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Sky Harvest Windpower Corp.
Form 10-K
August 22, 2012

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

FORM 10-K

(Mark One)

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

For the fiscal year ended: May 31, 2012
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
(State or other jurisdiction of
incorporation or organization)

N/A
(I.R.S. Employer
Identification No.)

890 West Pender Street, Suite 710, Vancouver, BC, Canada
(Address of principal executive offices)

V6C 1J9
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act

| Title of Each Class | Name of each Exchange on which registered |
|---------------------|---|
| ----- Nil | ----- N/A |

Securities registered pursuant to Section 12(g) of the Act

Common Stock, par value \$0.001 per share
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant, based upon the last closing price of \$0.10 for the registrant's common stock on November 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, as reported for such date by the OTCQB was approximately \$984,778. Common stock held by each executive officer and director of the registrant and by each person who owns 5% or more of the outstanding common stock have been excluded from this computation because such persons may be deemed affiliates of the registrant. This determination of affiliate status for this purpose does not reflect a determination that any persons are affiliates for any other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 32,553,016 shares of common stock are issued and outstanding as of August 22, 2012 (including 15,680,016 shares of common stock reserved for issuance in exchange for certain outstanding exchangeable securities of the registrant).

DOCUMENTS INCORPORATED BY REFERENCE

Not Applicable

SKY HARVEST WINDPOWER CORP
(formerly Keewatin Windpower Corp)
Form 10-K for the year ended May 31, 2012

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in Item 1A "Risk Factors" commencing on page 11 of this report, which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance 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 or performance. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

In this report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to "common shares" refer to the common shares in our capital stock.

As used in this annual report, the terms "we", "us", "our", the "Company" and "Sky Harvest" mean Sky Harvest Windpower Corp.

FOREIGN CURRENCY AND EXCHANGE RATES

All amounts in this annual report are stated in United States Dollars unless otherwise indicated.

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PART I

ITEM 1. BUSINESS

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CORPORATE OVERVIEW

We are a development stage company in the business of electrical power generation through the use of wind energy. We currently own leasehold interests in certain lands located in southwest Saskatchewan, Canada that comprise over 15,000 acres. Our agreements with land owners provide that we are permitted to erect wind power facilities on these properties for the purpose of generating and selling electricity. We also hold the right to explore certain additional lands in southwest Saskatchewan for the purpose of determining whether they possess wind resources that justify the erection of electrical power generation facilities on them.

We have not generated any revenue from operations since our incorporation. We do not anticipate earning any revenue until we have secured a power purchase agreement to sell electricity that we generate, erected wind turbines on our properties, connected our wind turbines to the electrical supply grid, and commenced the production of electricity. There is no assurance that we will be able to accomplish any or all of these objectives.

We were incorporated as Keewatin Windpower Corp. in the State of Nevada on February 25, 2005. We changed our name to Sky Harvest Windpower Corp. on September 1, 2009. Our resident agent is Empire Stock Transfer Inc., 1859 Whitney Mesa Drive, Henderson, NV, 89014. We are a United States and British Columbia reporting public company, and our shares are quoted on the OTCQB under the symbol "SKYH". Our head office is in Vancouver, Canada.

OUR BUSINESS

The business of Sky Harvest Windpower Corp. is to identify potential wind power project sites in Canada in the range of 100 to 200 megawatt capacity, collect wind data on the sites, evaluate the wind resource, and conduct initial environmental screening studies and community relations activities.

Once a project site is sufficiently advanced, we will seek to identify a joint venture partner with the financial and operational resources necessary to construct and operate the project and negotiate a power purchase agreement with a public utility. We anticipate earning revenue through the provision of development services to projects during the construction phase, and from completed projects once they commence the electricity production through the retention of a significant minority equity interest in the projects.

TECHNICAL BACKGROUND

Electricity is generated by wind power using a turbine. Wind passing over the blades of the turbine causes them to rotate, driving a generator which produces electrical current. A turbine is capable of generating a specified number of megawatts, referred to as its "nameplate capacity". The total capacity of the project is calculated as the sum of the nameplate capacities of the turbines installed on the site. The number of turbines that can economically occupy a specified area of land depends upon a number of factors including the predominant wind direction, the topography of the property, the dimensions of the property, the size of the turbines and their relative positions on the property.

The most important criteria for the assessment of a wind power project are the speed of the wind on a property, measured in meters per second, and the number of hours that the wind moves at various speeds. This calculation is referred to as the "capacity" of the wind resource.

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In order for a wind power project to be profitable, the area in which it is located should have a wind resource that yields a net capacity factor of over 30%. The capacity factor (sometimes referred to as the load factor) of a wind project is the energy produced during a given period divided by the energy that would have been produced had the project been running continually and at maximum output, i.e.:

$$\text{Capacity Factor (CF)} = \frac{\text{electricity produced during the period (MW x h)}}{\text{installed capacity (MW) x number of hours in the period (h)}}$$

As wind energy output is a cube function of wind speed, the fewer hours at higher wind speeds are significantly more valuable than more hours at lower wind speeds.

A significant factor in assessing the viability of a power project is the proximity of the project to established electrical transmission lines. The project developer must pay to connect any wind turbines to this transmission line. These connection costs are typically justified if the property is within 15 miles of the transmission line.

COMPETITIVE BUSINESS CONDITIONS

The alternative energy business is currently experiencing a strong growth phase in North America. Several developers with existing generating facilities and new developers with land holdings are engaged in the wind power business in the province of Saskatchewan. We will be competing with other independent power producers for transmission and supply contracts. In addition, traditional fossil fuel producers in the region may be able to generate and supply electricity to customers at prices below historical levels, depending on market conditions for oil, coal, and natural gas.

In 2004, the Canadian government executed the Kyoto Accord, an international treaty whereby countries mutually agree to reduce the amount of greenhouse gases they emit. In order to meet their obligations under the Kyoto Accord, many Canadian utilities will be required to reduce the generation of electricity from fossil fuels and rely on environmentally sustainable alternatives such as solar and wind generated power. However, if fossil fuel prices remain low and, in the absence of public policy initiatives to mandate alternative energy sources, electricity consumers are not prepared to pay higher prices for wind generated power, our ability to execute a profitable power purchase agreement will be in doubt. Our competitive advantage is expected to be providing electricity generated without greenhouse gas emissions based on our ability to secure exclusive rights to generate wind power on key land parcels.

PRINCIPAL SUPPLIERS

Wind, the "fuel" that drives a wind power generating plant is, by definition, free and inexhaustible. The major cost categories for a wind power project are the turbines, balance of station costs, which include all necessary infrastructures, and the cost of connection to the transmission grid. Once in operation, there are ongoing costs for monitoring, maintenance, repairs and replacement.

The wind power business is global with the majority of turbines being manufactured in Europe and the United States. Existing wind power projects in Canada have generally selected turbines supplied by Vestas Wind Systems Inc. or General Electric Energy. Both of these companies have corporate offices in Canada.

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DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES

Any electricity that a project produces will be sold to a public utility located in the province of Saskatchewan, or in the neighboring Canadian provinces of Alberta or Manitoba, or in the state of North Dakota. If a public utility other than the Saskatchewan Power Corporation (SaskPower) purchases the electricity, the Company will be required to make application to SaskPower under the Open Access Transmission Tariff agreement (OATT) for permission to use its electricity distribution grid. We have not made application to SaskPower under the OATT. If we make such an application, there is no assurance that SaskPower will grant us access to the distribution grid, or that we would achieve access on acceptable terms.

POWER PURCHASE AGREEMENT AND DEPENDENCE ON MAJOR CUSTOMERS

We intend to enter into an agreement, known as a power purchase agreement (PPA) to sell the electricity generated from our proposed wind power projects. PPAs typically include clauses regarding the price to be paid for the electricity in cents per kilowatt-hour, the term of the agreement (usually 10 to 20 years), terms of interconnection costs, and termination provisions. Due to our limited operations, it is unlikely that we will pursue a PPA independently. Instead, for each project, we will likely seek one or more potential joint venture partners that have wind power development experience and significant financial resources. To date, we have not entered into any joint venture agreements with any third parties relating to our projects.

If we are able to execute a PPA with a third party, then we intend to undertake the construction of a wind power project on the properties in which we have a leasehold interest. Banks and other lenders will typically finance up to 75% of wind power construction costs subject to review of the wind assessment data and the PPA. The lender will ensure the project has sound fiscal parameters necessary to be profitable, namely the price to be received per megawatt hour and the number of megawatts of rated capacity. We have not had any specific communications with any representative of a debt financing institution regarding any proposed wind power project.

Typical PPAs that power utilities in Canada execute provide for the supply of a specified number of megawatt-hours for a period of between ten and twenty years at a pre-determined fixed price. We expect that a future PPA will encompass all of the electricity that a particular project generates. For this reason, once we have entered into a PPA, we expect to be dependent upon that customer to a significant extent.

We intend to enter into a PPA with a public utility in the province of Saskatchewan. As the public utilities in Saskatchewan are government entities, counterparty risk is expected to be significantly lower than it would be if the customer were a for-profit entity.

If we are unable to enter into a PPA with a Saskatchewan provincial utility, we will consider executing a PPA with a similar utility in Manitoba, Canada, or with a for-profit utility in Alberta, Canada, or in the United States. If we enter into a PPA with a for-profit entity, counterparty risk will be increased.

As of the date of this report, we have not commenced substantive negotiations with any prospective purchaser, and there is no assurance that we will be able to successfully conclude a PPA on acceptable terms.

