Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

Finavera Wind Energy Inc.

September 30, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW
OF
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Finavera Wind Energy Inc. (the "Company") for the nine month periods ended September 30, 2014 and 2013 have been prepared by and are the responsibility of the Company's management. The Company's auditors have not reviewed these financial statements. The audit committee of the Company has reviewed these unaudited condensed consolidated interim financial statements with management and have reported to the Board of Directors. The Board has approved the financial statements contained herein.

November 30, 2014

Signed:

"Jason Bak", CEO

Signed:

"Jon Lever", CFO

FINAVERA WIND ENERGY INC.

Unaudited Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	September 30, 2014	December 31, 2013
Assets			
Current assets:			
Cash		$ 807,302	$ 34,404
Restricted cash		12,364	12,241
Receivables		3,187	8,051
Prepaid expenses		26,035	34,174
Other assets	7	-	1,750,000
		848,888	1,838,870
Non-current assets:			
Property and equipment	5	21,723	26,542
Project development costs and other assets held for sale	6	-	8,867,687
Other assets	7	51,964	159,501
Investment in Cloosh Valley Wind Project	8	-	613,247
		73,687	9,666,977
		$ 922,575	$ 11,505,847
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities		$ 2,700,167	$ 3,452,611
Loans and borrowings	15	2,486,479	18,974,923
Provisions	16	764,385	2,733,278
		5,951,031	25,160,812
Non-current liabilities:			
Loans and borrowings	15	3,656	5,674,208
Provisions	16	101,762	258,828
		6,056,449	31,093,848
Shareholders' deficiency:			
Share capital	9	34,984,271	34,984,271
Contributed surplus		10,761,494	10,561,886
Accumulated deficit		(50,879,639)	(65,134,158)
		(5,133,874)	(19,588,001)
		$ 922,575	$ 11,505,847

Going concern (note 2(a))
Contingencies and commitments (note 14)

Approved on behalf of the Board:

Signed "*Jason Bak*" Director

Signed "*David Lamont*" Director

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

FINAVERA WIND ENERGY INC.

Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Note	Three months ended September 30 2014	2013	Nine months ended September 30 2014	2013
Expenses:					
Depreciation of property and equipment		$ 1,882	$ 8,410	$ 5,725	$ 25,228
Insurance and filing fees		30,480	28,239	86,775	98,041
Marketing and advertising		5,759	737	7,828	6,816
Office, rent and utilities		2,186	42,176	35,330	149,916
Payroll and benefits		230,565	213,523	765,054	718,324
Professional fees		(24,383)	525,780	174,454	609,079
Stock-based compensation	10	-	-	199,608	220,243
Travel		10,891	8,647	42,795	37,228
Expenses recovered		-	-	-	(8,255)
Loss before undernoted items		(257,380)	(827,512)	(1,317,569)	(1,856,620)
Other Income (expenses):					
Gain on sale of BC Projects	6	15,313,260	-	15,313,260	-
Gain on sale of investment in Cloosh Valley Wind Project	8	2,797,004	-	2,797,004	-
Project development costs	6	314,640	(107,031)	(1,100,608)	(260,782)
Accrual of contractual payroll obligations	12(c)	-	-	(660,000)	-
Loss on disposal of property and equipment		(757)	-	(757)	-
Provisions	16	70,000	2,500	-	(222,500)
		18,494,147	(104,531)	16,348,899	(483,282)
Net finance income (costs):					
Financing fees and interest expense		(57,599)	(482,189)	(1,041,542)	(1,571,257)
Foreign exchange loss		(61,932)	16,401	(106,298)	(58,664)
Gain on forgiveness of accounts payable and other debts	17	298,951	8,102	341,092	13,768
Interest income		57	157	29,937	2,909
		179,477	(457,529)	(776,811)	(1,613,244)
Net income (loss) before income tax recovery		18,416,244	(1,389,572)	14,254,519	(3,953,146)
Deferred income tax recovery		-	-	-	2,815
Net income (loss) and net comprehensive income (loss) for the period		$ 18,416,244	$ (1,389,572)	$ 14,254,519	$ (3,950,331)
Loss per share – Basic		$ 0.46	$ (0.03)	$ 0.36	$ (0.10)
– Diluted		0.45	(0.03)	0.35	(0.10)
Weighted average number of common shares outstanding – Basic		39,726,649	39,726,649	39,726,649	39,590,069
– Diluted		40,500,359	39,726,649	40,282,907	39,590,069

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

FINAVERA WIND ENERGY INC.

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

For the nine month period ended September 30, 2013:

	Note	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total shareholders' deficiency
Balance, January 1, 2013		$ 34,916,770	$ 21,243	$ 10,323,215	$ (55,196,301)	$ (9,935,073)
Comprehensive loss for the period		-	-	-	(3,950,331)	(3,950,331)
Shares issued to settle debts		67,501	-	-	-	67,501
Stock-based compensation expense	10	-	-	220,243	-	220,243
Fair value of expired warrants		-	(21,243)	21,243	-	-
Income tax recovery		-	-	(2,815)	-	(2,815)
Balance, September 30, 2013		$ 34,984,271	$ -	$ 10,561,886	$ (59,146,632)	$ (13,600,475)

For the nine month period ended September 30, 2014:

	Note	Share capital	Warrants	Contributed surplus	Accumulated deficit	Total shareholders' deficiency
Balance, January 1, 2014		$34,984,271	$ -	$ 10,561,886	$ (65,134,158)	$ (19,588,001)
Comprehensive income for the period		-	-	-	14,254,519	14,254,519
Stock-based compensation expense	10	-	-	199,608	-	199,608
Balance, September 30, 2014		$34,984,271	$ -	$ 10,761,494	$ (50,879,639)	$ (5,133,874)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

FINAVERA WIND ENERGY INC.

