



## **Watts Wind Energy to Offer Shares to Investors**

### ***- Dividend History, Non-refundable, Provincial Tax Credits and Risk Mitigation to be Highlighted -***

Halifax, Nova Scotia, January 14, 2013

Watts Wind Energy Inc. ("Watts Wind"), a Nova Scotia independent power producer which owns and operates a 90% interest in a 1.5 MW wind turbine and has been awarded the right to 20 year Power Purchase Agreements ("PPAs") with Nova Scotia Power Inc. ("NSPI") for a further 20.6MW of wind power across six projects in Nova Scotia, announces an equity offering of shares to the public through Canaccord Genuity Corp.

#### ***Dividend History, Projected Returns and Potential Tax Credits of up to 65%***

Watts Wind, which is organized as a special purpose Nova Scotia Community Economic Development Investment Fund ("CEDIF"), has been awarded more megawatts under the Province of Nova Scotia's Community Feed-in-Tariff program ("ComFIT") than any other applicant to date. In addition to the 35% non-refundable provincial tax credits which may have been received by eligible investors, Watts Wind also distributed its first cash dividend to shareholders in August 2012. That \$0.03/share dividend was in respect of the first half of its fiscal 2012 and equated to a 3% yield based on prior share sales at \$1.00 per share.

As a CEDIF, investors in Watts Wind may be eligible for non-refundable provincial tax credits of up to 65%, the applicability for which Watts Wind and the investor are subject to additional requirements.

#### ***Risk Mitigation: Watts Wind only invests in projects that have NS Power contracts<sup>1</sup>***

Watts Wind's business model focuses on avoiding certain difficult-to-assess risks of wind power development activities in favour of only investing in a wind power project once both a power purchase agreement with NSPI and a land lease have been secured. Watts Wind believes that this separation of risks is important to limit investors' exposure to the development phase of wind projects which is both time and resource intensive and has extremely uncertain outcomes.

Also, in order to ensure that financing is available for its projects, Watts Wind has secured letters of intent for the provision of further equity and debt financing for the

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<sup>1</sup> Potential investors should read the risk factors in the offering document dated December 20, 2012



ComFIT projects it is awarded. It is intended that Watts Wind's investment returns in ComFIT projects would rank in preference to those of any additional project equity partners, providing a lower risk profile for Watts Wind than if its investment ranked equal to, or after, the returns of each of other project equity providers.

***Corporate Governance: Experienced and financially literate independent directors***

Watts Wind is pleased to announce the appointment of independent directors, Mr. Keith Abriel, CA, CFA and Mr. Gordon Stevens, CFA both of whom trained as Chartered Accountants and are CFA Charholders and have worked with PriceWaterhouseCoopers and Goldman Sachs, respectively. Watts Wind is also pleased to announce the appointment of Mr. Michael Kinley, CA as its chief financial officer. Mr. Kinley is a former chief financial officer of several public companies and a former partner with KPMG.

***The 2013 Watts Wind Offering***

Pursuant to an agency agreement with Canaccord Genuity Corp., Watts Wind is offering up to 5,000,000 common shares at \$1.20 per share. The offering is scheduled to close on or before March 1, 2013. Interested investors should review the offering memorandum dated December 20, 2012 for which the Nova Scotia Securities Commission issued a letter of non-objection on January 10, 2013.

The proceeds of the offering are intended to be used for Watts Wind's phase I ComFIT projects. These three advanced stage projects are intended for construction in 2013 and total 13.8 MW. The total cost of the phase I projects is estimated to be \$30.6 million, to be funded 30% from the proceeds to this offering (and other partners, if necessary) and 70% through debt financing in order to provide the estimated total capital required to fund the construction of the phase I projects.

***Current Operations: 4.7 million kilowatt hours generated in 2012***

Watts Wind's operating turbine commenced operation on March 30, 2011 and last year generated 4.7 million kilowatt hours of electricity, which corresponds to revenue in excess of \$625,000 for the calendar year. The project construction included expenditures in excess of \$500,000 to local businesses, including construction, electrical, engineering and transportation. This project benefits from a 20-year power purchase agreement with NSPI.

***Future "ComFIT" Projects: Three further project applications pending***

In addition to the 20.6 MW it has been awarded, the Company has applications pending with the Nova Scotia Department of Energy for three further projects for up to 15 megawatts of generating capacity under the ComFIT program.



### ***About Watts Wind Energy Inc.***

Watts Wind is organized as CEDIF, which is RRSP eligible and provides the potential for up to 65% in non-refundable tax credits to eligible Nova Scotia investors, subject to various conditions.