CURRENT PROJECTS

We initially decided to focus on the acquisition and development of potential wind power projects in the Canadian province of Saskatchewan for several reasons, including the high quality wind resource, the paucity of existing wind

power installations, aging fossil fuel generating infrastructure, growing public and political support for green energy in the province, and the participation of that province in the OATT. The OATT is an agreement which allows independent power producers to transmit electricity via the province's electrical grid to public utilities in Saskatchewan and to neighboring jurisdictions in Canada and the United States.

KEEWATIN PROJECT

In June 2005, we identified a potential wind resource location, and in August 2005, we entered into an agreement with a land owner allowing the Company to erect a meteorological tower on land located in southwestern Saskatchewan. We erected a tower on the property in early October 2005 and commenced gathering wind data.

As of the date of this report, we have assessed wind speed data from the Keewatin site and have determined that the property has a wind resource that warrants the further collection and evaluation of wind data, and the commencement of initial engineering studies, environmental screening, and community relations activities.

Based on the wind data collected, we have identified the area in which we desire to acquire the rights to erect wind turbines. We believe that this area is ideally situated as it is removed from population centers, and is less than five miles from the nearest provincial electricity transmission line.

We have commenced initial negotiations with additional land owners in the region to acquire the rights to erect wind turbines at identified locations. However, no land lease agreements have been concluded and there is no assurance that we will be able to acquire the necessary rights on acceptable terms. As of the date of this report, we have not applied for any government permits or approvals for this project.

Prior to generating any revenue from the Keewatin project, we must accomplish the following business objectives:

- * Identify the lands over which we wish to acquire lease rights, and enter into lease agreements with the owners of those lands,
- * Complete initial engineering and environmental screening studies on the leased lands;
- * Identify a joint venture partner with the financial and operational resources necessary to construct and operate the project, and conclude a joint venture and development agreement with the joint venture partner on terms acceptable to both parties;
- * In concert with the joint venture partner, complete the necessary engineering and environmental studies, and obtain all necessary permits;
- * In concert with the joint venture partner, negotiate a PPA with a public utility;
- * In concert with the joint venture partner, arrange the equity and debt financing to fund the construction of the project;
- * Complete the construction of the project;
- * Arrange for the connection of the project to the provincial electricity transmission grid; and
- * Commence the generation of electricity.

SKY HARVEST PROJECT

In October 2005, Sky Harvest - Saskatchewan, which subsequently became our

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subsidiary, identified a potential wind power project site in southwestern Saskatchewan and commenced the collection of wind data. Analysis of the data collected indicates that the potential wind resource on the property exceeds the

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minimum capacity factor necessary to justify the planning and construction of a 150 megawatt wind power project on the site. We acquired Sky Harvest - Saskatchewan in July as we believe that in addition to being located in an excellent wind resource area, the project is ideally situated as it is removed from population centers, and is less than five miles from the nearest provincial electricity transmission line. At the time of our acquisition of Sky Harvest - Saskatchewan, its principal shareholders were two of our current directors, William Iny and Greg Yanke, as well as a former director of the Company.

Sky Harvest - Saskatchewan has concluded land lease agreements with landowners allowing us to erect wind turbines on approximately 15,000 acres. We have also completed initial engineering and environment screening studies on the site. At the initiation of the project, Sky Harvest - Saskatchewan committed to involve the local community in the development process and has fully briefed local council members on the details of the proposed development. The local municipal authority responded positively to the proposed project and voted unanimously to amend a by-law allowing wind power development in the rural municipality. As of the date of this report, we have not applied for any government permits or approvals for the project.

We have prepared initial estimates of the cost of building and operating a power generation facility on the Sky Harvest project lands. As of the date of this report, project costs are expected to be in the range of \$2.5 million per MW. Cost estimates are likely to increase again before project construction commences, owing to the world-wide high demand for wind turbines, and the equipment and skilled resources required to construct a wind power facility. Management expects that project cost increases will be considered in the final determination of supply prices in a future PPA to be negotiated.

Prior to generating any revenue from the Sky Harvest project, we must accomplish the following business objectives:

- * Identify a joint venture partner with the financial and operational resources necessary to construct and operate the project, and conclude a joint venture and development agreement with the joint venture partner on terms acceptable to both parties;
- * In concert with the joint venture partner, complete the necessary engineering and environmental studies, and obtain all necessary permits;
- * In concert with the joint venture partner, negotiate a PPA with a public utility;
- * In concert with the joint venture partner, arrange the equity and debt financing to fund the construction of the project;
- * Complete the construction of the project;
- * Arrange for the connection of the project to the provincial electricity transmission grid; and
- * Commence the generation of electricity.

MATADOR PROJECT

In 2007, we identified an additional potential wind power generation location near Beechy, Saskatchewan known as the Matador Pasture and entered into an agreement under permit with the Government of Saskatchewan allowing us to erect a meteorological on certain land located in southwestern Saskatchewan. We erected this tower in autumn of 2007 and commenced gathering wind data. We have determined that the Matador project hosts a wind resource that warrants the

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additional collection and evaluation of wind data, as well as the commencement of initial engineering studies, environmental screening, and community relations activities. The project is removed from population centers and is traversed by a 230 kilovolt provincial electricity transmission line.

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The agreement with the Government of Saskatchewan respecting the lands that comprise the Matador project states that the government has no intention of permitting the study or development of wind power by another entity and will not permit the future development of another party within five miles of the land's borders should we develop wind power electrical generation facilities on the property.

We have not entered into any land lease agreements relating to the Matador project.

RECENT CORPORATE DEVELOPMENTS

Since the commencement of our fiscal year beginning June 1 2010, we have experienced the following significant corporate developments:

1. ADOPTION OF THE 2011 STOCK OPTION PLAN

Effective March 10, 2011, our board of directors adopted the 2011 Stock Option Plan. The purpose of the 2011 Stock Option Plan is to enhance the long-term stockholder value of our company by offering opportunities to directors, officers, employees and eligible consultants of our company to acquire and maintain stock ownership in our company in order to give these persons the opportunity to participate in our company's growth and success, and to encourage them to remain in the service of our company. A total of 5,000,000 shares of common stock are available for issuance under the 2011 Stock Option Plan. As at May 31, 2012, we have granted stock options pursuant to the 2011 Stock Option Plan on a total of 3,590,000 shares of our common stock.

The 2011 Stock Option Plan provides for the grant of incentive stock options and non-qualified stock options. Incentive stock options granted under the 2011 Stock Option Plan are those intended to qualify as "incentive stock options" as defined under Section 422 of the Internal Revenue Code. However, in order to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code, the 2011 Stock Option Plan must be approved by the stockholders of our company within 12 months of its adoption. The 2011 Stock Option Plan has not been approved by our stockholders. Non-qualified stock options granted under the 2011 Stock Option Plan are option grants that do not qualify as incentive stock options under Section 422 of the Internal Revenue Code.

2. NATURAL GAS STORAGE JOINT VENTURE

On February 6, 2012, we announced our formation of a British Columbia joint venture corporation under the name Levant Energy Inc. for the purposes of developing underground natural gas storage plants in the Republic of Turkey. We will initially hold a 65% interest in the joint venture by investing \$500,000 in the newly formed subsidiary. The investment is subject to certain conditions, including Sky Harvest's completion of further equity or debt funding in order to finance the acquisition. The joint venture intends to use these proceeds to identify and commence securing proposed natural gas storage sites, as well as starting associated permitting processes. To date, we have not raised any of the required \$500,000 investment. It is anticipated that Sky Harvest's interest in Levant Energy Inc. will be diluted as additional funds are raised.

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3. AGREEMENT WITH MR. BERTAN ATALAY

On February 6, 2012, we entered into an agreement with Mr. Bertan Atalay of The Hague, Netherlands whereby he will act as President and CEO of Levant Energy Inc. In addition, Mr. Atalay agreed to act as a consultant to Sky Harvest for the purpose of introducing us to additional acquisition

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opportunities in renewable energy and related sectors, including wind power development opportunities in North America, Turkey, and other regions of Europe. We have agreed to compensate Mr. Atalay based on the successful completion of such transactions with a success fee equal to 10% of the transaction's value.

4. RESIGNATION OF OFFICER AND APPOINTMENT OF DIRECTORS AND ADVISORY BOARD MEMBERS

On September 1, 2010, we appointed William Iny as its 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 our director on September 1, 2010.

We appointed the following additional directors on the various dates indicated:

| Name of Director ----- | Date of Appointment ----- |
|---------------------------|------------------------------|
| Harry Bauskin | April 14, 2011 |
| Patricia J. Shorr | April 28, 2011 |
| Greg Yanke | June 14, 2011 |

On March 19, 2012, we formed an advisory board that will be responsible for providing guidance to our Board of Directors as we proceed with the development of its anticipated gas storage project in Turkey. Initially, the advisory board consists of the following members: Noah Cohen, Bertan Atalay, Martin Bernholtz, and William Lister.

GOVERNMENT APPROVALS AND ENVIRONMENTAL LAWS

In order to erect turbines on a property, the Company may need to apply for, and obtain, municipal permits relating to zoning and building. Until the Company determines the exact locations of the sites within the property upon which it intends to erect turbines, it will not be able to determine the specific permitting requirements for its project. However, the potential turbine sites for the Company's wind power project are located in areas well removed from significant population centers.

The creation of a wind power project will also involve the excavation of portions of the land and the construction of concrete platforms below the land surface. Any development project of this nature is subject to the provisions of the Saskatchewan Environmental Assessment Act. Before excavation and construction can be commenced, the Company will need to obtain environmental approval from the Saskatchewan provincial government Ministry of the Environment. The Company must apply for approval by completing an environmental impact assessment and statement, as well as by providing public notice of the proposed development. After the public review, usually a 30 day period which may involve public meetings, the Ministry of the Environment will make a final decision regarding the project. An approval may include a number of conditions to mitigate any identified environmental impacts.

