

Wind Works Power Corp.
Form 10-Q
February 21, 2012

**UNITED
STATES
SECURITIES
AND
EXCHANGE
COMMISSION**
WASHINGTON, D.C.
20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2011

OR

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 333-113296

**WIND
WORKS
POWER
CORP.**

(Name of
registrant as
specified in its
charter)

NEVADA

(State or other jurisdiction of incorporation or
organization)

98-0409895

(I.R.S. Employer Identification No.)

346 Waverley Street Ottawa, Ontario, Canada

(Address of principal executive offices)

K2P OW5

(Zip Code)

613-226-1983

(Registrant's
telephone
number,
including area
code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☒

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

Large accelerated Filer	☐	Accelerated Filer	☐
Non-accelerated Filer	☐	Small Reporting Company	☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes ☐ No ☒

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13, or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes _____ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Edgar Filing: Wind Works Power Corp. - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date: 58,383,594 shares of Common Stock as of February 15, 2012.

PART I. - FINANCIAL INFORMATION

- Item 1. Financial Statements
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
- Item 3. Quantitative and Qualitative Disclosures About Market Risk.
- Item 4. Controls and Procedures.

PART II - OTHER INFORMATION

- Item 1. Legal Proceedings.
- Item 1A. Risk Factors.
- Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
- Item 3. Defaults Upon Senior Securities.
- Item 4. Removed and Reserved
- Item 5. Other Information.
- Item 6. Exhibits.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this quarterly report on Form 10-Q contain or may contain forward-looking statements that are subject to known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Generally, the words believes, anticipates, may, will, should, expect, estimate, continue, and similar expressions or the negative thereof or comparable terminology are intended to identify forward-looking statements which include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. These forward-looking statements were based on various factors and were derived utilizing numerous assumptions and other factors that could cause our actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to, economic, political and market conditions and fluctuations, government and industry regulation, interest rate risk, U.S. and global competition, and other factors. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described in connection with any forward-looking statements that may be made herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Readers should carefully review this quarterly report in its entirety, including but not limited to our financial statements and the notes thereto. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. For any forward-looking statements contained in any document, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements.

Wind Works Power Corp.

(A Continuation of Zero Emission People LLC)

Consolidated Interim Financial Statements

Period ended December 31, 2011 and 2010

(Unaudited)

MANAGEMENT’S RESPONSIBILITY FOR CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of Wind Works Power Corp. (A Continuation of Zero Emission People LLC)

The consolidated interim financial statements and the notes thereto are the responsibility of the management of Wind Works Power Corp. (A Continuation of Zero Emission People LLC). These consolidated interim financial statements have been prepared in accordance with United States generally accepted accounting principles.

Management has developed and maintained a system of internal controls to provide reasonable assurance that all assets are safeguarded and to facilitate the preparation of relevant, reliable and timely financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls.

“Ingo Stuckmann”

Ingo Stuckmann
President

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. An Exploration Stage Company)
Consolidated Interim Balance Sheets
(Expressed in United States dollars, unless otherwise stated)

Assets	December 31, 2011	June 30, 2011
Current Assets		
Cash and cash equivalents	\$ 70,857	\$ 180,174
Prepaid expenses	252,127	112,033
Accounts receivable	2,330	3,584
Taxes receivable	226,615	83,739
Due from shareholder (Note 4)	1,850	1,850
Other assets	103,799	115,380
Cost in excess of billings on uncompleted contracts (Note 12)	105,327	77,862
	762,905	574,621
Capitalized lease costs	22,401	27,868
Wind projects (Note 11)	4,486,550	3,431,183
Wind project deposits (Note 13)	10,788,783	7,731,252
Fixed assets (Note 6)	4,343	4,830
Investment UW ZE Altenburg GmbH	16,190	18,149
Loans receivable (Note 4)	17,984	2,904
	15,336,251	11,216,186
	\$ 16,099,156	\$ 11,790,807
Liabilities and Stockholders Equity		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 3,676,850	\$ 2,233,438
Convertible debentures (Notes 7, 9)	504,879	385,000
Short term loans (Notes 4, 8)	192,153	202,787
	4,373,882	2,821,225
Third Party Loans (Note 9)	12,860,942	8,827,589
	17,234,824	11,648,814
Stockholders Equity		
Common Stock (Note 10)	58,389	47,029
Additional Paid-in Capital	8,056,125	7,419,568
Contributed Surplus	244,925	244,925
Share subscription liability	71,318	71,318
Deficit Accumulated during the Development Stage	(9,640,327)	(7,610,653)
Cumulative translation adjustment	73,902	(30,194)
	(1,135,668)	141,993
	\$ 16,099,156	\$ 11,790,807

Going concern (Note 2), Contingencies (Note 14), Commitments (Note 15), Subsequent Events (Note 16)

The accompanying notes are an integral part of the consolidated interim financial statements.

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. An Exploration Stage Company)
Consolidated Statement of Operations (Unaudited)
For the Periods Ended December 31, 2011 and 2010
(Expressed in United States dollars, unless otherwise stated)

	Six Month	Three Month	Six Month	Three Month	Cumulative
	Period Ended	Period	Period	Period	from May
	Dec 31 ,2011	Ended	Ended	Ended	2, 2008
	Dec 31 ,2011	Dec 31, 2011	Dec 31, 2010	Dec 31,2010	(Inception)
					to
					Dec 31
					2011
Income					
Interest	-	- \$	529 \$	167 \$	529
Non-refundable deposit (Note 13)	-	-	97,290	-	97,290
Total income	-	- \$	97,819 \$	167 \$	97,819
Expenses					
Advertising and promotion\$	18,206 \$	1,455 \$	5,206 \$	3,187 \$	61,358
Accretion interest (Note 7)	-	-	892,733	394,672	1,575,748
Consulting fees	582,935	376,956	1,012,291	594,070	2,664,930
Depreciation	487	244	609	304	2,414
Office and miscellaneous	17,113	14,326	14,390	13,556	46,858
Professional fees	137,963	6,318	222,505	129,836	710,374
Rent	3,438	859	4,921	2,457	17,455
Interest and service charges	451,623	229,782	82,279	44,156	741,602
Travel and lodging	18,702	(1,298)	3,392	-	42,534
Insurance	-	-	1,256	1,256	3,382
Project development costs	751,246	394,115	500,864	323,421	2,970,326
Foreign exchange	(4,560)	(6,267)	10,865	21,223	107,052
Loss on extinguishment of debt	-	-	-	-	564,130
Lease expense	52,521	26,166	39,965	16,227	229,983
Total operating expenses	2,029,674	1,042,656	2,791,276	1,544,365	9,738,146
Net loss for the period\$	2,029,674 \$	1,042,656 \$	2,693,457 \$	1,544,198 \$	9,640,327
Comprehensive loss (gain)					
Foreign currency translation					
adjustment	(104,096)	14,933	17,032	11,345	(73,902)
Comprehensive loss for the period\$	1,925,577 \$	1,057,590 \$	2,710,489 \$	1,555,543 \$	9,566,425
Basic and Diluted Loss per share					
Weighted Average Number of Shares	(0.04)	(0.02)	(0.07)	(0.04)	
Outstanding	51,371,994	51,371,994	37,384,135	38,138,693	

