

**The Bay Wind Field Inc.
Financial Statements
(Unaudited)
December 31, 2016**

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

Sanford & Associates Chartered Accountants Inc.
95 Water Street
PO Box 2410
Digby, Nova Scotia, B0V 1A0
Tel: (902) 245-6400
Email: info@sanfordfinancial.ca

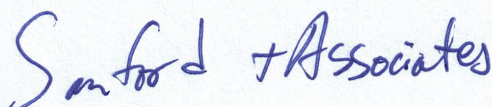
Review Engagement Report

To the shareholders of
The Bay Wind Field Inc.

We have reviewed the balance sheet of The Bay Wind Field Inc. as at December 31, 2016 and the statements of loss and deficit and cash flows for the year then ended. Our 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 us by the Company.

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

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in blue ink that reads "Sanford + Associates". The signature is written in a cursive, flowing style.

Digby, Nova Scotia
January 11, 2017

Chartered Professional Accountants
Licensed Public Accountants

The Bay Wind Field Inc.
Statement of Loss and Deficit

(Unaudited)

For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Interest	\$ <u>21,473</u>	\$ <u>21,137</u>
Operating expenses		
Administrative fees (Note 6)	6,686	7,215
Advertising	300	300
Bad debts	3,499	-
Courier and postage	533	179
Director fees	8,472	8,000
Dues and fees	808	-
Insurance	2,850	3,000
Interest and bank charges	188	194
Office supplies	179	-
Professional fees	3,545	3,366
Travel	4,573	4,379
Website fees	<u>1,380</u>	<u>1,380</u>
	<u>33,013</u>	<u>28,013</u>
Net loss	\$ <u>(11,540)</u>	\$ <u>(6,876)</u>
Deficit, beginning of year	\$ (609,067)	\$ (602,191)
Net loss	<u>(11,540)</u>	<u>(6,876)</u>
Deficit, end of year	\$ <u>(620,607)</u>	\$ <u>(609,067)</u>

See Accompanying Notes

The Bay Wind Field Inc.

Balance Sheet

(Unaudited)

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
Assets		
Current		
Cash	\$ 5,804	\$ 34,088
Receivables	21,395	3,722
Prepaid expenses	<u>370</u>	<u>370</u>
	27,569	38,180
Loans receivable (Note 3)	175,000	175,000
Investments (Note 4)	<u>871,623</u>	<u>871,623</u>
	\$ 1,074,192	\$ 1,084,803
Liabilities		
Current		
Payables and accruals	\$ <u>3,038</u>	\$ <u>2,109</u>
Shareholders' Equity		
Capital stock (Note 5)	1,691,761	1,691,761
Deficit	<u>(620,607)</u>	<u>(609,067)</u>
	<u>1,071,154</u>	<u>1,082,694</u>
	\$ 1,074,192	\$ 1,084,803

See Accompanying Notes

On behalf of the Board

_____ Director

_____ Director

The Bay Wind Field Inc.

Statement of Cash Flows

(Unaudited)
December 31, 2016

Increase (decrease) in cash and cash equivalents	<u>2016</u>	<u>2015</u>
Operating		
Net loss	\$ (11,540)	\$ (6,876)
Changes in non-cash working capital		
Receivables	(17,673)	(120)
Payables and accruals	<u>929</u>	<u>(1,633)</u>
	<u>(28,284)</u>	<u>(8,629)</u>
Financing		
Issue of capital stock	<u>-</u>	<u>4,700</u>
Investing		
Purchase of investments	<u>-</u>	<u>(12,500)</u>
Net decrease in cash and cash equivalents	(28,284)	(16,429)
Cash and cash equivalents, beginning of year	<u>34,088</u>	<u>50,517</u>
Cash and cash equivalents, end of year	\$ <u>5,804</u>	\$ <u>34,088</u>

See Accompanying Notes

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2016

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, 2016

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>2016</u>	<u>2015</u>
12% convertible loan to Scotian Windfields Inc. (\$130,000) and Scotian Wind Inc. (\$45,000), interest payable annually until December 2018, principal payable in March 2019. Commencing in 2018 the Company may convert the loan balance into common shares at a conversion rate of \$0.75/common share.	\$ 175,000	\$ 175,000

4. Investments

	<u>2016</u>	<u>2015</u>
2,702,455 (2015 - 2,702,455) shares of Renewable Energy Services Limited	\$ 498,696	\$ 498,696
864,283 (2015 - 864,283) shares of Scotian Windfields Inc.	324,473	324,473
870,000 (2015 - 870,000) shares of Fourth Generation Capital Corporation Limited.	-	-
1,348,815 (2015 - 1,348,815) shares of Scotian Wind Inc.	48,454	48,454
	\$ 871,623	\$ 871,623

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2016

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>2016</u>	<u>2015</u>
37,846,809 (2015 - 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, \$6,686 (2015 - \$7,215) 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 \$324,193. 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

The Bay Wind Field Inc.

Notes to the Financial Statements

(Unaudited)
December 31, 2016

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.