

Shear Wind Inc.

Consolidated Financial Statements

(Unaudited)

For the three months ended

November 30, 2007 and 2006

Shear Wind Inc.
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November 30, 2007

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Shear Wind Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor for the 3 months ended November 30, 2006.

SHEAR WIND INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEETS

UNAUDITED

	November 30, 2007	August 31, 2007
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,704	\$ 63,379
Investments (market value \$701,443) (Note 17)	701,443	756,801
Accounts receivable	158,450	117,932
	863,597	938,112
Prepays and deposits	333,368	228,501
Project development costs (note 6)	3,589,337	3,109,852
Capital assets (note 7)	3,981,411	2,594,257
	\$ 8,767,713	\$ 6,870,722
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 459,962	\$ 413,016
Margin loan (Note 17)	473,507	-
Shareholder loan (Note 16)	1,601,315	-
	2,534,784	413,016
Future income taxes	1,088,550	1,147,000
	3,623,334	1,560,016
SHAREHOLDERS' EQUITY		
Share capital (note 10)	7,250,935	7,084,802
Contributed surplus (note 13)	401,560	432,160
Warrants (note 14)	329,988	367,299
Deficit	(2,838,104)	(2,573,555)
	5,144,379	5,310,706
	\$ 8,767,713	\$ 6,870,722

NATURE OF OPERATIONS and BASIS OF PRESENTATION (note 1)

COMMITMENTS AND GUARANTEES (note 9)

Approved on behalf of the Board:

(Signed) David D. Heighington, Director

(Signed) Michael J. Wheatley, Director

see accompanying notes to the consolidated financial statements

SHEAR WIND INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

UNAUDITED

	For the 3 months ended November 30, 2007	For the 3 months ended November 30, 2006	Cumulative, Since inception on December 17, 2004 to November 30, 2007
EXPENSES			
Consulting fees	\$ 24,000	\$ 28,825	\$ 495,268
Salaries & benefits	103,666	49,352	479,067
Professional fees	30,171	35,766	260,775
Amortization	38,785	58,246	226,400
General	48,479	39,380	630,851
Stock-based compensation	-	-	256,963
	245,101	211,569	2,349,324
INCIDENTAL REVENUE			
Other income	9,019	11,974	128,837
Electricity sales	4,755	36,782	204,953
	13,774	48,756	333,790
OTHER EXPENSES			
Interest expense	33,008	-	33,008
Other expenses	2,554	-	2,554
Asset writedown	752	-	831,850
Loss on investment	55,358	-	117,608
	91,672	-	985,020
LOSS BEFORE INCOME TAXES	(322,999)	(162,813)	(3,000,554)
Future income tax recovery	(58,450)	-	(162,450)
NET LOSS	\$ (264,549)	\$ (162,813)	\$ (2,838,104)
Deficit, beginning of period	(2,573,555)	(870,857)	-
Deficit, end of period	(2,838,104)	(1,033,670)	(2,838,104)
Basic and diluted loss per share (note 15)	\$ (0.006)	\$ (0.005)	\$ (0.066)