Unaudited Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Cash flows provided by (used in):			
Operating activities:			
Net income (loss) for the period		$ 14,254,519	$ (3,950,331)
Items not affecting cash:			
Gain on sale of investment in Cloosh Valley Wind Project		(2,797,004)	-
Gain on sale of BC Projects		(15,313,260)	-
Net finance costs		776,811	1,613,244
Project development costs		1,100,608	260,782
Provision		-	702,500
Depreciation		5,725	25,228
Deferred Income tax recovery		-	(2,815)
Stock-based compensation		199,608	220,243
Loss on disposal of property and equipment		757	-
		(1,772,236)	(1,131,149)
Changes in non-cash working capital items:			
Receivables		4,864	25,802
Prepaid expenses		8,139	(21,979)
Accounts payable and accrued liabilities		559,470	(1,227,499)
Net cash used in operating activities		(1,199,763)	(2,354,825)
Investing activities:			
Proceeds from sale of BC Projects	6	24,573,881	-
Proceeds from sale of Cloosh Valley Wind Project	8	2,951,977	-
Project development costs		-	(867,190)
Investment in Cloosh Valley Wind Project		-	(330,540)
Purchase of property and equipment		(1,813)	-
Interest received		29,937	2,909
Refund of deposits and interest	7	1,857,537	-
Net cash provided by (used in) investing activities		29,411,519	(1,194,821)
Financing activities:			
Proceeds from loans	15	878,599	2,805,603
Interest paid	15	(825,741)	(58,155)
Loans repaid	15	(27,491,716)	-
Net cash provided by (used in) financing activities		(27,438,858)	2,747,448
Increase (decrease) in cash		772,898	(802,198)
Cash, beginning of period		34,404	817,845
Cash, end of period		$ 807,302	$ 15,647

See note 11 for supplemental cash flow information.

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. Reporting entity:

Finavera Wind Energy Inc., ("Finavera" or the "Company") has been involved in renewable energy since 2005 and since 2010 has focused on developing and selling wind power projects in Canada and Ireland. As the Company is in the development phase, it has not generated any operating income. The Company has financed its operations through issuances of debt and equity and the sale of project assets. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "FVR".

2. Basis of preparation:

(a) Going concern:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred operating losses since inception and has no operating assets at this time. At September 30, 2014, the Company had a significant working capital deficiency of $5.1 million (December 31, 2013 - $23.3 million) and an accumulated deficit of $50.9 million (December 31, 2013 - $65.1 million).

Finavera's ability to continue as a going concern is dependent on the Company's ability to realize cash proceeds from the sale of its wind projects consisting of future payments receivable upon construction financing being obtained by the purchasers of the wind projects sold, the sale of other assets, and its ability to raise funds through debt or equity arrangements to fulfill its present and future obligations.

On April 15, 2014 the Company completed the sale of its Meikle and Tumbler Ridge Wind Energy Projects (the "BC Projects") to Pattern Renewable Holdings Canada ULC ("Pattern") pursuant to a Purchase and Sale Agreement ("PSA") (note 6) (the "Pattern Transaction"). Proceeds of $9.3 million on closing of the Pattern Transaction were fully applied against a loan from Pattern. Then on July 14, 2014, the Company and Pattern entered into an agreement (the "Pattern Settlement") whereby the parties early closed a final $16.5 million payment that the Company was to receive at the financial close of the Meikle project. The Company settled all of its debts with Pattern including a Development Loan, a Working Capital Facility, interest, other amounts deductible under the PSA and certain legal fees.

The Company expects to receive in Q1 2015 a final payment of €7.1 million from the 2010 sale to SSE Renewables (Ireland) Limited (a unit of SSE plc ("SSE")) of its 90% interest in the Cloosh Valley Wind Project ("Cloosh Project") (note 8). The amount is payable when SSE obtains financing for the project's construction. On July 18, 2014 the Company sold its remaining 10% interest in the Cloosh Project for €2.1 million (the "Cloosh Sale") and applied substantially all the funds against secured creditor debts plus interest and certain legal fees.

2. Basis of preparation (continued):

(a) Going concern (continued):

Subsequent to the Pattern Settlement and the Cloosh Sale, the Company remains in a significant working capital deficiency despite a 76% reduction in total liabilities during the quarter ended September 30, 2014. Furthermore, the timing and receipt of the remaining €7.14 million due from SSE, payable at financial close of the Cloosh project, cannot be guaranteed. The conditions described above give rise to a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. These condensed consolidated financial statements do not give effect to any adjustments that would be necessary to the carrying value of its assets and liabilities, its reported expenses, and the statement of financial position, and the classifications used, should the Company conclude that the going concern assumption is not appropriate. Such adjustments could be material. Management reassesses whether the use of the going concern assumption is appropriate on a regular basis, and will record any necessary adjustments to its accounts if and when it concludes that the going concern assumption is no longer appropriate.