The accompanying notes are an integral part of the consolidated interim financial statements.

Wind Works Power Corp.

(Formerly AmMex Gold Mining Corp.- an Exploration Stage Mining Company)

Consolidated Statement of Cash Flows (Unaudited)**For the Periods Ended December 31, 2011 and 2010**

(Expressed in United States dollars, unless otherwise stated)

	Six month period Ended Dec. 31, 2011	Six month period Ended Dec 31, 2010	Cumulative from May 2, 2008 (Inception) to to Dec 31, 2011
Cash Flows from Operating Activities			
Net loss for the period	\$ (2,029,674)	\$ (2,693,457)	\$ (9,640,327)
Add (deduct) non-cash items:			
Depreciation	487	609	2,414
Lease amortization	-	5,466	22,132
Loss on extinguishment of debt	-	-	564,130
Accretion interest	-	892,733	1,575,748
Interest on debt modification	-	-	451,532
Shares issued for services	461,446	896,134	2,123,260
Stock based compensation	186,750	95,400	183,710
Warrants issued	21,971	-	21,971
Foreign exchange translation	104,096	-	104,096
Changes in non-cash working capital items:			
Accounts receivable	1,254	(159,353)	(334)
Taxes receivable	(142,876)	28,521	(226,615)
Prepaid expenses	(140,094)	(17,519)	(146,336)
Loans receivable	(15,080)	(2,678)	(15,080)
Costs in excess of billing	(60,230)	-	(138,092)
Other assets	11,581	-	(175,610)
Accounts payable and accrued liabilities	1,453,316	787,221	1,326,947
Fixed assets	-	-	1,552,829
Subtotal:	\$ (147,054)	\$ (166,923)	\$ (2,413,625)
Cash flow from investing activities:			
Wind project deposits	(3,057,531)	-	(9,949,163)
Cash acquired on reverse takeover	-	-	34,192
Purchase of fixed assets	-	-	(2,559)
Investments in wind projects	(1,055,367)	(215,370)	(1,515,932)
Investments in joint ventures	1,960	-	(16,190)
Leases	5,466	-	(44,534)
Subtotal:	\$ (4,105,472)	\$ (215,370)	\$ (11,494,186)
Cash flow from Financing activities			
Proceeds from private placement	-	150,000	800,000
Issuance of convertible debentures	179,879	150,000	604,879
Repayment of convertible debentures	(60,000)	-	(450,000)
Proceeds from loans payable	4,033,353	-	13,060,825
Proceeds from short term loans	(10,634)	-	(110,634)
Capital from limited partners	611	-	611
Subscriptions payable	-	71,318	71,137
Advances from related parties	-	-	1,850
Subtotal:	\$ 4,143,209	\$ 371,318	\$ 13,978,669

Edgar Filing: Wind Works Power Corp. - Form 10-Q

Increase (decrease) in cash from continuing operations	(109,317)	(10,975)	70,857
Cash, beginning of period	180,174	39,263	-
Cash, end of period	\$ 70,857	\$ 28,288	\$ 70,857

Supplemental disclosure of non-cash transactions (Note 5)

The accompanying notes are an integral part of the consolidated financial statement

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Consolidated Statements of Stockholders' Equity (Audited)
For the Period Ended December 31, 2011
(Stated in US Dollars)

	Common Shares		Additional	Contributed	Share	Cumulative	Deficit	
	Number	Amount	Paid-in	Surplus	Subscription	Translation	Accumulated	Stock
			Capital		Liability	Adjustment	During the	
							Exploration	
							Stage	
Capital issued for financing	4,454,454	4,454	95,546	-	-	-	-	-
Net Loss	-	-	-	-	-	-	(1,150)	-
Balance June 30, 2008	4,454,454	4,454	95,546	-	-	-	(1,150)	-
Capital issued for financing	545,546	546	9,454	-	-	-	-	-
Net Loss	-	-	-	-	-	-	(53,184)	-
Balance June 30, 2009	5,000,000	5,000	105,000	-	-	-	(54,334)	-
Recapitalization (Note 1)	22,053,117	22,053	1,245,394	-	-	-	-	-
Capital issued for financing	1,080,000	1,080	538,920	-	-	-	-	-
Capital issued for services	1,501,500	1,502	902,849	-	-	-	-	-
Capital issued for wind projects	1,750,000	1,750	-	-	-	-	-	-
Stock based Compensation	-	-	-	88,085	-	-	-	-
Fair value of warrants	-	-	364,071	-	-	-	-	-
Beneficial conversion feature	-	-	842,650	-	-	-	-	-
Conversion of convertible debenture	62,500	63	24,937	-	-	-	-	-
Translation adjustment	-	-	-	-	-	(701)	-	-
Net Loss	-	-	-	-	-	-	(2,477,370)	-
Balance June 30, 2010	31,447,117	31,448	4,023,824	88,085	-	(701)	(2,531,704)	-

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Consolidated Statements of Stockholders' Equity (Audited)
December 31, 2011
(Stated in US Dollars)