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As of the date of this report, the Company is not aware of any archaeologically significant or ecologically sensitive areas within the locations on which the Company is contemplating the erection of turbines. However, the Company is unable to predict if the requisite permits will be granted; or, if they are granted, what, if any, conditions may be imposed by the provincial government, and the costs associated with compliance therewith. If such permits are granted subject to certain conditions, there is no assurance that it will be economically or practically feasible for the Company to comply with those conditions.

As of the date of this report, the Company has not applied for any government permits or approvals for either location.

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RESEARCH AND DEVELOPMENT, PATENTS AND TRADEMARKS

The Company has not conducted any original research and development. The Company does not own, either legally or beneficially, any patents or trademarks.

DIRECTORS, OFFICERS AND EMPLOYEES

The Company has four directors, one of whom also serves as Chief Executive Officer and Chief Financial Officer. As of the date of this report, the Company has no employees, as the Company has engaged consultants and professional service firms to perform all the work necessary to advance the Company's projects. Employees will be engaged as and when the Company's activities warrant this.

PLAN OF OPERATIONS - YEAR ENDING MAY 31, 2013

During the fiscal year ending May 31, 2013, the Company intends to achieve the following business objectives:

CORPORATE ACTIVITIES

- * Raise additional financing to fund the continued operations of the Company.

KEEWATIN PROJECT

- * Commence a Wind Resource Report and Site Engineering Assessment,
- * Commence assessment of potential environmental impacts of the proposed project,
- * Commence a community relations program,
- * Commence negotiation of land lease agreements with landowners.

SKY HARVEST PROJECT

- * Continue to monitor wind data and update the Wind Resource Report and Site engineering Assessment accordingly,
- * Continue discussions with a potential joint venture and development partner and reach a joint venture agreement in a form acceptable to both parties,
- * Continue the Community Development program to provide residents in the area with information on the project, and to allow for comments and mitigation,
- * Consult with First Nations groups that may be impacted by project development.

LEVANT NATURAL GAS STORAGE PROJECT

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- * Raise necessary financing for initial project development of approximately \$1.2 million
- * Natural gas storage site selection and acquisition of land use rights
- * Data collection, permitting, and engineering and project design

The Company will also consider the potential acquisition of additional alternative energy projects.

As of the date of this report, there is no assurance that the Saskatchewan utility will issue another RFQ, an RFP or a power call. If a RFP or power call is issued, there is no assurance that the Company will be successful in negotiating a PPA for the full capacity of either of its potential projects. At

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present, only the Sky Harvest project is at a stage of development that would justify participation in an RFQ, RFP or a power call.

In addition, there is no guarantee that we will be able to proceed with the Levant natural gas storage project. Our plan of operation respecting this project will depend on our success in raising the necessary financing, as well as procuring the requisite land rights for gas storage development.

The Company will require additional funding in order to complete the plan of operations as set out above. While the Company does not have any commitments for future funding, it anticipates that additional cash requirements will be met by debt or equity financings. There is no assurance, however, that additional funding can be obtained, or if obtained, on terms that are acceptable to the Company.

REPORTS TO SECURITY HOLDERS

We file reports and other information with the SEC. Historical information about our company and other information can be inspected and copied at the Public Reference Room of the SEC located at Room 1580, 100 F Street, N.E., Washington D.C. 20549. Copies of such materials, including copies of any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet (<http://www.sec.gov>).

ITEM 1A. RISK FACTORS

Not applicable.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2. PROPERTIES

Our executive and head office is located at 890 West Pender Street, Suite 710, Vancouver, BC, Canada. Other than land lease agreements covering approximately 15,000 acres in southwestern Saskatchewan and agreements with a land owner and the Government of Saskatchewan, which provide the right to erect a meteorological tower on certain additional land located in southwestern Saskatchewan, we do not have an interest in any other property.

ITEM 3. LEGAL PROCEEDINGS

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During the fiscal year, a shareholder commenced a legal action against us, and two of our directors, alleging that the directors had earned short swing trading profits as a result of trading in our shares and were required to disgorge those profits and pay them to us. The lawsuit was amended to dismiss the claims against the directors, who provided the shareholder with evidence that profits were disgorged. The shareholder's legal counsel continues to seek compensation in the amount of \$29,750 for the benefit that we received from the disgorgement, which the Company disputes.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common stock is quoted on the OTCQB under the symbol "SKYH". The following table shows the quarterly range of high and low closing prices for our common stock over the fiscal quarters for the last two fiscal years as quoted on the OTCQB. Investors should not rely on historical prices of our common stock as an indication of its future price performance. The last sale price of our common stock occurred on July 26, 2012 at a price of \$0.10. The high and low trading prices for our common stock through the facilities of the OTCQB for the past eight quarters were:

| Quarter Ended ----- | High ----- | Low ----- |
|------------------------|---------------|--------------|
| August 31, 2010 | \$ 0.55 | \$ 0.01 |
| November 30, 2010 | \$ 0.55 | \$ 0.01 |
| February 29, 2011 | \$ 0.19 | \$ 0.10 |
| May 31, 2011 | \$ 0.60 | \$ 0.10 |
| August 31, 2011 | \$ 0.55 | \$ 0.30 |
| November 30, 2011 | \$ 0.43 | \$ 0.05 |
| February 29, 2012 | \$ 0.45 | \$ 0.06 |
| May 31, 2012 | \$ 0.38 | \$ 0.07 |

TRANSFER AGENT

The transfer agent and registrar for our common stock is:

Empire Stock Transfer Inc.
1859 Whitney Mesa Drive
Henderson, NV 89014
Phone: 702.818.5898
Fax: 702.974.1444
Website: www.empirestock.com.

HOLDERS OF COMMON STOCK

As of May 31, 2012, we have 38 registered shareholders holding 32,553,016 shares of our common stock.

DIVIDENDS

We have never declared or paid any cash dividends or distributions on our

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capital stock. We currently intend to retain our future earnings, if any, to support operations and to finance expansion and therefore we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES; USE OF PROCEEDS FROM REGISTERED SECURITIES

Other than as previously disclosed in our periodic filings pursuant to the Exchange Act during the fiscal year ended May 31, 2012, we did not sell any equity securities that were not registered under the Securities Act of 1933.

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PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read together with our Consolidated Financial Statements and the Notes to those statements included elsewhere in this Annual Report on Form 10-K and the Consolidated Financial Statements and the Notes to those statements included in our Form 10-K for the year ended May 31, 2012. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this prospectus and registration statement.

Our audited consolidated annual financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

RESULTS OF OPERATIONS

The following summary of our results of operations should be read in conjunction with our audited consolidated annual financial statements for the year ended May 31, 2012 which are included herein.

| | Year Ended May 31, | | Increase/ (Decrease) | |
|--------------------------------|--------------------|-------------|----------------------|--------|
| | 2012 | 2011 | \$ | % |
| Revenue | \$ -- | \$ -- | -- | N/A |
| Expenses | 552,507 | 965,699 | (413,192) | (43%) |
| Foreign exchange loss (gain) | 65,501 | (48,837) | (114,338) | N/A |
| Impairment Loss | -- | 2,551,440 | (2,551,440) | (100%) |
| Interest and Dividend (Income) | -- | (24) | (24) | (100%) |
| Settlement of Debt (gain) | (3,999) | 15,986 | 19,985 | N/A |
| Net Loss | \$ 614,009 | \$3,484,264 | (2,870,255) | (82%) |

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REVENUE

We recorded a net operating loss of \$614,009 for the twelve months ended May 31, 2012 and have an accumulated deficit of \$6,768,453 since inception. We have had no operating revenues since our inception on February 25, 2005 through to the period ended May 31, 2012. We do not anticipate that we will generate any revenues during the period in which we are a development stage company.

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EXPENSES

Our expenses for the years ended May 31, 2012 and 2011 are outlined below:

| | Year Ended May 31, 2012 | 2011 | Increase/ (Decrease) | |
|-----------------------------|----------------------------|------------|----------------------|-------|
| | | | \$ | % |
| | ----- | ----- | ----- | ----- |
| Consulting fees | \$ 84,487 | \$ 54,476 | 30,011 | 55% |
| Engineering and development | 140,592 | 92,917 | 47,675 | 51% |
| Management fees | 134,367 | 94,144 | 40,223 | 43% |
| Professional fees | 158,011 | 54,757 | 103,254 | 189% |
| General and administrative | 35,050 | 669,405 | (634,355) | (95%) |
| | ----- | ----- | ----- | ----- |
| Total Operating Expenses | \$ 552,507 | \$ 965,699 | (413,192) | (43%) |
| | ===== | ===== | ===== | ===== |

Consulting fees increased by \$30,011 from \$54,476 in the year ended May 31, 2011 to \$84,487 in the year ended May 31, 2012. Consulting fees primarily increased as a result of the recorded value of stock options that we granted to members of our newly formed advisory board.

Engineering and development expenses increased by \$47,675 from \$92,917 in the year ended May 31, 2011 to \$140,592 in the year ended May 31, 2012. This increase is a result of additional engineering costs that we incurred in connection with our application pursuant to the Saskatchewan Green Options Partners Program.

Management fees for the year ended May 31, 2012 increased by \$40,223 from \$94,144 for the year ended May 31, 2011 to \$134,367 for the year ended May 31, 2012. This increase is a result of a management bonus that we paid during the most recently completed fiscal year.

Professional fees increased by \$103,254 from \$54,757 in the year ended May 31, 2011 to \$158,011 in the year ended May 31, 2012 due to higher legal and audit fees related to our increased business activity.

