AOO Energy (Denbigh) Corp.

Financial Statements

For the two months ended 31 October 2015

INDEPENDENT AUDITOR'S REPORT

The Shareholders,
AOO Energy (Denbigh) Corp.

I have audited the accompanying financial statements of AOO Energy (Denbigh) Corp., which comprise the balance sheet as at 31 October 2015, and the statement of cash flows for the two months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Private Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of AOO Energy (Denbigh) Corp. as at 31 October 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises.

KANATA, Ontario. **Wilfred Lamb,**
16 March 2016. CPA, CA, LPA.

AOO Energy (Denbigh) Corp.

Balance Sheet

As at 31 October 2015

ASSETS

Current:	
Cash in bank	$ 10
Investment in partnership (Note 4)	15
	$ 25

LIABILITY AND SHAREHOLDER'S EQUITY

Current liability:	
Due to Algonquins of Ontario Opportunities Trust (Note 5)	$ 15
Shareholder's equity:	
Capital stock: (Note 7)	
Authorized - unlimited number of common shares	
Issued - 100 common shares	$ 10
	$ 25

Approved on behalf of the Board:

(See accompanying notes)

AOO Energy (Denbigh) Corp.

Statement of Retained Earnings (Deficit)

For the two months ended 31 October 2015
(with figures for comparison)

Balance at the beginning of the year	$ (1)
Balance at the end of the year	$ (1)

(See accompanying notes)

AOO Energy (Denbigh) Corp.

Statement of Cash Flows

For the two months ended 31 October 2015

Cash flows used for investing activities:		
Investment in partnership	$	(15)
Cash flows from financing activities:		
Proceeds from Algonquins of Ontario Opportunities Trust loan	$	15
Shares issued		10
Cash flows from financing activities	$	25
Net increase in cash and cash equivalents during the period	$	10
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	$	10

(See accompanying notes)

AOO Energy (Denbigh) Corp.

Notes to the Financial Statements

For the two months ended 31 October 2015

1. NATURE OF THE BUSINESS

The company was incorporated on 24 August 2015, under the laws of Ontario and its operations consist of pursuing economic development opportunities.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition:
Revenue, including investment income, is recorded on the accrual basis of accounting.

b) Use of estimates:
The preparation of financial statements in accordance with Canadian Accounting Standards for Private Enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from management's best estimates as additional information becomes available in the future.

c) Income taxes:
The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rate established by taxation authorities.

d) Cash and cash equivalents:
Cash and cash equivalents are comprised of cash and investments due no greater than three months from the date of acquisition or that are cashable on demand.

e) Financial instruments:
The company's financial instruments consist of cash in bank, investment in partnership and due to Algonquins of Ontario Opportunities Trust. The carrying amount approximates their fair value, except where fair values are not readily obtainable.

3. FINANCIAL INSTRUMENTS

Risks and concentrations:
The company is exposed to various risks through financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure at the balance sheet date, 31 October 2015.

Liquidity risk:
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with the financial liabilities. The enterprise is exposed to this risk mainly in respect of its due to Algonquins of Ontario Opportunities Trust.

Credit risk:
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is not exposed to any significant credit risk.

Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; currency risk, interest rate risk and other price risk. The company is mainly exposed to interest rate risk.

Interest rate risk:
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its short term investments. Fixed income investments subject the company to a fair value risk.

4. INVESTMENT IN PARTNERSHIP

Investment consists of:

Denbigh Wind LP (15 units)	$ 15

5. DUE TO ALGONQUINS OF ONTARIO OPPORTUNITIES TRUST

The amount due to Algonquins of Ontario Opportunities Trust is interest free and has no specific repayment terms.

6. INCOME TAXES

Income taxes are accounted for by the taxes payable method. Under the taxes payable method, only current income tax assets and liabilities are recognized. Currently there are no differences between the income tax expense and the applicable statutory income tax rate.

7. CAPITAL STOCK

During the year, 100 common shares were issued for $ 10 cash.