

**The Bay Wind Field Inc.
Financial Statements
(Unaudited)
December 31, 2017**

Contents

	<u>Page</u>
Review Engagement Report	1
Statement of Loss and Deficit	2
Balance Sheet	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 8

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Independent Practitioner's Review Engagement Report

To the shareholders of
The Bay Wind Field Inc.

We have reviewed the accompanying financial statements of The Bay Wind Field Inc. that comprise the balance sheet as at December 31, 2017 and the Financial Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Practitioner's Responsibility

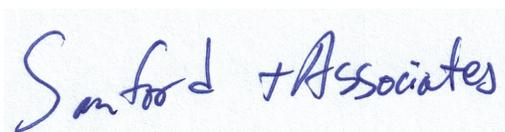
Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of The Bay Wind Field Inc. as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.



Digby, Nova Scotia
February 20, 2018

Chartered Professional Accountants
Licensed Public Accountants

The Bay Wind Field Inc.
Statement of Loss and Deficit

(Unaudited)

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Interest	\$ <u>21,052</u>	\$ 21,473
Operating expenses		
Administrative fees (Note 6)	3,818	6,686
Advertising	-	300
Bad debts	-	3,499
Courier and postage	43	533
Director fees	8,500	8,472
Dues and fees	115	808
Insurance	2,500	2,850
Interest and bank charges	157	188
Office supplies	186	179
Professional fees	4,141	3,545
Travel	5,185	4,573
Website fees	<u>1,585</u>	<u>1,380</u>
	<u>26,230</u>	<u>33,013</u>
Net loss	\$ <u>(5,178)</u>	\$ (11,540)
Deficit, beginning of year	\$ (620,607)	\$ (609,067)
Net loss	<u>(5,178)</u>	<u>(11,540)</u>
Deficit, end of year	\$ <u>(625,785)</u>	\$ (620,607)

See Accompanying Notes

The Bay Wind Field Inc.

Balance Sheet

(Unaudited)

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Current		
Cash	\$ 5,622	\$ 5,804
Receivables	15,884	21,395
Current portion of loans receivable (Note 3)	175,000	-
Prepaid expenses	<u>370</u>	<u>370</u>
	196,876	27,569
Loans receivable (Note 3)	-	175,000
Investments (Note 4)	<u>871,623</u>	<u>871,623</u>
	<u>\$ 1,068,499</u>	<u>\$ 1,074,192</u>
Liabilities		
Current		
Payables and accruals	\$ <u>2,523</u>	\$ <u>3,038</u>
Shareholders' Equity		
Capital stock (Note 5)	1,691,761	1,691,761
Deficit	<u>(625,785)</u>	<u>(620,607)</u>
	<u>1,065,976</u>	<u>1,071,154</u>
	<u>\$ 1,068,499</u>	<u>\$ 1,074,192</u>

See Accompanying Notes

On behalf of the Board

_____ Director

_____ Director

The Bay Wind Field Inc.

Statement of Cash Flows

(Unaudited)
December 31, 2017

Increase (decrease) in cash and cash equivalents	<u>2017</u>	<u>2016</u>
Operating		
Net loss	\$ (5,178)	\$ (11,540)
Changes in non-cash working capital		
Receivables	5,511	(17,673)
Payables and accruals	<u>(515)</u>	<u>929</u>
	<u>(182)</u>	<u>(28,284)</u>
Financing	<u>-</u>	<u>-</u>
Investing	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(182)	(28,284)
Cash and cash equivalents, beginning of year	<u>5,804</u>	<u>34,088</u>
Cash and cash equivalents, end of year	\$ <u>5,622</u>	\$ <u>5,804</u>

See Accompanying Notes

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2017

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 accounting standards for private enterprises and include the following significant accounting policies:

(a) **Use of estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises 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, 2017

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>2017</u>	<u>2016</u>
12% convertible loan to Scotian Windfields Inc. (\$130,000) and Scotian Wind Inc. (\$45,000), interest payable annually until December 2018, principal repayable on demand from December 2018. Commencing in 2018 the Company may convert the loan balance into common shares at a conversion rate of \$0.75/common share.	<u>\$ 175,000</u>	<u>\$ 175,000</u>
	<u>\$ 175,000</u>	<u>\$ 175,000</u>

4. Investments

	<u>2017</u>	<u>2016</u>
2,702,455 (2016 - 2,702,455) shares of Renewable Energy Services Limited	<u>\$ 498,696</u>	<u>\$ 498,696</u>
864,283 (2016 - 864,283) shares of Scotian Windfields Inc.	<u>324,473</u>	<u>324,473</u>
1,348,815 (2016 - 1,348,815) shares of Scotian Wind Inc.	<u>48,454</u>	<u>48,454</u>
870,000 (2016 - 870,000) shares of Fourth Generation Capital Corporation Limited.	<u>-</u>	<u>-</u>
	<u>\$ 871,623</u>	<u>\$ 871,623</u>

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2017

4. Investments (continued)

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 2012 year a \$150,000 investment in Fourth Generation Capital Corporation Limited was written down to \$nil based on management's estimate of fair value.

5. Capital stock

	<u>2017</u>	<u>2016</u>
37,846,809 (2016 - 37,846,809) common shares	<u>\$ 1,691,761</u>	<u>\$ 1,691,761</u>

6. Related party transactions

During the year the Company paid directors, who are also shareholders, \$3,818 (2016 - \$6,686) in administration fees.

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 \$330,350. These losses are available to reduce taxable income in future years and, if not utilized, will expire as follows:

2026	\$	78,613
2027	\$	57,901
2028	\$	32,674
2029	\$	34,380
2030	\$	17,349
2031	\$	7,302
2032	\$	40,102
2033	\$	20,515
2034	\$	9,903
2035	\$	10,781
2036	\$	14,673
2037	\$	6,157

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2017

8. 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.