Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Financial Statements
For the Period from Inception (January 1, 2008) to December 31, 2008

(Expressed in United States dollars)

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(A Development Stage Company)
Consolidated Financial Statements
December 31, 2008

(Expressed in United States dollars)

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Auditors' Report

To the Shareholders of
Catch the Wind Ltd.

We have audited the consolidated balance sheet of Catch the Wind Ltd. as at December 31, 2008 and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the period from inception January 1, 2008 to December 31, 2008. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and the results of its operations and its cash flows for the period from inception January 1, 2008 to December 31, 2008 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
April 16, 2009

Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Balance Sheet
As at December 31, 2008

(Expressed in United States dollars)	December 31, 2008 $
Assets	
Current assets:	
Cash and cash equivalents	9,143,767
Inventory	230,931
Prepaid expenses and other assets	103,902
	9,478,600
Capital Assets (Note 4)	28,140
Project Development Costs (Note 5)	3,075,002
Deposits	4,499
	12,586,241
Liabilities and Shareholders' Equity	
Current liabilities:	
Accounts payable and accrued liabilities	826,750
Due to related party (Note 11)	527,135
Deferred revenue	200,000
Total Liabilities:	1,553,885
Shareholders’ Equity	
Capital stock (Note 7)	3,805
Contributed surplus	13,259,947
Deficit	(2,231,396)
	11,032,356
	12,586,241

Approved on behalf of the Board:

(signed) "*Philip L. Rogers*"
Director

(signed) "*David A. Samuels*"
Director

See accompanying notes to consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Statement of Loss and Comprehensive Loss
For the Period from Inception (January 1, 2008) to December 31, 2008

	For the period from inception (January 1, 2008) to December 31, 2008
Expressed in United States dollars	$
Revenues:	
Expenses:	
Salaries and benefits	534,425
General and administrative	99,294
Amortization (Note 4)	2,976
Sales and marketing	218,695
Consulting fees	187,846
Professional fees (Note 11)	933,482
Research (Note 5)	154,398
Interest	5,490
Foreign exchange loss	94,790
	2,231,396
Net loss and comprehensive loss for the period	(2,231,396)
Net loss per share - basic and diluted	(0.08)
Weighted average number of shares Outstanding - basic and diluted	28,717,440

See accompanying notes to the consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity
For the Period from Inception (January 1, 2008) to December 31, 2008

(Expressed in United States dollars)	Common Shares #	Stated Capital $	Contributed Surplus $	Deficit $	Shareholders' Equity $
Balance at January 1, 2008	-	-	-	-	-
Proceeds from issuance of common shares	1,000	1	-	-	1
Shares issued upon stock split	24,999,000	2,500	-	-	2,500
Private Placement, net proceeds (Note 9)	11,539,000	12,301,997	-	-	12,301,997
Reverse takeover event	1,507,784	792,500	-	-	792,500
Stock based compensation (Note 8)	-	-	166,754	-	166,754
Net loss for the period	-	-	-	(2,231,396)	(2,231,396)
Balance at December 31, 2008	38,046,784	13,096,998	166,754	(2,231,396)	11,032,356

See accompanying notes to the consolidated financial statements.

Catch the Wind Ltd.
(A Development Stage Company)
Consolidated Statement of Cash Flows
For the Period from Inception (January 1, 2008) to December 31, 2008

(Expressed in United States dollars)	For the period from Inception (January 1, 2008) to December 31,2008 $
Operating activities	
Net loss for the period	(2,231,396)
Items not affecting cash:	
Amortization	2,976
Stock-based compensation	166,754
Changes in non-cash operating assets and liabilities:	
Inventory	(230,931)
Prepaid expenses and other assets	(103,902)
Deposits	(4,499)
Accounts payable and accrued liabilities	826,750
Deferred revenue	200,000
Cash used in operating activities	(1,374,248)
Investing activities	
Purchase of capital assets	(31,116)
Purchase of project development costs	(3,075,002)
Cash used in investing activities	(3,106,118)
Financing activities	
Advances from related party	527,135
Net assets acquired on reverse takeover (Note 2)	792,500
Proceeds from issuance of common shares, net of related costs (Note 8)	12,304,498
Proceeds from short-term borrowings	1,000,000
Repayment of short-term borrowings	(1,000,000)
Cash provided by financing activities	13,624,133
Increase in cash and cash equivalents	9,143,767
Cash and cash equivalents – beginning of period	-
Cash and cash equivalents – end of the period	9,143,767
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 5,490
Cash paid for income taxes	$ -

See accompanying notes to the consolidated financial statements and non-cash transactions.