(b) Statement of compliance:

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, The disclosures contained in these condensed consolidated interim financial statements do not include all of the information required for annual financial statements, and accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 30, 2014.

(c) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements:

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results may differ from these estimates.

2. Basis of preparation (continued):

(e) Use of estimates and judgements (continued):

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected.

Significant areas requiring the use of judgement relate to the assessment of the Company's ability to continue as a going concern (note 2(a)) and the Company's ability to utilize tax losses and the rates at which those losses will be realized. Information about significant areas requiring the use of management estimates are included in the relevant notes for the following estimates: the determination of future cash flows and probabilities in assessing net recoverable amounts and net realizable values for property and equipment and the amounts receivable from the sale of wind projects (notes 5 and 6), the estimated amount of asset retirement obligations and other provisions for contingent liabilities (notes 14 and 16) and the calculation of the fair values of stock-based compensation, warrants and broker options (notes 9 and 10) and financial instruments for measurement and disclosure purposes (note 4).

3. Significant accounting policies:

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual consolidated financial statements for the year ended December 31, 2013. All accounting policies have been applied consistently by the Company and its subsidiaries to all periods presented in these financial statements.

Accounting policies not yet adopted:

IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (2009, 2010, 2013) will replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 establishes the measurement and classification of financial assets. Under IFRS 9, financial assets are measured either at "fair value through profit or loss ("FVTPL")" (if the asset may be sold prior to maturity to realize fair value changes) or at "amortized cost" (if the asset is held primarily for its recurring cash flows comprising principal and interest). All other financial assets are measured at fair value. Financial liabilities are also measured either at FVTPL or at amortized cost, depending on certain conditions. The new standard also requires a single impairment model, provides guidance on the classification of liabilities and provides a new general hedge standard. The mandatory effective date has tentatively been set for January 1, 2018 but early adoption is permitted. The Company does not intend to early adopt this standard and is currently evaluating the impact of IFRS 9 on its consolidated financial statements**.**

4. Financial instrument risk management:

Overview:

The Company is exposed to a number of risks arising from its use of financial instruments. The Company is or may be subject to certain risks including credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk.

4. Financial instrument risk management (continued):

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Financial instrument risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results, and increase overall financial strength.

Individual risks and the Company's approach to managing such risks are discussed as below:

Credit risk:

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, restricted cash, receivables and its deposits. The carrying amount of these assets represents the Company's maximum exposure to credit risk. The Company's cash and restricted cash is held with credit worthy Canadian financial institutions and the receivables are primarily related to recoverable sales taxes from the Government of Canada. The Company has assessed the credit risk of these instruments to be negligible. The Company did not have an allowance for doubtful accounts at September 30, 2014 or December 31, 2013 nor did it incur any material bad debt expenses.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company is subject to liquidity risk from accounts payable and accrued liabilities and loans and borrowings. The Company currently has a significant working capital deficiency and has no credit facility with a financial institution (see note 2(a)). The Company is considering its options to raise further financing until the remaining proceeds from the Cloosh project sale is received (note 8).

Market risk:

Market risk is the risk to the Company of adverse financial impacts due to changes in the fair value or future cash flows of financial instruments primarily as a result of fluctuations in interest rates and foreign exchange rates.

(*i*) Interest rate risk:

The Company's interest rate risk on loans and borrowings has been mitigated by fixing interest rates at the inception of the loans. At September 30, 2014 and December 31, 2013, the Company had no debt subject to floating interest rates.

The Company's interest income from cash and restricted cash is also subject to interest rate risk, but such risk is not considered material based on the balances on hand and the Company's expectation of interest rates in the foreseeable future.

4. Financial instrument risk management (continued):

Market risk (continued):

(ii) Currency risk:

The Company has United States dollar denominated loans payable and has accounts payable denominated in United States dollars and Euros, totaling approximately US$1,426,000 and €405,000 as at September 30, 2014 (December 31, 2013 - US$1,460,000 and €382,000 respectively) and is therefore subject to currency risk. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. An increase (decrease) in the US dollar and Euro exchange rates of 10% relative to the Canadian dollar would increase (decrease) net loss as at September 30, 2014 by approximately $160,000 and $57,000, respectively (December 31, 2013 - $155,000 and $56,000, respectively).

(iii) Capital management:

The Company's capital is comprised of shareholders' equity and loans and borrowings. Finavera's overall objective has been to maintain sufficient capital to maintain the Company's ability to continue as a going concern and enable the Company to sell or develop its wind projects. The priority has been to utilize debt financing to minimize shareholder dilution, and then to issue equity securities as a means of raising capital. Market conditions impact the ability of the Company to maintain a balance between debt and equity. At September 30, 2014, the Company is not subject to any specific externally imposed capital requirements, a status that remains unchanged since the Company's start up. The Company's capital management strategy has not changed in 2014.

Fair values:

Financial instruments measured at fair value or for which fair value is disclosed are categorized within a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value of financial instruments, as follows:

- Level 1: quoted prices (unadjusted) in active markets or identical assets or liabilities;
- Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2014 and December 31, 2013, the Company does not have any financial instruments measured at fair value. The fair values disclosed below for loans and borrowings are classified as level 2.