General and administrative expenses decreased by \$634,355 from \$669,405 in the year ended May 31, 2011 to \$35,050 in the year ended May 31, 2012. Of this decrease, \$585,180 is attributable to stock-based compensation paid to directors and consultants during the fiscal year ended May 31, 2011.

IMPAIRMENT LOSS

We recorded an impairment loss of \$2,551,440 for the fiscal year ended May 31, 2011 relating to the intangible assets that we acquired pursuant to our acquisition of Sky Harvest - Saskatchewan. The write down of this asset was due to the uncertainty regarding the Sky Harvest project's future cash flows, if any, and the uncertainty of our ability to execute a power purchase agreement

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relating to the project and the terms of what such an agreement would be.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition for the year ended May 31, 2012 and 2011 and the changes between those periods for the respective items are summarized as follows:

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WORKING CAPITAL

| | Year Ended May 31, | | Increase/ (Decrease) | |
|---------------------|--------------------|--------------|----------------------|-------|
| | 2012 | 2011 | \$ | % |
| | ----- | ----- | ----- | ----- |
| Current Assets | \$ 157,125 | \$ 87,440 | 69,685 | 80% |
| Current Liabilities | 295,323 | 513,079 | (217,756) | (42%) |
| | ----- | ----- | ----- | ----- |
| Working Capital | \$ (138,198) | \$ (425,639) | (287,441) | N/A |
| | ===== | ===== | ===== | ===== |

The \$287,441 decrease in our working capital deficit from (\$425,639) as of May 31, 2011, to (\$138,198) as of May 31, 2012 was primarily due to our completion of private placements of shares of our common stock for proceeds of \$647,500 during the fiscal year ended May 31, 2012, some of which was used to reduce liabilities.

CASH FLOWS

| | Year Ended May 31, | | Increase/ (Decrease) | |
|---|--------------------|--------------|----------------------|--------|
| | 2012 | 2011 | \$ | % |
| | ----- | ----- | ----- | ----- |
| Cash Flows (used in) Operating Activities | \$ (558,274) | \$ (208,008) | (350,266) | N/A |
| Cash Flows provided by (used in) Investing Activities | -- | 22,840 | (22,840) | (100%) |
| Cash Flows provided by Financing Activities | 611,540 | 267,714 | 343,826 | 128% |
| Effect of exchange rate changes on cash | 67,955 | (59,315) | 127,270 | N/A |
| | ----- | ----- | ----- | ----- |
| Net increase (decrease) in cash during year | \$ 121,221 | \$ 23,231 | 97,990 | 422% |
| | ===== | ===== | ===== | ===== |

CASH USED IN OPERATING ACTIVITIES

During the year ended May 31, 2012 we used net cash in operating activities in the amount of \$558,274 (year ended May 31, 2011 - \$208,008). The cash was used to fund our corporate activities and operations on our wind power project.

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

During the year ended May 31, 2011 we redeemed the remaining \$22,840 of our short-term investments. We were not involved in any investing activities in the

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fiscal year ended May 31, 2012.

CASH FROM FINANCING ACTIVITIES

In the year ended May 31, 2012, we raised \$647,500 through private placement sales of our common stock. We also received \$118,900 in proceeds from two of our directors relating to their payment of short-swing trading profits to us. As well, we repaid \$154,860 in loans that we received from various parties. In the fiscal year ended May 31, 2011, we received \$207,390 in loans from two of our directors. In addition, we received a third party loan of \$60,324.

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FUTURE FINANCINGS

As of the date of this report, we do not have any arrangements in place for additional debt financing or for the sale of our securities, and there is no assurance that we will be able to raise funds through either means.

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 property that is acquired 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. As of the date of this 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 development activities.

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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position EITF 03-6-1, "DETERMINING WHETHER INSTRUMENTS GRANTED IN SHARE-BASED PAYMENT TRANSACTIONS ARE PARTICIPATING SECURITIES". FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In May 2009, FASB issued SFAS No. 165 (SFAS 165) "SUBSEQUENT EVENTS". SFAS 165 establishes general standards of for the evaluation, recognition and disclosure of events and transactions that occur after the balance sheet date. Although there is new terminology, the standard is based on the same principles as those that currently exist in the auditing standards. The standard, which includes a new required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009. The adoption of SFAS 165 is not expected to have a significant impact on the Company's financial statements.

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In May 2008, the FASB issued SFAS No. 162, "The HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES". SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. It is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "THE MEANING OF PRESENT FAIRLY IN CONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES". The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In March 2008, FASB issued SFAS No. 161, "DISCLOSURES ABOUT DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - AN AMENDMENT TO FASB STATEMENT NO. 133". SFAS No. 161 is intended to improve financial standards for derivative

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instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The Company is currently evaluating the impact of SFAS No. 161 on its financial statements, and the adoption of this statement is not expected to have a material effect on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141R, "BUSINESS COMBINATIONS". This statement replaces SFAS 141 and defines the acquirer in a business combination as the entity that obtains control of one or more businesses in a business combination and establishes the acquisition date as the date that the acquirer achieves control. SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, measured at their fair values as of that date. SFAS 141R also requires the acquirer to recognize contingent consideration at the acquisition date, measured at its fair value at that date. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 160, "NONCONTROLLING INTERESTS IN CONSOLIDATED FINANCIAL STATEMENTS LIABILITIES -AN AMENDMENT OF ARB NO. 51". This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

In February 2007, the FASB issued SFAS No. 159, "THE FAIR VALUE OPTION FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES - INCLUDING AN AMENDMENT OF FASB STATEMENT NO. 115". This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115 "ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES" applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the

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beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, "FAIR VALUE MEASUREMENTS". The adoption of this statement did not have a material effect on the Company's financial statements.

In September 2006, the FASB issued SFAS No. 157, "FAIR VALUE MEASUREMENTS". The objective of SFAS 157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement did not have a material effect on the Company's financial statements.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Sky Harvest Windpower Corp.
(A Development Stage Company)

May 31, 2012

| | |
|--|----|
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| Consolidated Balance Sheets as of May 31, 2012 and May 31, 2011..... | 21 |
| Consolidated Statements of Operations for the years ended May 31, 2012 and May 31, 2011, and for the period since inception..... | 22 |
| Consolidated Statement of Stockholders' Equity for period ended May 31, 2012, and the period since inception..... | 23 |
| Consolidated Statements of Cash Flows for the years ended May 31, 2012 and May 31, 2011, and for the period since inception..... | 24 |
| Notes to the Consolidated Financial Statements..... | 25 |

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PLS CPA, A PROFESSIONAL CORP.

* 4725 MERCURY STREET SUITE 210 * SAN DIEGO * CALIFORNIA 92111 *
* TELEPHONE (858)722-5953 * FAX (858) 761-0341 * FAX (858) 764-5480
* E-MAIL CHANGGPARK@GMAIL.COM *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMA

To the Board of Directors and Stockholders
Sky Harvest Windpower Cor.
(A Development Stage Company)

We have audited the accompanying consolidated balance sheets of Sky Harvest Windpower Corp. (A Development Stage "Company") as of May 31, 2012 and 2011 and the related consolidated statements of operation, changes in shareholders'

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equity and cash flows for the years then ended and for the period February 25, 2005 (inception) to May 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial positions of Sky Harvest Windpower corp. as of May 31, 2012 and 2011, and the consolidated results of its operation and its cash flows for the years then ended and for the period February 25, 2005 (inception) to May 31, 2012 in conformity with U.S. generally accepted accounting principles.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's losses from operations raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PLS CPA

PLS CPA, A Professional Corp.

August 17, 2012
San Diego, CA 92111

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Sky Harvest Windpower Corp.
(A Development Stage Company)
Consolidated Balance Sheets
(Expressed in US Dollars)

| | May 31, 2012 | May 2011 |
|--------------------------------------|-----------------|-------------|
| | ----- \$ | ----- \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 144,686 | 23 |
| Other receivables | 11,557 | 10 |
| Prepaid expenses | 882 | 53 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 157,125 | 87 |
| Property and equipment, net (Note 4) | 66,826 | 71 |
| | ----- | ----- |

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| | | |
|--|-------------|---------|
| TOTAL ASSETS | 223,951 | 159 |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| LIABILITIES | | |
| Accounts payable | 159,070 | 166 |
| Accrued liabilities | 250 | 3 |
| Due to related parties (Note 7) | 86,003 | 283 |
| Note payable (Note 5) | 50,000 | 60 |
| | ----- | ----- |
| TOTAL LIABILITIES | 295,323 | 513 |
| | ----- | ----- |
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Preferred Stock: | | |
| Authorized: 10,000,000 shares, \$0.001 par value | | |
| Issued and outstanding: 1 share (May 31, 2011 - 1 share) | -- | |
| Common Stock: | | |
| Authorized: 100,000,000 shares, \$0.001 par value | | |
| Issued and outstanding: 32,553,016 shares | | |
| (May 31, 2011 - 29,732,016 shares) | 32,553 | 29 |
| Additional paid-in capital | 6,707,278 | 5,829 |
| Common stock subscribed (Note 11) | 6,750 | 6 |
| Stock subscriptions receivable (Note 8(b)) | (49,500) | |
| Accumulated other comprehensive loss | (16,917) | (82) |
| Deficit accumulated during the development stage | (6,751,536) | (6,137) |
| | ----- | ----- |
| TOTAL STOCKHOLDERS' DEFICIT | (71,372) | (353) |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | 223,951 | 159 |
| | ===== | ===== |
| Continuing operations (Note 1) | | |
| Commitments and contingencies (Note 11) | | |

