

The following discussion of the financial results for Sea Breeze Power Corp. (“the Company”) and all its subsidiaries and partnership arrangements should be read in conjunction with the audited financial statements for the year ended December 31, 2009. The Company’s financial statements are prepared in accordance with accounting principles generally accepted in Canada. Readers are also referred to the Company’s public filings, all of which are available at www.sedar.com. All sums of money presented in this Management Discussion & Analysis (MD&A) are expressed in Canadian dollars, unless otherwise indicated. This MD&A was prepared as of April 29, 2010.

Certain information regarding the Company set forth in this document, including management’s assessment of the Company’s future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the Company’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, precision of resource estimates, environmental risks, competition from other energy companies, lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from both internal and external sources. The Company’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The Company assumes no obligation to publicly update or revise any forward-looking information.

The preparation of this Management Discussion and Analysis, as with the financial statement preparations, is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

The Company was incorporated on January 18, 1979 pursuant to the British Columbia Company Act, as a British Columbia, Canada corporation under the name Northern Horizon Resource Corporation. Effective July 29, 2003 the Company changed its name to Sea Breeze Power Corp.

The corporate offices for the Company are located at Suite 1400-333 Seymour Street, Vancouver, British Columbia, Canada V6B 5A6, telephone (604) 689-2991. The registered and records office of the Company is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, telephone (604) 687-9111.

Mission and Values Statement

Sea Breeze Power Corp. regards renewable energy sources as both essential and valuable components of our society's future energy portfolio.

Our external goal as a business organization is to serve a leadership role in expediting widespread adoption of utility-scale renewable energy.

To date, Sea Breeze Power Corp. has undertaken leadership initiatives such as the initiation of large-scale power generation projects and development of strategic transmission projects to improve market access for renewable resources.

Our internal goals are to achieve superior, long-term financial returns for our shareholders and investors, and to provide a satisfying, supportive and well-compensated working environment for the committed members of our staff and management.

Nature of Operations

Sea Breeze Power Corp. (the “Company”) is in the business of developing utility-scale renewable energy, and, through a 50% owned subsidiary, developing independent transmission systems. The Company is currently focused on further developing its renewable energy sites, and on obtaining long-term power purchase agreements in the British Columbia and western U.S. markets. On the transmission side, the Company is furthering development work on its transmission projects and is in the negotiation stage for commercial contracting on its first project, the “Juan de Fuca Cable”. Sea Breeze also provides consulting services to third parties on matters and activities relating to renewable energy technologies. The present geographic focus for the Company’s wind projects is British Columbia, with its transmission activities extending from British Columbia to California.

Company Expertise

Sea Breeze has exceptional in-house capabilities in wind assessment, transmission planning, consultation, environmental planning, and permit management. Due to the cross-border nature of its projects, the Company’s expertise now extends to both US and Canadian markets. Sea Breeze has also developed strong working relationships with experts in the fields of electrical transmission, engineering and design, and energy project permitting. The Company has assembled a knowledgeable environmental permitting team, who are leaders in wind energy and environmental studies and assessment.

Renewable Energy

Sea Breeze Power Corp.’s origins date to 1990 when Powerhouse Developments Inc. (now a wholly owned subsidiary of the Company) was formed, with the purpose of acquiring the original hydroelectric powerhouse site of Cascade Power & Light on the Kettle River in south-central British Columbia. The historic Cascade facility had been built in 1898 and was among the first generators to produce alternating current for commercial purposes.

The Cascade Heritage Power Project has been re-designed as a modern, low impact, 25 MW run-of-river hydroelectric facility suitable to the geography of the Cascade Falls site. Permit approval for the development was received on August 4, 2006.

In 2002, Sea Breeze Energy Inc. (“SBE”, a wholly owned subsidiary of Sea Breeze Power Corp.) became the first private entity within British Columbia to identify and act upon wind power generation as a business opportunity. It was the first renewable energy company to apply for provincial lands for the investigation of wind potential, and the first company to be granted environmental approvals for the construction of a wind farm facility in British Columbia. Sea Breeze Energy currently holds 30 investigative use permits for wind farms on approximately 200,000 hectares of land in British Columbia. These properties are in various stages of development and are in the following areas:

- Twelve properties on northern Vancouver Island.
- Thirteen properties on the Central Coast.
- Two properties in the Peace region.
- Three properties in the Okanagan region.