4. Financial instrument risk management (continued):

Fair values (continued):

The carrying values of the Company's cash, restricted cash, receivables, deposits, and accounts payable approximate their fair values because of their short term to maturity and/or the interest rates being charged. The fair value of the Company's loans and borrowings that are payable on demand, or that are past due, approximate their carrying value due to their short-term to maturity. The fair value of the Company's other loans and borrowings are not estimated to differ materially from the carrying value due to the terms to maturity, loan security and the interest rates being charged.

5. Property and equipment:

	Office furniture and equipment	Computer and related equipment	Total
Cost:			
Balance at January 1, 2014	$ 5,878	$ 72,607	$ 78,485
Additions	-	1,813	1,813
Disposals	-	(3,294)	(3,294)
Balance at September 30, 2014	**$ 5,878**	**$ 71,126**	**$ 77,004**
Accumulated depreciation and impairments:			
Balance at January 1, 2014	$ 3,103	$ 48,840	$ 51,943
Depreciation for the period	417	5,308	5,725
Disposal	-	(2,387)	(2,387)
Balance at September 30, 2014	**$ 3,520**	**$ 51,761**	**$ 55,281**
Carrying amounts			
At December 31, 2013	$ 2,775	$ 23,767	$ 26,542
At September 30, 2014	2,358	19,365	21,723

6. Project development costs and other assets held for sale:

The Company has been developing four wind projects in north-central BC known as the Meikle, Tumbler Ridge, Bullmoose and Wildmare Wind Energy Projects in north-central British Columbia since 2005. Pursuant to the PSA dated April 26, 2013 and its subsequent amendments, the Company agreed to sell its Meikle and Tumbler Ridge Wind Energy Projects (together the "BC Projects") to Pattern for total compensation of up to $26.4 million. Pursuant to a Development Loan Facility under the PSA, Pattern has been undertaking and financing project development activities on the BC Projects on behalf of the Company since April 26, 2013.

On closing of the Pattern Transaction on April 15, 2014, an amount of $9.3 million was paid by Pattern and was fully applied against a loan owing to Pattern. Concurrently with the closing, the Company, Pattern and BC Hydro executed agreements for the assignment of the 184 MW Meikle Electricity Purchase Agreement ("EPA") from Finavera to Pattern, Pattern replaced the Company's BC Hydro performance and interconnection security with their own security in respect of the BC Projects purchased, and the EPA's for the Tumbler Ridge, Wildmare and Bullmoose wind projects were cancelled by BC Hydro.

On July 14, 2014, the Company and Pattern entered into the Pattern Settlement whereby the parties early closed the final $16.5 million payment that the Company was to receive at the financial close of the Meikle project. The Company settled all of its debts with Pattern, including the Development Loan, Working Capital Facility, interest, other amounts deductible under the PSA and certain legal fees.

	Pattern Transaction closing	Earn out settlement	Total
Proceeds from sale of BC Projects	$ 9,260,621	$ 15,463,260	$ 24,723,881
Closing costs- legal	-	(150,000)	(150,000)
Carrying value of BC Projects	(9,260,621)	-	(9,260,621)
Gain on sale of BC Projects	$ -	$15,313,260	$ 15,313,260

6. Project development costs and other assets held for sale (continued):

Use of Proceeds:

	Pattern Transaction closing	Earn out settlement	Total
Proceeds from the sale of the BC Projects	$ 9,260,621	$15,463,260	$24,723,881
Closing costs- legal	-	(150,000)	(150,000)
Gross Proceeds	9,260,621	15,313,260	24,573,881
Payment of GE Payout Loan and interest	(9,260,621)	(1,551,471)	(10,812,092)
Payment of Development Loan	-	(5,125,530)	(5,125,530)
Payment of Working Capital Facility	-	(6,856,519)	(6,856,519)
Payment of accounts payable	-	(250,000)	(250,000)
Payment of project costs	-	(379,740)	(379,740)
Net cash received	$ -	$1,150,000	$1,150,000

The Company's Wildmare and Bullmoose wind energy projects were not sold to Pattern. However, pursuant to the PSA, Pattern has an option to acquire these projects for two years from the date of closing of the Pattern Transaction for $100,000 per MW.

In 2013, the Company expensed all costs related to the Meikle and Tumbler Ridge projects in excess of the $8.9 million recorded on the balance sheet, being the estimated fair value less costs to sell. The fair value was determined with reference to the consideration received from Pattern on closing of the Pattern Transaction in April 2014 which includes settlement of the principal portion of the GE Payout Loan (note 15(iii)) and the assumption by Pattern of the asset retirement obligations associated with the sold projects. In addition, the Company also expensed project costs related to its Bullmoose and Wildmare projects. Although those projects were written off in 2012, the Company is retaining its licenses and permits and wind site data continues to be collected.

