

# Market Alert

**NaiKun Wind Energy Group Inc.**

**TSX.V: NKW**

## Introducing British Columbia's Next Power Legacy

**Sector:** Clean Power

► **Global economic slowdown or not, there are certain things people must buy and energy is one of them. One of British Columbia's most promising power resources is being developed by NaiKun Wind Energy Group, whose five-phase project stands to generate 7-8% of the province's electricity. No greenhouse gases; minimal environmental impact; and reliant on a resource that, unlike oil, costs nothing and never depletes. Welcome to the future...**



► Wind power may be alternative energy in North America but in Europe it is entirely mainstream – Denmark relies on wind for some 20% of its electricity, Spain for around 10% and Germany for 6%. Naysayers are behind the times; the wind industry is real and growing, relying on highly proven technology (there are tens of thousands of wind turbines operating worldwide) and strong public support.

NaiKun Wind Energy Group Inc. (NKW) is well on its way to developing Canada's first offshore wind farm. Its facility will stand in about 10 metres of water some 8 kilometres off the eastern shore of Haida Gwaii (the Queen Charlotte Islands) in northwestern B.C. The project is ambitious but the team behind it is blue-chip to the core and the wind they plan to harness is amongst the best on the planet.

How good? NaiKun's wind is Class 7, the highest rating on the global wind measurement scale. This is why wind energy developers are increasingly going offshore, where the wind (it's called planar wind) is far stronger and more consistent than that onshore, which suffers power-draining turbulence from trees, mountains and other obstructions.

In November 2008, NaiKun submitted its 396MW (enough for 130,000 homes) Phase 1 proposal into B.C. Hydro's Clean Power Call, a process designed to award contracts to the best green energy projects in the province. Contracts will be announced in June of this year and NaiKun is highly confident of being amongst the recipients...with good reason.

On the B.C. Hydro wish list:

1. Large, scalable projects: a perfect description for NaiKun,
2. Counter-seasonality: NaiKun's peak generation occurs in fall/winter when B.C.'s power needs are highest; hydro-based assets, on the other hand, peak in summer when power needs are lowest,
3. First Nations benefits: the Haida and Tsimshian First Nations are directly involved through subsidiary ownership and other roles,
4. Geographic diversity: NaiKun is in a different region than all other B.C. wind and will not compete with any other projects for access to local transmission capacity,
5. Credibility: NaiKun management comes from the energy and construction industries (B.C. Hydro, TransAlta, Constellation, SNC-Lavalin); German industrial powerhouse Siemens is expected to supply and install the turbines and transmission system; NaiKun's strategic partner for Phase 1 is ENMAX Corp., the highly respected company that supplies most of Alberta's electricity.

In 2009, NaiKun enters a home stretch of sorts. It applies for environmental approval in February, contract awards occur between April and June, environmental approval should arrive in Q4, and initial construction begins in 2010. Importantly, the corporate structure averts dilution to the NaiKun share base, as all project financing goes into the Generation Company subsidiary that will own and operate the wind farm.

NaiKun trades in the \$0.45-\$0.55 range, and as per-share cash stands well above that level, the market is assigning negative value to the company's virtually incomparable development pipeline. For an investor who believes in the project and the rock-solid management/directors team behind it (a team, by the way, that has purchased well over a million shares in the open market since October), NaiKun would seem to offer extreme value.

### Market Data

52-week low/high	\$0.235/\$3.39	Market Cap	\$21.1 Mil.
Shares Outstanding		Cash & Marketables	\$30.7 Mil.
- Basic	39.3 Mil.	Debt	None
- Diluted (all mgmt)	55 Mil.		

### Contact

Contact Financial  
604 689 7422  
cgordon@contactfinancial.com  
www.contactfinancial.com

### Disclaimer

The Market Alert is a production of Contact Financial Corp. Contact Financial is not responsible for any losses associated with securities or other investment vehicles mentioned in Market Alert. Employees and associates of Contact Financial may or may not hold or be short the securities and/or other investment vehicles discussed herein. Readers of Market Alerts should consult a professional financial advisor before making any investment.