There are seven investigative use permit applications presently with the Ministry of Agriculture and Lands office. The Company continues to evaluate and growth their wind portfolio through SBE.



Knob Hill is a proposed wind energy project on northern Vancouver Island with a permitted area of over 4,400 hectares (approximately 10,900 acres). The site has received environmental approvals that cover up to a maximum installed capacity of 450 MW. Eight meteorological towers are in operation onsite, and wind-modeling simulations have been conducted. Interconnection studies have also been conducted for the adjoining Georgie Lake Transmission Line. The Company is in ongoing negotiations with potential buyers of power, financiers, manufacturers, and First Nations.

The Knob Hill project was offered a 20 year "Electricity Purchase Agreement" ("EPA") from British Columbia Hydro and Power Authority on April 2, 2010.

Transmission Systems

In 2003, the Company undertook a comprehensive investigation of independent transmission options for the large-scale sale of power from British Columbia to potential customers in the United States. The review of transmission options culminated in a Joint Venture Agreement being executed with Boundless Energy LLC, of York Harbor, Maine, for development of independent transmission projects. Thus far Sea Breeze's association with Boundless Energy LLC has resulted in three major transmission project initiatives that have been the subject of public disclosure, along with several other potential major projects either in the conceptual or negotiation stages.

Through its interest in Sea Breeze Pacific Juan de Fuca Cable, LP, the Company is actively developing the Juan de Fuca Transmission Corridor ("JDF Cable" – Project 1 estimated to cost US\$ 400 million).

Through its 50% owned subsidiary, Sea Breeze Pacific Regional Transmission System, Inc., (and affiliated special purpose companies, collectively hereinafter referred to as SBP-RTS) is proposing the development of the West Coast Cable, a 650-mile 1600 MW cable to be routed offshore between San Francisco Bay and the Columbia River. Presently, the West Coast Cable is one of four transmission alternatives under consideration by California ISO's "Joint Stakeholder Long Term Planning Study". The West Coast Cable was reviewed by the Western Electricity Coordinating Council's Regional Planning Review Group, which was initiated by Pacific Gas and Electric Company, a wholly-owned subsidiary of the largest utility in California.

Such a cable would enable California utilities to access inexpensive hydroelectric energy from the Pacific Northwest, and, through the new Juan de Fuca corridor, also provide access to the vast renewable energy resources of western Canada.

The two transmission projects described above, along with an under-utilized segment of grid controlled by Bonneville Power Administration, would form a new transmission pathway between energy rich Canada, and the constrained, highly populated energy load centers of California.

All generation and transmission projects being undertaken through Sea Breeze Power Corp. and its subsidiaries are conceived and developed as "stand-alone" projects. All of the projects under development are free of "project-on-project" risk.

Financial Data

This Management Discussion and Analysis (MD&A) is to be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2009. These consolidated financial statements were prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. As at December 31, 2009, the Company's assets were in Canada.



Monetary items denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date. The resulting foreign exchange gains and losses are included in the statement of net loss and comprehensive loss.

The Company reported net losses of \$4,488,353 (2008 - \$6,807,566) for the year ended December 31, 2009, and has an accumulated deficit of \$46,043,779 at December 31, 2009. These recurring losses and the need for continued funding raise doubt about the Company's ability to continue as a going concern. The audited financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Chronological Milestones

Wind Farms

On November 25, 2008, the Company's subsidiary (Sea Breeze Energy Inc.) submitted its 99 megawatt Knob Hill Wind Farm on northern Vancouver Island into BC Hydro's 2008 Clean Call for Power.

On May 19, 2009, the Knob Hill Wind Farm was granted an extension on its British Columbia Environmental Assessment Certificate to September 21, 2014.

On April 2, 2010 the Knob Hill Wind Farm was offered a 20 year "Electricity Purchase Agreement" ("EPA") from British Columbia Hydro and Power Authority.

