled services	13	25,000	13,190	-	11,810	-	-	-	-	25,000
Conversion of convertible debt	13	176,811	112,225	-	65,637	-	(16,595)	-	-	161,267
Options exercised	13	150,000	199,286	(84,286)	-	-	-	-	-	115,000
Warrants exercised	13	2,820,836	3,491,872	-	(1,152,335)	-	-	-	-	2,339,537
Cumulative translation adjustment		-	-	-	-	-	-	(191,013)	-	(191,013)
Share-based payment expense	13	-	-	821,427	-	-	-	-	-	821,427
<b>Balance at December 31, 2020</b>		25,908,233	\$ 15,425,528	\$ 3,168,709	\$ 1,493,221	\$ -	\$ 41,830	\$ 426,907	\$ (12,754,164)	\$ 7,802,031
<b>Balance at December 31, 2018</b>		19,615,690	\$ 10,351,489	\$ 2,145,577	1,552,224	\$ -	\$ 79,168	\$ 827,986	\$ (12,973,719)	\$ 1,982,725
Income for the year		-	-	-	-	-	-	-	3,230,974	3,230,974
Private placement	13	536,700	453,269	-	99,532	-	-	-	-	552,801
Share issuance cost	13	-	(15,813)	-	-	-	-	-	-	(15,813)
Share issued for services	13	115,375	109,942	-	-	-	-	-	-	109,942
Convertible debt settled	13	125,000	128,637	-	19,270	-	(20,743)	-	-	127,164
Share-based payment expense	13	-	-	390,002	-	-	-	-	-	390,002
Cumulative translation adjustment		-	-	-	-	-	-	(210,066)	-	(210,066)
Shares cancelled on sale of Realblock	9	(786,772)	(684,460)	(104,011)	-	-	-	-	133,720	(654,751)
Shares subscriptions received in advance		-	-	-	-	100,000	-	-	-	100,000
<b>Balance at December 31, 2019</b>		19,605,993	\$ 10,343,064	\$ 2,431,568	\$ 1,671,026	\$ 100,000	\$ 58,425	\$ 617,920	\$ (9,609,025)	\$ 5,612,978

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, 2020 and 2019  
(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended December 31,	
		2020	2019
<b>Cash used from operating activities</b>			
Income (loss) for the year		\$ (3,145,139)	\$ 3,230,974
Items not affecting cash			
Unrealized foreign exchange gain		(175,749)	(666,472)
Gain on settlement of accounts payable and accrued liabilities		(10,401)	(1,997,287)
Share-based payment expense	13	821,427	390,002
Unrealized loss (gain) on marketable securities	6	161,439	(2,084,063)
Gain on sale of Realblock	9	-	(1,055,053)
Smart glass distribution agreement amortization	8	709,741	966,626
Accretion on convertible debt	12	11,747	29,841
Shares for services		25,000	-
		(1,601,935)	(1,185,432)
Change in non-cash operating working capital			
Decrease in receivables and prepaid expenses		(47,296)	3,350
Increase in accounts payable and accrued liabilities		(211,755)	424,493
		(1,860,986)	(757,589)
<b>Cash flows used in investing activities</b>			
Sage Ranch	5	(39,205)	-
Cash received from sales of Realblock	9	-	298,886
Power project development and construction costs	7	(655,871)	(144,084)
Purchase of marketable securities	6	(73,784)	-
Proceeds from sales marketable securities	6	72,658	-
		(696,202)	154,802
<b>Cash flows used in financing activities</b>			
Cash paid on executive loans	11	(378,858)	(159,131)
Cash received on executive loans	11	15,000	-
Private placement proceeds, net of issuance costs	13	1,963,239	516,387
Warrants exercised	13	2,185,787	-
Options exercises	13	115,000	-
Related company loan	11	(1,377,423)	168,701
Promissory note financing	11	56,250	-
Subscription received in advance		-	100,000
		2,578,995	625,957
Effect of exchange rate changes on cash		-	-
<b>Increase in cash</b>		\$ 21,807	\$ 23,170
<b>Cash – beginning of year</b>		25,865	2,695
<b>Cash – end of year</b>		\$ 47,672	\$ 25,865

Supplemental cash flow information (note 20)

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



# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019  
(amounts expressed in Canadian dollars, except where indicated)

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### 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 the TSX Venture Exchange. The Company registered records office is located at Suite 1120 – 625 Howe Street, Vancouver, BC, V6C 2T6. 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 \$3,145,139 (2019 – income of \$3,230,974) for the year ended December 31, 2020, and an accumulated deficit of \$12,754,164 (December 31, 2019 – \$9,609,025). As at December 31, 2020, the Company has a working capital of \$1,400,212 (December 31, 2019 – deficit of \$486,477). 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

### 2 Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) effective as December 31, 2020. 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, 2021.

### 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. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. 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 unanimous consent of the parties sharing control. There are two types of joint arrangement, joint operations (“JO”) and joint ventures (“JV”).

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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, 2020:

	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
2587344 Ontario Inc.	Canada	Subsidiary	100%	Consolidation
RealBlock Limited	Canada	Subsidiary	100%	Consolidation

AG Solar One LLC owns 100% of PBJL Energy Corporation.

### **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.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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### **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.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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### **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.

### **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 or 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 profit or loss.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

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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 payment 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.

### Income (loss) per share

Income (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.

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## **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 determine 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.

### **Gain on settlement of accounts payable**

During fiscal 2019, management performed an in-depth analysis of accounts payable and determined that \$1,997,287 related to stale payables for entities that are no longer in existence, projects that have been wound up or periods greater than the statute of limitations. Management has taken the position that these payables are not collectible by the third parties and therefore not a liability of the Company. This amount is included in the gain on settlement of accounts payable in the statement of profit and loss.

