Resource Stock Update - V17 #5.4 – WWPW July 20, 2011

Resource Stocks Advisory PO Box, 1020 Owen Sound Ontario, N4K 6H6
resource@bmts.com www.playstocks.net Yearly subscription $225 cdn /year or US$225

Wind Works Power OTC:WWPW FRANKFURT:R5E1 Recent Price $US0.37 Entry Price $0.50 Opinion – strong buy

More awesome news for Wind Works as they announced an Agreement with a corporate investor to provide $15 million in financing for development costs of Wind Works' current project pipeline in Ontario, Canada. **The financing is non-dilutive at the public company level.**

The financing will be used to fund the development costs of Wind Works' existing projects in Ontario plus new projects that may be acquired during the term of the financing. Existing projects in Ontario include the 7 projects totaling 80MW that have been awarded FIT contracts represented by Settlers Landing, Snowy Ridge, Grey Highlands, Cloudy Ridge, Clean Breeze, Ganaraska, and Whispering Woods, plus the newly-acquired 5MW project announced June 14th.

The $15 million financing is a convertible debenture facility with a Maturity Date of January 31, 2013. Both interest and principal are due at Maturity. Funding is subject to satisfactory due diligence by investor on a project-by-project basis. The investor may, at its sole option, elect to convert all or part of their investment into equity in any of the projects that were funded using this financing facility. In such a case, the investor would earn a 49% interest in those specific projects if they elected to convert. Following conversion, Wind Works shall have the option to repurchase the project equity upon 30 days' notice.

"*With this $15 million financing, we now have the funding in place to fully develop our Ontario project portfolio, plus add to it in a strategic way*", comments Dr. Ingo Stuckmann, Wind Works' President and CEO. "*Our objective is to build a stable, recurring revenue stream by both selling certain projects for a gain and retaining a royalty interest; and by building other projects and owning and operating them over the longer-term in our 3 major markets of Ontario, the US, and Germany.*"

On May 5, 2011 Wind Works gave notice terminating the Asset Purchase Agreement with Premier Renewable Energy, Inc. ("Premier"). The Agreement contemplated the sale of five wind energy projects in Ontario, Canada totaling 50 megawatts. According to the Agreement Premier was obligated to pay certain development costs which they failed to do. The Agreement was therefore terminated for cause and Works has returned to Premier a total of $950,000 representing the amount of the refundable deposit. Except for the refundable deposit mentioned above, there is no further liability to either Wind Works or Premier as a result of the termination of the agreement. The $15 Million financing detailed above will be used by Wind Works to develop the 50MW that were subject to the proposed sale to Premier.

Analysis

This is huge news for WWPW and a way better deal for their Ontario projects then the previous sale agreement. There is no share dilution, no stock will be issued. If Wind Works does not come up with funds at the debenture maturity, then the investor converts

into a 49% interest in the Wind Farms. With this agreement Wind Works is fully funded to build their Ontario project pipeline and will keep a 51% interest in the Wind Farms. This is going to translate to big cash flow and earnings on a per share basis with 51% of electrical sales revenues going to Wind Works. Multiples of the cash flows and earnings I was expecting earlier.

I have no doubt that this so called “corporate investor: is a major player in the wind industry that understands the value of the projects that Wind Works has. Secondly we have seen a debenture deal like this for Europe (Germany) now Canada (Ontario), I would not be surprised to see a similar outcome for their U.S. Wind Farms.

Wind Works management has truly pulled a rabbit out of the hat for shareholders. Normally, companies would be issuing all kinds of stock for funding to advance their projects diluting shareholders but trying to add more value. Just look at Naikun Wind Energy TSX:NKW once a darling among wind investors. They raised about $92 million by issuing shares and diluted themselves down to just a 30% interest in their project. Despite spending all these funds they have about $7 million cash left, a 30% interest in a wind project that has yet to receive a power contract. And actually I think Naikun did a good job with minimal dilution as they raised funds at good stock prices when the stock was up at $2 and $3. However they did a poor job at the project level and have a project with no power contract and little value and shareholders now holding a $0.14 stock
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Wind Works weakness is being listed on the OTC market that has been in decline since 2008, but that will not matter in the long run as they will get to a better exchange and hold strong interests in advanced and producing wind farms, generating lots of revenue. Management is what it is all about and I say “hats off “ to Wind Works for pulling this off. It is only a matter of when the share price will reflect the value being created, In the meantime we can buy on the cheap.