

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Sky Harvest Windpower Corp.
Form 10-Q
April 14, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2011
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-52410

SKY HARVEST WINDPOWER CORP.
(Exact name of registrant as specified in its charter)

Nevada N/A
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

890 West Pender Street, Suite 710, Vancouver, BC, Canada V6C 1J9
(Address of principal executive offices) (Zip Code)

(604) 267-3041
Registrant's telephone number, including area code

N/A
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (ss.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

29,732,016 shares of common stock are issued and outstanding as of April 14, 2011 (including 15,515,016 shares of common stock reserved for issuance in exchange for certain outstanding exchangeable securities of the registrant).

INDEX

PART I FINANCIAL INFORMATION Page

Item 1. Financial Statements (unaudited)	3
CONSOLIDATED BALANCE SHEETS as of February 28, 2011 and May 31, 2010	3
CONSOLIDATED STATEMENTS OF OPERATIONS for the Three and Nine Months Ended February 28, 2011 and 2010, and for the period since inception	4
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY for the period since inception	5
CONSOLIDATED STATEMENTS OF CASH FLOWS for the Nine Months Ended February 28, 2011 and 2010, and for the period since inception	9
NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures About Market Risk	26
Item 4. Controls and Procedures	26
PART II OTHER INFORMATION	
Item 1. Legal Proceedings	27
Item 1A. Risk Factors	27
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 3. Defaults Upon Senior Securities	27
Item 4. (Removed and Reserved)	27
Item 5. Other Information	27
Item 6. Exhibits	28
SIGNATURES	30

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Consolidated Balance Sheets
 (Expressed in US Dollars)
 (unaudited)

	February 28, 2011	
	-----	-----
	\$	
ASSETS		
Current Assets		
Cash and cash equivalents	12,876	
Short term investment	--	
Other receivables	41,770	
Prepaid expenses	--	
Due from related party	--	
	-----	-----
Total Current Assets	54,646	
Deposits	3,706	
Property and equipment, net (Note 4)	72,244	
Intangible assets (Note 5)	2,551,440	2
	-----	-----
Total Assets	2,682,036	2
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable	212,338	
Accrued liabilities	233	
Due to related parties (Note 9)	123,053	
Note payable (Note 7)	50,000	
	-----	-----
Total Liabilities	385,624	
	-----	-----
Stockholders' Equity		
Preferred Stock:		
Authorized: 10,000,000 shares, \$0.001 par value		
Issued and outstanding: 1 share (May 31, 2010 - 1 share)	--	
Common Stock:		
Authorized: 100,000,000 shares, \$0.001 par value		
Issued and outstanding: 29,732,016 shares (May 31, 2010 - 29,732,016 shares)	29,732	
Additional paid-in capital	5,231,112	5
Common stock subscribed (Note 11)	6,750	
Accumulated other comprehensive loss	(80,249)	
Deficit accumulated during the development stage	(2,890,933)	(2)
	-----	-----
Total Stockholders' Equity	2,296,412	2
	-----	-----
Total Liabilities and Stockholders' Equity	2,682,036	2
	=====	=====

Continuing operations (Note 1)
 Commitments and contingencies (Note 11)

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

(The accompanying notes are an integral part of
these consolidated financial statements)

3

Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Statements of Operations
(Expressed in US Dollars, except number of shares)
(unaudited)

	Accumulated from February 25, 2005 (Date of Inception) to February 28, 2011 ----- \$	For the Three Months Ended February 28, 2011 ----- \$	For the Three Months Ended February 28, 2010 ----- \$
Expenses			
Consulting fees	361,282	3,234	10,131
Engineering and development	381,026	21,598	43,376
Management fees (Note 9)	584,430	15,924	79,353
Professional fees	341,056	10,639	13,456
General and administrative	1,151,910	23,317	58,619
Acquired development costs	242,501	--	--
	-----	-----	-----
Operating loss	(3,062,205)	(74,712)	(204,935)
Other Income			
Interest income	89,382	--	170
Foreign exchange gain	81,890	37,031	1,370
	-----	-----	-----
Net loss	(2,890,933)	(37,681)	(203,395)
Other Comprehensive Loss			
Foreign currency translation adjustments	(80,249)	(41,242)	(1,132)
	-----	-----	-----
Comprehensive loss	(2,971,182)	(78,923)	(204,527)
	=====	=====	=====
Net loss per common share - basic and diluted		(0.00)	(0.01)
		-----	-----
Weighted average number of common stock outstanding		29,732,000	29,732,000
		-----	-----

(The accompanying notes are an integral part of
these consolidated financial statements)

4

Sky Harvest Windpower Corp.
(A Development Stage Company)

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Consolidated Statement of Stockholders' Equity
(Expressed in US Dollars, except number of shares)

	Preferred Stock ----- #	Amount ----- \$	Common Shares ----- #	Amount ----- \$	Additional Paid-in Capital ----- \$
Balance - February 25, 2005 (Date of Inception)	--	--	--	--	--
Common stock issued on March 2, 2005 to founders for cash at \$0.00167 per share	--	--	6,000,000	6,000	4,000
Common stock issued from March 4, 2005 to March 20, 2005 for cash at \$0.0033 per share	--	--	3,000,000	3,000	7,000
Common stock issued on March 31, 2005 for cash at \$0.0167 per share	--	--	300,000	300	4,700
Common stock issued from April 7, 2005 to April 28, 2005 for cash at \$0.0167 per share	--	--	480,000	480	7,520
Common stock issued from May 1, 2005 to May 25, 2005 for cash at \$0.0167 per share	--	--	690,000	690	10,810
Common stock issued on May 29, 2005 for cash at \$0.0167 per share	--	--	60,000	60	9,940
Net loss for the period	--	--	--	--	--
Balance - May, 31 2005 carried forward	--	--	10,530,000	10,530	43,970

(The accompanying notes are an integral part of
these consolidated financial statements)

Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
(Expressed in US Dollars, except number of shares)

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

	Preferred Stock ----- #	Amount ----- \$	Common Shares ----- #	Amount ----- \$	Paid-in Capital ----- \$
Balance - May, 31, 2005 brought forward	--	--	10,530,000	10,530	43,970
Net loss for the year	--	--	--	--	--
Balance - May 31, 2006	--	--	10,530,000	10,530	43,970
Common stock subscribed	--	--	--	--	--
Stock-based compensation	--	--	--	--	365,508
Net loss for the year	--	--	--	--	--
Balance - May 31, 2007 carried forward	--	--	10,530,000	10,530	409,478

(The accompanying notes are an integral part of these consolidated financial statements)

6

Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
(Expressed in US Dollars, except number of shares)