see accompanying notes to the consolidated financial statements

SHEAR WIND INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	For the 3 months ended November 30, 2007	For the 3 months ended November 30, 2006	Cumulative, Since inception on December 17, 2004 to November 30, 2007
Cash (used in) provided by:			
OPERATING ACTIVITIES			
Net loss	\$ (264,549)	\$ (162,813)	\$ (2,838,104)
Adjustments for items not affecting cash:			
Amortization	38,785	58,246	226,400
Asset writedown	752	-	831,850
Loss (Gain) on investment	55,358	-	117,608
Accrued interest	1,315	-	1,315
Future income tax (recovery)	(58,450)	-	(162,450)
Stock-based compensation	-	-	256,963
Consulting fees settled with shares	-	-	150,100
	(226,789)	(104,567)	(1,416,318)
Changes in non-cash working capital balances			
Accounts receivable	(36,894)	205,601	(143,319)
Accounts payable and accrued liabilities	58,167	49,041	(305,910)
	(205,516)	150,075	(1,865,547)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares	98,222	-	6,350,572
Share issuance costs	-	2,400	(70,133)
Proceeds from margin loan	473,507	-	473,507
Proceeds from shareholder loan	1,600,000	-	1,600,000
	2,171,729	2,400	8,353,946
INVESTING ACTIVITIES			
Deposits	(104,867)	(70,813)	(232,512)
Cash acquired on acquisitions, net of acquisition costs	-	-	361,901
Proceeds on the sale of investments	-	-	984,841
Acquisition of investments	-	-	(1,640,542)
Cash advanced for commercial paper issuance	-	-	(862,627)
Cash repayment from commercial paper issuance	-	-	699,277
Purchase of capital equipment	(1,600,445)	-	(1,631,509)
Wind power project development costs	(479,485)	(62,336)	(4,983,479)
Accounts payable and accrued liabilities	158,909	13,965	817,755
	(2,025,888)	(119,184)	(6,486,895)
(Decrease) increase in cash and cash equivalents	(59,675)	33,291	1,504
Cash and cash equivalents, beginning of the period	63,379	1,633,275	-
Cash and cash equivalents, end of the period	\$ 3,704	\$ 1,666,566	\$ 1,504
Cash and cash equivalents consist of the following:			
Cash held in banks	\$ 3,704	\$ 477,134	\$ 3,704
Short-term deposits	-	1,189,432	-
	\$ 3,704	\$ 1,666,566	\$ 3,704

see accompanying notes to the consolidated financial statements

SHEAR WIND INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended November 30, 2007 and 2006
(Unaudited)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Shear Wind Inc. (“the Company” or “Shear Wind”) was incorporated as EW Power Services Ltd. under the Business Corporation Act of the Province of Alberta on December 17, 2004. The Company changed its name to Shear Wind Inc. on October 4, 2005. The Company is engaged in the business of developing wind power generation. The Company is considered to be in the development stage as it has yet to earn significant commercial revenues and it is devoting substantially all of its efforts and equity funds toward the development of these projects.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. To fund its past development activities, the Company has raised equity capital. Management is of the opinion that additional funding is available and may be sourced in time to allow the Company to continue development of its wind generation projects.

While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. AMALGAMATION TRANSACTION

Pursuant to the terms of a three cornered Amalgamation Agreement dated April 3rd, 2007, Vindt Resources Inc. (“Vindt”) amalgamated with Shear Wind's wholly owned subsidiary, 1297091 Alberta Ltd. The amalgamation was effective April 11, 2007 and the amalgamated entity will operate as a wholly owned subsidiary of Shear Wind and will continue under the name "Vindt Resources Inc.".

All outstanding securities of Vindt were exchanged for Shear Wind securities on the following basis:

- (i) 6,810,000 Shear Wind common shares at a value of \$0.25 per share;
- (ii) 1,525,000 Shear Wind warrants exercisable at \$0.30 and expiring on June 20th, 2008;
- (iii) 427,000 Shear Wind broker warrants exercisable at \$0.25 and expiring on June 20th, 2009; and
- (iv) 600,000 Shear Wind incentive stock options exercisable at \$0.30 and expiring on June 21st, 2011.

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2. AMALGAMATION TRANSACTION (continued)

In addition, Shear Wind issued 800,000 common shares at a value of \$0.25 to Modus Management Group Inc. as compensation under the terms of a management consulting agreement dated April 11th, 2007.

At the closing of the transaction, 2,800,000 Shear Wind common shares issued to current directors, officers, and founders of Vindt were subject to a voluntary escrow, all of which will be released on April 11th, 2008. The value of the 7,610,000 common shares issued was determined based on the average market price of Shear Wind common shares over the two-day period before and after the terms of the acquisition were agreed to and announced with the value of the shares under escrow being discounted at a rate of 25%. The value of the warrants and agent's options were valued using the Black-Scholes option pricing model under the following assumptions: volatility of 125.7% to 204.0%, risk-free interest rate of 4.11% to 4.23% and a term ranging from 1.25 to 4.25 years.

