

CATCH THE WIND LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended September 30, 2009

CATCH THE WIND LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2009

As at November 25, 2009

The following is management's discussion and analysis ("MD&A") of the interim consolidated results of operations, financial condition and cash flows of Catch the Wind Ltd. ("CWL"), Catch the Wind, Inc. ("CTW") and CTW's 75% owned subsidiary, Falcon Fifty LLC, for the three and nine months ended September 30, 2009. For the purposes of this MD&A, CTW, CWL and Falcon Fifty LLC are sometimes collectively referred to as the "Company". This MD&A should be read in conjunction with the consolidated financial statements of CWL as defined in the unaudited interim financial statements ended September 30, 2009, and the notes thereto. All statements have been prepared in accordance with Canadian GAAP and are expressed in US dollars. These statements are prepared in accordance with National Instrument 51-102F1, and have been reviewed and approved by the Company's Board of Directors prior to filing and should be read in conjunction with the Company's audited consolidated financial statements and related notes as at and for the year ended December 31, 2008, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and the Company's annual Management Discussion and Analysis dated April 17, 2009. The effective date of this MD&A is November 25, 2009, and is current to that date, unless otherwise stated.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A, particularly statements regarding future economic performance and finances, plans, expectations and objectives of management, may constitute "forward-looking" statements which reflect the Company's current views with respect to future events and financial performance. When used in this MD&A, such forward-looking statements use words such as "may", "will", "expect", "believe", "anticipate", "plan", "intend", "estimate", "project", "continue" and other similar terminology of a forward-looking nature or negatives of those terms. These forward-looking statements are based on certain assumptions by management, certain of which are set out herein. The forward-looking statements appearing in this MD&A reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, those factors identified in the 'Risk Factors' section of the filing statement the Company filed with regulatory authorities on September 9, 2008 (the "Filing Statement"). Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond the Company's control. Past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company disclaims any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

Additional risk factor discussion can be found in the Company's continuous disclosure filings, reports and other filings with securities commissions and regulatory authorities in Canada and filed under the Company's profile on SEDAR at www.sedar.com.

Corporate Structure and Reverse Takeover

CTW was incorporated under the laws of the Commonwealth of Virginia on March 18, 2008. CTW operated as an unincorporated entity and affiliate of Optical Air Data Systems, LLC ("OADS"), a Virginia limited liability company, for the period from its inception (on January 1, 2008) to March 17, 2008.

CTW was established as a separate entity on January 1, 2008 to develop, manufacture and sell products based on light detection and ranging (LIDAR) technology developed by OADS, including the Vindicator® remote laser wind sensing system ("Vindicator"). OADS chose to form a new entity for these activities effective January 1, 2008, as its other business activities, primarily contracting services for the U.S. government and others, involved different customers, activities and objectives.

Pursuant to the terms of an acquisition agreement between Bayview Public Ventures Inc. ("Bayview") and CTW dated September 3, 2008, Bayview acquired all of the outstanding shares of common stock of CTW through a merger of CTW and a wholly owned subsidiary of Bayview (the "Qualifying Transaction"). For accounting purposes, the acquisition has been treated as a recapitalization of CTW with CTW as the acquirer (Reverse Takeover). On July 30, 2008 and in contemplation of the Qualifying Transaction, CTW undertook a private placement of subscription receipts for gross proceeds of (CDN) \$15,000,700. Each subscription receipt issued by CTW entitled the holder thereof to acquire one share of common stock of CTW prior to the completion of the Qualifying Transaction, which was subsequently exchanged for one common share of Bayview as part of the completion of the Qualifying Transaction. Upon completion of the private placement and the Qualifying Transaction, there were 38,046,784 shares of common stock of Bayview outstanding. In connection therewith, Bayview changed its name to "Catch the Wind Ltd."

As a result of the completion of the Qualifying Transaction, CTW became a wholly owned subsidiary of CWL. The Company's business is carried on in the name of "Catch the Wind, Inc.". The Company operates in one reportable segment. Substantially all of the Company's assets are located in the United States of America. Because the Qualifying Transaction is accounted for as a reverse takeover, this MD&A is based on the financial statements of CTW.