	Preferred Stock ----- #	Amount ----- \$	Common Shares ----- #	Amount ----- \$	Additional Paid-in Capital ----- \$
Balance - May 31, 2007 carried forward	--	--	10,530,000	10,530	409,478
Common stock issued on July 11, 2007 for cash at \$0.70 per share	--	--	715,000	715	499,785
Common stock issued on July 11, 2007 for finders' fees	--	--	71,500	71	49,979
Common stock issued on July 27, 2007 for cash at \$1.20 per share	--	--	1,075,000	1,075	1,288,925
One million share purchase					

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

warrants issued for finders' fee	--	--	--	--	321,279
Finders' fees	--	--	--	--	(498,080)
Net loss for the year	--	--	--	--	--
Balance - May 31, 2008	--	--	12,391,500	12,391	2,071,366
Common stock subscribed	--	--	--	--	--
Net loss for the year	--	--	--	--	--
Balance - May 31, 2009 carried forward	--	--	12,391,500	12,391	2,071,366

(The accompanying notes are an integral part of these consolidated financial statements)

7

Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Statement of Stockholders' Equity
(Expressed in US Dollars, except number of shares)

	Preferred Stock	Amount	Common Shares	Amount	Additional Paid-in Capital	Common Stock Subscribed	Accu O Compr L
	#	\$	#	\$	\$	\$	
Balance - May 31, 2009 carried forward	--	--	12,391,500	12,391	2,071,366	6,750	
Common stock issued pursuant to business acquisition	--	--	17,340,516	17,341	2,583,736	--	
Preferred stock issued pursuant to business acquisition	1	--	--	--	--	--	
Stock-based compensation	--	--	--	--	589,514	--	
Accumulated other comprehensive loss	--	--	--	--	--	--	(28,
Net loss for year	--	--	--	--	--	--	
Balance - May 31, 2010	1	--	29,732,016	29,732	5,244,616	6,750	(28,

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Stock-based compensation	--	--	--	--	(13,504)	--	
Accumulated other comprehensive loss	--	--	--	--	--	--	(51,
Net loss for the period	--	--	--	--	--	--	
Balance - February 28, 2011 (unaudited)	1	--	29,732,016	29,732	5,231,112	6,750	(80,

(The accompanying notes are an integral part of these consolidated financial statements)

8

Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Expressed in US Dollars)
(unaudited)

	Accumulated from February 25, 2005 (Date of Inception) to February 28, 2011	For the Nine Months Ended February 28, 2011
	----- \$	----- \$
Operating activities		
Net loss for the period	(2,890,933)	(237,670)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	22,504	3,637
Stock-based compensation	946,478	(13,504)
Acquired development costs	242,501	--
Changes in operating assets and liabilities:		
Prepaid expenses	8,428	17,879
Accrued interest	244	31
Accounts payable and accrued liabilities	174,406	124,945
Account receivable	(27,642)	(21,658)
Note receivable	(280,000)	--
Due to related parties	60,128	61,313
Net cash flows used in operating activities	(1,743,886)	(65,027)
Investing activities		
Purchase of equipment	(23,504)	--
Purchase of short-term investments	(2,472,839)	--
Redemption of short-term investments	2,493,484	22,840
Cash acquired from acquisition	21,016	--
Net cash flows provided by investing activities	18,157	22,840

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Financing activities		
Proceeds from common stock issuances	1,718,249	--
Proceeds from related party loans	61,741	61,741
Proceeds from note payable	50,000	50,000
	-----	-----
Net cash flows provided by financing activities	1,829,990	111,741
	-----	-----
Effect of exchange rate changes on cash	(91,385)	(56,912)
	-----	-----
Increase in cash and cash equivalents	12,876	12,642
Cash and cash equivalents - beginning of period	--	234
	-----	-----
Cash and cash equivalents - end of period	12,876	12,876
	=====	=====
Supplementary disclosures:		
Interest paid	--	--
Income taxes paid	--	--
	-----	-----
Significant non-cash investing and financing activities:		
Stock issuance for acquisition	2,601,077	--
Increase intangible asset due to acquisition	2,551,400	--
Accounts payable increased due to acquisition	30,986	--
	-----	-----

(The accompanying notes are an integral part of
these consolidated financial statements)

9

Sky Harvest Windpower Corp.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

February 28, 2011

(Expressed in US Dollars)

1. Organization and Description of Business

Sky Harvest Windpower Corp. (the "Company") was incorporated in the State of Nevada on February 25, 2005. The Company is a Development Stage Company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, Development Stage Entities. Its activities to date have been limited to capital formation, organization, and development of its business plan for the exploration and development of wind power projects in Canada.

Effective July 13, 2009, the Company acquired all the outstanding common stock of Sky Harvest Windpower (Saskatchewan) Corp. ("Sky Harvest - Saskatchewan"), a private company incorporated under the laws of Canada.

On September 1, 2009, the Company completed a merger with its wholly-owned inactive subsidiary, Sky Harvest Windpower Corp., a Nevada corporation, which was incorporated solely to effect a change in the Company's name. As a result, the Company changed its name from Keewatin Windpower Corp. to Sky Harvest Windpower Corp.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

discharge its liabilities in the normal course of business. The Company has never generated revenues since inception and has never paid any dividends and is unlikely to pay dividends or generate earnings in the immediate or foreseeable future. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations, the successful exploitation of economically recoverable electricity in its wind power projects, and the attainment of profitable operations. As at February 28, 2011, the Company has accumulated losses of \$2,890,933 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management plans to raise additional funds through debt and equity offerings. Management has yet to decide what type of offering the Company will use or how much capital the Company will attempt to raise and on what terms. There is however no assurance that the Company will be able to raise any additional capital through any type of offering on terms acceptable to the Company.

2. Significant Accounting Policies

a. Basis of Accounting

The Company's consolidated financial statements are prepared using the accrual method of accounting. These consolidated statements include the accounts of the Company and its wholly-owned subsidiaries Keewatin Windpower Inc. and Sky Harvest - Saskatchewan. All significant intercompany transactions and balances have been eliminated. The Company has elected a May 31 year-end.

b. Interim Financial Statements

These interim unaudited consolidated financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

c. Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

10

Sky Harvest Windpower Corp.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

February 28, 2011

(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

d. Marketable Securities

The Company defines marketable securities as income yielding securities that can be readily converted into cash. Examples of marketable securities include Treasury and agency obligations, commercial paper, corporate notes and bonds, time deposits with an original maturity greater than 3 months, foreign notes and

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

certificates of deposit. The Company accounts for investments in debt and equity instruments under ASC 320, Investments - Debt and Equity. The Company follows the guidance provided by ASC 320 to assess whether our investments with unrealized loss positions are other than temporarily impaired. Realized gains and losses and declines in value judged to be other than temporary are determined based on the specific identification method and are reported in other income (expense). Management determines the appropriate classification of such securities at the time of purchase and re-evaluates such classification as of each balance sheet date.

e. Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value:

Level 1

Level 1 applies to assets and liabilities for which there are quoted prices in active markets for identical assets or liabilities. Valuations are based on quoted prices that are readily and regularly available in an active market and do not entail a significant degree of judgment.