Hydroelectric Projects

On November 25, 2008, the Company's subsidiary (Powerhouse Developments Inc.) submitted the Cascade Heritage Power Project into BC Hydro's 2008 Clean Call for Power. Unfortunately, this project was not offered an Electricity Purchase Agreement as this time.

Transmission Projects

On June 12, 2008, the Company's affiliated subsidiary, Olympic Converter, LP, received the Presidential Permit for the Juan de Fuca Cable project ("JdF Cable"). The Presidential Permit is a major milestone in the development of JdF Cable, and its issuance provides the American counterpart to the Canadian National Energy Board's issuance of a Certificate of Public Convenience and Necessity that was granted in September of 2006.

Both the Department of Energy's Presidential Permit and the National Energy Board's Certificate of Public Convenience and Necessity are the first permits ever issued by these agencies for a private sector led international transmission project.

On May 20, 2009, the British Columbia Transmission Corporation Combined Interconnection Impact and Facility Study for the Juan de Fuca Cable Project was successfully completed.

Wilson Sonsini Goodrich & Rosati ("WSGR"), a leading U.S. legal services provider and a premier advisor to technology and growth enterprises worldwide, has been retained to provide strategic advice in the process of securing U.S. federal stimulus funding for the JdF Cable.

The Company's affiliated subsidiary, Sea Breeze Pacific Juan de Fuca Cable, LP (a Delaware, USA registered limited partnership) will be employing WSGR's services in seeking strategic advice about available federal funding and/or federal loan guarantees for the JdF Cable under the newly established American Recovery and Reinvestment Act of 2009 ("ARRA"). The ARRA is a stimulus funding package



designed to encourage economic development, with objectives including investment in the electric transmission and renewable energy industries.

On December 22, 2009, an application was submitted to the US Department of Energy's Loan Guarantee Program under the ARRA, for a loan guarantee of up to US\$480 million. In addition to the capital cost specific to the cable system itself, the project budget also includes provision for significant network upgrades to the existing grid systems on both sides of the international border, should they be necessary.

Financing

During the year ended December 31, 2009, the Company received proceeds of \$1,530,281 from shareholders loans and \$38,275 loans from non-related parties.

On December 22, 2009 the Company closed a \$105,100 convertible debenture.

Selected Annual Information

	December 31, 2009	December 31, 2008
Total Administration Expenses	\$3,405,365	\$4,232,592
Net Loss for the year	\$4,488,353	\$6,807,566
Basic and diluted loss per share	(0.06)	(0.09)
Assets	\$434,482	\$620,407
Long-term liabilities	\$8,139,872	\$4,438,617

Results of Operations

Current Quarter

The Company's cash position decreased to \$15,384 from \$43,967. Accounts receivable has decreased due to the allowances taken against invoices for rent recovery.

For the current quarter ended December 31, 2009, the Company incurred project related expenditures of \$113,034 (December 31, 2009 – \$209,633). This was a decrease of \$96,599 or 46%. The decrease was due to management's decision to restructure project resources.

"Projects under development" relate to the costs of land and associated holdings, development, approval and proposals on projects held for future development as electricity generation sites. Directly related management fees, overhead costs, and interest costs are allocated to the projects under development based on the level of expenditures incurred.

During the quarter, the Company reduced its office space at its current location to approximately 2,000 square feet.



Year Ended December 31, 2009

Results of operations for the year ended December 31, 2009 are discussed in comparison with the year ended December 31, 2008.

Wind Farm Projects

During the year ended December 31, 2009, the Company incurred \$474,485 (2008 - \$1,197,439) in wind farm related expenditures. The expenditures on those sites were a combination of meteorological testing and environmental field studies required to be completed for eventual application for Environmental Assessment review. Corresponding costs were project consulting, professional fees and project administration costs, necessary to design and install improved meteorological towers (i.e. more resilient to wind inflicted stress, improved instruments for automated data transmission, advanced software for analysis of wind data, etc).