This transaction has been accounted for using the purchase method with the results of Vindt Resources Inc.'s operations being included in the consolidated results of Shear Wind Inc. since that date.

The Company has recorded a future tax liability of \$580,000 with respect to differences between income tax values and fair values of acquired assets. The Company has offset \$427,000 of this future tax liability by recognizing previously unrecognized future tax assets.

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2. AMALGAMATION TRANSACTION (continued)

The following table summarizes the preliminary purchase equation based on the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition and consideration given.

Net Assets Acquired		
as at		
April 11, 2007		
Cash and Cash Equivalents	\$	58,061
Accounts Receivable		1,000
Deposits		100,856
Wind Power Project Development Costs		2,131,383
Total Assets Acquired	\$	2,291,300
Accounts Payable & Accrued Liabilities		(7,034)
Future Income Tax Liability		(153,000)
Total Liabilities Assumed		(160,034)
Net Assets Acquired	\$	2,131,266
Shares	\$	1,677,500
Warrants		367,299
Options		145,047
Acquisition Costs		(58,580)
Total Consideration Given	\$	2,131,266

3. ARBITRATION DISPUTE & TERMINATION SETTLEMENT

In December, 2004 the Company entered into a Power Development, Operating and Farm-In Agreement (“PDOA”) with Renewable Energy Services Ltd. (“RESL”), a private company operating in Nova Scotia, for the joint development of wind power generation in the Province of Nova Scotia. The Company and RESL secured a 15 year power purchase agreement with Nova Scotia Power Inc. for 4 Megawatts of power annually.

The Company had disputed charges accrued in the accounts for wind turbine purchase and installations and disputed the whole Farm in Agreement and the Joint Operating

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3. ARBITRATION DISPUTE & TERMINATION SETTLEMENT (continued)

Agreement with RESL. In order to settle the dispute, the Company and RESL went to binding arbitration. An Interim Order was received from the arbitrator on March 23, 2007 which resulted in a reduction in the amounts due to RESL, a recovery of amounts previously paid and a corresponding reduction in the capitalized costs of the wind power project.

A final order was received on July 19, 2007 settling all previously outstanding matters including finalization of charges with respect to the Goodwood and Fitzpatrick Mountain sites and costs.

The Company subsequently reached an agreement to terminate their PDOA with RESL. Under the terms of the agreement the Company acquired 100 % ownership of two turbines (1.6 megawatts) for \$1,600,000 and relinquished their 33.33 % ownership in three other turbines (2.0 megawatts). The agreement was finalized on October 17, 2007 and closed on November 28, 2007. Proceeds from a shareholder loan of \$1,600,000 were used to close the transaction.

4. ADOPTION OF NEW ACCOUNTING POLICIES

Comprehensive Income, Equity, Financial Instruments and Hedges

Effective September 1, 2007, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Section 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments - Recognition and Measurement" and Section 3865, "Hedges". Under the standards:

Financial assets are classified as loans and receivables, held-to-maturity, held-for-trading or available-for-sale. Loans and receivables include all loans and receivables except debt securities and are accounted for at amortized cost. Held-to-maturity classification is restricted to fixed maturity instruments that the Company intends and is able to hold to maturity and are accounted for at amortized cost. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net earnings.

Financial liabilities are classified as either held-for-trading or other. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net earnings. Other instruments are accounted for at

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4. ADOPTION OF NEW ACCOUNTING POLICIES (continued)

amortized cost with gains and losses reported in net earnings in the period that the liability is derecognized; and

Derivative instruments ("derivatives") are classified as held-for-trading unless designated as hedging instruments. All derivatives are recorded at fair value on the consolidated balance sheet. For derivatives that hedge variability in cash flows, the effective portion of the changes in the derivatives' fair value are initially recognized in other comprehensive earnings ("OCE") with any ineffective portion recorded in net earnings. Amounts temporarily recorded in AOCE will subsequently be reclassified to net earnings in the periods when net earnings is affected by the variability in the cash flows of the hedged item.