6. Project development costs and other assets held for sale (continued):

The costs expensed on the Company's BC wind projects during the periods ended September 30, 2014 and 2013 are as follows:

	Nine months ended September 30							
	2014					2013		
	Meikle	Tumbler Ridge	Bullmoose	Wildmare	Total	Bullmoose	Wildmare	Total
Engineering	$ 589,083	$ 184,362	$ 113	$ 105,378	$ 778,936	$ -	$103,681	$103,681
Environmental	-	-	-	-	-	363	3,395	3,758
First Nations	44,259	-	-	-	44,259	20,000	45,200	65,200
Land dues, fees and permits	4,332	25,267	-	1,034	30,633	1,500	1,000	2,500
Project insurance	9,029	4,262	4,262	4,262	21,815	7,275	7,275	14,550
Legal/Accounting and professional fees	124,965	-	-	-	124,965	-	-	-
Project management and direct wages	-	-	-	-	-	26,472	44,621	71,093
Total	$771,668	$213,891	$ 4,375	$ 110,674	$ 1,100,608	$ 55,610	$205,172	$260,782

	Three months ended September 30							
	2014					2013		
	Meikle	Tumbler Ridge	Bullmoose	Wildmare	Total	Bullmoose	Wildmare	Total
Engineering	$ 28,163	$ -	$ -	$ -	$ 28,163	$ -	$100,000	$ 100,000
Reversal of accrued expenses	(221,197)	-	-	-	(221,197)	-	-	-
Environmental	-	-	-	-	-	132	1,173	1,305
Recovery of prior expenses	(121,606)	-	-	-	(121,606)	-	-	-
Project insurance	-	-	-	-	-	2,863	2,863	5,726
Total	$ (314,640)	$ -	$ -	$ -	$ (314,640)	$ 2,995	$104,036	$107,031

Cascades Wind Project, British Columbia, Canada

The Company has an Investigative License of Occupation ("ILoO") valid until August 1, 2016, from the Province of British Columbia, for an area located in the Cascades Mountain region of south-central British Columbia. The ILoO allows the Company to install weather monitoring equipment and conduct field work in relation to work done on this project. No material work has been done on the project.

7. Other assets:

This balance is comprised of the following items:

	September 30, 2014	December 31, 2013
Deposits related to letters of credit (i)	$ -	$ 1,750,000
BC License of Occupation security deposits (ii)	19,000	146,000
Office lease deposit	32,964	15,501
	51,964	1,909,501
Less current portion	-	(1,750,000)
	$ 51,964	$ 159,501

(i) The Company had $1.75 million of funds on deposit with a financial institution to support letters of credit issued by the institution in favour of BC Hydro as security for the Company's BC wind project commitments pursuant to its Standard Generator Interconnection Agreements ("SGIAs"). Prior to the closing of the Pattern Transaction in mid-April 2014, the deposits of $1.75 million were released and applied against the Working Capital Facility.

(ii) The Company has $19,000 on deposit with the BC Ministry of Forests, Lands, and Natural Resource Operations in respect of its remaining licenses of occupation. The Company also had $125,000 of funds on deposit for a General Area License of Occupation in BC, which was assigned to Pattern at the time the Pattern Transaction closed, which reduced the amount payable to Pattern. The funds were being held in a non-interest bearing trust by the Provincial Treasury.

8. Investment in Cloosh Valley Wind Project:

The Cloosh Valley Wind Project (the "Cloosh Project"), is a 105 MW late stage development project in County Galway, Ireland, with a position in the Irish transmission connection queue. In 2011, the project received full planning permission and is currently nearing the construction phase.

On August 25, 2010, the Company, which held a 100% interest in the Cloosh Project, signed an agreement with SSE to sell a 90% interest in the Cloosh Project to SSE for €8.4 million of which €1.26 million was received upon execution of the agreements with the remaining €7.14 million receivable at the closing of Cloosh Project construction financing, expected in early 2015. The remaining 10% interest was sold to SSE on July 18, 2014 for €2.1 million (the "Cloosh Sale"), as shown in the following table:

8. Investment in Cloosh Valley Wind Project (continued):

Gross proceeds from sale of remaining 10% interest in Cloosh Project	$ 3,047,100
Carrying value of Cloosh Project	(162,592)
Closing Costs- legal	(87,504)
Gain on sale of 10% of Cloosh Project	$ 2,797,004

Use of Proceeds:

Gross proceeds	$ 3,047,100
Closing costs, including VAT	(95,123)
Net Proceeds	2,951,977
Loan repayment (note 15(ii))	(2,344,816)
Payment of accrued legal costs	(445,812)
Reimbursement of prior costs paid	348,810
Net cash received	$ 510,159

9. Share capital and other component of equity:

Share capital:

Authorized: Unlimited number of common shares with no par value; and

100 Redeemable Preferred shares

Issued: 39,726,649 common shares

	Number of shares	Amount
Issued and outstanding common shares- as at December 31, 2012	39,405,216	$ 34,916,770
Shares for debt settlements (a)	321,433	67,501
Issued and outstanding common shares- as at December 31, 2013 and September 30, 2014	39,726,649	$ 34,984,271

9. Share capital and other component of equity (continued):

(a) Shares issued to settle debt

On April 26, 2013, the Company issued 321,433 shares at a price of $0.21 per share to extinguish outstanding debt of $67,501.

(b) Warrants:

The value of warrants in the statements of financial position reflect the fair value of outstanding warrants as determined using the Black-Scholes pricing model, adjusted for the proportionate allocation of the private placement issue costs.