Catch the Wind Ltd.
(A Development Stage Company)
Notes to Consolidated Financial Statements
December 31, 2008
(Expressed in United States dollars)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS AND GOING CONCERN

Catch the Wind, Inc. ("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 operating 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 wind sensing system ("the 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 accounting acquirer in accordance with Abstract #10 of the Emerging Issues Committee of the Canadian Institute of Chartered Accountants ("CICA") ("EIC–10") (Reverse Takeover Accounting). 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, which was subsequently exchanged for one common share of Bayview as part of the completion of the Qualifying Transaction (the Private Placement"). In connection therewith Bayview changed its name to Catch the Wind Ltd. ("CWL").

As a result of the completion of the Qualifying Transaction, CTW became a wholly owned subsidiary of CWL, which is incorporated in the State of Delaware. For the purposes of the consolidated financial statements, CTW and CWL are sometimes collectively referred to as the "Company".

The Company's activities since inception have consisted primarily of company formation, capital raising, initial marketing and prototype manufacturing related to the Vindicator 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 through the remainder of the development stage and into full commercialization.

Management of OADS holds a majority of the ownership interests in OADS and also directly or indirectly owns a majority of the common shares 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".

As at December 31, 2008, the Company had losses of $2,231,396. These consolidated financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Continuation of the Company as a going concern is dependent upon the company achieving profitable operations, and/or the ability of the Company to obtain additional financing when necessary. There is no guarantee that the Company's current level of operations will yield positive results. If the "going concern" assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

2. REVERSE TAKEOVER TRANSACTION

Pursuant to the terms of an acquisition agreement between Bayview and CTW dated September 3, 2008, CTW completed a reverse takeover of Bayview, a Canadian Capital Pool Company, such that CTW became a wholly owned subsidiary of Bayview and the shareholders of CTW acquired a majority of the common shares of Bayview. CTW, the legal subsidiary, is considered to have acquired the assets and liabilities of Bayview (now CWL), the legal parent. Immediately prior to the completion of the Qualifying Transaction, and following the consolidation of Bayview's issued and outstanding common shares on a 4.99:1 basis, Bayview had outstanding 1,507,784 common shares and 203,407 options to purchase commons shares at an exercise price of (CDN) $0.998 per share. The options previously granted by Bayview remained options of CWL following the change of Bayview's name to "Catch the Wind Ltd.". The options were valued at fair value, being $13,531, and form part of the cost of the acquisition.

Based on the balance sheet of Bayview prepared in connection with the Qualifying Transaction, the net assets that were acquired by CTW under the Qualifying Transaction were as follows:

(Expressed in United States dollars)	$
Cash	905,053
Working capital deficiency	(112,553)
	792,500

As a consequence of the Qualifying Transaction, the Company received cash of $905,053, receivables of $7,547, and assumed liabilities amounting to $120,100 in exchange for stated capital totaling $792,500.

For accounting purposes, the acquisition has been treated as a reverse takeover of CTW with CTW as the acquirer, in essence, a recapitalization of Bayview. As such, the historical deficit of Bayview, $225,316, was eliminated along with its contributed surplus account, $128,958, in accordance with EIC-10 by charging these amounts to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and reflects the following significant accounting policies:

Basis of Financial Statement Presentation

The consolidated financial statements include the accounts of the Company and the accounts of Bayview (now CWL). All intercompany transactions and balances have been eliminated upon consolidation. The consolidated financial statements are presented in United States dollars, which is the Company’s functional currency, and in accordance with Canadian GAAP.

Segment Reporting

The business of the Company 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, the consolidated financial statements are based on the financial statements of CTW.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions and short-term, highly liquid investments purchased with original maturities of three months or less.

Stock-Based Compensation

The Company accounts for stock-based compensation granted to directors, officers, employees and third parties using the fair value method of accounting. Accordingly, the fair value of the options is determined using the Black-Scholes option pricing model and stock-based compensation is recorded over the vesting period, with a corresponding increase to contributed surplus, on a straight-line basis over the vesting periods. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred together with the proceeds to share capital.