Level 2

Level 2 applies to assets and liabilities for which there are other than Level 1 observable inputs such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets), or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data. Level 2 instruments require more management judgment and subjectivity as compared to Level 1 instruments. For instance:

- * Determining which instruments are most similar to the instrument being priced requires management to identify a sample of similar securities based on the coupon rates, maturity, issuer, credit rating and instrument type, and subjectively select an individual security or multiple securities that are deemed most similar to the security being priced; and
- * Determining whether a market is considered active requires management judgment.

Level 3

Level 3 applies to assets and liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities. The determination of fair value for

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Level 3 instruments requires the most management judgment and subjectivity.

The Company believes the fair value of its financial instruments consisting of cash, other receivables, accounts payable, amounts due to related parties and notes payable approximate their carrying values due to the relatively short maturity of these instruments.

11

Sky Harvest Windpower Corp.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

February 28, 2011

(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

f. Equipment

(i) Amortization Methods and Rates

Equipment is carried at cost. Depreciation is computed using a straight-line method over the estimated useful lives of the depreciable property, which range from 3 to 5 years. Management evaluates useful lives regularly in order to determine recoverability taking into consideration current technological conditions. Maintenance and repairs are charged to expenses as incurred; additions and betterments are capitalized. Upon retirement or disposal of any item of equipment, the cost and related accumulated depreciation of the disposed assets is removed, and any resulting gain or loss is credited or charged to operations. Costs included in wind equipment are under construction and will be amortized over their useful life on a straight-line basis once they are put into use.

(ii) Asset Impairment

The Company performs impairment tests on its property and equipment when events or changes in circumstances occur that indicate the carrying value of an asset may not be recoverable. Estimated future cash flows are calculated using estimated future prices and operating and capital costs on an undiscounted basis. When the carrying value of the property and equipment exceeds estimated future cash flows, the asset is impaired. An impairment loss is recorded to the extent the carrying value exceeds the discounted value of the estimated future cash flows.

(iii) Repairs and Maintenance

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of property and equipment.

g. Long Lived Assets

Intangible assets

In accordance with ASC 350, Intangibles - Goodwill and Other, goodwill is required to be tested for impairment on an annual basis, or more frequently if certain indicators arise, using the guidance specifically provided, and purchased intangible assets other than goodwill are required to be amortized

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

over their useful lives unless their lives are determined to be indefinite.

Management reviews intangible assets at least annually, and on an interim basis when conditions require, evaluates events or changes in circumstances that may indicate impairment in the carrying amount of such assets. An impairment loss is recognized in the statement of operations in the period that the related asset is deemed to be impaired.

In accordance with ASC 360, Property, Plant and Equipment, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

12

Sky Harvest Windpower Corp.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

February 28, 2011

(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

h. Income Taxes

Income taxes are provided in accordance with ASC 740, Income Taxes. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

i. Foreign Currency Translation

The functional currency of the Company's Canadian subsidiaries is the applicable local currency. The functional currency is translated into U.S. dollars for balance sheet accounts using current exchange rates in effect as of the balance sheet date and for revenue and expense accounts and cash flow items using a weighted-average exchange rate during the reporting period. Adjustments resulting from translation are included in accumulated comprehensive income (loss), a separate component of shareholders' equity (deficit).

Monetary assets and liabilities denominated in foreign currencies are translated

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income. Foreign currency transactions are primarily undertaken in Canadian dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

j. Basic Earnings (Loss) per Share

The Company computes net income (loss) per share in accordance with ASC 260, Earnings per Share. ASC 260 specifies the computation, presentation and disclosure requirements for earnings (loss) per share for entities with publicly held common stock. Basic net earnings (loss) per share amounts are computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding. Diluted earnings (loss) per share are the same as basic earnings (loss) per share due to the lack of dilutive items in the Company.

k. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain 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 periods presented. Actual results could differ from those estimates.

Significant estimates made by management are, among others, realizability of long-lived assets, deferred taxes and stock option valuation. Management reviews its estimates on a quarterly basis and, where necessary, makes adjustments prospectively.

l. Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718, Compensation - Stock Based Compensation, and ASC 505-50, Equity Based Payments to Non-Employees, using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

13

Sky Harvest Windpower Corp.

(A Development Stage Company)

Notes to the Unaudited Interim Consolidated Financial Statements

February 28, 2011

(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

m. Website Development Costs

The Company capitalizes website development costs in accordance with ASC 350, Intangibles - Goodwill and Other, whereby costs related to the preliminary project stage of development are expensed and costs related to the application development stage are capitalized. Any additional costs for upgrades and enhancements which result in additional functionality will be capitalized. Capitalized costs will be amortized based on their estimated useful life over

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

three years. Internal costs related to the development of website content are charged to operations as incurred.

n. Comprehensive Income

ASC 220, Comprehensive Income, establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. As at February 28, 2011 and May 31, 2010, the Company's only component of comprehensive income (loss) was foreign currency translation adjustments.

3. Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

4. Property and equipment

	Cost	Accumulated Depreciation	February 28, 2011 Net Carrying Value	May 31, 2010 Net Carrying Value
	----- \$	----- \$	----- \$	----- \$
Computer equipment	6,213	(5,322)	891	1,141
Asset under construction	70,243	--	70,243	65,391
Wind tower equipment	22,116	(21,006)	1,110	4,429
	-----	-----	-----	-----
	98,572	(26,328)	72,244	70,961
	=====	=====	=====	=====

5. Intangible Assets

	Cost	Accumulated Depreciation	February 28, 2011 Net Carrying Value	May 31, 2010 Net Carrying Value
	----- \$	----- \$	----- \$	----- \$
Website development	2,442	(2,442)	--	--
Wind farm assets	2,551,440	--	2,551,440	2,551,440
	-----	-----	-----	-----
	2,553,882	(2,442)	2,551,440	2,551,440
	=====	=====	=====	=====

14

Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Unaudited Interim Consolidated Financial Statements
February 28, 2011
(Expressed in US Dollars)

6. Short-term Investments

- a) On July 28, 2010, the Company purchased a term deposit in the amount of CDN \$11,500, bearing floating interest rate of 0.50%, maturing on September 1, 2010. During the nine months ended February 28, 2011, the

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Company redeemed the short term deposit.