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

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

| | Accumulated from February 25, 2005 (Date of Inception) to May 31, 2012 | For the Year Ended May 31, 2012 | |
|-----------------------------|--|--|--|
| | ----- | ----- | |
| | \$ | \$ | |
| EXPENSES | | | |
| Consulting fees | 450,934 | 84,487 | |
| Engineering and development | 552,923 | 140,592 | |
| Management fees (Note 7) | 734,947 | 134,367 | |

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| | | |
|---|-------------|------------|
| Professional fees | 511,776 | 158,011 |
| General and administrative | 1,802,562 | 35,050 |
| Acquired development costs | 242,501 | -- |
| | ----- | ----- |
| OPERATING LOSS | (4,295,643) | (552,507) |
| OTHER INCOME (LOSS) | | |
| Impairment loss | (2,551,440) | -- |
| Interest income | 89,382 | -- |
| Foreign exchange gain (loss) | 18,152 | (65,501) |
| Settlement of debt | (11,987) | 3,999 |
| | ----- | ----- |
| NET LOSS | (6,751,536) | (614,009) |
| Other Comprehensive Income (Loss) | | |
| Foreign currency translation adjustments | (16,917) | 65,528 |
| | ----- | ----- |
| Comprehensive loss | (6,768,453) | (548,481) |
| | ===== | ===== |
| NET LOSS PER COMMON SHARE - BASIC AND DILUTED | | (0.02) |
| | | ----- |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK OUTSTANDING | | 31,594,000 |
| | | ----- |

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

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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 \$ | Co St Subs |
|--|-------------------------|--------------|-----------------------|--------------|--|------------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| 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 | | | | | | |

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| | | | | | |
|--|----|----|------------|--------|--------|
| 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)

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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 \$ | Comm Stoc Subscr \$ |
|---|-------------------------|--------------|-----------------------|--------------|--|------------------------------|
| | ----- | ----- | ----- | ----- | ----- | ----- |
| 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 | -- | -- | -- | -- | -- | 500, |
| Stock-based compensation | -- | -- | -- | -- | 365,508 | |
| Net loss for the year | -- | -- | -- | -- | -- | |
| Balance - May 31, 2007 carried forward | -- | -- | 10,530,000 | 10,530 | 409,478 | 500, |
| Common stock issued on July 11, 2007 for cash at \$0.70 per share | -- | -- | 715,000 | 715 | 499,785 | (500, |

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| | | | | | | |
|---|----|----|------------|--------|-----------|----|
| 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 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 | -- | -- | -- | -- | -- | 6, |
| Net loss for the year | -- | -- | -- | -- | -- | |
| Balance - May 31, 2009 carried forward | -- | -- | 12,391,500 | 12,391 | 2,071,366 | 6, |

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

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

| | Preferred Stock # | Amount \$ | Common Shares # | Amount \$ | Additional Paid-in Capital \$ | Common Stock Subscribed \$ | Stock Subscriptions Receivable \$ | Acco O Comp |
|--|-------------------------|--------------|-----------------------|--------------|--|-------------------------------------|--|-------------------|
| | ---- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| 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 | | | | | | | | |

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| | | | | | | | | | |
|--|-------|-------|------------|--------|-----------|-------|----------|-------|-------|
| comprehensive loss | -- | -- | -- | -- | -- | -- | -- | -- | (|
| Net loss for year | -- | -- | -- | -- | -- | -- | -- | -- | (|
| | ---- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ---- |
| Balance - May 31, 2010 | 1 | -- | 29,732,016 | 29,732 | 5,244,616 | 6,750 | -- | -- | (|
| Stock-based compensation | -- | -- | -- | -- | 585,180 | -- | -- | -- | (|
| Accumulated other comprehensive loss | -- | -- | -- | -- | -- | -- | -- | -- | (|
| Net loss for the year | -- | -- | -- | -- | -- | -- | -- | -- | (|
| | ---- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ---- |
| Balance - May 31, 2011 | 1 | -- | 29,732,016 | 29,732 | 5,829,796 | 6,750 | -- | -- | (|
| Stock-based compensation | -- | -- | -- | -- | 64,403 | -- | -- | -- | (|
| Accumulated other comprehensive loss | -- | -- | -- | -- | -- | -- | -- | -- | (|
| Common stock issued on June 21, 2011 for cash at \$0.25 per share | -- | -- | 1,970,000 | 1,970 | 490,530 | -- | -- | -- | (|
| Common stock issued on May 29, 2012 for cash at \$0.25 per share | -- | -- | 818,000 | 818 | 203,682 | -- | (49,500) | -- | (|
| Common stock issued on May 29, 2012 for finders fees at \$0.25 per share | -- | -- | 33,000 | 33 | (33) | -- | -- | -- | (|
| Disgorgement of swing trading profits | -- | -- | -- | -- | 118,900 | -- | -- | -- | (|
| Net loss for the year | -- | -- | -- | -- | -- | -- | -- | -- | (|
| | ---- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ---- |
| Balance - May 31, 2012 | 1 | -- | 32,553,016 | 32,553 | 6,707,278 | 6,750 | (49,500) | -- | (|
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

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

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| | Accumulated from February 25, 2005 (Date of Inception) to May 31, 2012 | For the Year Ended May 31, 2012 |
|---|--|--|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net loss for the period | (6,751,536) | (614,009) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 23,708 | 697 |
| Stock-based compensation | 1,609,565 | 64,403 |
| Impairment loss | 2,551,440 | -- |
| Loss (gain) on settlement of debt | 11,987 | (3,999) |
| Acquired development costs | 242,501 | -- |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | 11,252 | 52,238 |
| Accrued interest | 244 | -- |
| Accounts payable and accrued liabilities | 141,654 | (6,413) |
| Account receivable | (29,914) | (701) |
| Note receivable | (280,000) | -- |
| Due to related parties | 23,958 | (50,490) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | (2,445,141) | (558,274) |
| INVESTING ACTIVITIES | | |
| Purchase of equipment | (23,504) | -- |
| Purchase of short-term investments | (2,472,839) | -- |
| Redemption of short-term investments | 2,493,484 | -- |
| Cash acquired from acquisition | 21,016 | -- |
| NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES | 18,157 | -- |
| FINANCING ACTIVITIES | | |
| Proceeds from common stock issuances | 2,365,749 | 647,500 |
| Proceeds from (repayment of) related party loans | 62,854 | (144,536) |
| Proceeds from (repayment of) note payable | 50,000 | (10,324) |
| Proceeds from swing sale disgorgement | 118,900 | 118,900 |
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 2,597,503 | 611,540 |
| Effect of exchange rate changes on cash | (25,833) | 67,955 |
| Increase in cash and cash equivalents | 144,686 | 121,221 |
| Cash and cash equivalents - beginning of period | -- | 23,465 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | 144,686 | 144,686 |
| 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 | -- |
| Stock issuance for finders fee | 8,250 | 8,250 |

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

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Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
May 31, 2012
(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 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 May 31, 2012, the Company has accumulated losses of \$6,751,536 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

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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. Cash Equivalents

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

c. 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.

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Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
May 31, 2012
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

c. Fair Value Measurements (continued)

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

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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 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.

d. 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.

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Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
May 31, 2012
(Expressed in US Dollars)

2. Significant Accounting Policies (continued)

d. Equipment (continued)

(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

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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.

e. 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 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.

f. 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.

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2. Significant Accounting Policies (continued)

g. 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 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.

h. 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.

i. 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.

j. 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.

k. Website Development Costs

The Company capitalizes website development costs in accordance with ASC 350,

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

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Sky Harvest Windpower Corp.
 (A Development Stage Company)
 Notes to the Consolidated Financial Statements
 May 31, 2012
 (Expressed in US Dollars)

2. Significant Accounting Policies (continued)

1. 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 May 31, 2012 and May 31, 2011, 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 | May 31, 2012 Net Carrying Value | May 31, 2011 Net Carrying Value |
|--------------------------|-------------|-----------------------------|---------------------------------------|---------------------------------------|
| | ----- \$ | ----- \$ | ----- \$ | ----- \$ |
| Computer equipment | 5,843 | (5,533) | 310 | 781 |
| Asset under construction | 66,060 | -- | 66,060 | 70,447 |
| Wind tower equipment | 22,116 | (21,660) | 456 | 717 |
| | ----- | ----- | ----- | ----- |
| | 94,019 | (27,193) | 66,826 | 71,945 |
| | ===== | ===== | ===== | ===== |

5. Note Payable

During the year ended May 31, 2011, the Company received advances from third parties in the amount of \$60,324. During the year ended May 31, 2012, the Company repaid \$10,324. At May 31, 2012, advances of \$50,000 remain outstanding. The amount is unsecured, non-interest bearing and due on demand.

6. 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

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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 May 31, 2012, 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 May 31, 2012, there were 15,680,016 outstanding exchangeable shares (May 31, 2011 - 15,680,016 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.