The decrease in expenditures is attributable to the extensive work done in 2008 for the preparation of the Knob Hill Wind project for submission into the BC Hydro Call for Clean Power.

Table 1:

Projects	Percent of Total	December 31, 2009	December 31, 2008
Vancouver Island	73.5%	\$348,853	\$917,092
Central Coast Region	3.8%	18,083	36,768
Peace Region	7.9%	37,392	102,156
Okanagan	10.5%	49,681	144,874
Other	4.3%	20,476	(3,451)
Total Expenses	100.00%	\$474,485	\$1,197,439

Hydroelectric Projects

During the year ended December 31, 2009, the Company incurred \$30,857 (2008- \$269,287) in expenditures towards its Cascade projects. Expenditures for the hydroelectric projects are mainly for project engineering services. As of December 31, 2009, the accumulated project expenditures for hydroelectric projects were \$6,143,997 (2008 - \$6,113,140).

Transmission Projects

During the year ended December 31, 2009, the Company spent \$584,511 (2008 - \$1,121,075) on the development of transmission projects. The decrease in expenditures in 2009 compared to prior year is attributable to the project nearing the end of the development phase. The Juan De Fuca Project has been granted all major permits necessary to proceed to construction within both the United States and Canada, including a Presidential Permit issued by the US Department of Energy, and a Certificate of Public Convenience and Necessity ("CPCN") issued by Canada's National Energy Board.

Summary of Quarterly Results for Sea Breeze Power Corp.

The following table summarizes key financial information for quarters ending:

Table 2. Summary of Quarterly Results

	Income/Loss*	Net Loss	EPS
2009			
Fourth Quarter	(666,834)	(666,834)	(0.01)
Third Quarter	(1,129,804)	(1,129,804)	(0.01)
Second Quarter	(1,304,836)	(1,304,836)	(0.02)
First Quarter	(1,386,879)	(1,386,879)	(0.02)
2008			
Fourth Quarter	(2,323,433)	(2,323,433)	(0.03)
Third Quarter	(1,705,781)	(1,705,781)	(0.02)
Second Quarter	(1,533,337)	(1,533,337)	(0.02)
First Quarter	(1,245,016)	(1,245,016)	(0.02)

During the year ended December 31, 2009, the Company's meteorological department performed consulting services in the amount of \$40,875.

Liquidity

Revenue from wind farm projects is not expected to begin until 2011 at the earliest, from the hydroelectric projects until 2011 at the earliest, and from transmission projects until 2011 at the earliest. Present and emerging trends in the industry indicate strong future demand for the Company's anticipated production of renewable energy. Notwithstanding those trends, there can be no assurance that further financing, either equity or debt, will always be available to the Company. Management has confidence in the Company's ability to attract further financing.

The Company is in the development stage and currently derives no revenues from its projects besides a small stream generated from consulting to unrelated parties such as the project with the District of Squamish.

To date, the Company has financed its operations principally through equity financing and loans. The application of the going concern concept is dependent upon continuing rights to the areas, obtaining necessary regulatory approvals, obtaining the necessary financing to complete development, and securing a power purchase agreement.

The Company's ability to meet its obligations in the ordinary course of business is dependent upon its ability to establish profitable operations and to obtain additional funding through public and private equity financing, or other arrangements with corporate or other sources. Management plans to continue raising capital through private placement equity financing.

Commitments and Obligations

The Company's contractual obligations are shown in the table below:

Table 3. Contractual Obligations as of December 31, 2009:

Payments Due by Year					
	Total	Less than 1 year	2 – 3 years	4 – 5 Years	After 5 Years
Copier	\$12,775	\$4,380	\$8,395	\$Nil	\$Nil
Office lease	\$247,874	\$66,100	\$132,200	\$49,574	\$Nil
Total	\$260,649	\$70,480	\$140,595	\$49,574	\$Nil

Capital Resources

New installations of renewable generation equipment (wind or hydro electric) typically cost in the range of US\$ 3,000,000 per megawatt installed. By extension, a 100 MW farm would cost approximately US\$300,000,000.