Loss per Share

Loss per share is calculated using the weighted-average number of shares outstanding. Diluted income per share would be calculated using the treasury stock method. The treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. Diluted income per share calculation will exclude any potential conversion of options and warrants that would increase earnings per share. Diluted loss per share is not presented when the effect would be anti-dilutive.

Inventory

The Company accounts for inventory in accordance with CICA Handbook Section 3031, “Inventories". Inventory, consisting principally of electronic and optical components used to manufacture the Vindicator and other LIDAR wind sensing technology, is carried at the lower of historical cost or net realizable value. Cost is determined using the first-in, first-out inventory basis, and includes the purchase price, import duties and other taxes, and transport expenses. Fixed and variable production overheads are systematically allocated to the carrying amount of inventory. At December 31, 2008, the inventory consisted primarily of parts and components for the Vindicator.

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates inherent in the preparation of the consolidated financial statements include the determination of impairment of long-lived assets, recoverability of deferred development costs, future income tax valuation and the determination of stock-based compensation. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized from product sales when the significant risks and rewards of ownership of the product passes to the customer (which may either be at the time of shipment or upon delivery and acceptance by the customer, depending on the terms of sale), evidence of such arrangement exist, price is fixed or determinable, and collection is reasonably assured. Sales discounts and allowances are recorded in the period in which the sale occurs. The Company records advances received from customers as deferred revenue. As at December 31, 2008, the Company had deferred revenue of $200,000 with respect to deposits received from a customer.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method of tax allocation, future income taxes are determined based on the differences between financial reporting and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantively enacted tax rates in which the income tax assets or liabilities are expected to be settled or realized. The effect of the change in income tax rates on recognized future income tax liabilities or assets is recognized in the period that the change occurs. A valuation allowance is provided to the extent that it is more likely-than-not that future income tax assets will not be realized.

Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives on a straight-line basis. Using the following methods and annual rates:

Computer software and websites	3 years straight-line
Computer equipment	3 years straight-line
Furniture & fixtures	5 years straight-line
Test and manufacturing equipment	5 years straight-line

Project Development Costs - Intangible Assets

The Company capitalizes its project development costs as intangible assets at original cost and will amortize these costs over their estimated useful lives on a straight-line basis in accordance as an early adopter of CICA Handbook Section 3064 "Goodwill and Intangible Assets" unless such lives are deemed indefinite. Intangible assets are assessed each year for impairment with any impairment being recorded in the Statement of Loss in the period deemed impaired.

The Company incurs development expenditures related to the development of its products, including the Vindicator and other LIDAR wind sensing technology. The development activities are performed primarily by OADS, a related party, and are charged to CTL under the Services Agreement described in Note 11.

Impairment of Long-Lived Assets

Long-lived assets and intangible assets subject to amortization are reviewed for possible impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, undiscounted future cash flows expected to result from the use and eventual disposition of the asset must be estimated and compared with the carrying value of the asset.

Where the undiscounted future cash flows are less than the carrying amount of the asset, the assets are written down to their estimated fair values.

Research and Development Costs

Research costs are expensed as incurred. Development costs are expensed as incurred, unless such costs meet the criteria for deferral and amortization under GAAP.

Stock Issuance Costs

Costs associated with the issuance of capital stock are charged directly to share capital.

Financial Instruments

The Company follows the accounting and disclosure requirements of CICA Handbook Section 3855 "*Financial Instruments - Recognition and Measurement"*, Section 3862, "*Financial Instruments Disclosures*", and Section 3863, "*Financial Instruments - Presentation*."

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. Settlement date accounting is used.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized costs
Due to related party	Other liabilities	Amortized costs

Transaction costs related to held for trading financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method.

The carrying value of financial instruments approximates their fair value, due to the short-term nature of such amounts. Unrealized gains or losses on financial instruments classified as held for trading are recognized in net income based on the changes in the fair market value of the financial instrument during the period.

Foreign Currency Translation

The Company's presentation and functional currency is the United States dollar.

The Company owns monetary assets in Canada, and makes payments to certain of its vendors and suppliers in Canada. As such, monetary assets and liabilities are translated at the rate of exchange in effect on the balance sheet date, non-monetary items are translated at historical exchange rates and revenues and expenses are translated at the average rate of exchange for the period in which the transaction occurred. Amortization of non-monetary assets is translated at the same exchange rate as the assets to which they relate. Exchange gains and losses are included in the determination of net income.