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Sky Harvest Windpower Corp.
(A Development Stage Company)
Notes to the Consolidated Financial Statements
May 31, 2012
(Expressed in US Dollars)

7. Related Party Transactions

a) During the year ended May 31, 2012, the Company incurred \$Nil (2011 - \$30,903) for management services provided by a former director and a principal shareholder of the Company.

b) During the year ended May 31, 2012, the Company incurred \$60,507 (2011 - \$63,241) to a company controlled by the President and principal shareholder of the Company for management services. During the year ended May 31, 2012, the Company paid a bonus of \$73,860 (Cdn\$75,000) (2011 - \$nil) to the President and principal shareholder of the Company for management services. As at May 31, 2012, the Company is indebted to that company and the Company's President for \$21,080 (May 31, 2011 - \$178,872), which is non-interest bearing, unsecured and due on demand.

c) On June 18, 2010, the Company entered into a loan agreement with a director 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 May 31, 2012, accrued interest of \$7,911 was recorded. During the year ended May 31, 2011, the Company received an advance of \$68,735 (CDN\$71,000) from the same director. During the year ended May 31, 2012, the Company repaid \$38,724 (CDN\$40,000). At May 31, 2012, \$30,011 (CDN\$31,000) is unsecured, non-interest bearing and has no terms of repayment.

d) During the year ended May 31, 2012, the Company incurred \$104,538 to a company controlled by a director of the Company for legal services.

e) On August 31, 2011, the Company received a disgorgement of swing trading profits of \$59,450 from the President of the Company. This amount has been credited to additional paid-in capital.

f) On January 7, 2012, the Company received a disgorgement of swing trading profits of \$59,450 from a director of the Company. This amount has been credited to additional paid-in capital.

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

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8. Common Stock

a) On June 21, 2011, the Company closed a private placement consisting of 1,970,000 shares of common stock at a price of \$0.25 per share for gross proceeds of \$492,500.

b) On May 29, 2012, the Company closed a private placement consisting of 818,000 shares of common stock at a price of \$0.25 per share for gross proceeds of \$204,500, of which \$49,500 is recorded in stock subscriptions receivable at May 31, 2012. In connection with the private placement, the Company issued 33,000 shares of common stock as finders fees.

9. Stock Based Compensation

On September 11, 2009, the Company's board of directors adopted the 2009 Stock Option Plan ("2009 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 May 31, 2012, the Company had 1,650,000 shares of common stock available to be issued under the Plan.

On March 10, 2011, the Company's board of directors adopted the 2011 Stock Option Plan ("2011 Plan") which provides for the granting of stock options to acquire up to 5,000,000 common shares of the Company to eligible employees, officers, directors and consultants of the Company. At May 31, 2012, the Company had 1,410,000 shares of common stock available to be issued under the Plan.

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Sky Harvest Windpower Corp.
 (A Development Stage Company)
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9. Stock Based Compensation (continued)

On March 19, 2012, pursuant to the 2011 Plan, the Company granted 990,000 options with immediate vesting to consultants to acquire 990,000 common shares at an exercise price of \$0.10 per share exercisable for 5 years and recorded stock-based compensation for the vested options of \$69,300, as general and administrative expense.

The fair value for stock options vested during the nine month periods ended May 31, 2012 and May 31, 2011 were estimated at the vesting and granting date using the Black-Scholes option-pricing model. The weighted average assumptions used are as follows:

| | Year Ended May 31, 2012 | Year Ended May 31, 2011 |
|---------------------------------|----------------------------|----------------------------|
| | ----- | ----- |
| Expected dividend yield | 0% | 0% |
| Risk-free interest rate | 1.16% | 2.06% |
| Expected volatility | 702% | 433% |
| Expected option life (in years) | 4.89 | 4.95 |

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

| | Weighted | Weighted-Average | Aggregate |
|-----------|----------|------------------|-----------|
| Number of | Average | Remaining | Intrinsic |
| | Exercise | Contractual | |
| | | Term | |

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| | Options | Price | (years) | Value |
|---------------------------|-----------|-------|---------|-------|
| | ----- | ----- | ----- | ----- |
| | | \$ | | \$ |
| Outstanding: May 31, 2010 | 1,250,000 | 0.51 | | |
| Granted | 2,600,000 | 0.16 | | |
| Expired | (666,666) | 0.51 | | |
| | ----- | ---- | | |
| Outstanding: May 31, 2011 | 3,183,334 | 0.23 | | |
| Granted | 990,000 | 0.10 | | |
| | ----- | ---- | | |
| Outstanding: May 31, 2012 | 4,173,334 | 0.20 | 3.84 | 2,515 |
| | ----- | ---- | ---- | ----- |
| Exercisable: May 31, 2012 | 4,173,334 | 0.20 | 3.84 | 2.515 |
| | ----- | ---- | ---- | ----- |

A summary of the status of the Company's non-vested stock options as of May 31, 2012, and changes during the year ended May 31, 2012, is presented below:

| Non-vested options | Number of options | Weighted Average Grant Date Fair Value |
|----------------------------|-------------------|--|
| ----- | ----- | ----- |
| | | \$ |
| Non-vested at May 31, 2011 | 62,500 | 0.42 |
| Granted | 990,000 | 0.07 |
| Forfeited/Cancelled | -- | -- |
| Vested | (1,052,500) | 0.09 |
| | ----- | ---- |
| Non-vested at May 31, 2012 | -- | -- |
| | ----- | ---- |

At May 31, 2012, there was \$nil of unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the 2009 Plan and 2011 Plan.

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Sky Harvest Windpower Corp.
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Notes to the Consolidated Financial Statements
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10. Joint Venture

On February 3, 2012, the Company and its joint venture partner incorporated a British Columbia corporation under the name Levant Energy Inc. ("Levant") for the purposes of developing underground natural gas storage plants in the Republic of Turkey. The Company will initially hold a 65% interest in Levant by investing \$500,000. The investment is subject to certain conditions, including completion of further equity or debt funding in order to finance acquisition. The Company's joint venture partner will hold the remaining 35% interest in Levant. At May 31, 2012, the Company and its joint venture partner have not made any contribution to Levant and operations have not yet begun.

11. Commitments and Contingencies

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a) 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 May 31, 2012, the fair value of the 15,000 shares issuable was \$6,750 and is included in common stock subscribed.

b) On February 3, 2012, the Company entered into a consulting agreement with a consultant. Pursuant to the agreement, the consultant will introduce the Company potential acquisition and investment opportunities in the energy sector, as well as any related sectors. If the Company completes an acquisition of any interest in any company or assets as a result of the consultant's introduction to investment opportunity, the Company shall pay the consultant a success fee equal to 10% of the value of the transaction in shares of the Company's common stock. The Company may also pay such success fees in cash, or a combination of shares and cash. If the Company completes transactions as a result of the consultant's introductions with an aggregate value of at least \$3,000,000, including any concurrent financings, the consultant shall have the option to cause the Company to enter into an employment agreement with him, join the Company's Board of Directors, and be appointed as the Company's President and Chief Executive Officer. The term of the agreement is three years.

12. Income Taxes

The Company has net operating losses carried forward of \$2,594,700 (2011 - \$2,041,700) available to offset taxable income in future years which expire beginning in fiscal 2021.

The Company is subject to United States federal and state income taxes at an approximate rate of 35%. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

| | May 31, 2012 | May 31, 2011 |
|---|--------------|--------------|
| | ----- | ----- |
| | \$ | \$ |
| Net loss before income taxes per financial statements | (614,009) | (3,484,264) |
| Income tax rate | 35% | 35% |
| Income tax recovery | (214,903) | (1,219,492) |
| Permanent differences | 21,141 | 204,813 |
| Temporary differences | 244 | 894,454 |
| Change in valuation allowance | 193,518 | 120,225 |
| | ----- | ----- |
| Provision for income taxes | -- | -- |
| | ----- | ----- |

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Sky Harvest Windpower Corp.
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12. Income Taxes (continued)

The significant components of deferred income tax assets and liabilities at May 31, 2012 and 2011 are as follows:

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| | May 31, 2012 | May 31, 2011 |
|----------------------------------|--------------|--------------|
| | ----- | ----- |
| | \$ | \$ |
| Net operating loss carry-forward | 908,127 | 714,609 |
| Valuation allowance | (908,127) | (714,609) |
| | ----- | ----- |
| Net deferred income tax asset | -- | -- |
| | ----- | ----- |

13. Subsequent Events

In accordance with ASC 855, SUBSEQUENT EVENTS, the Company has evaluated subsequent events through the date of issuance of the audited consolidated financial statements. Subsequent to the fiscal period ended May 31, 2012, the Company did not have any material recognizable subsequent events.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL MATTERS

None

ITEM 9A. CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

As required by paragraph (b) of Rules 13a-15 or 15d-15 under the Securities Exchange Act of 1934, the Company's principal executive officer and principal financial officer evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) for the period covered by this Annual Report on Form 10-K as of our fiscal year end, May 31, 2012. Based on this evaluation, this officer concluded that as of the end of the period covered by this Annual Report on Form 10-K, these disclosure controls and procedures were adequate to ensure that the information required to be disclosed by the Company in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and include controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

B. MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over our financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, including testing, using the criteria in the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations,

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internal control over financial reporting may not prevent or detect misstatements.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal controls over financial reporting were not effective as of May 31, 2012 and were subject to material weaknesses.

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:

1. Failing to have an audit committee or other independent committee that is independent of management to assess internal control over financial reporting; and

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2. Failing to have a director that qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Our internal control over financial reporting was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Annual Report.

C. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

During the fiscal year ended May 31, 2012, our internal control over financial reporting was subject to changes relating to the implementation of financial recording and disclosure timelines necessary to ensure that the Company is able to meet regulatory deadlines for financial disclosure. As well, the Company implemented monitoring and controls to detect unauthorized financial transactions by management.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

DIRECTORS AND EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

As of the date of this report, our directors and executive officers, their ages, positions held, and date of election or appointment, are as follows:

| Name | Position Held with our Company | Age | Date First Elected or Appointed |
|------|--------------------------------|-----|---------------------------------|
|------|--------------------------------|-----|---------------------------------|

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| | | | |
|-------------------|---|-----|---------------------------------------|
| ----- | ----- | --- | ----- |
| William Iny | President, CEO, CFO, Secretary and Treasurer Director | 62 | September 1, 2010 May 23, 2006 |
| Harry Bauskin | Director | 61 | April 14, 2011 |
| Patricia J. Shorr | Director | 53 | April 28, 2011 |
| Greg Yanke | Director | 42 | June 14, 2011 |

FAMILY RELATIONSHIPS

There are no family relationships with any of our other directors and officers.