- b) On October 30, 2009, the Company purchased a term deposit in the amount of CDN \$12,334, bearing floating interest rate of prime rate less 1.85%, maturing on October 29, 2010. During the nine months ended February 28, 2011, the Company redeemed the short term deposit.

7. Note Payable

During the nine months ended February 28, 2011, the Company received an advance from a third party in the amount of \$50,000. The amount is unsecured, non-interest bearing and due on demand.

8. Preferred Stock

On July 11, 2009, the Company entered into a voting and exchange trust agreement among its subsidiary, Keewatin Wind Power Corp., and Valiant Trust Company (Valiant Trust) whereby the Company issued and deposited with Valiant Trust one special preferred voting share of the Company in order to enable Valiant Trust to execute certain voting and exchange rights as trustee from time to time for and on behalf of the registered holders of the preferred shares of Keewatin Wind Power Corp. Each preferred share of Keewatin Wind Power Corp. is exchangeable into one share of common stock of the Company at the election of the shareholder, or, in certain circumstances, of the Company.

As of February 28, 2011, the Company had issued 885,000 shares of common stock to holders of 885,000 shares of exchangeable preferred shares of its subsidiary Keewatin Wind Power Corp., pursuant to them exercising their exchange rights. As of February 28, 2011, there were 15,515,016 outstanding exchangeable shares (May 31, 2010 - 15,515,016 shares).

As the exchangeable shares have already been recognized in connection with the acquisition of Sky Harvest - Saskatchewan, the value ascribed to these shares on exchange is \$Nil.

9. Related Party Transactions

- a) During the nine months ended February 28, 2011, the Company incurred \$30,903 (2010 - \$87,565) for management services provided by a former director and a principal shareholder of the Company. As at February 28, 2011, the Company has recognized prepaid management fees of \$nil (May 31, 2010 - \$4,791) and the former director is indebted to the Company for \$15,866, which is included in other receivables at February 28, 2011. As at May 31, 2010, the former director is indebted to the Company for \$10,650.
- b) During the nine months ended February 28, 2011, the Company incurred \$47,092 (2010 - \$46,131) to a company controlled by a director and principal shareholder of the Company for management services. As at February 28, 2011, the Company is indebted to that company and the Company's director for \$61,313 (May 31, 2010 - \$109), which is non-interest bearing, unsecured and due on demand.
- c) On June 18, 2010, the Company entered into a loan agreement with a shareholder for \$27,000 which is payable within three months a written demand is received from the note holder. The amount is unsecured and bears interest at 15% per annum. As at February 28, 2011, accrued interest of \$2,829 was recorded. During the nine months ended February 28, 2011, the Company received an advance of \$31,911 (CDN\$31,000) from the same shareholder. The amount is unsecured, non-interest bearing and has no terms of repayment.

These related party transactions are recorded at the exchange amount, being the amount established and agreed to by the related parties.

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

15

Sky Harvest Windpower Corp.
 (A Development Stage Company)
 Notes to the Unaudited Interim Consolidated Financial Statements
 February 28, 2011
 (Expressed in US Dollars)

10. Stock Based Compensation

On September 11, 2009, the Company's board of directors adopted the 2009 Stock Option Plan (the "Plan") which provides for the granting of stock options to acquire up to 2,900,000 common shares of the Company to eligible employees, officers, directors and consultants of the Company. At February 28, 2011, the Company had 1,650,000 shares of common stock available to be issued under the Plan.

On September 11, 2009, pursuant to the Plan, the Company granted 1,000,000 options with immediate vesting to directors, officers, and employees to acquire 1,000,000 common shares at an exercise price of \$0.51 per share exercisable for 5 years and recorded stock-based compensation for the vested options of \$493,939, as general and administrative expense.

On September 11, 2009, pursuant to the Plan, the Company granted 250,000 options to consultants to acquire 250,000 common shares at an exercise price of \$0.51 per share exercisable for 5 years. The options granted vest at the rate of 12.5% every 90 days from the date of grant. The Company recorded stock based compensation of \$82,070, as general and administrative expense.

The fair value for stock options vested during the nine month period ended February 28, 2011 was estimated at the vesting date using the Black-Scholes option-pricing model and the weighted average fair value of stock options vested was \$0.39 per share.

The weighted average assumptions used are as follows:

	Nine months Ended February 28, 2011
Expected dividend yield	0%
Risk-free interest rate	1.87%
Expected volatility	371%
Expected option life (in years)	4.00

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price	Remaining Contractual Term (years)	Weighted Average Aggregate Intrinsic Value
		\$		\$
Outstanding: May 31, 2010	1,250,000	0.51		
Granted	--	--		
Expired	(333,333)	0.51		
	-----	----		
Outstanding: February 28, 2011	916,667	0.51	3.54	--

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

	=====	=====	=====	=====
Exercisable: February 28, 2011	822,917	0.51	3.54	--
	=====	=====	=====	=====

16

Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Unaudited Interim Consolidated Financial Statements
February 28, 2011
(Expressed in US Dollars)

10. Stock Based Compensation (continued)

A summary of the status of the Company's non-vested stock options as of February 28, 2011, and changes during the year ended February 28, 2011, is presented below:

Non-vested options -----	Number of options -----	Weighted Average Grant Date Fair Value -----
		\$
Non-vested at May 31, 2010	187,500	0.55
Granted	--	--
Forfeited/Cancelled	--	--
Vested	(93,750)	0.39
	-----	----
Non-vested at February 28, 2011	93,750	0.11
	=====	=====

At February 28, 2011, there was \$1,599 of unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the Plan, which is expected to be recognized over a weighted average period of 0.53 years.

11. Commitments and Contingencies

On February 23, 2009, the Company entered into a consulting agreement with a consultant (the "Consultant"). Pursuant to the agreement, the Consultant provided investor relations services for the Company from February 24, 2009 to July 5, 2009. In consideration for the investor relations services, the Company agreed to pay the Consultant \$5,000 per month and to issue 15,000 shares of the Company's common stock. At February 28, 2011, the fair value of the 15,000 shares issuable was \$6,750 and is included in common stock subscribed.

12. Subsequent Events

In accordance with ASC 855, Subsequent Events, the Company has evaluated subsequent events through the date of issuance of the unaudited interim consolidated financial statements. During this period, the Company did not have any material recognizable subsequent events except the following:

- a) On March 10, 2011, the Company adopted a stock option plan (the "2011 Stock Option Plan") under which the Company is authorized to grant stock options to acquire up to 5,000,000 shares of common stock. On March 10, 2011, the Company granted 1,525,000 stock options under the 2011 Stock Option Plan, exercisable at \$0.10 per share on or before

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

March 10, 2016.