Future Accounting Changes

In March 2007, 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 development of 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 2009.

<u>CICA Sections 1582: Business Combinations</u>

In October 2008, the CICA issued the new Section 1582 "Business Combinations" replacing Section 1582 "Business Combinations". This new section will be applicable to financial statements relating to fiscal years on or after January 1, 2011. This section provides additional guidance on the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. The Company believes this will have no impact on it operations.

CICA Sections 1601: Consolidated Financial Statements

In October 2008, the CICA issued the new Section 1601 "Consolidated Financial Statements". This new section will be applicable to financial statements relating to fiscal years on or after January 1, 2011. This section carries forward existing Canadian guidance on the preparation of consolidated financial statements subsequent to acquisition of other non-controlling interests. The Company is in the process of evaluating the impact of adopting this standard.

CICA Sections 1602: Non-Controlling Interests

In October 2008, the CICA issued the new Section 1602 "Non-Controlling Interests". This new section will be applicable to financial statements relating to fiscal years on or after January 1, 2011. This section provides additional guidance on the treatment of NCI's after acquisition and business combinations that is converged with newly revised IAS 27, "Consolidated and Separate Financial Statements". The Company is in the process of evaluating the impact of adopting this standard.

4. CAPITAL ASSETS

Capital assets consist of the following as of December 31, 2008:

	Cost	Accumulated Amortization	Net Book Value
Software costs	$ 13,029	$2,172	$10,857
Test and manufacturing equipment	4,033	336	3,697
Furniture & fixtures	14,054	468	13,586
	$ 31,116	$2,976	$28,140

5. PROJECT DEVELOPMENT COSTS

Product Development Costs consist of the following as of December 31, 2008:

Vindicator	$ 3,075,002
Ending balance	$ 3,075,002

No amortization expense was recorded with respect to these costs, as the Company has not yet commenced commercial production of the Vindicator unit. Since inception, the Company has not earned any revenues from this project.

The Company is also developing the LIDAR wind sensing technology for other commercial uses, including the *Vindicator* and *Racer's Edge* application. Research costs amounted to $154,398 for the period from inception (January 1, 2008) to December 31, 2008, and have been expensed in the Statement of Loss and Comprehensive Loss.

6. INCOME TAXES

A reconciliation of the Company's statutory tax rate to the effective rate for the period from inception (January 1, 2008) to December 31, 2008 is as follows:

		Period from Inception (January 1, 2008) to December 31, 2008	Percentage
Federal income tax benefit at 34%	$	(758,675)	34%
State tax benefit, net of federal tax expense		(89,256)	4%
Benefit of losses not recognized		847,931	38%
	$	--	--

The Company currently has $2,231,396 in Net Operating Losses carry forward which expiry in 2028.

7. CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock, par value $0.0001, and 50 million shares of preferred stock, issuable in series, par value $0.0001, the rights, privileges, restrictions and conditions of which will be fixed by the Board of Directors of CWL. As part of the Qualifying Transaction, the then-existing common shares and options of Bayview (now CWL) were consolidated on a 4.99 to 1 basis, and an aggregate of 36,615,923 common shares of CWL were issued to the former shareholders of CTW, the investors under the Private Placement and one of the Agents (defined below). As a result, as of December 31, 2008, 38,046,784 shares of common stock of CWL were issued and outstanding. To date, no preferred shares have been issued and no options or warrants to purchase shares of common stock of CWL have been exercised.

8. STOCK OPTIONS

In connection with the reverse takeover event as described in Note 2, CWL adopted an Amended and Restated Stock Option Plan (the "Plan") in accordance with the policies of the TSX Venture Exchange Inc. for the benefit of the directors, officers, employees and consultants of the Company and its affiliates, including CTW. Under the Plan, a maximum of 10% of the common shares outstanding of the Company are from time to time reserved for issuance.

In connection with the Qualifying Transaction, the exercise price of the 203,407 options to purchase common shares of Bayview held by the former directors, officers and agents of Bayview following the 4.99 to 1 consolidation of Bayview's pre-Qualifying Transaction outstanding options was increased from (CDN) $0.20 per share to (CDN) $0.998 per share.