### **Sales of Realblock**

During fiscal 2019, the Company sold its blockchain software for consideration including the return and cancellation to the treasury of a total of 786,772 previously issued common shares of the Company, the cancellation of 475,000 previously issued stock options and the cancellation of 276,813 previously issued share purchase warrants. Management has determined that the cancelled common shares will be calculated at fair value at time of cancellation with the difference between fair value and the original issue price being recorded in deficit.

## Greenbriar Capital Corp.

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## 5 Sage Ranch

	December 31, 2020	December 31, 2019
Opening balance	\$ 816,820	\$ 684,254
Property taxes, net of Captiva repayment	(134,300)	44,889
Land appraisal & related fees	35,564	120,481
Unrealized foreign exchange	(16,101)	(32,804)
	\$ 701,983	\$ 816,820

On October 6, 2018, the Company entered into an agreement to sell a 50% undivided interest in the Sage Ranch project to Captiva Verde Land Corp. ("Captiva"), which 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 Company received 10,687,500 common shares of the Captiva which had a fair value of \$1,068,750 and \$112,500 in cash for total consideration of \$1,181,250 ("Sale Agreement").

On August 10, 2020, the Company entered into an option and joint venture agreement (the "Option and Joint Venture Agreement") with Captiva amending the terms of the original agreement.

Pursuant to the terms of the Option and Joint Venture Agreement, Captiva's 50% interest in the Sage Ranch Project was converted into an option to earn (the "Option") a 50% net profits interest in the Tehachapi Property by:

1. Captiva paying the Company a cash payment of \$112,500 (the "Cash Payment") (Captiva satisfied this payment in 2018 under the terms of the Sale Agreement);
2. Captiva issuing the Company common shares (the "Share Payment") (Captiva satisfied this payment in 2018 through the issuance of 10,687,500 common shares under the terms of the Sale Agreement); and
3. Captiva funding the applicable permitting and development costs for the Sage Ranch Project (Captiva is current on such funding obligations).

Captiva has until the earlier of: (i) August 20, 2025 and (ii) the date the Company receives final approval from the City of Tehachapi (and other required regulatory approval) to build houses on the Tehachapi Property, to exercise the Option.

If Captiva makes the payments summarized above by the required time, Captiva will exercise the Option and will automatically acquire a 50% net profits interest in and to the Sage Ranch Project. If Captiva exercises the Option, then Captiva and the Company will immediately enter into a joint venture (the "Joint Venture") pursuant to the terms of the Option and Joint Venture Agreement. Pursuant to the terms of the Joint Venture, the Company and the Captiva are required to evenly split all net profits derived from the Sage Ranch Project.

During the year ended December 31, 2019, the Company closed the purchase of a 5 acre land parcel (formerly owned by the Government) located adjacent the Company's current land holdings in Tehachapi, California called The Sage Ranch Project (the "Property Acquisition"). As consideration for the Property Acquisition, the Company transferred a 28 acre parcel of land in Tehachapi, that is not part of the Sage Ranch project. In addition, Captiva issued the vendor an aggregate of 2,000,000 common shares and paid USD \$160,000 in cash.

## Greenbriar Capital Corp.

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## 6 Marketable securities

	December 31, 2019 Fair value	Acquired	Disposed	Gain/(Loss)	December 31, 2020 Fair value
Captiva	\$ 3,152,813	\$ -	\$ -	\$ (160,313)	\$ 2,992,500
Organic Garage Ltd	-	24,759	(19,693)	(5,066)	-
QMX Gold Corp	-	49,025	(52,965)	3,940	-
<b>Total</b>	<b>\$ 3,152,813</b>	<b>\$ 73,784</b>	<b>\$ (72,658)</b>	<b>\$ (161,439)</b>	<b>\$ 2,992,500</b>

	December 31, 2018 Fair value	Acquired/ Disposed	Gain/(Loss)	December 31, 2019 Fair value
Captiva	\$ 1,068,750	\$ -	\$ 2,084,063	\$ 3,152,813

As at December 31, 2020, the Company owned 10,687,500 (2019 – 10,687,500) shares of Captiva.

## 7 Power project acquisition and development costs

	Development Costs	Acquisition Costs	Total
<b>Opening January 1, 2019</b>	\$ 3,099,645	\$ 1,705,520	\$ 4,805,165
Additions	158,833	-	158,833
Unrealized foreign exchange	(148,597)	(82,020)	(230,617)
<b>December 31, 2019</b>	<b>3,109,881</b>	<b>1,623,500</b>	<b>4,733,381</b>
Additions	1,116,602	-	1,300,745
Unrealized foreign exchange	(118,147)	(32,000)	(302,290)
<b>December 31, 2020</b>	<b>\$ 4,108,336</b>	<b>\$ 1,591,500</b>	<b>\$ 5,699,836</b>

### Montalva Project

In April 2013, the Company entered into a 50/50 arrangement to create 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 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 .



# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

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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.

On May 19, 2020, the Company announced that it has reached agreement with the PREPA on a 25-year PPOA for the development, construction, and operation of the Montalva solar project. On May 28, 2020, the Governing Board of PREPA approved the contract.

On August 7, 2020, the Company received unanimous approval from the Puerto Rico Energy Bureau and the Montalva PPOA moved on to final approval by the Puerto Rico Financial Oversight and Management Board (FOMB). On February 26, 2021, the FOMB approved two projects and excluded the approval of the Montalva project. The Company is in the process of seeking avenues to have the FOMB decision overturned or to have the FOMB approve the projects approved by PREPA.