- b) The Company is proposing a private placement financing consisting of the sale of up to 2,000,000 shares of its common stock at a price of \$0.25 per share for gross proceeds of \$500,000. The Company has also agreed to issue 40,000 shares of common stock as a finder's fee in connection with the financing.

17

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read together with our Consolidated Financial Statements and the Notes to those statements included elsewhere in this quarterly report on Form 10-Q and the Consolidated Financial Statements and the Notes to those statements included in our Form 10-K for the year ended May 31, 2010. Certain statements contained herein constitute "forward-looking statements" as defined in the U.S. Private Securities Litigation Reform Act of 1995. In some cases forward-looking statements can be identified by terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "intends," or similar terms. These statements appear in a number of places in this Form 10-Q and include statements regarding the intent, belief or current expectations of our company, its directors or its officers with respect to, among other things: (i) trends affecting our financial condition or results of operations, (ii) our business and growth strategies and (iii) our financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur.

Our consolidated financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles. In this quarterly report, unless otherwise specified, all references to "common shares" refer to the common shares in our capital stock and the terms "we", "us" and "our", "the Company" and "Sky Harvest" mean Sky Harvest Windpower Corp., a Nevada Corporation and its subsidiaries.

CORPORATE OVERVIEW

We were incorporated in the State of Nevada on February 25, 2005. We are a development stage company in the business of electrical power generation through the use of wind energy. We have not generated any revenue from operations since our incorporation. We do not anticipate earning any revenue until the completion of an environmental assessment on our properties, securing a power purchase agreement and erecting and commissioning wind turbines on our properties, of which there is no guarantee.

RECENT CORPORATE DEVELOPMENTS

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

On September 1, 2010, we appointed William Iny as our President, CEO, CFO, Secretary and Treasurer in place of Chris Craddock, who resigned from these positions on the same date. Mr. Craddock also resigned as a director on September 1, 2010. Mr. Iny also replaced Mr. Craddock as the sole director and officer of our subsidiaries on the same date.

On March 10, 2011, we announced the adoption of the 2011 stock option plan. A total of 5,000,000 shares of common stock are available for issuance under the 2011 stock option plan. Concurrent with the adoption of the 2011 Stock Option Plan, we granted incentive stock options on an aggregate of 1,525,000 shares of our common stock to our current director and officer, as well as eligible consultants. These stock options are exercisable at a price of \$0.10 per share for a period of five years.

On April 4, 2011, we announced that we are proceeding with a private placement consisting of the sale of up to 2,000,000 shares of our common stock at \$0.25 each for aggregate proceeds of \$500,000. We have also agreed to issue 40,000 shares of common stock as a finder's fee in connection with the financing. We

18

intend to use the proceeds from the private placement for pre-development costs in connection with our proposed wind power development projects located in Saskatchewan, Canada, as well as for general working capital.

RESULTS OF OPERATIONS

The following summary of our results of operations should be read in conjunction with our unaudited interim consolidated financial statements for the fiscal quarter ended February 28, 2011, which are included herein.

	Three months ended February 28,			
	2011	2010	Increase/(Decrease)	
	-----	-----	-----	-----
	\$	\$	\$	%
Revenue	0	0	0	N/A
Expenses	74,712	204,935	(130,223)	(63.5%)
Foreign exchange (gain) loss	(37,031)	(1,370)	(35,661)	N/A
Interest income	0	(170)	170	N/A
	-----	-----	-----	-----
Net Loss	37,681	203,395	(165,714)	(83.1%)
	=====	=====	=====	=====

	Nine months ended February 28,			
	2011	2010	Increase/(Decrease)	
	-----	-----	-----	-----
	\$	\$	\$	%
Revenue	0	0	0	N/A
Expenses	284,768	1,417,949	(1,133,181)	(79.9%)
Foreign exchange (gain) loss	(47,074)	(30,908)	(16,166)	N/A
Interest income	(24)	(1,994)	1,970	N/A
	-----	-----	-----	-----
Net Loss	237,670	1,385,047	(1,147,377)	(82.8%)
	=====	=====	=====	=====

REVENUES

We recorded a net operating loss of \$74,712 for the fiscal quarter ended February 28, 2011 and have an accumulated deficit of \$2,971,182 since inception. We have had no operating revenues since our inception on February 25, 2005

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

through to the fiscal quarter ended February 28, 2011. We anticipate that we will not generate any revenues while we are a development stage company.

EXPENSES

Our expenses for the three and nine months ended February 28, 2011 and 2010 are outlined below:

	Three months ended February 28,			
	2011	2010	Increase/(Decrease)	
	----- \$	----- \$	----- \$	----- %
Consulting fees	3,234	10,131	(6,897)	(68.1%)
Engineering and development	21,598	43,376	(21,778)	(50.2%)
Management fees	15,924	79,353	(63,429)	(79.9%)
Professional fees	10,639	13,456	(2,817)	(20.9%)
General and administrative	23,317	58,619	(35,302)	(60.2%)
	-----	-----	-----	-----
Net Operating Loss	74,712	204,935	(130,223)	(63.5%)
	=====	=====	=====	=====

19

	Nine months ended February 28,			
	2011	2010	Increase/(Decrease)	
	----- \$	----- \$	----- \$	----- %
Consulting fees	49,311	52,348	(3,037)	(5.8%)
Engineering and development	61,612	179,764	(118,152)	(65.7%)
Management fees	77,994	172,905	(94,911)	(54.9%)
Professional fees	42,048	121,015	(78,967)	(65.3%)
General and administrative	53,803	649,416	(595,613)	(91.7%)
Acquired development costs	--	242,501	(242,501)	(100.0%)
	-----	-----	-----	-----
Net Operating Loss	284,768	1,417,949	(1,133,181)	(79.9%)
	=====	=====	=====	=====

Consulting expenses decreased by \$6,897 in the three month period ended February 28, 2011 compared to the three month period ended February 28, 2010, and by \$3,037 in the nine month period ended February 28, 2011 compared to the nine month period ended February 28, 2010. These decreases primarily related to a reduction in fees paid for investor relations services.

Engineering and development expenses decreased by \$21,778 in the three month period ended February 28, 2011 compared to the three month period ended February 28, 2010, and by \$118,152 in the nine month period ended February 28, 2011 compared to the nine month period ended February 28, 2010. This decrease is a result of reduced development work on our wind power projects.