Pursuant to the terms of the Private Placement, CTW issued compensation options to Research Capital Corporation and Canaccord Capital Corporation (collectively, the "Agents") to collectively purchase 1,153,900 shares of common stock of CTW at a price of (CDN) $1.30 per share, considered to be the grant date market value, exercisable for the 24-month period following completion of the Qualifying Transaction. Upon completion of the Qualifying Transaction, these options were exchanged for options to purchase an equal number of shares of common stock of CWL at the same exercise price per share.

During 2008, CWL issued 1,750,000 stock options to directors, officers, employees and consultants of CWL, CTW and OADS. Options granted to directors vest over a 2-year period and options granted to officers, employees and consultants vest over a 4-year period, and in each case expire five years from the date of grant thereof. CWL determined the fair value of these stock options granted under the Plan using the Black-Scholes model with the following assumptions on a weighted average basis:

Share price	$ 1.30	
Risk-free interest rate	2.38	%
Dividend yield	--	
Volatility	55	%
Expected term	4	years

A summary of the Company's stock option and warrant activity is as follows:

	Number of options	Weighted average exercise price (CDN)
Balance as at January 1, 2008	-	
Granted	3,107,307	$1.14
Forfeited	(35,000)	$1.30
Balance as at December 31, 2008	3,072,307	$1.22

Stock options and warrants outstanding from grants from inception to December 31, 2008 are as follows:

Option Price	**Number of Options**	**Vested Options**	**Weighted Avg. Price (CDN)**	**Expiry Date**
1.30	1,615,000	100,000	$1.30	September 18, 2013
1.30	100,000	0	$1.30	October 28, 2013
1.30	1,153,900	0	$1.30	September 18, 2010
0.998	203,407	0	$0.998	September 18, 2009
	3,072,307	100,000	$1.22	

The Company recorded a stock option expense of $166,754 for the period ended December 31, 2008.

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

9. PRIVATE PLACEMENT

On July 30, 2008 and in contemplation of the Qualifying Transaction, CTW undertook the Private Placement. Each subscription receipt issued by CTW pursuant to the Private Placement entitled the holder thereof to acquire one share of common stock of CTW, which was subsequently exchanged for one common share of Bayview as part of the completion of the Qualifying Transaction. CTW issued 11,539,000 subscription receipts under the Private Placement. In connection with the Private Placement, CTW agreed to pay a commission equal to 7% of the gross proceeds of the Private Placement to the Agents and agreed to grant warrants to the Agents entitling the holders thereof to acquire an aggregate of 1,153,900 shares of common stock of CTW at an exercise price of (CDN) $1.30 per share, exercisable for the 24 month period following completion of the Qualifying Transaction. Upon completion of the Qualifying Transaction, these options were exchanged for options to purchase an equal number of shares of common stock of CWL at the same exercise price per share and the same expiry date. Placement costs totaling $1,996,188 were offset against the proceeds while interest income totaling $38,887 was included in the proceeds. Net proceeds recorded to equity in connection with the Private Placement totaled $12,301,997.

10. COMMITMENTS AND CONTINGENCIES

Effective September 1, 2008, CTW and OADS, a related party, (see Note 11) entered into a Sublease Agreement (the "Sublease Agreement") pursuant to which CTW leases certain office and support space from OADS for a period of one year. CTW has the option to renew the Sublease Agreement for an additional term of 2 years. Rent is payable at $22.00 per square foot (including all utilities, taxes and common area amounts) and is subject to an annual escalation of 3% per option year. The payment under the Sublease Agreement is dependent upon the amount of space utilized and is estimated to be $37,000 for the first fiscal year. During the first quarter of 2009, the Company entered into equipment lease financing arrangements with Boston Financial & Equity Corporation and two other equipment lease providers.

Lease commitment for premises - payable to related party:

2009 - $37,245
2010 - $38,362

The Company is occasionally named as a party in various claims and legal proceedings, which 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.

11. RELATED PARTY TRANSACTIONS AND ECONOMIC DEPENDENCE

Management of OADS holds a majority of the membership interests in OADS and indirectly owns a majority of the common shares 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". The Company relies upon OADS for research, development and engineering services related to its LIDAR technology, administrative support and office and support space, pursuant to the terms of a license agreement, a services agreement and a sublease agreement, each such agreement previously entered into between CTW and OADS, as further described below. The Company believes that these related party transactions between CTW and OADS reflect fair market value and are substantially equivalent to the terms that would have been negotiated had the companies operated on an arm's length basis.