These standards have been applied prospectively; accordingly comparative amounts for prior periods have not been restated. The adoption of these standards resulted in the following classifications as of September 1, 2007 in accordance with the transition provisions:

Cash and cash equivalents are classified as held for trading. These financial assets are marked-to-market through net earnings in each period. The carrying value of these assets approximate the market value at the transition date and no adjustment was required. The Company holds preferred shares that pay a quarterly dividend. The Company adjusts the carrying value of these investments to fair market value at each reporting period and records any gain or loss on these investments in net earnings.

Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost and no transition adjustment was required.

Accounts payable, shareholder loans and long - term debt are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost and no transition adjustment was required.

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5. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared following the accounting policies set out in the 2007 annual audited consolidated financial statements, except as disclosed in Note 4.

The disclosures in these unaudited consolidated financial statements do not conform in all material respects to the requirements of GAAP for annual financial statements. Accordingly, these unaudited consolidated financial statements should be read in conjunction with the August 31, 2007 annual audited consolidated financial statements.

These unaudited consolidated financial statements are denominated in Canadian dollars.

6. PROJECT DEVELOPMENT COSTS

Costs incurred relating to Project Development are as follows:

	September 1, 2007 Opening Balance	Additions	Transfers	November 30, 2007 Closing Balance
Wind Power Project Development Costs:	3,109,852	479,485		3,589,337

	September 1, 2006 Opening Balance	Additions	Transfers	August 31, 2007 Closing Balance
Wind Power Project Development Costs:	4,582,728	3,109,852	(4,582,728)	3,109,852

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7. CAPITAL ASSETS

Costs incurred relating to Capital Assets are as follows:

	September 1, 2007 Cost	Additions	Transfers	Adjustments and Writedowns	Accumulated Amortization	November 30, 2007 Net Book Value
Turbines	2,753,008	1,425,494	-	-	(215,169)	3,963,333
Office equipment	7,024	758	-	-	(1,587)	6,195
Computer equipment	16,329	(313)	-	-	(8,726)	7,290
Vehicles	5,511	-	-	-	(918)	4,593
Total	2,781,872	1,425,939	-	-	(226,400)	3,981,411

	September 1, 2006 Cost	Additions	Transfers	Adjustments and Writedowns	Accumulated Amortization	August 31, 2007 Net Book Value
Turbines	-	-	4,582,728	(1,829,720)	(178,502)	2,574,506
Office equipment	1,627	5,397	-	-	(1,210)	5,814
Computer equipment	10,572	5,757	-	-	(7,443)	8,886
Vehicles	-	5,511	-	-	(460)	5,051
Total	12,199	16,665	4,582,728	(1,829,720)	(187,615)	2,594,257

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8. RELATED PARTY TRANSACTIONS

Transactions in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which are similar to those negotiable with third parties. Transactions not in the normal course of operations, supported by independent evidence are recorded at fair market value.

Amounts paid to related parties are in the normal course of pre-operations and are valued at the agreed transaction value.

The Company was involved in the following related party transactions:

- A shareholder provided a loan for \$1,600,000 during the period ended November 30, 2007.

9. COMMITMENTS AND GUARANTEES

The Company is contractually obligated, through a Power Purchase Agreement with Nova Scotia Power Inc. (NSPI) to provide the net electrical output of the Fitzpatrick Mountain wind generation facilities at a rate of .068 cents per Kilowatt-hour for the next 13 years. The company is also contractually obligated to provide the net electrical power from the Statia wind power generation facility at a rate of .06527 cents per Kilowatt-hour.

The Company has secured office premises through lease until March, 2009. Annual rent, including operating costs, is estimated at \$22,000.