	Common Shares		Additional	Contributed	Share	Cumulative	Deficit
	Number	Amount	Paid-in	Surplus	Subscription	Translation	Accumulated
			Capital		Liability	Adjustment	During the
							Exploration
							Stage
Balance June 30, 2010	31,447,117	31,448	4,023,824	88,085	-	(701)	(2,531,704)
Capital issued for financing	375,000	375	149,625	-	-	-	-
Capital issued for wind projects	550,000	550	235,950	-	-	-	-
Capital issued for settlement of acquisition agreement	9,000,000	9,000	(9,000)	-	-	-	-
Conversion of convertible debenture	1,889,298	1,890	691,298	-	-	-	-
Capital issued for services	2,366,250	2,366	948,590	-	-	-	-
Capital issued for debt settlement	1,400,000	1,400	1,314,600	-	-	-	-
Fair value of warrants	-	-	51,356	-	-	-	-
Warrant bifurcation	-	-	(61,440)	61,440	-	-	-
Beneficial conversion feature	-	-	63,750	-	-	-	-
Stock based compensation	-	-	-	67,400	-	-	-
Options revaluation	-	-	-	28,000	-	-	-
Modification of convertible debentures	-	-	10,350	-	-	-	-
Share subscription liability	-	-	-	-	71,318	-	-
Translation adjustment	-	-	-	-	-	(29,523)	-
Net Loss	-	-	-	-	-	-	(5,078,948)
Balance June 30, 2011	47,027,665	47,029	7,419,568	244,925	71,318	(30,194)	(7,610,653)

The accompanying notes are an integral part of the consolidated interim financial statements

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Consolidated Statements of Stockholders' Equity (Unaudited)
December 31, 2011
(Stated in US Dollars)

	Common Shares		Additional	Contributed	Share	Cumulative	Deficit	
	Number	Amount	Paid-in	Surplus	Subscription	Translation	Accumulated	
			Capital		Liability	Adjustment	During the	
							Exploration	
							Stage	
Balance June 30, 2011	47,027,665	47,029	7,419,568	244,925	71,318	(30,194)	(7,610,653)	
Capital issued Germany	-	-	611	-	-	-	-	
Fair value of warrants	-	-	21,971	-	-	-	-	
Translation adjustment	-	-	-	-	-	(14,933)	-	
Net Loss	-	-	-	-	-	-	(987,019)	
Balance Sep 30, 2011	47,027,665	47,029	7,441,486	244,925	71,318	(45,127)	(8,597,671)	
Capital issued for services	2,360,000	2,360	623,640	-	-	-	-	
Capital issued for settlement of acquisition agreement	9,000,000	9,000	(9,000)	-	-	-	-	
Translation adjustment	-	-	-	-	-	119,029	-	
Net Loss	-	-	-	-	-	-	(1,042,656)	
Balance Dec 31, 2011	58,387,665	58,389	8,056,126	244,925	71,318	73,902	(9,640,327)	

The accompanying notes are an integral part of the consolidated interim financial statements

Wind Works Power Corp.

(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)

Notes to the Unaudited Consolidated Interim Financial Statements

For the period ended December 31, 2011

(Stated in US Dollars)

1. Nature of Organization and Business:

i) Organization

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Notes to the Unaudited Consolidated Interim Financial Statements
For the period ended December 31, 2011
(Stated in US Dollars)

	December 31, 2011	June 30, 2011
Deficit accumulated during the development stage	9,617,435	7,610,653
Working capital (deficiency)	(3,588,115)	(2,246,604)

Use of Estimates

Conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Significant Accounting Policies

Wind Farm Developmental Properties

The Company expenses all costs related to the maintenance and exploration of developmental wind farms in which it has secured rights prior to establishment of commercial feasibility. Developmental wind farm acquisition costs are initially capitalized when incurred. The Company assesses the carrying cost for impairment under ASC 360-10 Accounting for Impairment or Disposal of Long Lived Assets . When it has been determined that a wind farm property can be economically developed, the costs then incurred to develop such property are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the project. If developmental wind farm properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, services have been rendered, the sales price is fixed or determinable, and collectability is reasonably assured.

Revenues from fixed-price construction contracts are recognized on the completed-contract method due to undependable estimates that cause forecasts to be doubtful. The completed-contract method recognizes revenue and costs upon contract completion, and all project costs and revenues are reported as deferred items on the balance sheet until that time. A contract is considered complete when all costs except insignificant items have been incurred and the installation is operating according to specifications or has been accepted by the customer.

Contract costs include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, tools, and repairs costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Claims are included in revenues when received.

Costs in excess of amounts billed are classified as current assets under costs in excess of billings on uncompleted contracts. Billings in excess of costs are classified under current liabilities as billings in excess of

costs on uncompleted contracts. Contract retentions are included in prepaid expenses and other current assets.

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Notes to the Unaudited Consolidated Interim Financial Statements
For the period ended December 31, 2011
(Stated in US Dollars)

Equity Method Investments

The Company accounts for its ownership interest in UW ZE Altenburg GmbH under the equity method of accounting in accordance with ASC Topic No. 323 Investments-Equity Method and Joint Venture (ASC 323) as a result of the Company's ability to exercise significant influence over the operating and financial policies of UW ZE Altenburg GmbH. Under ASC 323, investments of this nature are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the entity's net income or losses after the date of investments. When net losses from an investment accounted for under the equity method exceed its carrying amount, the investment's carrying amount may be reduced to a negative value.

4. Related Party Transactions

At December 31, 2011, the Company had a balance owing from a shareholder of \$1,850 (June 30, 2011 \$1,850) pertaining to funds held in trust. The amount is due on demand, unsecured, and bears no interest.

At December 31, 2011, the Company had a loan payable to an officer of \$1,733 (June 30, 2011 - \$102,787). The amount is due on demand, unsecured, and bears a 5% interest rate and is included in short term loans. The company accrued \$ nil (June 30, 2011 \$11,663) toward interest on this loan which is included in accounts payable and accrued liabilities.

At December 31, 2011, the Company had a loan receivable from an officer of \$8,402 (June 30, 2011 nil). The amount is due on demand, unsecured, and bears no interest.

During the period ended December 31, 2011, officers and directors received no payments (2010 \$24,080) for services rendered.

At December 31, 2011, the Company had payables to officers and directors of \$191,748 (June 30, 2011 \$252,976) for services rendered which was included in accounts payable.

All transactions with related parties are made in the normal course of business and measured at carrying value.

5. Non-Cash Transactions

There were no income taxes paid during 2011 or 2010. During the quarter ended December 31, 2011, the company entered into certain non-cash operating activities as follows:

During the three month period ending December 31, 2011, the Company recognized \$388,893 in consulting fees related to the issuance of shares for services.