Licensing Agreement

Effective September 3, 2008, CTW entered into a licensing agreement (the "Licensing Agreement") with OADS under which CTW was granted an irrevocable, transferable, exclusive worldwide right and license to develop, produce and sell products based on fiber optic sensing technology developed by OADS for any and all applications, excluding military applications and commercial avionics and airborne instrument applications (the "Licensed Technology"). The Licensing Agreement provides CTW with the right to sublicense the Licensed Technology to third parties.

The costs incurred by OADS prior to December 31, 2007 related to the development of the Vindicator remote wind sensor, the underlying LIDAR technology, and the ownership of patents held by OADS with respect thereto, are not reflected in these consolidated financial statements.

Services Agreement

Effective September 3, 2008, CTW entered into the Services Agreement with OADS under which the CTW engages OADS, on a non-exclusive basis, to provide technical assistance and other services to the CTW as needed on a best-effort as-available basis (the "Services Agreement"). Under the terms of the Services Agreement, OADS' services are billed to CTW on a time and materials basis. CTW also reimburses OADS for direct out-of-pocket expenses incurred by OADS on CTW.

The consolidated financial statements for the period from inception (January 1, 2008) to December 31, 2008 reflect the following labor charges from OADS:

Financial Statement Caption		OADS Labor Charges
Professional fees	$	730,085
Research	$	115,995
Project development assets	$	2,437,404

At December 31, 2008, the Company owed a balance of $527,135 to OADS for direct expenditures paid by OADS on behalf of CTW (amounting to $19,080), OADS labor charges for the period from inception (January 1, 2008) to December 31, 2008 (amounting to $440,335), and the balance owed to OADS for usage of OADS' aircraft (amounting to $67,720).

All balances payable to OADS are due on demand. During the period from inception (January 1, 2008) to December 31, 2008, CTW paid OADS a total of $3,391,642 ($2,437,404 for project development costs, $730,085 for professional fees, $115,995 in research and $108,158 in general administrative, sales and marketing expenses.)

Sublease Agreement

See Note 10 above.

12. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to ensure that sufficient resources are available to fund the development and commercialization of its products and to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers its capital to include the shareholders' equity and loans, if any, taken out to fund operations.

Management reviews its capital management approach on an ongoing basis, and believes that this approach, given the relative size of the Company, is reasonable. There were no changes to the Company's approach to capital management in the period from inception (January 1, 2008) to December 31, 2008. The Company is not subject to any externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, accounts payable and accrued liabilities and balances due to related party approximate their carrying value due to the relatively short-term maturities of these instruments.

The Company may be exposed to risks of varying degrees of significance that affect its ability to achieve its strategic objectives. The main objectives of the Company's risk processes are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed to are as follows:

Capital risk

The Company manages its capital to ensure there are adequate capital resources to fund development and commercialization of the Vindicator. The capital structure consists of shareholders’ equity and loans taken out to fund operations and will be affected by the Company’s future results of operations and cash burn rate until such time as sales of the Company’s products occur.

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay any amounts owed to the Company. Management's assessment of the Company's risk is low, and is primarily attributable to money held in the Company's bank account. The Company monitors its investments and balances held at depository institutions, and is satisfied with the credit ratings of its banks.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. Balances owed to the Company's creditors included in accounts payable and accrued liabilities are payable in accordance with the vendors' individual credit terms (i.e., within 30 days of invoice date). The balance due to OADS is repayable on demand. The Company intends on fulfilling its obligations.

Interest rate risk

The Company has cash balances and no long-term debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by banking institutions.

Foreign currency risk

Since the Company operates on an international basis, it is subject to risks and losses resulting from fluctuations in the relative currencies of different countries where its customers or suppliers are located. While the Company will attempt to be prudent in managing such risks, there can be no assurance that the Company will not suffer losses in the future. Any such losses could have a material adverse impact on results of operations and cash available to support operations. The Company does not use any financial instruments to mitigate this risk.

Market risk

Market risk is the risk to the Company that the fair value of future cash flows of financial instruments will fluctuate due to changes in interest rates and foreign currency rates. The Company does not have any financial instruments subject to this risk.