The Company obtained a shareholder loan in the amount of \$1,600,000. The loan is secured by two turbines, intellectual property and associated equipment located at the Company's site at Fitzpatrick Mountain. Principal plus accrued interest in the amount of \$1,315 has been recorded as of the period ended November 30, 2007.

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10. SHARE CAPITAL

Authorized:

<u>Class of shares</u>	<u>Number of shares authorized</u>
Class A - voting common shares	Unlimited
Preferred Shares	Unlimited

Issued and outstanding:	Class A Common Shares	Amount (\$)
Balance, August 31, 2006	34,991,000	4,911,708
Agent's options	239,000	51,850
Share issue costs	-	(27,676)
Tax benefits renounced to shareholders	-	530,000
Share issue costs - Vindt Resources Inc.	-	(58,580)
Issued on acquisition of Vindt Resources Inc.	7,610,000	1,677,500
Balance, August 31, 2007	42,840,000	7,084,802
Fair value transfer on exercise of agents' warrants		37,311
Fair value transfer on exercise of options		30,600
Issued on exercise of options	260,000	76,500
Issued on exercise of agent's options	58,500	8,775
Issued on exercise of warrants	50,787	12,947
Balance, November 30, 2007	43,209,287	7,250,935

Share capital transactions in period

During the period the Company raised \$76,500 when a Director of the Company exercised 10,000 options at a price of \$0.15 and 250,000 options at a price of \$0.30. Additionally, the Company raised \$21,722 when 58,500 agent's options were exercised at a price of \$0.15, 45,787 warrants were exercised at a price of \$0.25 and 5,000 warrants were exercised at a price of \$0.30

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11. COMMON SHARE PURCHASE WARRANTS AND AGENTS' OPTIONS

The following table reflects the continuity of the number of warrants and Agents' options:

Expiry Date	Exercise Price (\$)	September 1, 2007 Opening Balance	Issued	Exercised	Expired	November 30, 2007 Closing Balance
Agents' Options:						
October 24, 2007	0.15	58,500	-	(58,500)	-	-
Warrants:						
June 20, 2008	0.30	1,500,000	-	(5,000)	-	1,495,000
June 20, 2009	0.25	304,500	-	(45,787)	-	258,713
Total		1,863,000	-	(109,287)	-	1,753,713

Expiry Date	Exercise Price (\$)	September 1, 2006 Opening Balance	Issued	Exercised	Expired	August 31, 2007 Closing Balance
Agents' Options:						
October 24, 2007	0.15	150,000	-	(91,500)	-	58,500
Warrants:						
June 20, 2008	0.30	-	1,525,000	(25,000)	-	1,500,000
June 20, 2009	0.25	-	427,000	(122,500)	-	304,500
Total		150,000	1,952,000	(239,000)	-	1,863,000

12. STOCK OPTION PLAN

The Company has a stock option plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10 % of the issued and outstanding Class A common shares of the Company and with respect to any one optionee, to 5 % of the number of issued and outstanding Class A common shares of the Company at the date of the grant of the option. Options expire after a five year period following the date of grant to officers and directors.

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12. STOCK OPTION PLAN (continued)

The following table reflects the continuity of stock options granted under the Plan.

	Number of Stock Options		Weighted Average Exercise Price	
	November 30, 2007	August 31, 2007	November 30, 2007	August 31, 2007
Opening balance	4,060,000	2,410,000	0.28	0.27
Granted	-	1,050,000	-	0.30
Issued on reverse takeover	-	-	-	-
Cancelled/expired	-	-	-	-
Exercised	260,000	-	0.29	-
Issued on Vindt acquisition	-	600,000	-	0.30
Ending balance	3,800,000	4,060,000	0.28	0.28

As at November 30, 2007 there were 3,800,000 stock options granted under the Plan. The following table reflects the stock options outstanding as at November 30, 2007:

Expiry Date	Weighted Average Exercise Price (\$)	Options Outstanding
November 26, 2010	0.15	400,000
June 26, 2011	0.30	1,750,000
June 21, 2011	0.30	600,000
April 12, 2012	0.30	1,000,000
June 19, 2012	0.29	50,000
Total		3,800,000

During the period ended November 30, 2007 a Director of the Company exercised 10,000 options at a price of \$0.15 and 250,000 options at a price of \$0.30.