In addition, the Company has submitted an application in the new Reference for Proposal the FOMB asked the non-selected projects to apply to in case the above actions are unsuccessful.

### Land Lease Agreements

The below Montalva and Lajas Farm Option Agreements 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, for the purposes of the Company developing the Montalva project.

The Company entered into an option agreement dated September 9, 2013, which gives the Company the exclusive right and option to lease land in Puerto Rico (the "Montalva Option Agreement").

On various dates since execution of the land purchase option agreement, the parties have executed six separate amendments to extend the expiration date. On December 7, 2020, the Company entered into a further extension to December 31, 2021 to make option payments: US \$20,000 within 30 days of signing of the agreement, additional US \$20,000 within 30 days, but in no event prior to June 1, 2021, of signing by PPOA with PREPA.

The Lajas Farm option agreement is comprised of three separate lease agreements. On December 1, 2013, the Company entered into an option agreement with renewal options which gives the Company the exclusive right and option to lease an additional site in Puerto Rico for the Montalva Project ("Original Lajas Farm Option").

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 additional land in Lajas, Puerto Rico to further expand the Montalva Project.

During the year ended December 31, 2019, the Company entered into additional extension agreements extending two of the agreements to December 13, 2020 and a third agreement to June 30, 2020, where the Company agreed to pay US \$10,000 to cover all past and future option payments, forgive all past amounts owed, as a result, the Company wrote off \$178,631 (USD\$137,000) lease payments payable.

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

## 8 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.

	<b>Carrying amount</b>
Balance, December 31, 2018	\$ 1,676,367
Amortization	(966,626)
Balance, December 31, 2019	709,741
Amortization	(709,741)
Balance, December 31, 2020	\$ -

The distribution agreement was being amortized over 3 years from the original contract life.

## 9 Blockchain Software Realblock

On July 10, 2019, the Company announced that it sold its blockchain software to Titleloq, LLC. The consideration consisted of USD \$229,000 in cash, the return and cancellation to the treasury of a total of 786,772 previously issued common shares of the Company, the cancellation of 475,000 previously issued stock options and the cancellation of 276,813 previously issued share purchase warrants in addition to a net royalty of USD \$3 per every opening transaction. During fiscal 2020, the Company assigned the royalty back to Titleloq as part of a mutual release.

	<b>December 31, 2019</b>
Cash – USD \$229,000	\$ 298,886
Return to treasury of 786,772 common shares of the Company	550,740
Cancellation of 475,000 share-based options	104,011
Forgiveness of accounts payable	101,416
Gain on sale of Realblock	\$ 1,055,053

Management allocated a \$nil value to the USD \$3 royalty due to the unlikelihood and high uncertainty of the software ever becoming commercialized. The 786,772 common shares had a fair value of \$550,740 on cancellation and the difference between fair value and original issued cost of \$133,720 was recorded through deficit.

## 10 Accounts payable and accrued liabilities

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Project related accounts payables (1)	\$ 167,591	\$ 340,459
Other accounts payable (2)	793,021	546,867
Accrued liabilities (2)	1,014,930	1,309,260
Total accounts payable and accrued liabilities	\$ 1,975,542	\$ 2,196,586

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- 1) Total project related accounts payable include costs for the AG Solar project.
- 2) Other accounts payable and accrued liabilities include costs related to the Company and not to the AG Solar project.

During the year ended December 31, 2019, management performed an in-depth analysis of accounts payable and accrued liabilities and determined that \$1,997,287 related to stale payables for entities that are no longer in existence, projects that have been wound up or periods greater than the statute of limitations. Management has taken the position that these payables are not collectible by the third parties and therefore not a liability of the Company. This amount is included in the gain on settlement of accounts payable in the statement of income (loss). During the year ended December 31, 2020, the Company reversed \$10,401 in accounts payable related to payables that were no longer payable.

## 11 Loans payable

Shareholder loans	December 31, 2020	December 31, 2019
Principal opening balance	\$ 129,880	\$ 136,420
Unrealized foreign exchange	(2,560)	(6,540)
Principal ending balance	\$ 127,320	\$ 129,880

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. As the loan is past the repayment date it is now due on demand. As at December 31, 2020, total accrued interest was \$115,816 (December 31, 2019 - \$93,525) and was included in account payables and accrued liabilities.

Director loans	December 31, 2020	December 31, 2019
Principal opening balance	\$ 350,735	\$ 365,375
Unrealized foreign exchange	(5,731)	(14,640)
Principal ending balance	\$ 345,004	\$ 350,735

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. As at December 31, 2020, total interest accrued was \$360,166 (December 31, 2019 - \$300,279) and was included in account payables and accrued liabilities.

Executive loans	December 31, 2020	December 31, 2019
Principal opening balance	\$ 534,974	\$ 688,407
Addition loan	378,999	-
Net repayments	(648,600)	(167,766)
Unrealized foreign exchange	(112,733)	14,333
Principal ending balance	\$ 152,640	\$ 534,974

As at December 31, 2020, the Company had outstanding loans from the CEO and the CEO's spouse of \$152,640 (December 31, 2019 - \$534,974). The loans bear interest of between 10% and 12% per annum and were repayable at varying terms from on-demand to November 2016. Any loan past repayment date is now due on demand. As at December 31, 2020, total interest accrued was \$238,834 (December 31, 2019 - \$675,223) and was included in account payables and accrued liabilities.