6. Fixed Assets

Cost Opening Balance	Additions During the Year	Accumulated Depreciation	Net Book Value at December 31, 2011	Net Book Value at June 30, 2011
-------------------------	------------------------------	-----------------------------	--	------------------------------------

Edgar Filing: Wind Works Power Corp. - Form 10-Q

\$4,830	-	\$487	\$4,343	\$6,038
---------	---	-------	---------	---------

During the six month period ended December 31, 2011, total additions to property, plant and equipment were \$ nil (2010 - \$ nil). During the six month period ended December 31, 2011 the Company recorded depreciation of \$487 (2010 - \$609).

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Notes to the Unaudited Consolidated Interim Financial Statements
For the period ended December 31, 2011
(Stated in US Dollars)

7. Convertible Debentures

September 25, 2009 / April 29, 2010 issuance

On November 25, 2009 the Company issued \$992,300 of convertible debt in a subscription agreement between the Company and a group of investors. The debt carries an interest rate of 10% annually, due upon the maturity date, November 30, 2010. The debt may be converted into shares of common stock at a conversion price of \$0.70 per share. In conjunction with the debt, the Company also issued warrants to purchase 1,000,000 warrants with an exercise price of \$1.00 per share that expire on November 30, 2011. The debt carries a beneficial conversion feature, which along with the relative fair value of the warrants, resulted in a debt discount of \$967,076 which was recorded against the convertible debt and offset in additional paid in capital.

On April 29, 2010, the Company agreed to modify the terms of the convertible debentures listed above. Under the modified debentures, the conversion price of the debentures was reduced to \$0.40 per share. In addition, the warrant exercise price was reduced to \$0.50 per share and the expiry date of the warrants was extended to November 30, 2012.

The discount on this debt is fully accreted at September 30, 2011, and the remaining debt of \$300,000 is past due. The Company accrued a further \$7,562 in interest expense for this debt during the period. Total accrued interest for this debt at December 31, 2011 is \$62,960.

March 31, 2010 issuance

On March 31, 2010 the Company issued \$275,000 of convertible debt in a subscription agreement between the Company and a group of investors. The debt carries an interest rate of 10% annually, due upon the maturity date, March 31, 2011. The debt may be converted into shares of common stock at a conversion price of \$0.40 per share. In conjunction with the debt, the Company also issued warrants to purchase 575,000 common shares with an exercise price of \$0.75 per share that expire on March 31, 2012. The debt carries a beneficial conversion feature, which along with the relative fair value of the warrants, resulted in a debt discount of \$214,421 which was recorded against the convertible debt and offset in additional paid in capital. The discount on this debt is fully accreted at September 30, 2011.

The Company repaid \$60,000 of this debt during the period ending September 30, 2011 and \$25,000 remains past due at December 31, 2011. The Company accrued a further \$630 in interest expense for this debt during the period. Total accrued interest for this debt at December 31, 2011 is \$12,019.

September 30, 2011 issuance

On September 30, 2011, the Company issued \$200,000 of convertible debt in a subscription agreement between the Company and a group of investors. The debt carries an interest rate of 10% annually, due upon the maturity date, September 30, 2014. The debt may be converted into shares of common stock at a conversion price of \$0.23 per share. In conjunction with the debt, the Company also issued warrants to purchase 860,000 common shares with an exercise price of \$0.50 per share that expire on September 30, 2014. The debt carries a beneficial conversion feature, which along with the relative fair value of the warrants, resulted in a debt discount of

Edgar Filing: Wind Works Power Corp. - Form 10-Q

\$21,971 which was recorded against the convertible debt and offset in additional paid in capital. During the period ending December 31, 2011 \$1,850 of the discount has been accreted.

The above three convertible debenture liabilities are as follows:

Wind Works Power Corp.**(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)****Notes to the Unaudited Consolidated Interim Financial Statements****For the period ended December 31, 2011**

(Stated in US Dollars)

	December 31, 2011	June 30, 2011
March 31, 2010 convertible debentures payable	\$ 275,000	\$ 275,000
April 29, 2010 convertible debentures payable	992,300	992,300
September 30, 2011 convertible debentures payable	200,000	-
Conversion of March 31, 2010 convertible debentures	(150,000)	(150,000)
Conversion of April 29, 2010 convertible debentures	(492,300)	(492,300)
Repayment of April 29 2010 convertible debentures	(200,000)	(200,000)
Repayment of March 31, 2010 convertible debentures	(100,000)	(40,000)
Total convertible debentures payable	525,000	385,000
Less: Unamortized discount on December 31, 2011	(20,121)	-
convertible debentures payable		
Net convertible debentures payable	\$ 504,879	\$ 385,000

8. Short Term Loan

Short term loans of \$192,153 are unsecured, non-interest bearing and are due on demand except for \$91,680 which bears interest at 5% per annum.

9. Long Term Debt

Wind Works Power Corp has received a 6.64% simple interest loan from a third party (the lender). The Company has borrowed \$12,876,107 as of December 31, 2011. The maturity date of the loan is the earliest of (i) an event of default or (ii) January 31, 2013 at which time the company is required to repay all principal and accrued interest. The loan is senior to all indebtedness of the company and is secured by any existing registered security on the assets of the company up to an aggregate amount of \$1,500,000 for each bridge loan provided that any indebtedness relating to the registered security may not be re-financed, re-borrowed or increased in any way. There were 8 bridge loans outstanding at year-end secured by an aggregate amount of \$9,000,000. Until the loan is repaid in full the company may not, without the prior consent of the lender, (1) incur any indebtedness or grant any security that would rank prior to the loan, other than: (i) normal trade payables; and (ii) secured debts and obligations owed to secured lenders providing financing for the construction of the Wind Projects. or (2) incur or commit to any single expense over CAD \$20,000 or any series of related expense over a cumulative amount of CAD \$30,000. The Company has signed promissory notes guaranteeing the amount of the loan.

Four parties entered into a convertible debenture agreement first and then entered into bridge loan agreements prior to the Closing date. The cumulative amount of financing available under the convertible debenture agreement is \$8,500,000 in Canadian funds. Closing shall occur on such date as may be agreed to by the Company and the lender and upon closing the promissory notes shall be returned to the Company and a debenture shall be issued by the Company in an amount equal to the value of the notes then outstanding. The debentures shall carry a yield equal to 6.64% per annum, with interest calculated quarterly. At the lender's sole option, and at a date of its choosing, all principal and accrued interest under the debentures may be converted into an equity interest in any of the projects that were funded using this financing. In such a case the lender would earn up to a 49% interest in those specific wind projects. Following conversion the Company would have

the option to repurchase the project equity upon thirty days notice.