Management fees decreased by \$63,429 in the three month period ended February 28, 2011 compared to the three month period ended February 28, 2010, and by \$94,911 in the nine month period ended February 28, 2011 compared to the nine month period ended February 28, 2010. These decreases in management fees are a result of termination of our management contract with Chris Craddock, who ceased providing us with management services on September 1, 2010. Since that date, William Iny, our president and sole director, has provided us with management services for remuneration of \$5,000 per month.

Professional fees, consisting primarily of legal and accounting costs, decreased by \$2,817 in the three month period ended February 28, 2011 compared to the

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

three month period ended February 28, 2010, and by \$78,967 in the nine month period ended February 28, 2011 compared to the nine month period ended February 28, 2010. These decreases are due to the fact that we incurred higher than usual professional fees in fiscal 2010 in connection with our acquisition of Sky Harvest - Saskatchewan and the creation of a stock option plan.

General and administrative expenses decreased by \$35,302 in the three month period ended February 28, 2011 compared to the three month period ended February 28, 2010, and by \$595,613 in the nine month period ended February 28, 2011 compared to the nine month period ended February 28, 2010. The decrease in this category of expenses resulted chiefly from an adjustment to the fair value of unvested options awarded under the Company's 2009 Stock Option plan.

Acquired development costs amounting to \$242,501 expensed during the three months ended August 31, 2009, represent development costs incurred by Sky Harvest - Saskatchewan prior to acquisition by the Company on July 11, 2009.

FOREIGN EXCHANGE (GAIN) LOSS

Foreign currency transactions are primarily undertaken in Canadian dollars. Foreign exchange gains and losses arise from the translation of transactions in Canadian dollars into US dollars. Foreign currency exchange rates fluctuate, and gains and losses resulting from these fluctuations recognized as they occur. Company has not, to the date of this report, utilized derivative instruments to offset the impact of foreign currency fluctuations.

20

INTEREST INCOME

We did not generate interest in the three month period ended February 28, 2011. The Company has redeemed funds previously held in term deposits in order to fund development of its wind power projects and continued corporate operations.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition as at February 28, 2011, and May 31, 2010, our fiscal year end, and the changes for on those dates are summarized as follows:

WORKING CAPITAL

	February 28, 2011	May 31, 2010	Increase/Decrease	
	----- \$	----- \$	----- \$	----- %
Current Assets	54,646	75,343	(20,697)	(27.5%)
Current Liabilities	385,624	98,116	287,508	293%
	-----	-----	-----	-----
Working Capital	(330,978)	(22,773)	(308,205)	N/A
	=====	=====	=====	=====

The decrease in our working capital position of \$308,205 from May 31, 2010, the date of our most recently fiscal year end, to February 28, 2011 was primarily due to a decrease in prepaid expenses and amounts due from related parties coupled with increases in accounts payable, amounts due to related parties and notes payable in connection with loans we have received since our fiscal year end.

CASH FLOWS

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

	2011	Nine months ended 2010	February 28, Increase/ (Decrease)
	----- \$	----- \$	----- \$
Cash Flows from (used in) Operating Activities	(65,027)	(589,635)	(524,608)
Cash Flows provided by (used in) Investing Activities	22,840	667,576	(644,736)
Cash Flows provided by Financing Activities	111,741	--	111,741
Effect of exchange rate changes on cash	(56,912)	(30,898)	26,014
	-----	-----	-----
Net increase (decrease) in cash during period	12,642	47,043	34,401
	=====	=====	=====

During the nine months ended February 28, 2011, we used net cash in operating activities in the amount of \$65,027. This cash outflow primarily consisted of payments for general and administrative expenses, audit fees, and wind property lease payments.

The \$22,840 in cash flows provided by investing activities during the nine months ended February 28, 2011 represents funds we received by redeeming short-term investments in the form of term deposits.

The \$111,741 in cash flows provided by financing activities during the nine months ended February 28, 2011 represents third party loans that we received during the period.

21

DISCLOSURE OF OUTSTANDING SHARE DATA

WARRANTS

None

SHARE OPTIONS

On September 11, 2009, we granted stock options to directors, officers and key advisors to acquire up to 1,250,000 shares of common stock exercisable at \$0.51 per share on or before September 11, 2014.

A summary of our stock option activity is as follows:

	Number of Options -----	Weighted Average Exercise Price ----- \$
Balance as at May 31, 2010	1,250,000	0.51
Granted	--	--
Cancelled	--	--
Expired	(333,333)	0.51
Exercised	--	--
	-----	-----
Balance, as at November 20, 2010	916,667	0.51
	=====	=====

FUTURE FINANCINGS

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

We recorded a net operating loss of \$237,670 for the nine month period ended February 28, 2011 and have an accumulated deficit of \$2,971,182 since inception. As of February 28, 2011 we had cash and cash equivalents totaling \$12,876 (May 31, 2010 - \$234).

As of the date of this report, management anticipates that we will require at least \$350,000 to fund our corporate operations and proposed exploration and development program for the next 12 months. As well, we will require approximately an additional \$400,000 to cover our current outstanding liabilities. Accordingly, we do not have sufficient funds to meet our planned expenditures over the next 12 months. In addition, we will require further financing in order to fund our anticipated expenses for the construction of the proposed wind turbine project.

We have begun sourcing additional debt or equity financing to cover the balance of the anticipated costs for the next 12 months. During the nine month period ended November 30, 2010, we received \$111,741 in loans from third parties. Subsequent to the quarter ended February 28, 2011, we announced that we are proceeding with a private placement financing whereby we intend to sell up to 2,000,000 shares of our common stock at a price of \$0.25 each for aggregate proceeds of \$500,000. However, there is no assurance that we will successfully complete this financing.

We have not had any specific communications with any representative of a debt financing institution regarding our proposed wind power project. We will only be able to secure debt financing for wind turbines if we are able to prove that an economic wind resource exists on a site over which we have acquired the rights to erect turbines and that we have negotiated a power purchase agreement with a credit-worthy counter-party.

We anticipate continuing to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to our existing shareholders. We may also seek to raise additional cash by the issuance of debt instruments. As of the date of this

22

report, there is no assurance that we will achieve any additional sales of our equity securities or arrange for debt or other financing to fund our exploration and development activities during the next 12 month period.

OFF BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

RISKS RELATED TO OUR BUSINESS

IF WE DO NOT OBTAIN ADDITIONAL FINANCING OUR BUSINESS WILL FAIL.

Over the next 12 months, we expect to spend approximately \$250,000 on administrative costs, including management fees payable to our President, professional fees and general business expenses, including costs related to complying with our filing obligations as a reporting company. As our operations become more complex, it is anticipated that these costs will increase. We also expect incur a further \$100,000 in pre-development costs related to our wind power projects.