BUSINESS EXPERIENCE

The following is a brief account of the education and business experience of our directors and executive officer during at least the past five years, indicating their business experience, principal occupations during the period, and the names and principal businesses of the organizations by which they were employed.

WILLIAM INY has acted as our director since May 23, 2006 and as our president, CEO, CFO, secretary and treasurer since September 1, 2010. Since 1981, Mr. Iny has acted as the Principal of Abra Management Corporation, a private company involved in real estate development, franchising and in providing consulting and financing services to private and public companies. He was also a co-founder and director of Empire Stock Transfer Inc., a Las Vegas, Nevada based registrar and transfer agent registered with the United States Securities & Exchange Commission.

HARRY BAUSKIN has acted as our director since April 14, 2011. Mr. Bauskin previously held various positions with Bank Hapoalim, Israel's largest bank, over a 30 year period. These positions included acting as head of the bank's Toronto and Canadian divisions and head of the Investment Advice Division in Jerusalem. Mr. Bauskin has also acted as Deputy Managing Director for Israel Halutz Ltd., a portfolio management company based in Israel, and as Senior Portfolio Manager/Analyst for Afikim Investments Limited. He holds a Bachelor of Commerce degree from Durban University in South Africa where he specialized in economics and accountancy.

PATRICIA J. SHORR has acted as our director since April 28, 2011. Since 1999, Ms. Shorr has acted as a principal of Spectrum Capital Corporation, a company that consults to wind and solar energy developers and is involved in the commercial mortgage brokerage sector. In this role, she has been involved in all aspects of permitting wind energy farms and solar projects including coordinating all legal documentation for land leases and permitting, securing

state sponsored financing and economic incentives, liaising and negotiating with transmission conglomerates and regional utilities, participating in turbine acquisition and balance of plant procurement, and securing transmission and utility participation. Ms. Shorr's previous employment positions include acting as an Assistant Vice-President of First City Bank in Columbus, Ohio; as a Financial Analyst for W.R. Grace & Co. in New York; and as Staff Auditor for Touche Ross & Co. in Washington, DC. She holds a Bachelor's of Business Administration degree specializing in marketing and a Master of Accounting degree both from The George Washington University.

GREG YANKE has acted as our director since June 14, 2011. Since 2000, Mr. Yanke has been a self-employed corporate and securities lawyer and the principal of

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Gregory S. Yanke Law Corporation. Mr. Yanke is a graduate of the University of British Columbia, receiving Bachelor degrees in Political Science (1991) and Law (1994), as well as Arizona State University, where he obtained an MBA, specializing in Financial Management and Markets (2009). He is a member in good standing with the Law Society of British Columbia.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

Our director, executive officer and control persons have not been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
4. being the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity;
5. being found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated; or
6. being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive

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officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that all filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

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CODE OF ETHICS

We adopted a Code of Ethics applicable to all of our directors, officers, employees and consultants, which is a "code of ethics" as defined by applicable rules of the SEC. If we make any amendments to our Code of Ethics other than technical, administrative, or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of our Code of Ethics to our chief executive officer, chief financial officer, or certain other finance executives, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in a Current Report on Form 8-K filed with the SEC.

CORPORATE GOVERNANCE

NOMINATING AND COMPENSATION COMMITTEES

We do not have standing nominating or compensation committees, or committees performing similar functions. Our board of directors believes that it is not necessary to have a standing compensation committee at this time because the functions of such committee are adequately performed by our board of directors.

Our board of directors also is of the view that it is appropriate for us not to have a standing nominating committee because our board of directors has performed and will perform adequately the functions of a nominating committee. Our board of directors has not adopted a charter for the nomination committee. There has not been any defined policy or procedure requirements for stockholders to submit recommendations or nomination for directors. Our board of directors does not believe that a defined policy with regard to the consideration of candidates recommended by stockholders is necessary at this time because we believe that, given the early stages of our development, a specific nominating policy would be premature and of little assistance until our business operations are at a more advanced level. There are no specific, minimum qualifications that our board of directors believes must be met by a candidate recommended by our board of directors. The process of identifying and evaluating nominees for director typically begins with our board of directors soliciting professional firms with whom we have an existing business relationship, such as law firms, accounting firms or financial advisory firms, for suitable candidates to serve as directors. It is followed by our board of directors' review of the candidates' resumes and interview of candidates. Based on the information gathered, our board of directors then makes a decision on whether to recommend the candidates as nominees for director. We do not pay any fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominee.

AUDIT COMMITTEE

We do not have a standing audit committee at the present time. Our board of directors has determined that we do not have a board member that qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

We believe that our board of directors is capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. The board of directors of our company does not believe that

it is necessary to have an audit committee because we believe that the functions of an audit committee can be adequately performed by the board of directors. In addition, we believe that retaining an independent director who would qualify as an "audit committee financial expert" would be overly costly and burdensome and

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is not warranted in our circumstances given the early stages of our development and the fact that we have not generated any revenues from operations to date.

OTHER COMMITTEES

All proceedings of our board of directors for the year ended May 31, 2011 were conducted by resolutions consented to in writing by our directors and filed with the minutes of the proceedings of the board of directors. Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our board of directors believes that it is not necessary to have such committees, at this time, because they can adequately perform the functions of such committees.

Our company does not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. Our director believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the Board of Directors and we do not have any specific process or procedure for evaluating such nominees. Our board of directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our board of directors may do so by directing a written request addressed to our President, at the address appearing on the first page of this annual report.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION

The particulars of compensation paid over the past two fiscal years to the following persons:

- * All individuals serving as our principal executive officer;
- * All individuals serving as our principal financial officer;
- * our three most highly compensated executive officers who were serving as executive officers at the end of the year ended May 31, 2012 whose total annual compensation exceeded \$100,000; and
- * up to two additional individuals for whom disclosure would have been provided above but for the fact that the individual was not serving as our executive officer at the end of the most recently completed financial year,

whom we refer to collectively as the "named executive officers", for the year ended May 31, 2012, are set out in the following summary compensation table:

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| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) |
|-----------------------------------|------|-------------|------------|----------------------|-----------------------|--|---|
| ----- | ---- | ----- | ----- | ----- | ----- | ----- | ----- |
| William | 2012 | Nil | Nil | Nil | Nil | Nil | Nil |
| Iny President, | 2011 | Nil | Nil | Nil | 152,500 | Nil | Nil |

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CEO, CFO,
Secretary
& Treasurer

| | | | | | | | |
|--|------|--------|-----|-----|-----|-----|-----|
| Chris Craddock Former President, CEO, CFO, Secretary & Treasurer | 2011 | 30,903 | Nil | Nil | Nil | Nil | Nil |
|--|------|--------|-----|-----|-----|-----|-----|

1. Management fees and bonus paid to a company controlled by Mr. Iny.

DIRECTOR COMPENSATION POLICY

Our board of directors does not receive compensation for acting in such capacity. On occasion, our directors will receive compensation for services that they provide to us. The following table provides information regarding compensation that we have provided to our directors during the fiscal year ended May 31, 2011:

| Name | Fees Earned Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation |
|-------------------|-------------------------------|-------------------|--------------------|---|--|------------------------|
| ---- | ----- | ----- | ----- | ----- | ----- | ----- |
| William Iny | Nil | Nil | Nil | Nil | Nil | 134,367 (1) |
| Harry Bauskin | Nil | Nil | Nil | Nil | Nil | Nil |
| Patricia J. Shorr | Nil | Nil | Nil | Nil | Nil | Nil |
| Greg Yanke | Nil | Nil | Nil | Nil | Nil | 104,538 (1) |

1. Management fees and bonus paid to a company controlled by Mr. Iny.
2. Legal fees paid to a firm controlled by Mr. Yanke.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Below is a summary of unexercised options; stock that has not vested; and equity incentive plan awards for each named executive officer outstanding as of the end of our last completed fiscal year.

| | |
|---------------|-------|
| Option Awards | Stoo |
| ----- | ----- |

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| Name | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options Unexercisable (#) | Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested |
|----------------|---|---|---|----------------------------|------------------------|---|---|
| William Iny | 333,334 | Nil | Nil | \$0.51 | 2014 | Nil | Nil |
| | 900,000 | Nil | Nil | \$0.10 | 2016 | Nil | Nil |
| Chris Craddock | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

OPTION EXERCISES AND STOCK VESTED TABLE.

| Name | OPTION AWARDS | | STOCK AWARDS | |
|----------------|---|---------------------------------|--|--------------------------------|
| | Number of Shares Acquired On Exercise (#) | Value Realized On Exercise (\$) | Number of Shares Acquired On Vesting (#) | Value Realized On Vesting (\$) |
| Chris Craddock | Nil | Nil | Nil | Nil |
| William Iny | Nil | Nil | Nil | Nil |

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Not applicable

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

The following table reflects, as of August 16, 2012, the beneficial common stock ownership of: (a) each of our directors, (b) each executive officer, (c) each person known by us to be a beneficial holder of five percent (5%) or more of our common stock, and (d) all of our executive officers and directors as a group:

Beneficial ownership is determined in accordance with the rules of the SEC. Shares of common stock subject to options currently exercisable or exercisable within 60 days of August 16, 2012, are deemed outstanding for computing the percentage ownership of the stockholder holding the options or warrants, but are not deemed outstanding for computing the percentage ownership of any other stockholder. Unless otherwise indicated in the footnotes to this table, we believe stockholders named in the table have sole voting and sole investment power with respect to the shares set forth opposite such stockholder's name. Percentage of ownership is based on 32,553,016 shares of common stock outstanding as of August 16, 2012.