On July 6, 2009, CTW became a 75% equity owner in Falcon Fifty LLC, an entity created for the purpose of providing aviation management services. The remaining 25% equity interest in Falcon Fifty LLC is held by Tristar Aviation LLC, a company whose principal shareholders are officers and directors of the Company.

The Company's activities since inception have consisted primarily of company formation, capital raising, initial marketing, production and manufacturing of Vindicator beta units and other organizational activities. To date, the Company has not earned any revenues or commenced its principal commercial operations, and is therefore considered to be in the development stage. The Company's continued existence is dependent upon its ability to obtain sufficient financing to transition from a development stage to a commercial enterprise.

Management of OADS holds a majority of the ownership interests in OADS and also directly or indirectly owns or controls 25,000,000 common shares, or approximately 46% of CWL. OADS and CWL are, therefore, under common control and OADS is considered a related party for purposes of accounting under CICA Handbook Section 3840 "Related Party Transactions".

Overall Performance

Highlights and summary for the third quarter and nine months ended September 30, 2009 :

- As a development stage enterprise, the Company earned no revenues during the three and nine months ended September 30, 2009;
- Loss from operations was \$3.6 million and \$7.4 million for the three and nine months ended September 30, 2009, respectively;
- Net loss per share was \$0.07 and \$0.16 for the three and nine months ended September 30, 2009, respectively;
- During the second quarter, the company completed a private placement of 16,743,000 common shares at \$1.30 (CDN) per share totaling \$21,765,900 (CDN), exclusive of transaction costs;
- The Company's cash and cash equivalents totaled \$14.7 million at September 30, 2009; and
- The Company had assets of \$28.6 million including \$6.3 million in capital assets, \$5.4 million in project development costs and \$1.6 million in inventory at September 30, 2009.

Selected Interim Consolidated Quarterly and Nine Months Financial Information

Results of Operations

The table below sets out the statement of operations for the three and nine months ended September 30, 2009. The information in these tables has been derived from the unaudited interim consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2009. Each investor should read the following information in conjunction with those statements and related notes. The financial information for the three and nine months ended September 30, 2009 has been prepared by management in accordance with Canadian GAAP and is expressed in US dollars.

The table below sets out the statement of operations for the three and nine months ended September 30, 2009.

Statement of Operations Data:	Nine months ended 30-September -09 (Unaudited)	Three months ended 30-September-09 (Unaudited)
	\$	\$
Revenue:	-	-
Expenses:		
Salaries & benefits	\$ 1,711,690	\$ 589,293
General & administrative	\$ 737,959	\$ 206,813
Inventory valuation – beta units	\$ 2,781,937	\$ 2,160,559
Amortization	\$ 144,846	\$ 74,296
Sales & marketing	\$ 226,504	\$ 54,628
Consulting expenses	\$ 281,984	\$ 63,509
Professional fees	\$ 313,768	\$ 122,949
Professional engineering fees	\$ 1,350,308	\$ 343,222
Research	\$ 34,030	\$ 34,030
Interest expense	\$ 45,727	\$ 24,968
Interest income	\$ (78,630)	\$ (52,345)
Foreign currency gain	\$ (109,545)	\$ (12,731)
	\$ 7,440,578	\$ 3,609,191
Net loss before non-controlling interest	\$ (7,440,578)	\$ (3,609,191)
Non-controlling interest	\$ (16,500)	\$ (16,500)
Net loss and comprehensive loss for the period	\$ (7,424,078)	\$ (3,592,691)
Supplemental Financial Data		
Loss per share	\$ (0.16)	\$ (0.07)
Weighted average number of Shares outstanding	46,270,480	54,806,165
Balance Sheet Data (9/30/09):		
Cash and cash equivalents	\$ 14,690,809	
Working Capital (Current assets less current liabilities)	\$ 14,382,394	
Total Assets	\$ 28,595,211	
Total Liabilities	\$ 7,096,387	
Total Shareholders' Equity	\$ 21,319,431	
Cash Flow Information		
Operating activities	\$ (8,633,387)	\$ (3,188,905)
Investing activities	(7,720,390)	(5,727,294)
Financing activities	21,900,819	4,653,641
Net cash inflows (outflows)	5,547,042	(4,262,558)
Cash, beginning of period	9,143,767	18,953,367
Cash, end of period	\$ 14,690,809	\$ 14,690,809

Revenue

The Company is a development stage company and did not generate any revenue during the three and nine months ended September 30, 2009.