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Promissory note	December 31, 2020	December 31, 2019
Principal opening balance	\$ -	\$ -
Promissory note related to expired convertible (note 13)	165,000	-
Additional loan	56,250	-
Principal ending balance	\$ 221,150	\$ -

During the year ended, December 31, 2020, the unexercised convertible debt instrument was re-classified as a loan payable. During the year ended December 31, 2020 an additional 56,250 was loaned to the Company. As at December 31, 2020, the total accrued interest related to the debenture was \$76,270 (December 31, 2019 - \$50,489) and was included in account payables and accrued liabilities. Subsequent to December 31, 2020, the Company settled \$131,250 of the promissory note in a shares for debt transaction. The total amount settled including interest was \$165,487 settled at a deemed price of \$1.24 with the issuance of 133,465 common shares and the commitment to pay \$15,000 by April 30, 2021.

Related company loan	December 31, 2020	December 31, 2019
Opening balance	\$ 168,701	\$ -
Funds received	185,562	168,701
Repayment	(1,655,276)	-
Ending payable balance	-	168,701
Ending receivable balance	\$ (1,301,013)	\$ -

As at December 31, 2020, the Company had a loan receivable of \$1,301,013 (December 31, 2019- loan payable of \$168,701) to Captiva which 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 loans are non-interest bearing, unsecured, and are repayable upon demand. Subsequent to December 31, 2020, Captiva repaid the loan and the Company has advanced the funds back to Captiva in anticipation of participating in the pending Captiva private placement. The Company expects to participate for 7,300,000 units with each unit consisting of one common share of the Captiva and one warrant. Each warrant will entitle the holder to purchase one additional common share of the Captiva at a price of \$0.75 per Warrant Share until February 8, 2023.

## 12 Convertible debenture

### November 2016 Convertible Debt

On November 21, 2016, the Company issued two convertible debentures in the aggregate amount of \$225,000. The debenture had 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. These debentures are now past due, no longer convertible, and are payable on demand.

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.

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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, 2020 was \$nil (2019 – \$6,949). Interest accrued for the year ended December 31, 2020 was \$22,712 (2019 – \$13,200).

As at December 31, 2020, the total accrued interest related to the debenture was \$76,270 (December 31, 2019 - \$50,489) and was included in account payables and accrued liabilities.

	December 31, 2020	December 31, 2019
Opening balance	\$ 170,212	\$ 163,263
Accretion/Recovery	(5,212)	6,949
Ending balance, classified as current accounts payable and accrued liability as at December 31, 2020	\$ 165,000	\$ 170,212

### January 2017 Convertible Debt

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.

The Company negotiated with holders of convertible debentures issued in January 2017 an extension of the maturity date of the debentures from January 13, 2020 to July 13, 2020. The expiry date of any warrants acquired by a holder upon conversion of the debenture will be extended from January 13, 2020 to January 13, 2022. The amended terms provide that the debentures may be converted into units of the Company at a conversion price of \$1.00 per unit until July 13, 2020, each unit comprised of one common share and one half of one share purchase warrant. Each whole warrant will be exercisable into one common share at a price of \$1.50 per share until January 13, 2022. All other terms of the convertible debentures remain unchanged.

On June 11, 2020, principal amount of \$50,000 of convertible debentures issued on January 13, 2017 converted into 50,000 shares at a price of \$1.00 per unit. Each unit 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, 2022.

On July 13, 2020, principal amount of \$75,000 of convertible debentures issued on January 13, 2017 were converted into 75,000 shares at a price of \$1.00 per unit. Each unit 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, 2022.

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, 2020 was \$6,300 (2019 – \$10,192). Interest for the debenture for the year ended December 31, 2020 was \$9,371 (2019 – \$10,000).

As at December 31, 2020, total interest accrued was \$15,340 (December 31, 2019 - \$29,644) and was included in account payables and accrued liabilities.

	December 31, 2020	December 31, 2019
Opening balance	\$ 118,700	\$ 108,508
Accretion	6,300	10,192
Converted	(125,000)	-
Ending balance, classified as current as at December 31, 2020	\$ -	\$ 118,700

### December 2018 Convertible Debt

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.

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(amounts expressed in Canadian dollars, except where indicated)

On June 12, 2019, \$156,250 of the \$322,534 convertible debentures issued on June 15, 2018 was converted into 125,000 shares of the Company at a deemed price of \$1.25 per share. 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 August 21, 2021.

On April 9, 2020, \$36,268 interest of the \$322,534 convertible debentures issued on June 15, 2018 was converted into 51,811 shares of the Company at fair value of \$0.70 per share. 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 August 21, 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, 2020 was \$10,659 (2019 - \$12,700). Interest for the debenture for the year ended December 31, 2020 was \$16,034 (2019 - \$18,885).

As at December 31, 2020, total interest accrued was \$12,719 (December 31, 2019 - \$32,953) and was included in account payables and accrued liabilities.

	December 31, 2020	December 31, 2019
Opening balance	\$ 160,487	\$ 274,951
Converted	-	(127,164)
Accretion	10,659	12,700
Ending balance, classified as current as at December 31, 2020	\$ 171,146	\$ 160,487

### 13 Share capital and reserves

#### a) Authorized and outstanding

As at December 31, 2020, the Company had unlimited authorized common shares without par value and 25,908,233 common issued and outstanding (December 31, 2019 – 19,605,993).

#### b) Share issuances

##### *Fiscal 2020*

- On January 27, 2020, the Company closed a non-brokered private placement and issued 611,000 units at a price of \$0.50 per unit for gross proceeds of \$300,000 and a reduction of \$5,500 in accounts payable. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional share at a price of \$0.55 until April 21, 2024. The Company incurred \$8,500 in share issuance costs related to the financing.