Watts Wind has an experienced team of wind energy engineers with a cumulative total of 40 years' experience in installing and operating wind turbines. The board includes principals of companies in the renewable energy business, including project management and operations and maintenance for large wind farms, independent power production and distribution to a utility, wind turbine manufacturing as well as securities, accounting and capital markets experience.

For more information, please see [www.wattswind.com](http://www.wattswind.com)

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### **About CEDIFs**

Watts is organized as a special purpose CEDIF, which also utilizes the Nova Scotia Equity Tax Credit (ETC) benefits and which has RRSP eligibility.

### **Nova Scotia Equity Tax Credit**

The Nova Scotia ETC provides potentially non-refundable, provincial tax benefits to eligible Nova Scotia residents that make an eligible investment:

- 35 per cent of the investment made by an individual to a maximum annual investment of \$50,000 (maximum annual non-refundable credit of \$17,500).
- Investment may be made within the calendar year or within 60 days of the taxation year end.
- Credit is not refundable but may be carried forward for 7 years or carried back 3 years.
- Credit that can be claimed in a single taxation year (including current year and the carry forward or back amounts) cannot exceed \$17,500.
- Tax credit receipt will be issued by the Nova Scotia Department of Finance and must be submitted with the individual's T1 Income Tax return for the tax year.

- Credit is available to residents of Nova Scotia who are over 19 years of age and who have valid reasons for making the investment. Each eligible share issue of must have at least 3 eligible investors.
- The minimum investor hold period is 5 years. If an investment is disposed within 5-year period the investor may be required to repay the tax credits received.

### CEDIF

In addition to the 35 per cent non-refundable, provincial tax credit available under the Nova Scotia ETC, investments in CEDIF corporations may be:

- Eligible for an additional 20 per cent credit for holding their shares for 5 years, provided all other conditions are satisfied.
- Eligible for a further 10 per cent credit for holding their shares for 10 years, provided all other conditions are satisfied.
- Pre-approved holdings for a self-directed RRSP.

### RRSP Eligibility

- Investors may hold shares in Watts Wind in an RRSP account with Concentra Trust, or with Canaccord Genuity.
- Concentra Trust is a Credit Union company with \$15 billion in assets under administration.

Using an example of a hypothetical \$50,000 investment:

<b>\$50,000</b>	<b>Investment</b> ( <i>non-RRSP</i> )
<u>- \$17,500</u>	(35%) Nova Scotia Equity Tax Credit
<b>\$32,500</b>	<b>Net Cost</b> ( <i>non-RRSP</i> )
<u>- \$15,000</u>	If new money to RRSP a deferral at the marginal tax rate <sup>(1)</sup>
<b>\$17,500</b>	<b>Net Cost</b> (RRSP)
- \$10,000	If held for ten years <sup>(2)</sup> (less discount for time value of money)
<u>- \$5,000</u>	If held for fifteen years <sup>(2)</sup> (less discount for time value of money)
<b>\$2,500</b>	<b>Total cost of investment if held for fifteen years</b> (less discount for time value of money and provided Shares maintain their value)

*(1) For illustration, a 30% marginal rate is used and the assumption is that there is sufficient RRSP room available. In addition, please note that this results in a tax deferral, not a tax credit. The above example may not be applicable to all investors.*

*(2) The additional 20% and 10% non-refundable tax credits are subject to the Issuer conducting and successfully closing additional offerings.*



## **CAUTIONARY STATEMENTS**

***THE CEDIF OFFERING IS MADE THROUGH AN OFFERING DOCUMENT, WHICH CAN BE OBTAINED FROM AN AUTHORIZED SALES AGENT OR FINDER, BY 902-482-0920 OR INVEST@WATTSWIND.COM. THIS OFFERING CONSTITUTES AN EXEMPT OFFERING OF THESE SECURITIES ONLY IN NOVA SCOTIA BY AUTHORIZED SALES AGENTS. INVESTORS SHOULD READ THE OFFERING DOCUMENT BEFORE MAKING AN INVESTMENT DECISION. WATTS WIND IS SUBJECT TO NUMEROUS RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST AS DESCRIBED IN THE OFFERING DOCUMENT AND INVESTORS SHOULD CAREFULLY READ AND CONSIDER SUCH RISK FACTORS AND POTENTIAL CONFLICTS OF INTEREST.***

## **FORWARD LOOKING STATEMENTS**

This press release may contain or refer to certain forward-looking statements relating, but not limited to, Watts Wind's expectations, intentions, plans and beliefs with respect to Watts Wind. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or equivalents or variations, including negative variations, of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of Watts Wind to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Although Watts Wind has attempted to identify important factors that could cause actual actions, events or results or cause actions, events or results not to be estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, Watts Wind does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.