Expenses

During the three and nine months ended September 30, 2009, operating expenses were \$3,609,191 and \$7,440,578, respectively, compared to \$476,528 and \$762,641 during the comparable periods of 2008. These expenses consisted largely of salaries, consulting fees, professional fees associated with the development of the Vindicator, and general and administrative expenses. Also included in operating expenses were inventory valuation adjustments on the Company's beta units of \$2,160,559 and \$2,781,937 for the three and nine-months ended September 30, 2009, respectively. During the three and nine months ended September 30, 2008, the Company had minimal operations.

Salaries and benefits expense during the three and nine months ended September 30, 2009 totaled \$589,293 and \$1,711,690 compared to \$116,350 and \$117,808 during the comparable periods of 2008. The initial staffing of the Company commenced during the third quarter of 2008. It is expected that salaries and benefits expense will increase from current levels during the next few quarters as the Company hires additional human resources to support its growth initiatives.

General and administrative expense during the three and nine months ended September 30, 2009 totaled \$206,813 and \$737,959, respectively, compared to \$29,570 and \$47,647 in the comparable periods of 2008. It is expected that general and administrative expense will increase from current levels during the next few quarters to support overall business growth initiatives.

Inventory valuation adjustments for the Company's Vindicator beta and other laser based wind sensor prototype units for the three and nine months ended September 30, 2009 totaled \$2,160,559 and \$2,781,937, as the Company applied the fair value section of CICA section 3030 "Inventories". There was no inventory in 2008. The Company has reduced the carrying value of each beta unit to its fair value, which is the targeted beta unit sales price. Since the beta units are being manufactured in the Company's facility, the costs of these units are higher than what is expected when the Company moves into full commercialization at an outsourced production facility. It is expected that these valuation adjustments will continue as the remaining beta units are completed in 2009.

Amortization expense during the three and nine months ended September 30, 2009 totaled \$74,296 and \$144,846, respectively. Amortization expense was \$1,220 in the comparable periods of 2008. It is expected that amortization expense will increase due to the consolidation of Falcon Fifty LLC and the amortization of capitalized project development costs upon commencement of commercialization.

Sales and marketing expense during the three and nine months ended September 30, 2009 totaled \$54,628 and \$226,504, respectively, compared to \$42,870 and \$194,490 during the comparable periods of 2008. It is expected that these costs will continue to increase as the Company recruits additional sales and business development resources to execute its commercialization strategy.

Consulting expense during the three and nine months ended September 30, 2009 totaled \$63,509 and \$281,984, respectively, compared to \$24,506 and \$43,049 during the comparable periods of 2008. It is expected that consulting expenses will increase from current levels during the next few quarters to support overall business growth initiatives and to augment short-term staffing needs.

Professional fees expense during the three and nine months ended September 30, 2009 totaled \$122,949 and \$313,768, respectively, compared to \$47,840 and \$77,796 during the comparable periods of 2008. It is expected that professional fees expense will increase from current levels during the next few quarters to support overall business growth initiatives.

Professional engineering fees during the three and nine months ended September 30, 2009 totaled \$343,222 and \$1,350,308, respectively, compared to \$182,705 and \$221,741 during the comparable periods of 2008. It is expected that professional engineering fees will continue at their current rate through the end of 2009.

as the Company continues to manufacture beta units from its pilot manufacturing facility. Management believes that a portion of these costs should decrease during 2010 as the Vindicator comes into production and the Company moves to an outsourced manufacturing model.