As of the date of this report, we do not have sufficient cash on hand to fund these expenditures. We will need to raise additional debt or equity financing in

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

order to cover remaining business costs.

BECAUSE WE HAVE NOT COMMENCED BUSINESS OPERATIONS, WE FACE A HIGH RISK OF BUSINESS FAILURE.

We have not yet commenced business operations as an independent power producer; accordingly, we have no way to evaluate the likelihood that our business will be successful. We were incorporated on February 25, 2005 and to date have been involved in conducting land assessments, acquiring leasehold interests in properties having the potential for wind power development, raising financing and completing wind, environmental and community assessments.

Potential investors should be aware of the difficulties normally encountered by development stage companies and the high rate of failure of such enterprises. Prior to earning revenue, of which there is no assurance, we will likely incur significant costs and expect to incur significant losses in the foreseeable future. If we are unable to acquire a property interest and erect a wind farm on our property, we will not earn profits nor be able to continue operations.

BECAUSE OUR CONTINUATION AS A GOING CONCERN IS IN DOUBT, WE WILL BE FORCED TO CEASE BUSINESS OPERATIONS UNLESS WE CAN GENERATE PROFITABLE OPERATIONS IN THE FUTURE.

We have incurred losses since our inception. Further losses are anticipated in the development of our business. As a result, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent in the short to medium term on our ability to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due, and in the longer term, on upon our ability to generate profitable operations in the future. If we cannot raise financing to meet our obligations, we will be insolvent and will cease business operations.

IF WE ARE NOT ABLE TO OBTAIN AN INTEREST IN A SUITABLE PROPERTY WITH A POTENTIAL WIND RESOURCE, OUR BUSINESS WILL FAIL.

Third parties own the lands on which we will seek to construct wind projects. We have entered into land lease agreements covering approximately 15,520 acres that relate to our primary project, which is located in southwestern Saskatchewan, which we refer to as the Sky Harvest Project. These agreements allow us to erect wind turbines and install ancillary equipment, subject, in certain circumstances, to the payment of lease payments prior to construction of the project. Even though we own leasehold interests in these properties, we may not

23

be able to obtain the financing necessary to complete lease obligations. If we are unable to maintain our property interests, our business will fail.

We will need to enter into land leases or other appropriate agreements in order to erect wind turbines and install ancillary equipment on the Keewatin Project and Matador Project sites, which are also located in southwestern Saskatchewan. We have entered into agreements to operate meteorological towers on the properties comprising the Keewatin and Matador Projects in southwestern Saskatchewan. However, we do not yet have an arrangement whereby we may erect turbines on the properties.

FUTURE CHANGES IN WEATHER PATTERNS COULD NEGATIVELY IMPACT OUR BUSINESS, REDUCING POTENTIAL PROFITABILITY OR CAUSING OUR BUSINESS TO FAIL.

Changes in weather patterns may affect our ability to operate a wind power project on any property we acquire. Wind data that we collect from a

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

meteorological tower may vary from results actually achieved when a wind turbine is installed. Changing global environmental and weather conditions may also affect the reliability of the data relating to a property.

Any wind farm that we develop, no matter where it is located, would be subject to variations in wind and changes in worldwide climatic conditions. Sudden or unexpected changes in environmental and meteorological conditions could reduce the productivity of any wind farm we construct. Climatic weather patterns, whether seasonal or for an extended period of time, resulting in lower, inadequate and/or inconsistent wind speed to propel the wind turbines may render our wind parks incapable of generating adequate, or any, electrical energy.

OUR ABILITY TO ERECT TURBINES ON A PROPERTY IN SASKATCHEWAN WILL BE CONTINGENT UPON IT OBTAINING ENVIRONMENTAL AND MUNICIPAL PERMITS. IF IT CANNOT ACQUIRE THESE PERMITS, OUR BUSINESS WILL FAIL.

In order to erect turbines on the Saskatchewan property, we must excavate portions of the land and install concrete platforms below surface. Before we commence this, we will need to obtain environmental and municipal permits from the Saskatchewan provincial government and the town responsible for the property interest it acquires. Depending on environmental impact, our proposed land disturbance may be unacceptable to these government bodies. In addition, the turbines themselves may be seen to have a negative impact on the aesthetics of the region. These factors may prevent us from obtaining necessary permits. In such circumstances, we would be forced to abandon our business plan.

IF WE CANNOT REACH AN AGREEMENT WITH A JOINT VENTURE DEVELOPER AND OPERATOR OUR BUSINESS WILL FAIL.

As presently constituted, we do not have the skills and expertise necessary to build and operate a wind farm. Our management has never been involved in the construction or operation of a wind power project and does not have any technical background in the sector.

IF WE CANNOT FIND A JOINT VENTURE PARTNER FOR OUR PROJECTS OR A PARTY WHICH WILL PURCHASE OUR ELECTRICITY ON ACCEPTABLE TERMS, WE WILL NOT BE ABLE TO ESTABLISH A WIND POWER PROJECT AND OUR BUSINESS WILL FAIL.

Even if we demonstrate a significant wind resource on a property that we acquire, we may not be able to secure a joint venture partner to further develop a project or a purchaser for any electricity that we produce on acceptable terms. Without a purchaser for electricity from a property, we will not be able to proceed with our business plan.

BECAUSE ALL OF OUR ASSETS, AND OUR DIRECTORS AND OFFICERS ARE LOCATED IN CANADA, U.S. RESIDENTS' ENFORCEMENT OF LEGAL PROCESS MAY BE DIFFICULT.

All of our assets are located in Canada. In addition, our sole director and officer resides in Canada. Accordingly, service of process upon our company, or upon individuals related to Sky Harvest, may be difficult or impossible to obtain within the United States. As well, any judgment obtained in the United States against us may not be collectible within the United States.

24

RISKS RELATED TO OUR COMMON STOCK

A DECLINE IN THE PRICE OF OUR COMMON STOCK COULD AFFECT OUR ABILITY TO RAISE FURTHER WORKING CAPITAL, IT MAY ADVERSELY IMPACT OUR ABILITY TO CONTINUE OPERATIONS AND WE MAY GO OUT OF BUSINESS.

A prolonged decline in the price of our common stock could result in a reduction

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

in the liquidity of our common stock and a reduction in our ability to raise capital. Because we may attempt to acquire a significant portion of the funds we need in order to conduct our planned operations through the sale of equity securities, a decline in the price of our common stock could be detrimental to our liquidity and our operations because the decline may cause investors not to choose to invest in our stock. If we are unable to raise the funds we require for all of our planned operations, we may force us to reallocate funds from other planned uses which may have a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. As a result, our business may suffer and not be successful and we may go out of business. We also might not be able to meet our financial obligations if we cannot raise enough funds through the sale of our common stock and we may be forced to go out of business.