The following schedule shows changes in the warrants during the recent periods:

	Number of warrants	Amount
Balance, January 1, 2013	535,700	$ 21,243
Warrants expired- April 2013	(535,700)	(21,243)
Balance, December 31, 2013 and September 30, 2014	-	$ -

10. Share-based payment:

The Company has a common share Stock Option Plan (equity-settled).

The Board of Directors of the Company may from time to time, at its discretion, and in accordance with the requirements of the TSX-V, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, exercisable for a period of up to five years from the date of grant. There are no vesting requirements pursuant to the stock option plan except that stock options granted in respect of investor relations activities must vest quarterly over a one year period, pursuant to TSX-V policy.

The Stock Option Plan authorizes the directors to grant stock options up to a maximum of 10% of the number of common shares issued and outstanding at the time of grant. The “rolling” stock option plan has been in effect since the Company was listed on the TSX-V.

Recent stock options transactions:

On January 31, 2014, the Company granted 2,460,000 stock options to certain directors and officers, exercisable for a period of five years at a price of $0.085 per common share. The fair value of the options was calculated to be $199,608.

On March 27, 2013, 20,000 stock options were granted to a consultant, exercisable at $0.205 per share for a five-year period. The fair value of these options was $3,633.

10. Share-based payment (continued)

On January 21, 2013, the Company replaced 2,154,560 outstanding options having a weighted average exercise price of $0.96 with 1,783,800 stock options exercisable at $0.205 per share for a five-year period. The incremental fair value of these options was $216,610 which was expensed in 2013 as all replacement options were fully vested on the grant date.

At September 30, 2014, there were 3,872,400 stock options outstanding, all of which are vested and exercisable. Details of the status of the Company's stock options over the recent periods are as follows:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2013	1,621,700	$ 0.205
Cancelled	(209,300)	0.205
Granted	2,460,000	0.085
Outstanding, September 30, 2014	3,872,400	$ 0.130

The following table summarizes the outstanding and exercisable stock options at September 30, 2014:

Expiry date	Number of options vested and exercisable	Number of options outstanding	Weighted average exercise price	Weighted remaining contractual life (in years)
January 21, 2018	1,392,400	1,392,400	$ 0.205	3.31
March 27, 2018	20,000	20,000	$ 0.205	3.49
January 31, 2019	2,460,000	2,460,000	$ 0.085	4.24
	3,872,400	3,872,400	$ 0.130	3.97

During the three month period ended September 30, 2014, the Company recognized stock-based compensation expense of $nil (2013 - $nil). During the nine month period ended September 30, 2014, the Company recognized stock-based compensation expense of $199,608 (2013 - $220,243).

The following assumptions were used for the valuation of the stock options granted under the Stock Option Plan:

	Nine months ended September 30, 2014	Year ended December 31, 2013
Average risk-free interest rate	1.30%	1.48%
Expected life of option (in years)	5.00	5.00
Average volatility	206.26%	112.39%
Dividend yield	Nil%	Nil%

11. Supplemental cash flow information:

	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	$	$
Investing and financing non-cash transactions:		
Project development costs incurred by Pattern and added to loans and borrowings	842,697	-
Changes in accounts payable and accrued liabilities related to project development costs	(24,729)	1,120,977
Additions to property and equipment for asset retirement obligations	-	2,548
Gain on forgiveness of accounts payable	12,563	-
Shares issued to extinguish debt	-	67,501

12. Related party transactions:

These financial statements include transactions during the period with related parties as follows:

(a) Amounts owing to related parties as at September 30, 2014 are $43,994 (December 31, 2013 -$42,760) in respect of expenses incurred in current and prior years to directors, former directors, and companies controlled by them. These amounts are included in accounts payable and accrued liabilities in the statement of financial position and are non-interest bearing.

(b) At September 30, 2014, secured loans and accrued interest due to related parties was $nil (December 31, 2013 - $331,391). The loans accrued interest at 22% per annum, and were payable on demand. During period ended June 30, 2014, all loans were repaid through borrowings from Pattern, and a new unsecured demand loan of $93,871 was provided by a director, also bearing interest at 22% per annum. During the period ended September 30, 2014, the Company repaid the loan and interest, totaling $97,661.

(c) The sale of the BC Projects to Pattern constituted the material operating assets of the Company which triggered contractual payroll obligations to certain employees, which has been accrued.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers, including share based compensation (note 10).

12. Related party transactions (continued):

Compensation charged during the period ended September 30, 2014 to key management personnel including the Chief Executive Officer, President, Chief Financial Officer, Vice President of Finance, and for 2013 only, the Corporate Secretary and Manager of Legal Affairs and Vice President of Wind Energy, and to the Board of Directors which received stock-based compensation only, is summarized below:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Wages and benefits	$ 170,435	$ 227,588	$ 511,306	$ 744,626
Stock-based compensation	-	-	119,765	84,334
Contractual payroll obligation – Pattern transaction	-	-	660,000	-
	$ 170,435	$ 227,588	$1,291,071	$ 828,960

13. Segmented information:

The Company and its subsidiaries engage in renewable energy development, which is a singular business activity, hence operating segment information is not provided. Geographic information about the Company's operations is as follows:

	Ireland	Canada	Total
As at and for the period ended September 30, 2014:			
Segment assets	$ 37,579	$ 884,996	$ 922,575
Non-current assets	-	73,687	73,687
Net income from operations for the three months	2,727,307	15,688,937	18,416,244
Net income from operations for the nine months	2,729,843	11,524,676	14,254,519
As at and for the year ended December 31, 2013:			
Segment assets	$ 617,888	$ 10,887,959	$ 11,505,847
Non-current assets	613,247	9,053,730	9,666,977
Loss from operations for 2013	(85,393)	(9,852,464)	(9,937,857)
As at and for the period ended September 30, 2013:			
Segment assets	$ 626,215	$ 13,186,258	$ 13,812,473
Non-current assets	623,090	11,861,931	12,485,021
Loss from operations for the three months	(14,211)	(1,375,361)	(1,389,572)
Loss from operations for the nine months	(33,983)	(3,916,258)	(3,950,331)

14. Contingencies and commitments:

(a) The Company has two equipment leases and an office lease agreement with the following total commitments remaining:

2014	$ 59,575
2015	237,177
2016	76,886

In December 2013, the Company signed a sublease agreement with a third party which substantially covers the remaining office lease obligations which comprise over 90% of the amounts in the above table.

(b) In May 2013, the Company received a judgment from a lawsuit that arose after the acquisition in 2007 of the Three Hills Wind Projects ("Three Hills"), comprised of the Ghost Pine and Lone Pine Wind Projects in Alberta, Canada. The suit went to trial in Alberta in February 2013. The Court dismissed the plaintiff's claim that Finavera misused confidential information, breached any contract with the plaintiff, misappropriated a business opportunity, and that the plaintiff has a proprietary interest in the wind project. The Court only found that the plaintiff was entitled to be reimbursed for services it provided in the amount of $600,000 and pre-judgment interest. In November 2013, the Court also found that the plaintiff's legal costs would be fully satisfied by $75,000 that was paid into Court by the Company in 2012. In November 2013, the plaintiff appealed the judgment. The Company has filed its response to the appeal and continues to consider its legal options. It has recorded a legal provision of $600,000 in respect of the judgment ($300,000 of which was recognized in each of 2012 and 2013) and $86,885 of accrued interest as at September 30, 2014.

In 2008, the Company sold its Ghost Pine Wind Project whereby $1,000,000 of the proceeds was held back pending resolution of the legal action described above. The amount of the holdback to be released is dependent upon the resolution of the above litigation matters and will be reduced by the cumulative amount of legal fees incurred by the purchaser. Based on currently available information, the legal costs incurred to date have significantly reduced the amount of the holdback, if any, that the Company expects to receive on settlement. In addition, the Company may be liable for additional legal costs. The timing and additional cost of settling the dispute cannot be reasonably estimated, and accordingly, the net additional proceeds or any costs associated with its collection have not been recorded.

14. Contingencies and commitments (continued):

(c) For its BC wind projects, and pursuant to the EPA's, the Company previously posted security to BC Hydro, by way of letters of credit from a financial institution, in respect of Performance Security of $2.0 million and Interconnection Security of $1.75 million. In April 2014, the Pattern Transaction closed and all letters of credit were returned to the bank by BC Hydro for cancellation, thus ending the Company's obligations in this regard.

(d) On May 9, 2013, the Company received a claim, filed in the High Court of Ireland, from a lender who provided a $1.5 million loan to the Company in 2010 (note 15(ii)). The lender sought repayment of the loan and accrued interest, and claimed an interest in the Cloosh Project. On July 18, 2014, in conjunction with the Company's sale of its remaining 10% interest in the Cloosh Project to SSE, the claim and associated legal provisions were settled (note 8).

(e) On August 28, 2014, the Company received a claim, filed in the Supreme Court of British Columbia from a lender who provided a $1.0 million loan to the Company in 2012. Negotiations are continuing.

(f) On September 16, 2014, the Company received a claim from a creditor for $550,000 plus interest of $27,539. Amounts have been previously accrued. Negotiations are continuing.

15. Loans and borrowings:

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, refer to note 4.

The balance including accrued interest is comprised of:

	September 30, 2014	December 31, 2013
Loan (*i*)	$ 92,134	$ 82,251
Secured shareholder loan (*ii*)	-	2,309,009
GE Payout Loan (*iii*)	-	10,638,289
Finance lease obligation *(iv)*	13,227	19,021
Promissory Note *(v)*	1,362,320	1,209,025
Loans from related parties (*vi*)	-	331,391
Secured loan*(vii)*	-	80,000
Development Loan Facility*(viii)*	-	4,286,414
Working Capital Facility*(ix)*	-	4,678,889
Demand loan (*x*)	1,022,454	1,014,842
Short-term loan	-	-
	2,490,135	24,649,131
Less: current portion	(2,486,479)	(18,974,923)
	$ 3,656	$ 5,674,208

15. Loans and borrowings (continued):

During the nine month period ended September 30, 2014, the Company repaid $27,491,716 which was comprised of:

Related party loans (*vi*)	$ 390,433
Secured loan *(vii)*	80,000
Working Capital Facility *(ix)(note 7(i)(ii))*	8,731,520
Development Loan Facility	5,125,530
Secured shareholder loan (*ii*)	2,344,816
GE Payout Loan (*iii*)	9,260,621
GE Payout Loan interest (*iii*)	1,551,470
Short-term loan	7,326
	$ 27,491,716

(i) The Company guaranteed a loan from a third party to a former subsidiary in the amount of US$65,000 on October 12, 2007. Interest began accruing after three years, on October 12, 2010, at a rate of 8.5% per annum. The loan is unsecured and payable on demand.