The fair value of these warrants at the date of grant was estimated at \$143,370 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 4 year expected life; 107.83% volatility; risk-free interest rate of 1.32%; and a dividend yield of 0%.

- On March 25, 2020, the Company closed a non-brokered private placement and issued 1,000,000 units at a price of \$0.50 per unit for gross proceeds of \$480,000 and a reduction of \$20,000 in accounts payable. Each unit is comprised of one common share and one full common share purchase warrant. Each warrant entitles the holder to acquire one additional common share in the capital of Greenbriar at a price of \$0.55 per common share until April 21, 2024. The Company incurred \$11,000 in share issuance costs related to the financing.

The fair value of these warrants at the date of grant was estimated at \$259,489 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 4 year average life; 109.91% volatility; risk-free interest rate of 0.78%; and a dividend yield of 0%.

- On April 9, 2020, \$36,268 accrued interest of the \$322,534 convertible debentures issued on June 15, 2018 was converted into 51,811 units of the Company at a fair value of \$0.70 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 August 21, 2021.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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The fair value of these warrants at the date of grant was estimated at \$4,760 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1.37-years expected average life; 97.8% volatility; risk-free interest rate of 0.39%; and a dividend yield of 0%.

- On May 1, 2020, the Company closed the non-brokered private placement, issued 1,018,593 units at a price of \$0.645 per unit for gross proceeds of \$597,008 and a reduction in accounts payable of \$59,985. 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 Greenbriar at a price of \$1.00 until April 21, 2024. The Company incurred \$19,928 in share issuance costs related to the financing.

The fair value of these warrants at the date of grant was estimated at \$264,468 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 4 year expected average life; 108.77% volatility; risk-free interest rate of 0.34%; and a dividend yield of 0%.

- On June 1, 2020, 25,000 stock option were exercised for gross proceeds of \$15,000.
- On June 11, 2020, principal amount of \$50,000 of convertible debentures issued on January 13, 2017 in the aggregate amount of \$125,000 converted into 50,000 units at a price of \$1.00 per unit. Each unit 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, 2022.

The fair value of these warrants at the date of grant was estimated at \$25,446 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1.59-years expected average life; 107.65% volatility; risk-free interest rate of 0.27%; and a dividend yield of 0%.

- On July 2, 2020, 25,000 stock option were exercised for gross proceeds of \$15,000.
- On July 13, 2020, principal amount of \$75,000 of convertible debentures issued on January 13, 2017 in the aggregate amount of \$75,000 were converted into 75,000 units at a price of \$1.00 per unit. Each unit 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, 2022.

The fair value of these warrants at the date of grant was estimated at \$35,431 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1.5-years expected average life; 105.82% volatility; risk-free interest rate of 0.28%; and a dividend yield of 0%.

- On July 13, 2020, the Company issued 25,000 units at a fair value of \$25,000 as units for services. Each unit 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, 2022.

The fair value of these warrants at the date of grant was estimated at \$11,810 using the proportionate allocation method. The warrants for this method were valued using the Black-Scholes option pricing model with the following assumptions: a 1.5-years expected average life; 105.82% volatility; risk-free interest rate of 0.28%; and a dividend yield of 0%.

- On November 2, 2020, the Company closed the non-brokered private placement, issued 500,000 units at a price of \$1.50 per unit for gross proceeds of \$735,750 and a reduction of accounts payable of \$14,250. Each unit is comprised of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share in the capital of the Company at a price of \$1.75 per until November 2, 2022.

The fair value of these warrants at the date of grant was estimated at \$229,756 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; 101.09% volatility; risk-free interest rate of 0.26%; and a dividend yield of 0%.

- On September 22, 2020, 100,000 stock option were exercised for gross proceeds of \$85,000.
- During current year 2,820,836 shares was issued from warrants exercised for gross proceeds of \$2,185,787 and a reduction of accounts payable of \$153,750, 150,000 shares was issued from options exercised for gross proceed of \$115,000.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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### *Fiscal 2019*

- On March 18, 2019, the Company issued the 81,793 common shares at a fair value of \$77,703 to settle certain debts owned to an arms-length party, a gain of \$2,468 on settlement of accounts payable was recorded.
- On April 5, 2019, the Company issued 33,582 common shares at a fair value of \$32,239 to settle services owed to an arms-length party, a gain of \$672 on settlement of accounts payable was recorded.
- On April 15, 2019, the Company closed a non-brokered private placement, the Company issued 536,700 units at a price of \$1.03 per unit for gross proceeds of \$532,201 and a reduction of accounts payable of \$20,600. Each unit is comprised of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to acquire one additional share in the capital of the Company at a price of \$1.50 until April 15, 2021. The Company incurred share issuance costs of \$15,813 related to the placement.

The fair value of these warrants at the date of grant was estimated at \$99,532 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; 105.72% volatility; risk-free interest rate of 1.60%; and a dividend yield of 0%.

- On June 12, 2019, 125,000 shares were issued on conversion of \$156,250 of the \$322,534 convertible debentures issued on June 15, 2018. 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 June 15, 2021.

The fair value of these warrants at the date of grant was estimated at \$19,270 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; 108.00% volatility; risk-free interest rate of 1.45%; and a dividend yield of 0%.

- On July 10, 2019, the Company announced that it sold its blockchain software to Titleloq, LLC. The share consideration comprised of the return and cancellation to the treasury of a total of 786,772 previously issued common shares.

