

**The Bay Wind Field Inc.
Financial Statements
(Unaudited)
December 31, 2012**

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Review Engagement Report

To the shareholders of
The Bay Wind Field Inc.

I have reviewed the balance sheet of The Bay Wind Field Inc. as at December 31, 2012 and the statements of loss and deficit and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Company.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles for private enterprises.



Digby, Nova Scotia
February 4, 2013

Chartered Accountant Inc.

The Bay Wind Field Inc.
Statement of Loss and Deficit

(Unaudited)

For the Year Ended December 31, 2012

	<u>2012</u> <u>(12 months)</u>	<u>2011</u> <u>(2 months)</u>
Revenue		
Interest	\$ 14,321	\$ 2,257
Miscellaneous	<u>175</u>	<u>50</u>
	<u>14,496</u>	<u>2,307</u>
Operating expenses		
Administrative fees (Note 6)	11,451	4,585
Advertising	381	862
Courier and postage	248	19
Director fees	23,917	-
Dues and fees	201	492
Insurance	4,750	792
Interest and bank charges	192	14
Loss on write-down of investment (Note 4)	150,000	-
Professional fees	4,950	5,985
Sales commissions (Note 6)	7,902	-
Travel	4,258	1,164
Website fees	<u>1,035</u>	<u>345</u>
	<u>209,285</u>	<u>14,258</u>
Net loss	<u>\$ (194,789)</u>	<u>\$ (11,951)</u>
Deficit, beginning of period	\$ (383,268)	\$ (371,317)
Net loss	<u>(194,789)</u>	<u>(11,951)</u>
Deficit, end of period	<u>\$ (578,057)</u>	<u>\$ (383,268)</u>

See Accompanying Notes

The Bay Wind Field Inc.

Balance Sheet

(Unaudited)

As at December 31, 2012

	<u>2012</u>	<u>2011</u>
Assets		
Current		
Cash and cash equivalents	\$ 149,443	\$ 63,684
Receivables	2,047	-
Current portion of loans receivable (Note 3)	8,500	8,500
Prepaid expenses	<u>396</u>	<u>396</u>
	160,386	72,580
Loans receivable (Note 3)	76,500	76,500
Investments (Note 4)	<u>836,103</u>	<u>960,669</u>
	<u>\$ 1,072,989</u>	<u>\$ 1,109,749</u>
Liabilities		
Current		
Payables and accruals (Note 6)	\$ <u>3,235</u>	\$ <u>4,744</u>
Shareholders' Equity		
Capital stock (Note 5)	1,647,811	1,488,273
Deficit	<u>(578,057)</u>	<u>(383,268)</u>
	<u>1,069,754</u>	<u>1,105,005</u>
	<u>\$ 1,072,989</u>	<u>\$ 1,109,749</u>

See Accompanying Notes

On behalf of the Board

_____ Director

_____ Director

The Bay Wind Field Inc.

Statement of Cash Flows

(Unaudited)
December 31, 2012

Increase (decrease) in cash and cash equivalents	<u>2012</u> <u>(12 months)</u>	<u>2011</u> <u>(2 months)</u>
Operating		
Net loss	\$ (194,789)	\$ (11,951)
Loss on write-down of investment	<u>150,000</u>	<u>-</u>
	(44,789)	(11,951)
Changes in non-cash working capital		
Receivables	(2,047)	1,083
Prepaid expenses	-	1,232
Payables and accruals	<u>(1,509)</u>	<u>2,040</u>
	<u>(48,345)</u>	<u>(7,596)</u>
Financing		
Issue of capital stock	<u>159,538</u>	<u>-</u>
Investing		
Purchase of investments	<u>(25,434)</u>	<u>(50,413)</u>
Net increase (decrease) in cash and cash equivalents	85,759	(58,009)
Cash and cash equivalents, beginning of period	<u>63,684</u>	<u>121,693</u>
Cash and cash equivalents, end of period	<u>\$ 149,443</u>	<u>\$ 63,684</u>

See Accompanying Notes

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2012

1. Nature of operations

The Company invests in companies involved in the construction and operation of electrical generation facilities using wind turbines and is registered as a Community Economic Development Corporation under the Nova Scotia Equity Tax Credit Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for private enterprises and include the following significant accounting policies:

(a) **Use of estimates**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates.