Typically, the majority of the funding required for project construction (50% - 80%) comes in the form of "senior debt". Sources of senior debt generally require environmental assessment approval and a "power purchase agreement" in place prior to advancing funds.

The amount of project financing not covered by senior debt usually requires an investment of equity, provided by the developer, partners, or a purchaser of the project.

Funding for renewable energy projects has been growing in availability in British Columbia over the past few years due to favourable changes in government policy, demand for this type of investment from the financial community, and growing recognition of the positive contribution that renewable energy will bring to the issue of global climate change both socially and economically.

The Company is in discussion with a number of arms-length parties who have expressed interest in participation in wind farm investments; however, as of December 31, 2009, no commitments have been given or made.

Related Party Transactions

Related party transactions are as follows:

Loans to Related Parties	December 31, 2009	December 31, 2008
Loan payable to directors and companies controlled by directors with interest at 10% per annum, unsecured, due on demand.	\$ 435,504	\$ 2,465,206
Interest on loans payable to directors and companies controlled by directors, unsecured, non-interest bearing, due on demand	342,441	298,222
Loan payable to a third party with interest at 12% per annum, unsecured, due on demand, with a maturity date of September 28, 2010 (US \$25,000)	26,275	-
Interest on loan payable to a third party, unsecured, due on demand, with a maturity date of September 28, 2010 (US\$781)	821	-
Loan payable to a third party, no interest, unsecured, due on demand	12,000	-
	\$ 835,041	\$ 2,763,428

Consulting Fees

During the year ended December 31, 2009, the Company incurred \$79,200 (2008 - \$79,200) in consulting fees to a company controlled by a director of the Company. An amount owing to this director at December 31, 2009 is \$20,400 (2008 - \$Nil). Further, the Company incurred \$79,200 (2008 - \$79,200) for consulting services to an officer of the Company. Included in accounts payable and accrued liabilities is \$27,694 (2008 - \$10,844) owing to such an officer of the Company.

Interest Payable

As at December 31, 2009, accrued convertible debenture interest payable in shares included \$1,860,670 (2008 - \$854,726) owing to directors or companies controlled by directors.

Fees Charged to Partnership

During the year ended December 31, 2009, the Company charged the JDFC partnership \$274,109 (2008 - \$383,872) for travel, wages and consulting fees related to the JDF transmission project.

Share Capital and Shareholders' Equity

Total issued and outstanding common shares as at December 31, 2009 were 78,415,873 (Dec.31, 2008 – 78,365,906)

As of December 31, 2009, the Company has 12,892,427 stock options outstanding with an average exercise price of \$0.28, of which 7,847,940 are exercisable at an average price per share of \$0.33.

A stock based compensation expense of \$646,019 was charged to operations during the year ending December 31, 2009.

Proposed Transactions

None.

Newly Adopted Accounting Policies

Effective January 1, 2009, the Company adopted the new CICA Section 3064 – Goodwill and Intangible Assets, which replaced Section 3450, Research and Development Costs. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. There is no impact of this new standard on the Company's consolidated financial statements.

In January 2009, the Emerging Issues Committee of the CICA issued Abstract No. 173, "Credit Risk and Fair Value of Financial Assets and Financial Liabilities" ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 is applicable to the annual consolidated financial statements of the Company for the year ended December 31, 2009. The adoption of EIC-173 did not have a material impact on the Company's consolidated financial statements.

In June 2009, the CICA issued amendments to Section 3862, "Financial Instruments –Disclosures" effective for the Company's December 31, 2009 consolidated financial statements. The amendments



require the Company to classify and disclose financial instruments presented at fair value on the balance sheet based on a three-level fair value hierarchy that distinguishes between market value data obtained from independent sources and market value determined based on the Company's own assumptions about market value: Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities; Level 2 – Valuations based on quoted prices in active markets for similar assets or liabilities or valuation techniques where significant inputs are based on observable market data; and Level 3 – Valuation techniques for which any significant inputs are not based on observable market data. The section has also been amended to require additional liquidity risk disclosures.