Under the terms of the loan agreement the Company commits to purchasing all wind turbines for the wind projects from the lender.

For the period ended December 31, 2011, \$213,256 (2010 - \$nil) of interest was accrued on the outstanding principal and included in accrued liabilities.

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Notes to the Unaudited Consolidated Interim Financial Statements
For the period ended December 31, 2011
(Stated in US Dollars)

10. Share Capital

Total authorized share capital of the Company is 200,000,000 common shares with a par value of \$0.001.

During the period, the Company entered into agreements to issue 2,360,000 shares in exchange for consulting services to be received during the period and in the future. The Company has determined the total fair value of these shares to be \$626,000 using the Company's share price on the agreement dates. \$388,893 has been recognized as share based compensation related to consulting work for the period, including work performed in prior periods, representing the portion of the total expected services that were received. The remaining fair value of the issuance will be expensed in the period in which the related services are received. These shares were issued on November 10, 2011.

Warrants

During the six month period ending December 31, 2011, the Company issued 860,000 warrants attached to the convertible debentures. The Company allocated the proceeds received from the issuance based on the fair value of the warrants relative to the total fair value of the issuance. The Company determined the fair value of these warrants to be \$21,971 using the following assumptions:

For purposes of the calculation, the following assumptions were used:

Exercise price	\$	0.50
Expiration date	Sept. 30, 2014	
Risk free interest rate		0.25%
Expected life of warrants		1 year
Expected stock price volatility		110%
Expected dividend yield		0%

11. Wind Projects and Option Agreements

As at December 31, 2011, the Company had capitalized wind development project costs as follows:

	December 31, 2011	June 30, 2011
Skyway 126	1,997,468	1,997,468
Zero Emissions People	-	-
Developer C	286,650	286,650
Settlers Landing	450,000	450,000
Burg I	1,320,279	403,637
Burg II	236,500	236,500
Raberg	64,564	54,905
Roecken	9,066	-
EFI Joint Venture	-	-
5MW Ontario project	1,023	1,023

Edgar Filing: Wind Works Power Corp. - Form 10-Q

Thunder Spirit (Note 11i)	121,000	1,000
	4,486,550	3,431,183

Significant changes during the period are as follows:

- (i) Thunder Spirit
-

Wind Works Power Corp.**(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)****Notes to the Unaudited Consolidated Interim Financial Statements****For the period ended December 31, 2011**

(Stated in US Dollars)

In April 2011, the Company acquired a 75% interest in Thunder Spirit, a 150MW project located in North Dakota. The acquisition agreement stipulates a \$1,000 acquisition price, which has been capitalized, and obligates Wind Works to perform the following:

- a) Fund all project-related costs;
- b) Assume any related expense associated with a letter or credit which may be required to secure project interconnection; and
Reimburse the vendor for \$260,000 of Midwest ISO deposits, \$120,000 of which was due within 45 days
- c) of closing, and \$140,000 of which was due within 90 days of closing. Both payments are subject to prior invoicing by the vendor.

During the period, the Company accrued \$120,000 for the first Midwest ISO deposit.

12. Cost in excess of billings on uncompleted contracts

In April 2011, the Company entered into an agreement for the sale of 50% of its interest in the Burg I project. Pursuant to this sale, the Company entered into a turn-key agreement for the construction of a wind turbine, in accordance with specifications outlined in the contract.

The Company is obligated to erect and transfer ownership of an operational wind turbine, including all project rights, by December 31, 2011. Should the construction not be completed prior to this date, the Company is subject to compensate the buyer for interest lost for funding of the project, up to a maximum of 40,000 Euros. Failure to complete the project by April 30, 2012 will subject the Company to further monthly penalties of up to 15,625 Euros.

The agreed sale price for the turn-key construction contract is fixed, as specified in the construction contract. For the period ending December 31, 2011, the costs incurred and billings received are summarized as follows:

Total billings related to turn-key construction agreement	(2,008,420)
Project acq. costs reclassified as construction costs	373,715
Construction costs	1,772,797
Cost in excess of billings on uncompleted contracts	138,092

Included in the total billings of \$2,008,420 is \$315,957 in construction costs that were directly paid for by the investor and are credited against further milestone payments to be received per turnkey contract.

13. Wind Project Deposits

As at December 31, 2011, the Company had capitalized wind project deposits as follows:

	December 31, 2011	June 30, 2011
OPA Feed-In Tariff Contract Deposits:		
Zero Emissions People	570,760	570,760
Developer C	285,000	285,000
Settlers Landing	47,500	47,500
	903,260	903,260

Hydro One Networks Inc. (HONI)

Connection Cost Deposits:

Whispering Woods Wind Farm	781,124	823,624
5MW Ontario Project	781,124	823,624
Cloudy Ridge / Skyway 126	793,346	836,511
Settlers Landing Wind Park	768,901	810,736
Clean Breeze Wind Park Grafton	781,124	823,624
Grey Highlands ZEP	2,570,041	2,709,873
Snowy Ridge	3,402,865	-
	9,878,525	6,827,992
Total Wind Project Deposits	\$ 10,781,785	\$ 7,731,252

The OPA Feed-In Tariff Contract deposits represent refundable deposits with the Ontario Power Authority for the projects listed above.

The HONI Connection Cost deposits represent deposits for the work required to connect the Company's projects to HONI's distribution system. If the Company gives HONI notice to proceed with connection, the deposits will be applied against HONI's costs.

Wind Works Power Corp.
(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)
Notes to the Unaudited Consolidated Interim Financial Statements
For the period ended December 31, 2011
(Stated in US Dollars)

14. Contingencies

At June 30, 2010, the Company had accrued a contingent liability of \$100,000CAD pertaining to its Grey-Highlands project, which was due thirty days upon signing a Feed-In Tariff contract with the Ontario Power Authority. The amount is payable to a company that originally owned the Grey- Highlands property operating lease agreement. During the year ended June 30, 2011, the Company issued a payment of \$25,000CAD. During the period ending September 30, 2011 the Company issued a payment of \$75,000CAD, reducing the contingent liability to nil.

The Company may be required to make additional lease payments based on (a) the number of meteorological towers and/or (b) megawatt of turbine installed on its land leases. The contingent payments are not determinable at this time.