(b) **Revenue recognition**

Revenues are recognized when reasonable certainty exists that interest, dividend or other revenues will be received.

(c) **Income taxes**

The Company applies the future taxes method of accounting for income taxes.

(d) **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks, and highly liquid temporary money market securities with original maturities of three months or less. Bank borrowings are considered financing activities.

(e) **Investments**

Investments are accounted for at cost.

(f) **Financial instruments**

Measurement of financial instruments

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, investments and loans receivable.

Financial liabilities measured at amortized cost include accounts payable.

None of the entity's financial assets are required to be measured at fair value.

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2012

2. Summary of Significant Accounting Policies (continued)

(f) **Financial instruments (continued)**

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transactions costs that are directly attributable to their organization, issuance or assumption.

3. Loans receivable

	<u>2012</u>	<u>2011</u>
Loan to Lewis Mouldings and Wood Specialties Limited, 15% annual interest payable monthly, no set terms of repayment. Effective November 21, 2011, the Company has the right to demand repayment of up to 10% of the principal amount outstanding.	\$ 85,000	\$ 85,000
Current portion of loan	<u>8,500</u>	<u>8,500</u>
	<u>\$ 76,500</u>	<u>\$ 76,500</u>

4. Investments

	<u>2012</u>	<u>2011</u>
2,677,455 (2011 - 2,677,455) shares of Renewable Energy Services Limited	\$ 486,196	\$ 486,196
864,283 (2011 - 864,283) shares of Scotian Windfields Inc.	324,473	324,473
870,000 (2011 - 870,000) shares of Fourth Generation Capital Corporation Limited.	-	150,000
1,118,623 (2011 - nil) shares of Scotian Wind Inc.	<u>25,434</u>	<u>-</u>
	<u>\$ 836,103</u>	<u>\$ 960,669</u>

The investments represent a portfolio of private investments for which the market value cannot be determined. The proportion of ownership interest for these investments cannot be determined as the information is not readily available.

During the year the company was issued 864,283 shares of Scotian Wind Inc. at a cost of nil. Also during the year the company subscribed for and paid in full an additional 254,340 shares of Scotian Wind Inc. at a cost of \$25,434.

During the year the \$150,000 investment in Fourth Generation Capital Corporation Limited was written down to nil based on management's estimate of fair value.

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2012

5. Capital stock

	<u>2012</u>	<u>2011</u>
37,802,859 (2011 - 37,643,321) common shares	<u>\$ 1,647,811</u>	<u>\$ 1,488,273</u>

During the year, the Company issued 159,538 shares at \$1 per share for total proceeds of \$159,538.

6. Related party transactions

During the year the Company paid a director, who is also a shareholder, \$11,380 in administration fees. The payables and accruals balance at year end includes \$916 payable to this director.

During the year the Company paid commissions of \$7,902 on sales of shares of the Company as follows:

- a) \$5,546 to various directors of the Company who are also shareholders
- b) \$2,356 to a shareholder of the Company.

The balances that have arisen from these transactions are shown separately in the financial statements.

7. Income tax loss carryforward

The Company has not recorded in its financial statements the income tax benefits of losses carried forward of \$412,278. These losses are available to reduce taxable income in future years and, if not utilized, will expire as follows:

2014	\$	7,325
2015	\$	46,831
2026	\$	89,801
2027	\$	78,613
2028	\$	57,901
2029	\$	32,674
2030	\$	34,380
2031	\$	24,651
2032	\$	40,102

8. Subsequent events

The Company's offering document dated November 29, 2012 was approved by the Nova Scotia Securities Commission on December 3, 2012. Under this document, the Company is offering to issue shares at \$1 per share with a minimum total offering of \$50,000 and a maximum total offering of \$3,000,000. The minimum offering amount and all other conditions of the initial closing must be achieved on or before March 1, 2013. Additional terms of the share offering are described in the "CEDIF Offering Document" dated November 29, 2012 which is available from the Company's office.

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2012

9. Financial instruments

Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is not significantly exposed to this risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risk relate to its loans receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to other price risk.

Other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The entity is exposed to other price risk through its investments.

10.Reorganization

Effective November 1, 2011 the Company was amalgamated with The Gold Coast Wind Field Inc. The amalgamated company has assumed the name of The Bay Wind Field Inc. An estimate cannot be made of the financial effect of this amalgamation on future operations.