Research expense for the three and nine months ended September 30, 2009 totaled \$34,030, compared to \$56,036 and \$83,459 during the comparable periods of 2008. To date, the majority of the Company's engineering costs have been capitalized as project developments costs on its balance sheet.

Non-controlling interest for the three and nine months ended September 30, 2009 totaled \$(16,500). In the third quarter, CTW became a 75% equity owner of Falcon Fifty LLC, an entity created by CTW and Tristar Aviation LLC to provide aviation management services. Tristar Aviation is a company whose shareholders are officers and directors of the Company and is considered a related party. As a subsidiary of CTW, Falcon Fifty LLC is consolidated in the financial statements of the Company. Non-controlling interest represents Tristar Aviation's 25% share of Falcon Fifty LLC's net loss.

The Company reported a net loss and comprehensive loss for the three and nine months ended September 30, 2009 of \$3,592,691 and \$7,424,078, respectively, compared to a net loss of \$476,528 and \$762,641 during the comparable periods of 2008. Net loss per share was \$0.07 and \$0.16 for the three and nine months ended September 30, 2009, respectively. Net loss per share was \$0.02 and \$0.03 for the comparable periods of 2008, respectively.

The Company recorded a valuation allowance against the full value of its future tax assets at September 30, 2009, and accordingly, did not reflect any future income tax benefit in its statement of loss and comprehensive loss for the period from inception to September 30, 2009. The Company will continue to evaluate the valuation allowance on a quarterly basis, and expects to reflect a tax benefit in the future as commercialization efforts continue to gain momentum.

Summary of Quarterly Results

The following table highlights selected unaudited financial information for the Company on a consolidated basis for the last six quarters. The information has been derived from the Company's quarterly unaudited consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the consolidated financial statements and are reviewed and approved by the Company's Board of Directors. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

(In thousands, U.S. dollars)	Q3 FY09	Q2 FY09	Q1 FY09	Q4 FY08	Q3 FY08	Q2 FY08
Statement of Operations						
Revenue	-	-	-	-	-	-
Net income (loss)	(3,593)	(2,147)	(1,684)	(1,469)	(477)	(244)
Earnings (loss) per share	(0.07)	(0.05)	(0.04)	(0.04)	(0.02)	n/a
Cash Flow Information						
Operating activities	(3,189)	(3,120)	(2,200)	(2,015)	500	207
Investing activities	(5,727)	(680)	(1,313)	(1,510)	(963)	(598)
Financing activities	4,654	17,259	(137)	42	12,996	485
Net cash inflow (outflow)	(4,262)	13,459	(3,650)	(3,483)	12,533	-
Cash, beginning of period	18,953	5,494	9,144	12,627	94	-
Cash, end of period	14,691	18,953	5,494	9,144	12,627	94
Balance sheet information						
Working capital	\$14,382	\$19,290	\$4,879	\$7,925	\$11,079	(\$286)
Total assets	\$28,595	\$26,826	\$11,379	\$12,586	\$14,547	\$1,070
Shareholders equity	\$21,319	\$24,689	\$9,456	\$11,032	\$12,407	(\$286)

Liquidity and Capital Resources

At September 30, 2009, the Company's principal source of liquidity was cash and cash equivalents of \$14,690,809. The Company's consolidated long-term debt obligation consists of Falcon Fifty LLC's note in the amount of \$4.6 million for the purchase of a Falcon Fifty aircraft. The ten-year note bears a fixed interest rate of 7.17% per annum. One hundred twenty consecutive monthly installments of \$40,649 are due commencing November 1, 2009, with a balloon payment of \$2,300,000 due with the final installment.

During the three and nine months ended September 30, 2009, cash used in operating activities was \$3,188,905 and \$8,633,387, respectively, compared to cash provided by operating activities of \$499,885 and \$640,346, respectively during the comparable periods of 2008. Cash usage from operating activities during the three and nine month periods of 2009 was principally attributable to growth in Company personnel, administrative costs, and professional engineering fees as the Company became established and began to manufacture the Vindicator beta units. The Company is a development stage company and did not generate any revenue during the nine months ended September 30, 2009 to offset its operating expenses.