The Company has royalty payments contingent on gross revenue from the sale of units of electricity sold pertaining to its land leases. Total contingent payments required to be made under this agreement are not determinable at this time.

15. Commitments

On January 27, 2011, the Company signed a financing, marketing and construction organization agreement with EFI Energy Farming International GmbH for Project Burg 1, with payments of 220,000 Euros according to development milestones.

For the wind projects being developed under the Developer C joint venture and all other Canadian projects jointly held with resident partners, the Company has agreed to share all income in accordance with the respective partnership agreements.

Under the terms of the loan agreement (Note 9) the Company commits to purchasing all wind turbines for the wind projects from the lender.

The following are expected lease payments regarding the Company's operating land leases:

2012	\$ 35,247
2013	\$ 9,062
2014	\$ 5,961
Thereafter	\$ 118,720
Total	\$ 168,990

Wind Works Power Corp.

(Formerly AmMex Gold Mining Corp. - an Exploration Stage Company)

Notes to the Unaudited Consolidated Interim Financial Statements

For the period ended December 31, 2011

(Stated in US Dollars)

16. Subsequent events

Subsequent to the period ending December 31, 2011 the Company sold its remaining 50% interest in Wind Park Burg I, a 4 megawatt (MW) wind project located in Germany. Wind Park Burg I is currently under construction by its wholly-owned affiliate, Wind Works Development GmbH. The turnkey sales price, inclusive of all construction and equipment costs, for 100% of Wind Park Burg I is \$12,000,000 and is payable according to construction milestones. The Company will earn a 1% royalty on gross revenues of the wind farm, with the potential to increase the royalty to 2% based on the actual performance of the wind farm.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

THE FOLLOWING DISCUSSION OF THE RESULTS OF OUR OPERATIONS AND FINANCIAL CONDITION SHOULD BE READ IN CONJUNCTION WITH OUR FINANCIAL STATEMENTS AND THE NOTES THERETO INCLUDED ELSEWHERE IN THIS REPORT.

Background

Our business strategy is to pursue opportunities in wind energy. We intend to develop wind farms. We will assemble land packages ("Wind Farms"), secure requisite environmental permitting, provide wind testing for a one year period by erecting towers to measure wind speed. Subject to favorable wind testing results, we then apply for power contracts for the number of megawatts (MW) that our land position will allow. Once we secure power contracts, we believe that we will be able to lease or sell the Wind Farms to operating utility companies or companies desiring to purchase wind turbines and erect the necessary power lines.

The development of a wind farm involves many steps and can take years before coming to fruition. Development in this context means the securing and maintenance of land sites for the proposed turbine locations by ways and according to the terms of the respective land lease or easement agreements, planning and conducting of all necessary environmental studies such as environmental screenings, noise assessments, visual assessments and avian and floral assessments assemblance which is required for the Environmental approval. Environmental approval is necessary to obtain building permit for the wind farms. Further development encompasses liaison with various Aboriginal and First Nations groups as well as consultations with provincial and federal agencies in order to obtain any permits that may be required for any such project.

In addition to environmental approval and consultations we have to engage in the planning and commissioning of all technical reports and engineering drawings and layouts of the planned projects in regards to the construction of the actual wind farm and any auxiliary structures such as transmission lines that are necessary to operate the wind farm. Wind energy engineers must prepare a three stage site implementation program

The first stage of the program involves locating the ideal placement for the wind turbines and determining which type of wind turbine can provide the optimal results for the wind farms. The second stage of the program involves building access roads to the property and constructing transmission lines which can be connected to the power grid. The final stage of the site implementation program is determining the final yield assessment which occurs after a power purchase agreement is signed with a local utility.

After we have secured the required licensing, and paid any required fees we intend to secure power contracts with local utilities. At this time, we do not intend to become a wind energy producer. Rather, we will develop the wind park for sale to wind energy producers. Our business model is to assemble a land package, secure regulatory approval, provide engineering studies, build the required infrastructure and finally enter into power purchase agreements with local utilities. When we sell our wind farms, we will be offering buyers a complete turnkey package. Purchasers will be required to purchase the wind turbines. Following the installation of the wind turbines, purchasers will then be able to sell wind power electricity pursuant to the terms and conditions of the power purchase agreements. We are currently in negotiations for the sale of several of our wind parks.

WIND POWER

Industry Overview

In today's society, wind power and alternative energy are becoming a fast growing force along with the "Go Green" attitude. Renewable energy is produced using resources that are naturally replenished, such as wind, sunlight, geothermal heat, tides and biofuels. Technologies that produce energy from these renewable sources (other than biofuels) are often referred to as "clean" or "green" as they produce few, if any, pollutants that negatively impact the environment. Comparatively, fossil fuels such as coal, natural gas and oil are exhaustible and release greenhouse gases such as carbon dioxide or other pollutants into the atmosphere during energy production. As a result of increased environmental awareness, the deployment of renewable energy technologies has grown rapidly during the past several years. According to the Energy Information Administration, 37% of new U.S. power generation capacity in 2007 consisted of renewable technologies, compared with only 2% in 2003. This increase is expected to continue in both the United States and Canada. It is anticipated that renewable energy capacity in North America is expected to grow by a compounded annual growth rate between 9% and 11% through 2025. At this rate, the United States and Canada could supply 25% of its electrical energy requirements with renewable energy by 2025.

Wind energy is the fastest-growing renewable energy generation technology worldwide due to its cost efficiency, technological maturity and the wide availability of wind resources. It has been suggested that wind power has the greatest potential among all renewable energy technologies for further growth in North America. Although the United States and Canada have hydroelectric and geothermal resources, many potential hydroelectric sites have already been developed and geothermal production is confined by geographical limitations to only certain areas. In contrast, the available untapped wind resources across North America remain vast. Additionally, other renewable energy technologies, such as solar power, are currently less economically attractive than wind energy, and others, such as biofuels, emit particulates which have a greater negative impact on the environment than wind energy.

Wind Energy Fundamentals

The term "wind energy" refers to the process used to generate electricity through wind turbines. The turbines convert wind's kinetic energy into electrical power by capturing it with a three blade rotor mounted on a nacelle that houses a gearbox and generator. When the wind blows, the combination of the lift and drag of the air pressure on the blades spins the blades and rotor, which turns a shaft through the gearbox and generator to create electricity.