Also in June 2009, the CICA issued amendments to Section 3855, "Financial Instruments – Recognition and Measurement" effective for the Company's December 31, 2009 financial statements. The amendments clarified the application of Section 3855 with respect to the effective interest method, reclassification of financial instruments with embedded derivatives, eliminated the distinction between debt securities and other debt instruments, and changed the categories to which debt instruments are required or are permitted to be classified. These amendments did not have an impact on the Company's consolidated financial statements.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of identifying the key accounting policy changes that may be required. The Company has adopted a three phase approach to IFRS, consisting of:

- Phase 1: Preliminary Planning and Scoping
- Phase 2: Detailed Impact and Assessment; and
- Phase 3: Implementation

Phase 1 has been completed and work on Phase 2 will carry on through-out 2010. The majority of adjustments required on transitions to IFRS will be made, retrospectively, against the opening deficit as of January 1, 2011 of the first comparative balance sheet presented based on standards applicable at that time.

The Canadian Accounting Standards Board ("AcSB") has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured along with the required disclosure, once all the IFRS accounting standards at the conversion date are known.

Generally, disclosure requirements under IFRS contain more breadth and depth than those required under Canadian GAAP and will result in more extensive financial statement notes.

Set out below are the most significant areas, management has identified to date, where changes in accounting policies may have the potential impact on the Company's consolidated financial statements.

Share Based Payments

IFRS and Canadian GAAP largely converge on the accounting treatment for share based transaction with only a few differences. Starting Q1 2010, the Company is moving from 'straight line' to 'graded' vesting for the recognition of stock-based compensation expense. A greater portion of expense is recorded in the first and second vesting periods compared to distributing the expense equally over all vesting period.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, deposits, accounts payable, and accrued liabilities and loans payable to related parties. During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of financial instruments that are measured on a recurring basis comprises the Company's cash and cash equivalents. These fair values are determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The carrying amounts of all other financial instruments are a reasonable approximation of fair value.

Convertible Debentures

	December 31, 2009	December 31, 2008
Convertible debentures	\$ 9,884,771	\$ 6,210,589
Conversions during the year	-	-
Equity portion of convertible debenture	(2,730,767)	(2,202,408)
	7,151,004	4,008,181
Interest accretion	985,868	430,436
	<u>\$ 8,139,872</u>	<u>\$ 4,438,617</u>

Market Conditions

With the recent events related to the credit crisis and slowdown in many of the world's economies, the Company has taken steps to review the impact from these events on its operations. Although the area of venture capital funding has been affected by the crisis, the Company still believes there is strong support from both government and public sectors in the clean power sector.

Management is working to obtain sufficient working capital from external sources in order to continue operations, as well as further developing the Company's business model to obtain revenues from its wind, hydro-electric power generation, and transmission projects. The Company is expending its best efforts to raise capital through private placement equity financing and issuance of convertible debentures.

As the demand for renewable energy increases, the Company believes that strategic partnerships and investments will be available in the near future.

Controls and Procedures

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109; in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Subsequent Events

- a) Subsequent to December 31, 2009, the Company:
- b) Received \$7,320 in non-related party loans.
- c) Received \$147,708 in related party loans.
- d) Received \$17,664 in Government of Canada grants
- e) Granted 2,780,000 stock options exercisable at \$0.20 for a period of 5 years to employees, directors and consultants of the Company



- f) Issued 167,000 common shares for proceeds of \$33,400 pursuant to the exercise of stock options
- g) Issued convertible debenture in the aggregate of \$700,000. The debentures have a five year term and are convertible into units of the Company at \$0.20 per unit. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share at \$0.20 per share. Interest on the debentures is calculated at 12% per annum.

Other MD&A Requirements

Additional information relating to the Company is to be found on SEDAR at www.sedar.com and on the Company's website: <http://www.SeaBreezePower.com/>.

Additional Information

During the year ended December 31, 2009, the Company has not been party to any legal proceedings. Other than as previously disclosed above, and in the financial statements related to the periods discussed herein, the Company has no material contracts or commitments. Achievement of the Company's future business objectives is reliant upon receipt of regulatory approval from a number of government agencies, both provincial and federal. There is no guarantee as to the eventual receipt of such approvals.