Cash used in investing activities during the three and nine months ended September 30, 2009 was \$5,727,294 and 7,720,390, respectively, compared to cash used in investing activities of \$962,512 and \$1,595,154 in the comparable periods of 2008. Investing activities in 2009 and 2008 consisted primarily of product development costs relating to the development and manufacture of its products, including the Vindicator beta units and others based on LIDAR wind sensing technology. The Company will continue to capitalize these costs through the development phase, and will commence amortization of these costs during full commercialization, which is expected to occur during 2010. Purchase of capital assets, which includes the Falcon Fifty aircraft, test and manufacturing equipment and furniture and fixtures, used cash of \$5,372,842 and \$5,558,807 during the three and nine months ended September 30, 2009, respectively. Purchase of capital assets used cash of \$4,033 during the three and nine month periods ended September 30, 2008.

Cash provided by financing activities during the three and nine months ended September 30, 2009 totaled \$4,653,641 and \$21,900,819, respectively, compared to \$12,995,878 and \$13,582,263 during the comparable periods of 2008. Cash provided from financing activities during the nine months ended September 2009 is primarily attributable to proceeds from the completion of the Private Placement (as defined below) in the second quarter and the financing of the Falcon Fifty aircraft in the third quarter. The increase in cash during the three and nine months ended September 30, 2008 is attributable to proceeds from the issuance of common shares as part of the Qualifying Transaction.

The Company's principal uses of cash have been, and are expected to be, for the development and manufacture of Vindicator beta units and other prototypes using related technologies, research and development costs and capital expenditures. Cash will also be used for marketing, manufacturing and commercialization, and general and administrative activities. Until the Company is able to generate significant revenue, it will continue to rely on equity and debt financing to fund its cash requirements. The Company does not have any commitments for material capital expenditures over the near term, and none are presently contemplated, other than as disclosed in the Filing Statement and/or in connection with normal operating requirements.

Commitments, Contingencies and Off-Balance Sheet Arrangements

As at September 30, 2009, the Company had no commitments for capital expenditures, no contingencies and no off-balance sheet arrangements. As disclosed in Note 8 to the interim consolidated financial statements of CWL for the nine month period ended September 30, 2009, the Company has a commitment to make royalty payments to OADS under the terms of a Licensing Agreement between the Company and OADS dated September 3, 2008 (the "Licensing Agreement").

The Company is occasionally named as a party in various claims and legal proceedings that arise during the normal course of its business. Although there can be no assurance that any particular claim will be resolved in the Company's favor, the Company does not believe that the outcome of any claims or potential claims of which it is currently aware will have a material adverse effect on the Company.

Transactions with Related Parties

As noted earlier in this MD&A, CWL and OADS share common ownership. As such, CWL and OADS are under common control and OADS is considered a related party for purposes of accounting under CICA Handbook Section 3840 – "Related Party Transactions".

As disclosed in Note 8 to the interim consolidated financial statements of CWL as defined in the financial statements ended September 30, 2009, CWL and OADS have executed the Licensing Agreement, a services agreement, and a sublease agreement for office and support space. Under the terms of the services agreement between the Company and OADS dated September 3, 2008 (the "Services Agreement"), the Company relies upon OADS to provide it with engineering, and research and development services related to the technology licensed by the Company from OADS under the Licensing Agreement, as well as general administrative support. CTW has a commitment to make royalty payments to OADS under the terms of the Licensing Agreement.

As disclosed in Note 8 to the interim consolidated financial statements of CWL for the nine months ended September 30, 2009, in the third quarter of the current year OADS and CTW executed a purchase agreement whereby OADS would purchase hardware from CTW. The hardware, which consisted of two modified Vindicator beta units, was purchased by OADS to fulfill its customer contractual obligations. Proceeds from these initial sales have been netted against the development costs as required by the Company's status as a development stage enterprise.