Wind turbines are typically grouped together in what are often referred to as "wind parks." Electricity from each wind turbine travels down a cable inside its tower to a collection point in the wind park and is then transmitted to a substation for voltage step-up and delivery into the electric utility transmission network, or "grid." Today's wind turbines can efficiently generate electricity when the wind speed is between 11 and 55 miles per hour.

A key factor in the success of any wind park is the profile and predictability of the wind resources at the site. Extensive studies of historical weather and wind patterns have been performed across North America and many resources, in the forms of charts, graphs and maps, are available to wind energy developers. The most attractive wind park sites offer a combination of land accessibility, power transmission, proximity to construction resources and strong and dependable winds.

When wind energy developers identify promising sites, they perform detailed studies to provide greater certainty with respect to the long-term wind characteristics at the site and to identify the most effective turbine strategy. The long-term annual output of a wind park is assessed through the use of on-site wind data, publicly available reference data and sophisticated software. Wind speeds are estimated in great detail for specific months, days or even hours, and are then correlated to turbine manufacturers' specifications to identify the most efficient turbine for the site. Additional calculations and adjustments for turbine availability (which is principally affected by planned and unplanned maintenance events), wake effects (wind depletion caused by turbines sited upwind), blade soiling and icing and other

factors are made to arrive at an estimate of net expected annual kilowatt hour electricity production at the site.

Wind development determines the MW capacity of a project. Generally, MW for projects are decided as follows: Generally, the location (land) where the wind farm is located allows for a certain number of turbines to be fitted on to the projects land due to setbacks from houses roads and other buildings or infrastructure items. Also turbines create a noise parameter which circles out a portion of the land and which parameter has to be fitted in with the setbacks towards any structure. (Generally, in Ontario at least 550m from a house. Most ordinances prohibit more than 45 decibel in an inhabited structure at any time). Wind turbines have a nameplate capacity of generally 1.5 -2.5 MW. By using the land and the turbine model you create a layout which is used to determine whether these turbines fit within the layout and how many turbine sites must be secured under an easement agreement.

Wind Farm Development:

The development of a wind farm involves many steps and can take years before coming to fruition. Development in this context means the securing and maintenance of land sites for the proposed turbine locations by ways and according to the terms of the respective land lease or easement agreements, planning and conducting of all necessary environmental studies such as environmental screenings, noise assessments, visual assessments and avian and floral assessments assemblance which is required for the Environmental approval. Environmental approval is necessary to obtain building permit for the wind farms. Further development encompasses liaison with various Aboriginal and First Nations groups as well as consultations with provincial and federal agencies in order to obtain any permits that may be required for any such project.

In addition to environmental approval and consultations we have to engage in the planning and commissioning of all technical reports and engineering drawings and layouts of the planned projects in regards to the construction of the actual wind farm and any auxiliary structures such as transmission lines that are necessary to operate the wind farm. Wind energy engineers must prepare a three stage site implementation program

The first stage of the program involves locating the ideal placement for the wind turbines and determining which type of wind turbine can provide the optimal results for the wind farms. The second stage of the program involves building access roads to the property and constructing transmission lines which can be connected to the power grid. The final stage of the site implementation program is determining the final yield assessment which occurs after a power purchase agreement is signed with a local utility.

After we have secured the required licensing, and paid any required fees we intend to secure power contracts with local utilities. At this time, we do not intend to become a wind energy producer. Rather, we will develop the wind park for sale to wind energy producers. Our business model is to assemble a land package, secure regulatory approval, provide engineering studies, build the required infrastructure and finally enter into power purchase agreements with local utilities. When we sell our wind farms, we will be offering buyers a complete turnkey package. Purchasers will be required to purchase the wind turbines. Following the installation of the wind turbines, purchasers will then be able to sell wind power electricity pursuant to the terms and conditions of the power purchase agreements.

Financings:

The development of any wind farm involves a significant capital commitment. Licensing, infrastructure build-out, equipment and professional fees can run into the millions of dollars. In order to finance these operations, we received a simple interest loan from a third party lender which accrues interest at the rate of 6.64% per annum. As of December 31, 2011 we have borrowed \$12,876,309.2. The loan is senior to all other indebtedness and is secured by any existing registered security on our assets up to an aggregate amount of \$1,500,000 for each bridge loan. There were 8 bridge loans outstanding at year-end secured by an aggregate amount of \$9,000,000. Wind Works has guaranteed these loan obligations even though Wind Works does not own all of the outstanding equity in the wind parks.

Financial Statements

Revenue

For the three and six months ended December 31, 2011 we did not generate any revenues of any kind. For the three and six months ended December 31, 2010 we generated \$167 and \$529 in interest income. All other revenue for the six months ended December 31, 2010 represents a non-refundable deposit totaling \$97,290.

Operating Expenses

For the three and six months ended December 31, 2011 our operating expenses totaled \$1,042,656 and \$2,029,674 as compared to \$1,544,365 and \$2,791,276 for the comparable periods in 2010. Total expenses since May 2, 2008 ("Inception") were \$9,738,146. The significant increase in expenses is primarily attributable to the development and financing of our wind parks.

Project development costs continue to increase and will likely increase in the future as we devote more resources to our wind farms. For the three and six months ended December 31, 2011 and 2010 these fees totaled \$394,115 and \$751,246 as compared to \$323,421 and \$500,864 in 2010. Project development costs since Inception totaled \$2,970,326.

In connection with developing our wind parks we have incurred significant consulting fees. For the three and six month period ended 2011 and 2010 these fees totaled \$376,956 and \$582,935 in 2011 and \$594,070 and \$1,012,291 in 2010. Since Inception consulting fees totaled \$2,664,930. We pay a portion of these fees with our common stock in order to retain as much cash as possible for developmental activities.

Interest on our outstanding debt and related service charges are significant totaling \$229,782 and \$451,623 for the three and six months ended December 31, 2011 as compared to \$44,156 and \$82,279 in 2010. The reason for the significant increase is attributable to our increasing debt obligation.

We have reduced costs associated with professional for the three and six months ended December 31, 2011 as compared to 2010. During 2011 these expenses totaled \$6,318 and \$137,963 as compared to \$129,836 and \$222,505 in 2010.

Our leasehold expenses totaled \$26,166 and \$52,521 for the three and six months ended December 31, 2011 as compared to \$16,227 and \$39,965 in 2010.