### c) Stock options

The Board of Directors may grant options to purchase shares from time to time, subject to the aggregate number of common shares of the Company issuable under all outstanding stock options of the Company not exceeding 10% of the issued and outstanding common shares of the Company at the time of the grant. The options are exercisable over a period established at the time of issuance to buy shares of the Company for a period not exceeding ten years, at a price not less than the minimum price permitted by the exchange. The vesting schedule for an option, if any, shall be determined by the Board of Directors at the time of issuance.

- On January 15, 2020, the Company issued 100,000 incentive stock option to a consultant of the Company exercisable at \$0.60 per share for a period of 5 years with an 18-month vesting provision. The fair value of the share options was estimated at \$39,709 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years with an 18-month vesting provision, expected stock price volatility 107%, dividend payment during life of option was nil, risk free interest rate 1.54%, weighted average exercise price \$0.60, weighted average fair value per option \$0.40, weighted average share price \$0.52.
- On May 21, 2020, the Company granted 200,000 stock options to a consultant of the Company exercisable at \$1.38 for a period of 2 years. The fair value of the share options was estimated at \$143,524 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 2 years, expected stock price volatility 99.56%, dividend payment during life of option was nil, risk free interest rate 0.30%, weighted average exercise price \$1.38, weighted average fair value per option \$0.72, weighted average share price \$1.38.
- On October 13, 2020, the Company granted 50,000 incentive stock options to Company consultant exercisable at \$1.50 per share for a period of 2 years. The fair value of the share options was estimated at \$42,514 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 2 years, expected stock price volatility 100.95%, dividend payment during life of option was nil, risk free interest rate 0.25%, weighted average exercise price \$1.50, weighted average fair value per option \$0.85, weighted average share price \$1.58.
- On December 3, 2020, the Company issued 550,000 incentive stock option to two consultants of the Company exercisable at \$1.50 per share for a period of 3 years. The fair value of the share options was estimated at \$509,812 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 3 years, expected stock price volatility



# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

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106.52%, dividend payment during life of option was nil, risk free interest rate 0.3%, weighted average exercise price \$1.50, weighted average fair value per option \$0.93, weighted average share price \$1.45.

- On April 12, 2019, the Company granted 250,000 stock options with the Company's Chairman, the fair value of the share options was estimated at \$189,110 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years with an 18-month vesting provision, expected stock price volatility 106.15%, dividend payment during life of option was nil, risk free interest rate 1.64%, weighted average exercise price \$1.00, weighted average fair value per option \$0.76, weighted average share price \$0.98.
- On July 2, 2019, the Company granted 250,000 incentive stock option with the Company's President, the fair value of the share options was estimated at \$176,068 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years with an 18-month vesting provision, expected stock price volatility 106.69%, dividend payment during life of option was nil, risk free interest rate 1.41%, weighted average exercise price \$1.00, weighted average fair value per option \$0.72, weighted average share price \$0.92.
- On July 10, 2019, the Company sold its blockchain software to Titleloq, LLC. the cancellation of 475,000 previously issued stock options.

Total share options granted during the year ended December 31, 2020 were 900,000 (2019 – 500,000). Total share-based payment expense recognized for the fair value of share options granted and vested during the year ended December 31, 2020 was \$821,427 (2019 - \$390,002).

A summary of stock option information as at December 31, 2020 and December 31, 2019 is as follows:

	December 31, 2020		December 31, 2019	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of year	1,300,000	\$ 1.03	1,275,000	\$ 1.06
Granted	900,000	1.37	500,000	1.00
Exercised	(150,000)	0.77	-	-
Cancelled	-	-	(475,000)	1.10
Outstanding – end of year	2,050,000	\$ 1.20	1,300,000	\$ 1.03

The following table discloses the number of options and vested options outstanding as at December 31, 2020:

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)
175,000	\$0.85	0.96	175,000	\$0.85	0.96
275,000	1.10	2.20	275,000	1.10	2.20
250,000	1.20	1.64	250,000	1.20	1.64
500,000	1.00	3.39	437,500	1.00	3.39
50,000	0.60	4.07	-	0.60	4.07
200,000	1.38	1.38	200,000	1.38	1.38
600,000	1.50	2.82	600,000	1.50	2.82
<b>2,050,000</b>	<b>\$1.20</b>	<b>2.46</b>	<b>1,937,500</b>	<b>\$1.23</b>	<b>2.36</b>

## Greenbriar Capital Corp.

### Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

#### d) Warrants

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

	December 31, 2020		December 31, 2019	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of year	2,456,415	\$ 1.23	3,116,378	\$ 1.41
Granted	2,737,664	1.49	330,850	1.50
Exercised	(2,820,836)	0.83	-	-
Expired	(748,950)	1.60	(714,000)	1.98
Cancelled	-	-	(276,813)	1.50
Outstanding – end of year	1,624,293	\$ 1.18	2,456,415	\$ 1.23

Outstanding warrants	Expiry Date	Exercise price
25,000	April 7, 2022	\$1.20
203,350	April 15, 2021	\$1.50
62,500	August 21, 2021	\$1.50
11,000	April 24, 2024	\$0.55
520,000	April 24, 2024	\$0.55
25,904	August 21, 2021	\$1.50
201,539	April 21, 2024	\$1.00
25,000	January 13, 2022	\$1.50
37,500	January 13, 2022	\$1.50
12,500	January 13, 2022	\$1.50
500,000	November 2, 2022	\$1.75
1,624,293		

During the year ended December 31, 2020, 2,820,836 shares was issued from warrants exercised for gross proceeds of \$2,185,787 and a reduction of accounts payable of \$153,750.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

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(amounts expressed in Canadian dollars, except where indicated)