Transactions recorded under all the agreements between the Company and OADS are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

In the third quarter of 2009, CTW became a 75% equity owner in Falcon Fifty LLC, an entity created for the purpose of providing aviation management services. The remaining 25% equity interest in Falcon Fifty LLC is held by Tristar Aviation LLC, a company whose principal shareholders are officers and directors of the Company. On September 21, 2009, Falcon Fifty LLC and its shareholders executed an agreement to purchase a Falcon Fifty aircraft for \$5 million. Falcon Fifty LLC is considered a subsidiary of CTW, and accordingly the operations of Falcon Fifty LLC have been included in the consolidated financial statements of the Company. Tristar Aviation's proportionate share of Falcon Fifty LLC's net loss and net assets are identified on the Company's financial statements as "Non-controlling interest."

Due to Related Party

As of September 30, 2009, the Company owed a balance of \$364,777 to OADS for labor charges and general administrative costs incurred during the second half of September.

Contractual Obligations and Indebtedness

The Company's consolidated contractual obligations relate to long-term debt and lease payments as summarized below. The Company had no other indebtedness or off-balance sheet arrangements as at September 30, 2009.

The table below summarizes the future cash flow requirements for consolidated lease and long-term debt obligations as at September 30, 2009:

Contractual Obligations (in US Dollars)	Total	Balance of 2009	2010	2011	2012	2013	2014 and beyond
Operating leases	75,225	20,516	54,709	-	-	-	-
Capital lease obligations	459,998	50,605	205,162	187,764	16,467	-	-
Long-term debt	4,600,000	81,299	487,793	487,793	487,793	487,793	2,567,529
Total Contractual obligations	5,135,223	152,420	747,664	675,557	504,260	487,793	2,567,529

Financing Transaction

On May 20, 2009, the Company completed a private placement (the "Private Placement") of 16,743,000 shares of common stock at a price of (CDN) \$1.30 per share. In connection with the Private Placement, the Company paid a total commission equal to 6% of the gross proceeds of the brokered portion of the Private Placement to National Bank Financial Inc., Research Capital Corporation and Canaccord Capital Corporation (collectively, the "Agents"), who acted as placement agents for the Private Placement. The Company also granted compensation options to the Agents entitling the holders thereof to acquire an aggregate of 1,003,080 shares of common stock at an exercise price of (CDN) \$1.30 per share, exercisable for the 24-month period following the completion of the Private Placement. Placement costs totaling \$1,937,958 were offset against the proceeds of the Private Placement. Net proceeds recorded to equity in connection with the Private Placement were \$16,779,042.

The net proceeds of the Private Placement are being used to accelerate the next stage of Company growth, complete field trials, expand manufacturing capacity for the Vindicator and other laser based wind sensors, and for general working capital purposes.

CRITICAL ACCOUNTING POLICIES

Leases

Leases that transfer substantially all of the benefits, risks and rewards of ownership to the Company are recorded as capital leases and classified as capital assets with a corresponding increase to obligations under capital leases. Amortization will be recorded when the assets are placed into service. All other leases are classified as operating leases under which leasing costs are expensed in the period incurred. Deposits received, as part of the lease agreements, will be offset against the lease obligations during the term of the lease.

Goodwill and Intangible Assets

On January 1, 2009, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and internally developed intangible assets and requires that research and development expenditures be

evaluated against the same criteria as expenditures for intangible assets. The adoption of this new section did not have an impact on the Company's financial results.

Credit Risk and the Fair Value of Financial Assets and Liabilities

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract ("EIC") 173 "Credit Risk and the Fair Value of Financial Assets and Liabilities". EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company's credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 had no material impact on the Company's financial statements.

New Accounting Pronouncements

Financial Instruments

In June 2009, the CICA issued amendments to Handbook Section 3862, "Financial Instruments – Disclosures," to include additional disclosure requirements around fair value measurement for financial instruments and liquidity risk associated with financial instruments. The amendments are effective for annual financial statement for fiscal years ending after September 30, 2009. The Corporation will adopt these amendments in its financial statements for the year ending December 31, 2009.

Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. This standard establishes principles and requirements of the acquisition method for business combinations and related disclosures and states that all assets and liabilities of an acquired business will be recorded at fair value. The standard is effective for business combinations for which the acquisition date is on or after January 1, 2011, with earlier adoption permitted.

In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which replace existing guidance. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standards are effective for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted.

Convergence of Canadian GAAP and International Financial Reporting Standards

In February 2008, the CICA announced that Canadian publicly accountable enterprises would adopt International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") effective January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Company is currently assessing the impact IFRS will have on its consolidated financial statements. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. Although the Company has not completed its IFRS changeover plan, when finalized, it will include an analysis of key Canadian GAAP differences and a phased plan to assess accounting policies under IFRS. The Company anticipates completing its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities during the first quarter of 2010.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

As a TSX Venture Exchange Issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures or internal controls over financial reporting, and the Company has not completed such an evaluation. Inherent limitations on the ability of the certifying officers of the Company to design and implement, on a cost-effective basis, disclosure controls and procedures or internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Share Capital

As at the date of this MD&A, CWL has 54,883,972 shares of common stock issued and outstanding and no shares of preferred stock outstanding. The number of shares of common stock outstanding does not include shares which may be issued under outstanding options or warrants granted by the Company to its directors, employees, consultants or other parties.

Notwithstanding the one-year anniversary of the Qualifying Transaction, shares of the Company's common stock remain "restricted securities" under the U.S. Securities Act of 1933, as amended, and will continue to be subject to certain restrictions on transfer to U.S. persons under U.S. securities laws. As such, all certificates evidencing shares of the Company's common stock will continue to bear existing restrictive transfer legends.

Risk Factors

Given the speculative nature of the business of the Company, an investment in the shares of CWL should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered to be exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. A fuller description of these and other risks and uncertainties that you should carefully consider are detailed in the Filing Statement. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of the risks described below or in the Company's other filings occur, the Company's business, financial condition, liquidity and results of operations could be materially harmed:

- (a) The Company was only recently incorporated, and has minimal operating history upon which its business can be evaluated. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. Such risks include the early stage development of the Vindicator, the Company's ability to anticipate and adapt to its marketplace, the ability to attract customers and meet its targeted growth plan, and the ability to identify, attract and retain qualified personnel.
- (b) Because the Company is in an early stage and is introducing a new product, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base.
- (c) Certain duties within the Company's accounting and finance departments are not properly segregated due to the small number of individuals employed in these areas. These deficiencies may be considered to be a significant deficiency in internal control, or a material weakness resulting in a more than remote likelihood that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected.
- (d) The Company may require additional financing to fund growth in working capital, to make further investments, and/or to complete development and commercial production of its products. The ability of the Company to arrange such financing in the future, if needed, will depend in part on prevailing capital market conditions and the financial success of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on satisfactory terms or at all.
- (e) Competition within the industries in which the Company operates is intense and is expected to increase in the future as the wind energy market matures. Some of the Company's competitors have longer operating histories and may possess greater financial and marketing resources. There is no assurance that the Company will be able to respond effectively or in a timely manner to the various competitive factors affecting the industries in which it operates.
- (f) Changes to any of the laws, rules, regulations or policies to which the Company is subject could have a significant impact on the Company's business.