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| Name and Address of Beneficial Shareholder ----- | Amount and Nature of Beneficial Ownership(1) ----- | Percent of Class(2) ----- |
|---|--|---------------------------------|
| William Iny 890 West Pender Street, Suite 710 Vancouver, British Columbia | 10,347,447 (3) | 31.8% |
| Greg Yanke 890 West Pender Street, Suite 710 Vancouver, British Columbia | 9,882,128 (4) | 30.4% |
| Harry Bauskin 890 West Pender Street, Suite 710 Vancouver, British Columbia | 4,759,000 (5) | 14.6% |
| Patricia J. Shorr 890 West Pender Street, Suite 710 Vancouver, British Columbia | 350,000 (6) | 1.1% |
| Directors and officers as a group (4 persons) | 25,338,575 | 77.8% |

-
- Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date

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- as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights.
- The percentage of class is based on 32,553,016 shares of common stock issued and outstanding as of August 16, 2012. This total includes 15,680,016 shares of common stock that are reserved for issuance in exchange for certain exchangeable securities of the Company's subsidiary Keewatin Windpower Inc.
 - Total consists of: 9,114,113 shares of the Company's common stock beneficially owned by Mr. Iny and incentive stock options to purchase up to 1,233,334 shares of the Company's common stock.
 - Total consists of: 9,357,128 shares of the Company's common stock beneficially owned by Mr. Yanke and incentive stock options to purchase up to 525,000 shares of the Company's common stock.
 - Total consists of: 1,334,000 shares of the Company's common stock beneficially owned by Mr. Bauskin, 2,900,000 shares of the Company's common stock owned by Plein Sprung Energy Partnership, of which Mr. Bauskin is a partner, and incentive stock options to purchase up to 525,000 shares of the Company's common stock.
 - Total consists of incentive stock options to purchase up to 350,000 shares of the Company's common stock.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

TRANSACTIONS WITH RELATED PERSONS, PROMOTERS AND CERTAIN CONTROL PERSONS

Other than as listed below, we have not entered into or participated in any transactions or a series of similar transactions, wherein the amount involved exceeded \$120,000 or one percent of our total assets at year end for the last three completed fiscal years, in which any of our officers, directors, persons nominated for these positions, beneficial owners of 5% or more of our common stock, family members of these persons or any related person of our company had a direct or indirect material interest.

1. During the year ended May 31, 2012, the Company paid or accrued \$60,507 (year ended May 31, 2010 - \$63,241) in management fees to a company owned by William Iny, our president.
2. During the year ended May 31, 2012, the Company paid a bonus of \$73,860 to William Iny.
3. During the year ended May 31, 2012, one of our directors, Greg Yanke, loaned the Company \$68,735. During the fiscal year, the Company repaid \$38,724 of this amount. The remaining balance is unsecured, non-interest bearing and has no fixed terms of repayment. The Company also owes Mr. Yanke \$27,700 plus \$7,911 in interest in connection with a loan he made to the Company on June 18, 2010.
4. During the year ended May 31, 2012, the Company incurred \$104,538 to a law firm controlled by Greg Yanke, one of the Company's directors.
5. During the year ended May 31, 2012, the Company received a disgorgement of trading profits from William Iny and Greg Yanke for \$59,450 each.

DIRECTOR INDEPENDENCE

Our common stock is quoted on the FINRA bulletin board interdealer quotation system, which does not have director independence requirements. Under NASDAQ rule 4200(a)(15), a director is not considered to be independent if he or she is also an executive officer or employee of the corporation. Three of our four directors are considered independent.

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EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE IN CONTROL ARRANGEMENTS

We have not entered into an employment agreement or consulting agreement with our board of directors and executive officers.

PENSION, RETIREMENT OR SIMILAR BENEFIT PLANS

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the Board of Directors or a committee thereof.

We have no plans or arrangements in respect of remuneration received or that may be received by our executive officers to compensate such officers in the event of termination of employment (as a result of resignation, retirement, change of

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control) or a change of responsibilities following a change of control, where the value of such compensation exceeds \$60,000 per executive officer.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

AUDIT FEES

For the years ended May 31, 2012 and 2011, the aggregate fees billed by Chang G. Park, CPA, PhD., for professional services rendered for the audit of our annual consolidated financial statements included in our annual report on Form 10-K were:

| | |
|------|----------|
| 2012 | \$24,000 |
| 2011 | \$25,000 |

AUDIT RELATED FEES

For the years ended May 31, 2012 and 2011, the aggregate fees billed for assurance and related services by Chang G. Park, CPA, Ph. D. relating to the performance of the audit of our financial statements which are not reported under the caption "Audit Fees" above, was:

| | |
|------|-----|
| 2012 | Nil |
| 2011 | Nil |

TAX FEES

For the years ended May 31, 2012 and 2011, the aggregate fees billed by Chang G. Park, CPA, PhD. for other non-audit professional services, other than those services listed above, totalled:

| | |
|------|-----|
| 2012 | Nil |
| 2011 | Nil |

We do not use Chang G. Park, CPA, PhD. for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally or by other service providers. We do not engage Chang G. Park, CPA, PhD. to provide compliance outsourcing services.

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Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before Chang G. Park, CPA, PhD. is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- * approved by our board of directors who are capable of analyzing and evaluating financial information; or
- * entered into pursuant to pre-approval policies and procedures established by the board of directors, provided the policies and procedures are detailed as to the particular service, the board of directors is informed of each service, and such policies and procedures do not include delegation of the board of directors' responsibilities to management.

The board of directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the board of directors either before or after the respective services were rendered.

The board of directors has considered the nature and amount of fees billed by Lancaster & David and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Chang G. Park's independence.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of Sky Harvest Windpower Corp. and its subsidiary are filed as part of this Form 10-K:

Statements

Report of Independent Registered Public Accounting Firm
 Consolidated Balance Sheets as of May 31, 2012 and 2011
 Consolidated Statements of Operations for the years ended May 31, 2012 and 2011 and for the period since inception
 Consolidated Statements of Cash Flows for the years ended May 31, 2012 and 2011 and for the period since inception
 Consolidated Statement of Stockholders' Equity for the years ended May 31, 2012 and 2011 and for the period since inception
 Notes to the Consolidated Annual Financial Statements

All schedules are omitted because they are not applicable or the required information is shown in the Financial Statements or notes thereto.

EXHIBITS

| Description ----- | Exhibit No. ----- | Form ---- | Filing ----- |
|---|----------------------|--------------|-----------------|
| ARTICLES OF INCORPORATION AND BYLAWS | | | |
| Articles of Incorporation | 3.1 | SB-2 | July 14 |
| Bylaws | 3.2 | SB-2 | July 14 |
| Certificate of designation | 3.3 | 8-K | July 13 |
| INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS | | | |
| Form of Warrant Certificate for July 13, 2007 Private Placement | 4.1 | 10-QSB | January |
| 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 |
| MATERIAL CONTRACTS--FINANCING AGREEMENTS | | | |
| Form of Subscription Agreement for July 13, 2007 Private Placement for US Subscribers | 10.2 | 10-QSB | January |
| Form of Subscription Agreement for July 13, 2007 Private Placement for Non-US Subscribers | 10.3 | 10-QSB | January |
| 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 | Septemb |
| Letter of Intent between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. dated March 27, 2007 | | | |
| Letter of Intent between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. dated March 27, 2007 | 10.5 | 10-QSB | January |
| Loan Agreement between Sky Harvest Windpower Corp. and Keewatin Windpower Corp. dated September 23, 2008 | | | |
| Loan Agreement between Sky Harvest Windpower Corp. and Keewatin Windpower Corp. dated September 23, 2008 | 10.6 | 10-QSB | January |

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| | | | |
|---|-------|--------|---------|
| Promissory Note of Sky Harvest Windpower Corp. dated September 23, 2008 | 10.7 | 10-QSB | January |
| Financial Communications and Strategic Consulting Agreement with Aspire Clean Tech Communications, Inc. dated February 23, 2009 | 10.8 | 8-K | March 3 |
| Promissory Note of Sky Harvest Windpower Corp. dated September 23, 2008 | 10.9 | 10-Q | Februar |
| Loan Agreement between Sky Harvest Windpower Corp. and Keewatin Windpower Corp. dated January 28, 2009 | 10.10 | 10-Q | Februar |
| Share exchange agreement between Keewatin Windpower Corp. and Sky Harvest Windpower Corp. dated May 11, 2009 | 10.11 | 8-K | July 10 |
| Exchangeable share support agreement between Keewatin Windpower Corp. and Keewatin Windpower Inc. dated May 11, 2009 | 10.12 | 8-K | July 10 |
| 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 |
| 2010 Share Option plan | 10.14 | 8-K | Septemb |
| | | | |
| CODE OF ETHICS | | | |
| Code of Ethics | 14.1 | 10-K | August |
| | | | |
| CERTIFICATES | | | |
| Certification Statement of the Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | 31.1 | | |
| 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 | | |
| | | | |
| Interactive Data Files pursuant to Rule 405 of Regulation S-T. | 101 | | |

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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.

SKY HARVEST 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: August 22, 2012

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
 President, Chief Executive Officer, Chief
 Financial Officer , President, Treasurer,

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Secretary, and Director, Principal Executive
Officer, Principal Accounting Officer and
Principal Financial Officer
Date: August 22, 2012