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Western Wind Energy Corp.

Stock Rating: Speculative Buy
Risk Rating: High

Initiating Coverage: Catalysts & Construction Set for 2010

Highlights

- Western Wind (WND) is focused on developing wind and solar energy projects in California, Arizona, and the Province of Ontario and has a development team in the Commonwealth of Puerto Rico.
- WND has 34.5 MW of wind assets online and 135 MW nearing construction.
- WND also has applications in for 50 MW of solar energy in Ontario where the feed-in tariff is \$443/MWh. PPA's are expected in 2010.
- Key to the Company's plans is utilizing bridge financing secured by ITC grants to avoid issuing equity. The bridge could come from the turbine supplier, EPC contractor and/or financial players. Without ITC bridge financing, the consequent equity financing would drop our price target by \$1.00.
- They hold proprietary data on 66 wind energy locations tested in California (dating back to 1970's) and have longer-term plans to develop over 375 MW at five sites.
- We consider WND to be growth stock of at least 20% per annum given the pipeline projects that we have not included in our estimates, and find it reasonable to assign a 12x EV/EBITDA multiple. Looking out to 2012 with forecast EBITDA of \$42.8m and net debt of \$211.7m, the 12x value is \$301.8m or \$5.50 per share. Discounted by our minimum expected return on small caps of 25% per annum, a price target of \$3.50 is derived.
- We initiate coverage on WND with a SPECULATIVE BUY, High Risk, with a one-year price target of \$3.50 per share. It is "speculative" because WND is pre-positive cash flow.

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TSXV:WND

1-Year Target Price: \$ 3.50

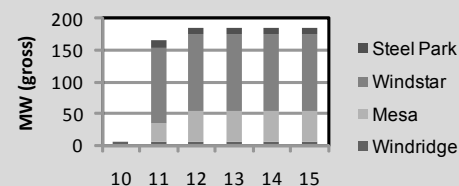
1-Year ROR 130%

Snapshot	
Price Close	\$1.52
52 Wk Range	\$0.51 - \$2.05
Market Cap, fd (\$000)	\$ 73,641
Avg Trading Volume (000)	117
Fiscal Year End	Dec,31
Shares OS (basic) (000)	46,099
Shares OS (fd) (000)	48,448
Float (000)	43,991
Net Debt (cash) (\$000)	\$ (1,463)
EV (\$000)	\$ 72,178

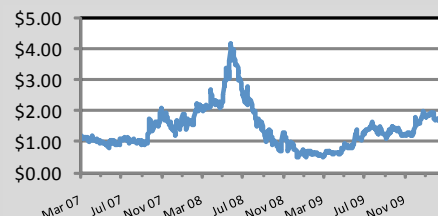
Estimates**	2010	2011	2012
C\$m (except for MW & share data).			
MW (gross)*	5	166	186
MW (net)**	9	14	59
Revenue	4.9	12.8	57.0
EBITDA	0.1	6.3	42.8
CF from Ops	1.3	5.8	19.3
CAPEX	183.8	152.9	10.0
Equity Raised	9.0	4.9	0.0
Cash	0.7	17.8	15.0
Debt	172.3	246.9	226.7
Shares OS (m)	49.4	54.6	54.6

*gross MW as of end of year **net MW year avg.

Valuation: 12X EV/EBITDA (2012) discounted at 25% per annum



Description: WND is a renewable energy development company, focused on wind projects in the South West US (California & Arizona) as well as in Puerto Rico and Ontario (solar). The company owns 34.5 MW (gross) of assets generating wind assets and plans to have 3 projects (161 MW) in construction by the end of 2010.



Appendix: Important Disclosures

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n/a

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Ratings.

Buy: Anticipate total return appreciation generally in excess of 15% over the next 12 months.

Speculative Buy: Anticipate total return appreciation generally in excess of 15% over the next 12 months, however, the company is either pre-revenue, has negative cash flow, or a major unpredictable event may occur within 12 months.

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