### 14 Financial instruments

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

#### Categories of financial instrument

	December 31, 2020		December 31, 2019	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
<b>Financial assets</b>				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash	47,672	47,672	25,865	25,865
Marketable securities	2,992,500	2,992,500	3,152,813	3,152,813
<i>Amortized cost</i>				
Other receivables	2,274	2,274	1,053	1,053
Loan receivable	1,301,013	1,301,013	-	-
<b>Financial liabilities</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	1,975,542	1,975,542	2,196,586	2,196,586
Convertible debenture	171,146	1,71,146	449,399	449,399
Loan payable	846,214	846,214	1,184,290	1,184,290

#### Fair value

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

Level 1 – quoted prices in active markets for identical securities

Level 2 – significant observable inputs other than quoted prices included in Level 1

Level 3 – significant unobservable inputs

The Company did not move any instruments between levels of the fair value hierarchy during the year ended December 31, 2020 and December 31, 2019.

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.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

### 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	\$ 1,975,542	\$ -	1,975,542
Loan payables	846,214	-	846,214
Convertible debt	171,146	-	171,146
Total	\$ 2,992,902	\$ -	\$ 2,992,902

### 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, 2020 are denominated in Canadian Dollars and United States Dollars and are set out in the following table:

	Canadian Dollars	US Dollars	Total
<b>Financial assets</b>			
Cash	\$ 47,802	\$ (130)	\$ 47,672
Other receivables	2,274	-	2,274
Loan receivable	842,600	458,413	1,301,013
Marketable securities	2,992,500	-	2,992,500
	3,885,176	458,283	4,343,459
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	(1,060,455)	(915,087)	(1,975,542)
Convertible debentures	(171,146)	-	(171,146)
Loan payable	(433,889)	(412,325)	(846,214)
Net financial liabilities	\$ 2,219,686	\$ (869,129)	\$ 1,350,557

The Company's financial assets and liabilities as at December 31, 2019 are denominated in Canadian Dollars and United States Dollars and are set out in the following table:

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Canadian Dollars	US Dollars	Total
<b>Financial assets</b>			
Cash	\$ 25,159	\$ 706	\$ 25,865
Other receivables	1,053	-	1,053
Marketable securities	3,152,813	-	3,152,813
	3,179,025	706	3,179,731
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	(591,027)	(1,605,559)	(2,196,586)
Convertible debentures	(449,399)	-	(449,399)
Loan payable	(166,577)	(1,017,713)	(1,184,290)
Net financial liabilities	\$ 1,972,022	\$ (2,622,566)	\$ (650,544)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar exchange rate. As of December 31, 2020, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial liabilities by approximately \$86,913 (December 31, 2019 - \$262,257). 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.

## 15 Capital management

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

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

Management reviews its capital management approach on an ongoing basis. During the period ended September 30, 2020, there has been no change in the Company's management of capital policies.

## 16 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.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Canada	USA	Total
<b>As at December 31, 2020</b>			
Total assets	\$ 4,393,114	\$ 6,401,819	\$ 10,794,933
Non-current assets	-	6,401,819	6,401,819
<b>As at December 31, 2019</b>			
Total assets	\$ 3,892,930	\$ 5,550,323	\$ 9,443,253
Non-current assets	709,741	5,550,201	6,259,942

	Canada	USA	Total
<b>Year ended December 31, 2020</b>			
Operating income (loss) for the year	\$ (3,043,530)	\$ (101,609)	\$ (3,145,139)
Income (loss) for the year	\$ (3,043,530)	\$ (101,609)	\$ (3,145,139)
<b>Year ended December 31, 2019</b>			
Operating income (loss) for the year	\$ 3,342,477	\$ (111,503)	\$ 3,230,974
Income (loss) for the year	\$ 3,342,477	\$ (111,503)	\$ 3,230,974

## 17 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

Key management includes directors and officers of the Company. In addition to related party transactions described in Note 10 and 11, 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:

	2020	2019
Management fees	\$ 218,819	\$ 77,723
Share-based payments	89,832	291,355
Total	\$ 308,651	\$ 369,078

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

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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 Montalva 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 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 11 and 12)

On June 12, 2019, \$156,250 of the \$322,534 convertible debentures issued on June 15, 2018 was converted into 125,000 units of the Company at a price of \$1.25 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 June 15, 2021.

On April 9, 2020, \$36,268 of the \$322,534 convertible debentures issued on June 15, 2018 interest was converted into 51,811 shares of the Company at a fair value of \$0.70 per share. 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 August 21, 2021.

During the year ended December 31, 2020, the Company paid \$nil (December 31, 2019 – \$9,123) to a Director of the Company related to rent.

During the year ended December 31, 2020, the President charged the Company \$118,819 (2019 - \$38,964) under the contract. As at December 31, 2020, included in accounts payable are fees and expenses due to the President of the Company of \$167,444 (December 31, 2019 – \$214,808).

During the year ended December 31, 2020, a Company controlled by the CFO charged the Company \$100,000 (2019 - \$80,000) related to services.

During the year ended December 31, 2020, related party loan interest of US \$52,991 (December 31, 2019 – US \$47,773) was capitalized to power project acquisition and development costs. (Note 7).

As at December 31, 2020, the Company had \$1,301,013 (December 31, 2019- loan of \$168,701) receivable to Captiva. The loan is non-interest bearing and is repayable upon demand. The loan 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. Subsequent to year end, Captiva repaid the loan and the Company has advanced the funds back to Captiva in anticipation of participating in the pending Captiva private placement. The Company expects to participate for 7,300,000 units at \$0.27/unit for an investment of \$1,971,000, with each unit consisting of one common share of the Captiva and one warrant. Each warrant will entitle the holder to purchase one additional common share of the Captiva at a price of \$0.75 per Warrant Share until February 8, 2023.