We had no other significant expenses.

Net Income (loss)

Our Net Loss for the three and six months ended December 31, 2011 totaled \$(1,042,656) and \$(2,029,674) as compared to a Net Loss of \$(1,544,198) and \$(2,693,457). Our Net Loss since Inception totaled \$(9,640,327). Net loss per share during these periods was \$(.02) and \$(.04) in 2011 as compared to \$(.04) and \$(.07) in 2010.

We will require additional capital to fully implement our business plan. There can be no assurance that we will be able to secure additional capital or if available, on commercially acceptable terms. Until such time as we can fully implement our business plan, it is unlikely that we will be able to reverse our continuing losses in which case you may lose your entire investment.

Liquidity and Capital Resources

Assets and Liabilities

At December 31, 2011 we had cash and cash equivalents totaling \$70,857, prepaid expenses totaling \$252,127, VAT tax receivable totaled \$226,615, costs in excess of billings of \$105,327 and other assets totaling \$103,799. Current assets totaled \$762,905. At June 30, 2011 our current assets totaled \$574,621 consisting primarily of cash totaling \$180,174, prepaid expenses totaling \$112,033, other assets totaling \$115,380 and taxes receivable totaling \$83,739.

Prepaid expenses consist primarily of common stock issued for services to be rendered and represent the primary reason for the increase in our current assets.

Our long term assets at December 31, 2011 totaled \$15,336,251 consisting primarily of wind projects of \$4,486,550 and wind project deposits totaling \$10,788,783. This compares to total assets at June 30, 2011 totaling \$11,216,186 consisting of \$3,431,183 in wind projects and \$7,731,252 in wind project deposits.

Our current liabilities at December 31, 2011 totaled \$17,234,824 consisting primarily of accounts payable totaling \$3,676,850, convertible debentures totaling \$504,879, short term loans totaling \$192,153 and third party loans totaling \$12,860,942. Our current liabilities at June 30, 2011 totaled \$11,648,814, consisting primarily of accounts payable totaling \$2,233,438, convertible debentures totaling \$385,000, short term loans totaling \$202,787 and third party loans totaling \$8,827,589. The significant increase in our third party loans is attributable to required wind park deposits that we were required to make in order to retain our wind farm contracts.

We have a working capital deficit at December 31, 2011 (current assets less current liabilities) of \$16,471,919 as compared to a working capital deficit of \$10,074,193 at June 30, 2011. Continued operations are dependent on our ability to secure additional debt or equity financings or generate profitable operations. While we have been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

Unless we secure additional funding to meet our short term capital requirements, there can be no assurance that we will be able to implement our business plan. If we are unable to pay our liabilities as they become due, and our creditors are not willing to defer payments, we may be required to seek protection from creditor claims.

Off-Balance Sheet Arrangements

We are not currently a party to, or otherwise involved with, any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosure About Market Risk Foreign Currency Exchange Rate Risk

The Company holds cash balances in U.S. and Canadian dollars as well as euros. We transact most of our business in US and Canadian dollars. Expenses incurred with respect to our European operations are denominated in euros. As a result, currency exchange fluctuations may impact our operating costs. We do not manage our foreign currency exchange rate risk through the use of financial or derivative instruments, forward contracts or hedging activities.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Edgar Filing: Wind Works Power Corp. - Form 10-Q

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and determined that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q. The evaluation considered the procedures designed to ensure that the information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and communicated to our management as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

During the period covered by this Quarterly Report on Form 10-Q, there was no change in our internal control over financial reporting (as such term is defined in Rules 13a-15(d) and 13d-15(d) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(c) Inherent Limitations of Disclosure Controls and Internal Controls over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We have been named as a co-defendant in a lawsuit filed in the District Court of Clark County, Nevada (Case No.A646222). Our involvement with this legal proceeding is primarily attributable to the ownership of our common stock by a shareholder. We intend to issue or reissue the common stock as directed by the court. We believe that we have meritorious defenses as to any other claims that may be brought against us.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the period ended June 30, 2011.

Item 2. Unregistered Sales of Equity Securities.

During the quarter ended December 31, 2011 we issued a total of 11,360,000 shares of our common stock consisting of 2,360,000 for services rendered and 9,000,000 shares to satisfy our remaining contractual obligations in connection with the acquisition of Zero Emission People, LLC. Zero Emission People is a related entity.

At all times relevant:

- the sale was made to a sophisticated or accredited investor;
- at a reasonable time prior to the sale of securities, we advised the purchaser of the limitations on resale of the securities; and

In issuing the foregoing securities, we relied on the exemptive provisions of Section 4(2) of the Securities Act.

Item 3. Defaults upon senior securities.

None

Item 4. Mine Safety Disclosure

Not applicable

Item 5. Other information

None.

Item 6. Exhibits

Exhibit No. -----	Description -----
3.1.**	Certificate of Incorporation
3.2.**	Certificate of Amendment to Certificate of Incorporation
3.3.**	Bylaws
3.4.**	Form of Convertible Debenture
3.5.**	Form of Warrant
3.6.**	Form of Option
10.1.**	Investment Agreement with Kodiak Capital Group, Inc.
10.2.**	Registration Rights Agreement with Kodiak Capital Group, Inc.
10.3.**	Share Exchange Agreement between Wind Works Power Corp. and Zero Emission People, LLC
10.4.**	Addendum to Share Exchange Agreement with Zero Emission
10.5.**	Joint Venture Agreement with Sunbeam, LLC
10.6.**	Share Exchange Agreement with Skyway 126 Inc.
14.**	Code of Business Conduct and Ethics
21.**	Subsidiaries of Registrant
<u>31.1*</u>	<u>Section 302 Certification of the Principal Executive Officer *</u>
<u>31.2 *</u>	<u>Section 302 Certification of the Principal Financial Officer *</u>
<u>32.1 *</u>	<u>Section 906 Certification of Principal Executive Officer *</u>
<u>32.2 *</u>	<u>Section 906 Certification of Principal Financial and Accounting Officer *</u>

* Filed herewith

** Previously filed

SIGNATURES

Pursuant to the requirements 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.

Wind Works Power Corp.

Date: February 20, 2012

By: /s/ Ingo Stuckmann

Ingo Stuckmann

Chief Executive Officer

Date: February 20, 2012

By:/s/Henrik Woehlk

Henrik Woehlk

Chief Financial Officer