IF WE ISSUE ADDITIONAL SHARES IN THE FUTURE, IT WILL RESULT IN THE DILUTION OF OUR EXISTING SHAREHOLDERS.

Our certificate of incorporation authorizes the issuance of up to 100,000,000 shares of common stock with a par value of \$0.001. Our board of directors may choose to issue some or all of such shares to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares will result in a reduction of the book value and market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will cause a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of our corporation.

TRADING ON THE OTC BULLETIN BOARD MAY BE VOLATILE AND SPORADIC, WHICH COULD DEPRESS THE MARKET PRICE OF OUR COMMON STOCK AND MAKE IT DIFFICULT FOR OUR STOCKHOLDERS TO RESELL THEIR SHARES.

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority ("FINRA"). Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like the American Stock Exchange. Accordingly, our shareholders may have difficulty reselling any of their shares.

OUR STOCK IS A PENNY STOCK. TRADING OF OUR STOCK MAY BE RESTRICTED BY THE SEC'S PENNY STOCK REGULATIONS AND FINRA'S SALES PRACTICE REQUIREMENTS, WHICH MAY LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

Our stock is a penny stock. The Securities and Exchange Commission has adopted Rule 15g-9 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in

25

the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

FINRA SALES PRACTICE REQUIREMENTS MAY ALSO LIMIT A STOCKHOLDER'S ABILITY TO BUY AND SELL OUR STOCK.

In addition to the "penny stock" rules promulgated by the Securities and Exchange Commission (see above for a discussion of penny stock rules), FINRA rules require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable

ITEM 4. CONTROLS AND PROCEDURES.

As required by Rule 13a-15 under the Exchange Act, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures at February 28, 2011, which is the end of the period covered by this report. This evaluation was carried out by our principal executive officer and principal financial officer. Based on this evaluation, our principal executive officer and principal financial officer has concluded that the design and operation of our disclosure controls and procedures were effective as at the end of the period covered by this report.

Based on his evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal controls over financial reporting were not effective as of February 28, 2011 and were subject to material weakness.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weaknesses in our internal control over financial reporting using the criteria established in the COSO, namely, failing to have a director that qualifies as an audit committee financial expert as

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

defined in Item 407(d)(5)(ii) of Regulation S-K.

In addition, we currently only have one member of management, William Iny, who also acts as our sole director. Accordingly, we do not have any independent directors or committee members that can evaluate management's conduct or the operation of our business affairs. As well, there is no independent monitoring or controls related to our financial transactions.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the

26

SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by our company in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

During the three months ended February 28, 2011, our internal control over financial reporting was not subject to any changes.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is not a party to any material legal proceedings that have been commenced or are pending.

ITEM 1A. RISK FACTORS.

Not applicable

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4. Removed and Reserved

ITEM 5. OTHER INFORMATION.

None

27

Description	Exhibit No.	Form	Filing da
-----	---	----	-----
ARTICLES OF INCORPORATION AND BYLAWS			
Articles of Incorporation	3.1	SB-2	July 14, 2
Bylaws	3.2	SB-2	July 14, 2

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Certificate of designation	3.3	8-K	July 13, 2007
INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS			
Form of Warrant Certificate for July 13, 2007 Private Placement	4.1	10-QSB	January 14, 2008
MATERIAL CONTRACTS--MANAGEMENT CONTRACTS AND COMPENSATORY PLANS			
Management Agreement between Keewatin Windpower Corp. and Christopher Craddock, dated March 1, 2005	10.1	SB-2	July 14, 2008
MATERIAL CONTRACTS--FINANCING AGREEMENTS			
Form of Subscription Agreement for July 13, 2007 Private Placement for US Subscribers	10.2	10-QSB	January 14, 2008
Form of Subscription Agreement for July 13, 2007 Private Placement for Non-US Subscribers	10.3	10-QSB	January 14, 2008
MATERIAL CONTRACTS--OTHER			
Consent to Entry/Right of Access Agreement between Keewatin Windpower Corp. and Edward and Charlotte Bothner, dated August 23, 2005	10.4	SB-2	September 14, 2007
Letter of Intent between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. dated March 27, 2007	10.5	10-QSB	January 14, 2008
Loan Agreement between Sky Harvest Windpower Corp. and Keewatin Windpower Corp. dated September 23, 2008	10.6	10-QSB	January 14, 2009
Promissory Note of Sky Harvest Windpower Corp. dated September 23, 2008	10.7	10-QSB	January 14, 2009
Financial Communications and Strategic Consulting Agreement with Aspire Clean Tech Communications, Inc. dated February 23, 2009	10.8	8-K	March 3, 2009
Promissory Note of Sky Harvest Windpower Corp. dated September 23, 2008	10.9	10-Q	February 2, 2009
Loan Agreement between Sky Harvest Windpower Corp. and Keewatin Windpower Corp. dated January 28, 2009	10.10	10-Q	February 2, 2009
Share exchange agreement between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. dated May 11, 2009	10.11	8-K	July 10, 2009
Exchangeable share support agreement between Keewatin Windpower Corp. and Keewatin Windpower Inc. dated May 11, 2009	10.12	8-K	July 10, 2009
Voting and exchange trust agreement between Keewatin Windpower Corp., Keewatin Windpower Inc. and Valiant Trust Company dated May 11, 2009	10.13	8-K	July 10, 2009
28			
Articles of Merger filed between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. filed September 1, 2009	10.14	8-K	September 1, 2009
Adoption of 2009 Stock Option Plan dated September 11, 2009	10.15	8-K	September 11, 2009
CODE OF ETHICS			
Code of Ethics	14.1	10-K	August 31, 2009
Certification Statement of the Chief Executive Officer and Chief Financial Officer pursuant to	31.1		

Edgar Filing: Sky Harvest Windpower Corp. - Form 10-Q

Section 302 of the Sarbanes- Oxley Act of 2002

Certification Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002 32.1

29

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SKYHARVEST WINDPOWER CORP.

/s/ William Iny

William Iny
Chief Executive Officer and Chief Financial Officer
Principal Executive Officer, Principal Accounting
Officer and Principal Financial Officer
Date: April 14, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

/s/ William Iny

William Iny
Chief Executive Officer, Chief Financial Officer,
President, Treasurer, Secretary, and Director,
Principal Executive Officer, Principal Accounting
Officer and Principal Financial Officer
Date: April 14, 2011

30