As at December 31, 2020, the Company had \$183,387 (December 31, 2019 - \$1,073,489) in accounts payable to related parties.

## 18 Commitments and contingencies

As at December 31, 2020, the Company had the following commitments and contingencies outstanding:

	Within 1 year	Over 1 year	Total
PBJL Share transfer (ii)	636,600	-	636,600
Total	\$ 636,600	-	\$ 636,000

i) The Company entered into four separate land options agreements with Jose Arturo Acosta, leasing a total of 1,590 acres of land in the Municipality of Lajas and Guanica of Puerto Rico. The Company made initial payments on the execution date of each options agreement and will thereafter pay advances for each successive four-month period during the option terms. The annual rent will be revised once the land area needed for the energy facility is determined and will have an initial term of twenty-five years with an extension of four consecutive periods of five years each.

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

ii) On April 23, 2013, 330 common shares, approximately 33% interest, of PBJL were transferred between the spouse of an officer to AG Solar and the Company. The Company may be required to pay approximately US \$500,000 for these shares on terms yet to be negotiated. Any future payments will be subject to available funds and the completion of a significant financing of the Company in the future.

iii) The Company executed a USD \$195 Million project financing mandate with Voya Investment Management, LLC (“Voya”) for the Company’s Monalva Project. As compensation for entering into this letter, the Company hereby agrees to issue to Voya, on the date on which a trigger event occurs, warrants to purchase 3,500,000 common shares of the Company at a strike price of \$1.00, exercisable at any time within five years from the date hereof. For the purposes of this letter, a “Trigger Event” means the earliest of: (a) issuance of notice to proceed to start construction of the Project, (b) closing of the Loans referred to in the attached Term Sheet, (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 Company shares, (f) Company shares 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 board of directors have been appointed by one investor, or (h) PREPA or its successor is rated investment grade by at least one nationally recognized rating agency (“NRSRO”), or (i) PREPA’s Power Purchase and Operating Agreement with the Project, or Project-related obligations, are guaranteed by an entity rated investment grade by a NRSRO. This agreement has been extended to February 15, 2022.

## 19 Income taxes

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

	Year ended December 31,	
	2020	2019
Income (loss) before income taxes	\$ (3,145,139)	\$ 3,230,974
Statutory tax rate	27%	27%
Recovery of income tax taxes based on combined federal and provincial statutory rates	(849,000)	872,000
Change in statutory, foreign tax, foreign exchange rates and other	3,000	(6,000)
Permanent differences	438,000	27,000
Share issue cost	(13,000)	(4,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(308,000)	108,000
Changes in unrecognized deductible differences	729,000	(997,000)
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:

	2020	2019
Deferred tax assets (liabilities)		
Land	\$ (5,000)	\$ (5,000)
Share issue costs	30,000	29,000
Debt with accretion	1,000	(2,000)
Marketable securities	(260,000)	(281,000)
Non-capital and net operating loss carry forward	1,525,000	826,000
	1,291,000	567,000
Unrecognized deferred tax assets	(1,291,000)	(567,000)
	-	-



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## Notes to the Consolidated Financial Statements

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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 as deferred tax assets are as follows:

Temporary Differences	December 31, 2020		December 31, 2019	
	\$	Expiry	\$	Expiry
Share issue costs	110,000	2038 to 2041	106,000	2038 to 2041
Debt with accretion	5,000	No expiry	-	No expiry
Non-capital losses available for future periods	3,694,000	2029 to 2039	940,000	2029 to 2039
Canada	3,329,000	2029 to 2040	647,000	2029 to 2039
USA	365,000	2031 to 2040	293,000	2031 to 2039

## 20 Supplemental cash flow information

Supplemental cash flow information	2020	2019
Shares issued to reduce shareholder loan	\$ 150,000	\$ -
Shares issued to reduce accounts payable	103,485	20,600
Shares issued on convertible debt and interest conversion	161,267	127,167
Property taxes accrued through accounts payable	-	44,889
Captiva payment of accrued payroll taxes	134,300	-
Convertible debt conversion to promissory note	165,000	-
Reclassification of loans and accounts payable	385,616	-
Accrued land and power project development costs through loans payable	22,152	195,257
Accrued power project development costs through accounts payable	655,119	55,981
Cash paid for interest and taxes	-	-

## 21 Subsequent events

- i) On January 27, 2021, the Company closed a non-brokered private placement and issued 250,000 units at a price of \$2.00 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one share purchase warrant. Each

# Greenbriar Capital Corp.

## Notes to the Consolidated Financial Statements

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warrant entitles the holder to acquire one additional share in the capital of Greenbriar at a price of \$2.50 until January 27, 2023.

- ii) On April 22, 2021, the Company issued 144,239 common shares to settle debt of \$178,857.
- iii) On January 20, 2021, the Company issued 350,000 incentive stock option to a consultant of the Company exercisable at \$2.00 per share for a period of 3 years.
- iv) Subsequent to December 31, 2020, the Company issued 252,039 common shares related to warrant exercises for proceeds of \$303,039.
- v) Subsequent to December 31, 2020, the Company issued 175,000 common shares related to option exercises for proceeds of \$228,000.
- vi) Subsequent to December 31, 2020, the Company issued 50,000 common shares to Genevieve Enterprise Corp. pursuant to a finder's fee agreement. The shares were issued in consideration of certain services provided to the Company.