

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")**

- and -

**IN THE MATTER OF THE NORTHUMBERLAND WIND FIELD INC.
("Respondent")**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The parties to this Settlement Agreement ("Agreement") are the Respondent and Staff of the Nova Scotia Securities Commission.
2. The parties agree that the Nova Scotia Securities Commission ("Commission") has jurisdiction over this matter.
3. The parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT

4. Staff of the Commission ("Staff") agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as **Schedule "A"**.
5. The parties agree that this Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. Staff agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The Parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

PART III – STATEMENT OF AGREED FACTS

8. Staff and the Respondent agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is a body corporate, incorporated under the laws of Nova Scotia, with registered head office located at 1527 Millsville Road, RR # 2, Scotsburn, Nova Scotia, B0K 1R0.
10. The Respondent is a community economic-development corporation registered by the Minister of Finance pursuant to the Equity Tax Credit Act, R.S.N.S. 1993, c. 3, as amended.

11. The Respondent released its Offering Document in January of 2007. The Offering Document did not disclose to investors that its community economic-development corporation was to be run as a blind pool or that it would invest raised capital in other wind fields. The Offering Document informed investors it would be operated as an active business.
12. 42 investors purchased 187,290 shares in Northumberland at \$1.00 per share. A total of \$187,290.00 was raised as a result of the above-noted share offering.
13. Despite the terms of the Offering Document, a total of \$118,774.00 of the Respondent's raised capital was invested in the following wind fields:
 - (a) Colchester Cumberland Wind Field;
 - (b) Fundy Tidal Inc.;
 - (c) Wind Horse Power; and
 - (d) Scotia Wind Fields ("SWFI").
14. Further, the Respondent spent \$87,774.00 or 47% of the funds raised from the share offering on 500,000 SWFI shares.
15. The Respondent failed to conduct its requisite due diligence and therefore failed to comply with Nova Scotia securities laws.
16. The Respondent failed to provide an Information Circular to its investors regarding the SWFI investment and failed to obtain the requisite 50% plus one approval by shareholders prior to investing 47% of the proceeds of its share offering in SWFI, contrary to sections 20(b)(i) and (ii) of the Community Economic-Development Corporation Regulations made under section 150 of the Act ("CEDC Regulations").
17. The Respondent failed to obtain the requisite 50% plus one approval by shareholders to enable it to change the Corporate Investment Policy from an active business to a blind pool, contrary to section 22 of the CEDC Regulations.

PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT

18. The Respondent acknowledges and admits that it violated sections 20(b)(i), 20(b)(ii) and 22 of the CEDC Regulations during the above-noted period.
19. The Respondent acknowledges that it violated Nova Scotia securities laws and acted contrary to the public interest during the above-noted period.
20. The Respondent admits the facts set forth in Part III herein and acknowledges that it violated the Act.

PART V - MITIGATING FACTORS

21. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.

22. The Respondent cooperated with the investigation of this matter.
23. The Respondent has since obtained the requisite approval by shareholders for the 47% investment in SWFI on November 19, 2010, thereby ratifying its prior actions.
24. The Respondent has since obtained the requisite approval by shareholders for the change in its corporate policy from an active business to a blind pool on September 10, 2009, thereby ratifying its prior actions.
25. The Respondent did not intentionally violate the Act or intentionally mislead investors.

PART VI – TERMS OF SETTLEMENT

26. The terms of settlement are set forth in the Order contained in **Schedule “A”** to this Agreement which is expressly incorporated herein.
27. The Respondent consents to the Order contained in **Schedule “A”**.

PART VII – COMMITMENTS

28. If this Agreement is approved and the Order as set out in **Schedule “A”** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
29. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
30. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order attached as **Schedule “A”**.
31. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in **Schedule “A”** is not granted by the Commission:
 - (a) Staff and the Respondent will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
 - (b) The terms of the Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of Staff and the Respondent or as may otherwise be required by law; and
 - (c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission’s jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

32. If, in the view of Staff and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, Staff will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to Respondent in writing. In the event of such notice being given, the provisions of paragraph 31 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

33. Staff and the Respondent may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.


PART IX – EXECUTION OF SETTLEMENT AGREEMENT

34. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.


DATED at Halifax, Nova Scotia, this 24 day of December, 2010.

SIGNED, SEALED AND DELIVERED

In the presence of:



Witness

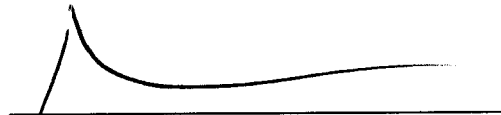


Per: A. Sharon Henderson
President
The Northumberland Wind Field Inc.

DATED at Halifax, Nova Scotia, this 4th day of ~~December~~ ^{January}, 2010.


SIGNED, SEALED AND DELIVERED

In the presence of:



Witness

Staff of the Nova Scotia Securities Commission



R. Scott Peacock
Director of Enforcement
Nova Scotia Securities Commission

J. WILLIAM SLATTERY
EXECUTIVE DIRECTOR

SCHEDULE "A"

**IN THE MATTER OF THE SECURITIES ACT
R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")**

- and -

**IN THE MATTER OF THE NORTHUMBERLAND WIND FIELD INC.
("Respondent")**

**ORDER
(Sections 134(1)(a), 135 and 135A)**

WHEREAS on _____, 2010, the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134(1)(a), 135 and 135A of the Act;

AND WHEREAS the Respondent entered into a Settlement Agreement with Staff of the Commission ("Staff") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND WHEREAS Staff recommended approval of the Settlement Agreement;

AND WHEREAS the Commission is of the opinion that the Respondent has contravened the Act and it is in the public interest to make this Order;

AND UPON reviewing the Settlement Agreement, and upon hearing submissions of counsel for Staff and the Respondent;

IT IS HEREBY ORDERED that:

1. The Settlement Agreement dated _____, 2010, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondent shall comply with Nova Scotia securities laws;
3. Pursuant to section 134(1)(a) of the Act, the directors and senior officers of the Respondent shall cause the Respondent to comply with Nova Scotia securities laws;
4. Pursuant to section 135 of the Act, the Respondent shall forthwith pay an administrative penalty in the amount of four thousand dollars (\$4,000.00); and
5. Pursuant to section 135A of the Securities Act, the Respondent shall forthwith pay costs in the amount of one thousand dollars (\$1,000.00) in connection with the investigation and conduct of this proceeding.

DATED at Halifax, Nova Scotia, this _____ day of _____, 2010.

NOVA SCOTIA SECURITIES COMMISSION

(Chairman)