

**The Bay Wind Field Inc.
Financial Statements
(Unaudited)
December 31, 2011**

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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, 2011 and the statement of loss and deficit for the period 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 28, 2012

Chartered Accountant Inc.

The Bay Wind Field Inc.

Statement of Loss and Deficit

(Unaudited)
For the Period Ended

	December 31 2011 (2 months)	October 31 2011 (10 months)
Revenue		
Interest	\$ 2,257	\$ 10,626
Miscellaneous	<u>50</u>	<u>-</u>
	<u>2,307</u>	<u>10,626</u>
Operating expenses		
Administrative fees	4,585	5,318
Advertising	862	335
Courier and postage	19	207
Director fees	-	4,000
Dues and fees	492	1,319
Insurance	792	3,563
Interest and bank charges	14	144
Office supplies	-	160
Professional fees	5,985	2,990
Sales commissions	-	2,628
Telephone and internet	345	1,217
Travel	<u>1,164</u>	<u>3,670</u>
	<u>14,258</u>	<u>25,551</u>
Net loss	<u>\$ (11,951)</u>	<u>\$ (14,925)</u>
Deficit, beginning of period	\$ (371,317)	\$ (356,392)
Net loss	<u>(11,951)</u>	<u>(14,925)</u>
Deficit, end of period	<u>\$ (383,268)</u>	<u>\$ (371,317)</u>

See Accompanying Notes

The Bay Wind Field Inc.

Balance Sheet

(Unaudited)

As at December 31, 2011

	<u>December 31 2011</u>	<u>October 31 2011</u>
Assets		
Current		
Cash and cash equivalents	\$ 63,684	\$ 121,693
Receivables	-	1,083
Current portion of loans receivable (Note 3)	8,500	8,500
Prepaid expenses	<u>396</u>	<u>1,628</u>
	72,580	132,904
Loans receivable (Note 3)	76,500	76,500
Investments (Note 4)	960,669	723,970
Investment in subsidiary (Note 5)	<u>-</u>	<u>188,954</u>
	<u>\$ 1,109,749</u>	<u>\$ 1,122,328</u>
Liabilities		
Current		
Payables and accruals	\$ 4,744	\$ 1,957
Due to The Gold Coast Wind Field Inc.	<u>-</u>	<u>3,415</u>
	<u>4,744</u>	<u>5,372</u>
Shareholders' Equity		
Capital stock (Note 6)	1,488,273	1,488,273
Deficit	<u>(383,268)</u>	<u>(371,317)</u>
	<u>1,105,005</u>	<u>1,116,956</u>
	<u>\$ 1,109,749</u>	<u>\$ 1,122,328</u>

See Accompanying Notes

On behalf of the Board

Director

The Bay Wind Field Inc.

Statement of Cash Flows

(Unaudited)
December 31, 2011

Increase (decrease) in cash and cash equivalents	December 31 2011 (2 months)	October 31 2011 (10 months)
Operating		
Net loss	\$ (11,951)	\$ (14,925)
Changes in non-cash working capital		
Receivables	1,083	1,230
Prepaid expenses	1,232	(1,628)
Payables and accruals	2,040	(39)
Due to The Gold Coast Wind Field Inc.	-	3,415
	<u>(7,596)</u>	<u>(11,947)</u>
Financing		
Issue of capital stock	-	128,021
Investing		
Purchase of investments	<u>(50,413)</u>	<u>(76,154)</u>
Net (decrease) increase in cash and cash equivalents	(58,009)	39,920
Cash and cash equivalents, beginning of period	<u>121,693</u>	<u>81,773</u>
Cash and cash equivalents, end of period	\$ <u>63,684</u>	\$ <u>121,693</u>

See Accompanying Notes

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2011

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, 2011

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>December 31 2011</u>	<u>October 31 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>December 31 2011</u>	<u>October 31 2011</u>
2,677,455 (October 2011 - 2,677,455) shares of Renewable Energy Services Limited	\$ 486,196	\$ 486,196
864,283 (October 2011 - 438,870) shares of Scotian Windfields Inc.	324,473	87,774
870,000 (October 2011 - 870,000) shares of Fourth Generation Capital Corporation Limited	<u>150,000</u>	<u>150,000</u>
	<u>\$ 960,669</u>	<u>\$ 723,970</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.

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
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5. Investment in subsidiary

	<u>December 31 2011</u>	<u>October 31 2011</u>
560,000 shares of The Gold Coast Wind Field Inc.	<u>\$ -</u>	<u>\$ 188,954</u>

The Company owned 100% of the shares of The Gold Coast Wind Field Inc. The investment in the subsidiary was accounted for at cost. The Company amalgamated with The Gold Coast Wind Field Inc. effective November 1, 2011.

6. Capital stock

	<u>December 31 2011</u>	<u>October 31 2011</u>
37,643,321 (October 2011 - 37,643,321) common shares	<u>\$ 1,488,273</u>	<u>\$ 1,488,273</u>

7. Income tax loss carryforward

The Company has not recorded in its financial statements the income tax benefits of losses carried forward of \$331,164. 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	\$	73,664
2027	\$	59,374
2028	\$	55,597
2029	\$	32,674
2030	\$	32,601
2031	\$	23,098

8. Subsequent events

(a) The Company's offering document dated January 12, 2012 was approved by the Nova Scotia Securities Commission on January 20, 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 April 2, 2012. Additional terms of the share offering are described in the "CEDIF Offering Document" dated January 12, 2012 which is available from the Company's office.

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2011

9. Financial instrument

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.

11.Change in the basis of accounting

During the previous period the Company elected to apply the standards in Part II of the CICA Accounting Handbook for private enterprises in accordance with Canadian generally accepted accounting principles.

These financial statements are the second financial statement for which the entity has applied Canadian generally accepted accounting principles for private enterprises.

The financial statements for the period ended October 31, 2011 were prepared in accordance with accounting principles and provisions set out in FIRST-TIME ADOPTION, Section 1500, for first-time adopters of this basis of accounting.

There was no impact of adopting this basis on the deficit at the date of transition.