During the year ended August 31, 2007, 1,050,000 (2006 – 2,000,000) stock options were granted to directors, officers and employees of the Company. These options will be expensed in the statement of operations and deficit as they vest. Of the options granted, 50,000 (2006 – 2,000,000) had vested and accordingly \$16,963 (2006 - \$240,000) was recorded as stock-based compensation and credited to contributed surplus.

On April 12, 2007 the Company granted 500,000 incentive stock options to the Chief Operating Officer and 500,000 incentive stock options to the Vice President, Finance & Corporate Affairs. These are exercisable at \$0.30 in increments of 1/3 on April 12, 2008, 1/3 on April 12, 2009 and 1/3 on April 12, 2010 and expire on April 12, 2012.

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12. STOCK OPTION PLAN (continued)

As part of the Vindt acquisition 600,000 incentive stock options were issued effective April 11, 2007 to replace the Vindt Resources Inc. stock options cancelled on amalgamation. These are exercisable at \$0.30 and expire on June 21st, 2011.

The fair value of all warrants, agent's options and incentive options granted in fiscal year 2007 were estimated using the Black-Scholes option pricing model under the following assumptions: volatility of 186% to 204%, risk-free interest rate of 4.11% to 4.23% and a term ranging from 1.25 to 4.25 years.

13. CONTRIBUTED SURPLUS

The following table reflects the continuity of contributed surplus relating to stock options:

Contributed Surplus	November 30, 2007	August 31, 2007
Opening balance	432,160	270,150
Stock-based compensation expense	-	16,963
Fair value of options issued for Vindt acquisition	-	145,047
Fair value of options exercised	(30,600)	-
Ending balance	401,560	432,160

14. WARRANTS

The following table reflects the continuity of warrants issued:

Warrants	November 30, 2007	August 31, 2007
Opening balance	367,299	-
Fair value of warrants issued for Vindt acquisition	-	367,299
Fair value of warrants exercised	(37,311)	-
Ending balance	329,988	367,299

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15. BASIC AND DILUTED LOSS PER SHARE

The basic loss per share is computed by dividing the net loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is the same as basic loss per share. The effect of the options, warrants and Agents' options on the net loss is anti-dilutive and therefore, basic loss per share is equal to full diluted loss per share. The following table sets forth the computation of basic and fully diluted loss per share during the period:

	November 30, 2007	November 30, 2006
Numerator:		
Net loss	\$ 264,549	\$ 162,813
Denominator:		
Weighted average number of shares	43,162,429	35,146,000

16. SHAREHOLDER LOAN

A shareholder loan was obtained to facilitate the closing of the termination settlement with RESL (Note 3) during the period ended November 30, 2007. The loan is secured by the two turbine assets, intellectual property and associated equipment located at the Company's Fitzpatrick Mountain site. The Company is obligated to repay this loan and accrued interest and plans to raise additional capital funds through a share offering in early 2008. The Company will repay this loan on receipt of funds raised in this share offering and has recorded the loan principal and accrued interest in Current Liabilities.

17. INVESTMENTS AND MARGIN LOAN

As at November 30, 2007, the Company had made investments in Co Operators General preferred shares and Royal Bank of Canada preferred shares. These investments were recorded at their market value of \$701,443 (August 31, 2007 - \$756,801). During the period ended November 30, 2007, the Company received a margin loan of \$473,507 (2007 - \$0) secured by the market value of these investments which incurs interest at a rate of floating prime and is payable on demand. Interest charged during the period was 6 ¼ %.

SHEAR WIND INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended November 30, 2007 and 2006
(Unaudited)

18. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the presentation used in the current year.