- (g) Any liability for damages resulting from defects in, or malfunctions, of the Company's products or other costs incurred to remedy problems relating to the Company's products, such as recalls, could be substantial and could increase the Company's expenses and prevent growth of its business. The Company's products will be sold with a warranty, which could expose the Company to significant warranty expenses. Furthermore, a defect in, or malfunction of, any of the Company's products could result in tort or warranty claims. A well-publicized actual or perceived problem could adversely affect the market's perception of the Company's products. This could result in a decrease in demand for the Company's products, which could have a material adverse effect on its business, financial condition, liquidity and results of operations.
- (h) The Company has licensed the technology, which forms the basis of the Vindicator from OADS pursuant to the terms of the Licensing Agreement. In the event that the Company commits a material breach of its obligations under the Licensing Agreement or made any material misrepresentation in anticipation of entering into the Licensing Agreement and, after receiving notice of such breach or misrepresentation, the Company does not cure the relevant breach within sixty (60) days after receipt of such written notice, OADS may, at its discretion: (a) terminate the Licensing Agreement; and/or (b) terminate the licenses granted to the Company under the Licensing Agreement by giving written notice of termination to the Company. In addition, OADS may terminate the Licensing Agreement in the event of the bankruptcy or insolvency of the Company. If the Licensing Agreement is terminated prior to the expiration of any licensed patent or copyright, all rights granted to the Company under the Licensing Agreement shall cease and revert back to OADS, and the Company shall not be permitted to thereafter make, use, offer to sell, sell, or import any products derived from the licensed technology, including the Vindicator.
- (i) The Company has not conducted a comprehensive review of any of the patent applications that OADS has filed and cannot verify if the disclosure provided in the specification of each patent application is enabling and sufficient to obtain enforceable patent rights in such jurisdiction.
- (j) The Company has not conducted a freedom to operate or clearance assessment of its ability to use or exploit the patent rights or technology licensed under the Licensing Agreement in any market. Such an assessment might uncover patent or other rights owned by third parties that could delay or halt the Company's ability to proceed with certain features of its products, and if that were the case, the Company might not be able to obtain a license to, or design around, such third party rights, if any.
- (k) The Company is currently highly dependent on OADS for maintaining and enhancing the technology, which forms the basis of the Vindicator and any other products developed by the Company. In the event that OADS ceases for any reason to provide such services, or in the event of the termination of the Services Agreement, the Company may be unable to internally conduct its own research, development and engineering functions, and may be unable to reach satisfactory agreement with any other party to provide such services, which would have a material adverse effect on the Company's business, results of operations and financial condition.
- (l) The market for renewable energy products, specifically wind energy technology, is characterized by rapidly changing technology, evolving industry standards and increasingly diverse and sophisticated customer requirements. The introduction by competitors of products, which may use new technology and any emergence of new industry standards, could make the Company's products obsolete and unmarketable, or could exert price pressure on the Company's products. In order to succeed, the Company must be able to anticipate and respond quickly to such changes by developing or licensing new products or enhancing pre-existing technology. The Company cannot provide assurance that it will successfully develop or license new products or enhance pre-existing technology, that its products will receive market acceptance, or that the introduction of new products by others won't render the Company's technology and products obsolete. In order to remain competitive, the Company may be required to invest significantly greater resources than is currently projected in research and development and product enhancement efforts, which could result in increased operating expenses.

- (m) The Company's commercial success depends upon its ability to develop or license new or improved technologies and products, and to successfully obtain, defend or claim under license patent or other proprietary or statutory protection for these technologies and products in the U.S., the European Union and other countries. The Company will devote significant resources to protecting its proprietary technology and the technology licensed to it under the terms of the Licensing Agreement with OADS. However, the Company may not be able to develop or license technology that is patentable, patents may not be issued in connection with its pending applications and allowed claims may not be sufficient to protect its technology or technology that it licenses from third parties, including OADS. Furthermore, any patents issued (whether owned by, or licensed to, the Company) could be challenged, invalidated or circumvented and may not provide proprietary protection or a competitive advantage.
- (n) To date, the Company has not manufactured any of its products, including the Vindicator, on a high-volume basis. To meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market its products, the Company will have to produce such products through large-scale, high-volume processes or outsource the production of these units to a qualified outsourcer.
- (o) The Company expects that its initial sales will be made to a concentrated group of customers such as wind farm operators, turbine manufacturers and wind resource assessment operators. The concentration of the Company's sales to a few customers could make the Company more vulnerable to collection risk if one or more of these customers were unable to pay for the Company's products. Also, having such a large portion of its total net revenue concentrated in a few customers could reduce the Company's negotiating leverage with these customers.

Additional Information

Additional risk factor discussion can be found in the 'Risk Factors' section of the Filing Statement and in the Company's continuous disclosure filings, reports and other filings with securities commissions and regulatory authorities in Canada and filed under the Company's profile on SEDAR at www.sedar.com.