



Watts Wind Energy Announces Sixth Dividend and New Share Offering

- *Seven turbines currently being erected near New Glasgow,
Barrington and Wedgeport –*

This CEDIF Offering may be a high risk investment

Halifax, Nova Scotia, February 11, 2015

Watts Wind Energy Inc. ("Watts Wind"), a Nova Scotia independent power producer which owns and operates 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 36MW of wind power across nine projects in Nova Scotia, announces an equity offering of shares to the public. Watts has been awarded more megawatts worth of projects under the Province of Nova Scotia's Community Feed-in-Tariff program ("ComFIT") than any other applicant to date.

Potential Tax Credits of up to 65%

Watts Wind, which is organized as a special purpose Nova Scotia Community Economic Development Investment Fund ("CEDIF"). As a CEDIF, investors in Watts Wind may be eligible for non-refundable provincial tax credits of up to 65%, the applicability for which is subject to additional requirements of Watts Wind and the investor. There is no guarantee that Watts Wind will qualify or be eligible for these additional non-refundable provincial tax credits.

Sixth, Consecutive, Semi-annual Dividend Issued

On February 2, 2015, Watts issued its sixth, consecutive, semi-annual dividend. For the years ended September 30, 2014, 2013 and 2012, the Company declared and paid dividends of \$0.09, \$0.04 and \$0.03 per share, respectively.. The declaration and payment of future dividends will be determined at the discretion of the board of directors of Watts Wind, based on, among other things, operating and financial restrictions through covenants in certain loan and security agreements.

Risk Mitigation: Only Invests in Projects that Have NS Power Contracts¹

¹ Potential investors should read the risk factors in the offering document dated January 29, 2015



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.

The 2015 Watts Wind Offering

Watts Wind is offering up to 1,769,230 common shares at \$1.30 per share. The offering is scheduled to close on or before March 2, 2015. Interested investors should review the offering memorandum dated January 29, 2015 for which the Nova Scotia Securities Commission issued a letter of non-objection on February 6, 2015. Investors may contact **Watts Wind** directly, on **(902) 482-0920** and info@wattswind.com.

The proceeds from the offering, together with its funds currently on hand, are intended to be used for the Porter's Lake Project in order to provide the equity necessary for development and construction. Porter's Lake (3.2 MW) is expected to be 100% owned in a newly formed Nova Scotia limited partnership named Watts Wind III Limited Partnership (the "Porter's Lake LP"), and will have a total estimated capital cost of \$9,100,000. The Porter's Lake Project is expected to be funded 20% from the proceeds to this offering (and from other partners, if necessary) and 80% through debt financing in order to provide the estimated total capital required to fund the construction.

Equity Partnership with Elemental Energy and Current Projects

Watts Wind Energy has a binding agreement with Elemental Energy, a Vancouver-based, family-owned, renewable energy developer and investor. Under the terms of the agreement, Elemental Energy has agreed to provide up to 80% of the equity required for Watts Wind Energy's ComFIT projects. Under this agreement, Watts Wind's investment returns in ComFIT projects will rank in preference to those of Elemental Energy, providing a lower risk profile for Watts Wind than if its investment ranked equal to, or after, the returns of Elemental. As project partners, Watts and Elemental secured a \$30 million loan from National Bank for the project debt for Watt Wind's Phase I ComFIT projects in July, 2014. These projects which are held in Watts Wind II Limited Partnership and located near Barrington, Wedgeport and New Glasgow are currently under construction and have scheduled commercial operation dates of March 4, March 11 and April 1, 2015, respectively. To learn more about Elemental Energy, please see www.elementalenergy.ca



Corporate Governance: Experienced and Financially Literate Independent Directors

Watts Wind's directors include, Mr. J. William Ritchie, an experienced corporate director and former regional brokerage owner, and Mr. Keith Abriel, CA, CFA and Mr. Gordon Stevens, CFA both of whom trained as Chartered Accountants and are CFA Charterholders and have worked with PriceWaterhouseCoopers and Goldman Sachs, respectively. Mr. Michael Kinley, CPA, CA serves as Watts Wind's chief financial officer. Mr. Kinley is a former chief financial officer of several public companies and a former partner with KPMG.

About Watts Wind Energy Inc.

Watts Wind is organized as a CEDIF, which is RRSP eligible and provides the potential for up to 65% in non-refundable income tax credits to eligible Nova Scotia investors, subject to various conditions. There is no guarantee that Watts Wind will qualify or be eligible for these additional non-refundable provincial tax credits.

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

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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 income 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. There is no guarantee that Watts Wind will qualify or be eligible for these additional non-refundable provincial tax credits.
- Eligible for a further 10 per cent credit for holding their shares for 10 years, provided all other conditions are satisfied. There is no guarantee that Watts Wind will qualify or be eligible for these additional non-refundable provincial tax credits.
- 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 other broker/dealers.
- Concentra Trust is a Credit Union company with \$15 billion in assets under administration.

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

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|-----------------|--|
| \$50,000 | Investment (<i>non-RRSP</i>) |
| - \$17,500 | (35%) Nova Scotia Equity Tax Credit |
| \$32,500 | Net Cost (<i>non-RRSP</i>) |
| - \$15,000 | If new money to RRSP a deferral at the marginal tax rate ⁽¹⁾ |
| \$17,500 | Net Cost (RRSP) |
| - \$10,000 | If held for ten years ⁽²⁾ (less discount for time value of money) |



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| <u>- \$5,000</u> \$2,500 | If held for fifteen years ⁽²⁾ (less discount for time value of money) Total cost of investment if held for fifteen years, subject to tax deferral (less discount for time value of money and provided Shares maintain their value) |
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(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. There is no guarantee that Watts Wind will qualify or be eligible for these additional non-refundable provincial tax credits.

CAUTIONARY STATEMENTS

Warning for advertisements regarding Community Economic Development Investment Funds (“CEDIFs”)

THIS CEDIF OFFERING MAYBE A HIGH RISK INVESTMENT. THE CEDIF OFFERING IS MADE THROUGH AN OFFERING DOCUMENT, WHICH CAN BE OBTAINED FROM AN AUTHORIZED SALES AGENT, STAN MASON, BY CONTACTING 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.