(ii) On April 8, 2010, the Company received a $1,500,000 loan from one of its shareholders. The loan had a one year term with an annual interest rate of 12% and was secured against the Company's 10% interest in the Cloosh Valley Wind Project until such time as the loan is repaid. During the period ended September 31, 2014, the full debt of $2,344,816 was settled pursuant to the sale of the Company's 10% interest in the Cloosh Project to SSE (notes 8 and 14 (d)).

(iii) On July 21, 2010, the Company entered into a Joint Development Agreement ("JDA") whereby GE Energy ("GEE") provided the Company with project development funding of up to $7.5 million for the BC Projects, which was fully drawn during 2011, in consideration for security with respect to the BC Projects. Interest accrued at 25% per annum for cash advances and 20% per annum for any guarantees or letters of credit provided by GEE. On December 19, 2012, Pattern assumed GEE's rights and obligations under the JDA by paying out the balance of all amounts owing under the JDA totaling $9.3 million (the "GE Payout Loan"). Interest on the GE Payout Loan accrued to Pattern up to BC Hydro's preliminary consent of the Pattern Transaction in August 2013, in the amount of $1.6 million. In April 2014 the Pattern Transaction closed and $9.3 million, representing the principal portion of the GE Payout Loan, was extinguished. During the period ended September 31, 2014, the accrued interest of $1.6 million was repaid as part of the Pattern Settlement (note 6).

(iv) The Company is subject to two lease agreements for office equipment. The leases qualify as financing leases and as such, as at September 30, 2014 a finance lease obligation of $13,227 have been recorded with the current portion of the liability being $9,571, and the long term portion being $3,656.

15. Loans and borrowings (continued):

(v) In 2011 the Company entered into a settlement Agreement and issued a promissory note of US$925,000 (the "Note") to a creditor of a former subsidiary in order to address outstanding issues between the parties. The Note was payable with interest at 10% per annum, on the earlier of March 31, 2014 or the date on which construction financing for the Cloosh Valley Wind Project is secured. On March 31, 2014 the Note was amended to increase the interest rate to 12% and extend the maturity date to the earlier of October 31, 2014 or five business days after the Company receives proceeds from the amount due from SSE at financial close of the Cloosh Project (note 8). On October 31, 2014 this Note was further amended to extend the maturity date to March 31, 2015 with interest at 14% per annum.

(vi) During the year ended December 31, 2012, the Company received loans of $225,000 from directors which were secured by the Company's present and after-acquired personal property. The loans bore interest at 22% per annum and were payable on demand. In April 2014, pursuant to the PSA, Pattern repaid all of the directors' loans including accrued interest, increasing the amounts due to Pattern (note 15 (ix)). In May 2014, a director provided a new unsecured demand loan of $93,871, bearing interest at 22% per annum. During the period ended September 31, 2014, the loan was repaid in full including interest, in the amount of $97,622.

(vii) The Company owed a secured loan of $80,000, bearing interest at 22% per annum and payable on demand. Security consisted of a charge over the Company's present and after-acquired personal property. Interest on the loan was paid monthly. Concurrently with the Pattern Transaction closing, Pattern repaid the loan, increasing the amounts due to Pattern (note 15 (ix).

(viii) The Company received Development Loans from Pattern since December 2012 which accrued interest at 10% per annum up to August 29, 2013, the date when BC Hydro provided preliminary consent for the Pattern Transaction. Security consisted of a lien over the Company's assets and assets of the project entities. The Development Loan Facility was intended to cover project costs incurred up to the date Pattern secures project financing. During the period ended September 31, 2014, the loan was repaid in full as part of the Pattern Settlement (note 6).

(ix) In connection with the Pattern Transaction, in 2013 the Company entered into a Demand Credit Facility Agreement with Pattern for up to $2.5 million with interest at 10% per annum, to fund certain operating costs with the advances being at the discretion of Pattern for approved expenditures. It converted to a Working Capital Facility (the "Facility") on August 29, 2013. On December 6, 2013, the Facility was amended to increase the amount available to $6.3 million, and to extend the maturity date to when Pattern receives construction financing for the project(s). In March 2014, it was amended again to increase the amount available to $9.0 million. During the period ended September 31, 2014, the Facility was repaid in full as part of the Pattern Settlement (note 6).

15. Loans and borrowings (continued):

(x) During 2012, the Company issued an unsecured promissory note for $1,000,000 bearing interest at 1.0% per annum that was payable on September 30, 2012. (note 14(e)).

16. Provisions:

The Company has recognized the following provisions on its statements of financial position:

	September 30, 2014	December 31, 2013
Interconnection provisions(*i*)	$ -	$ 1,161,166
EPA provisions (*ii*)	-	432,677
Asset retirement obligations (*iii*)	101,762	258,828
Other provisions (*iv*)	764,385	1,139,435
	866,147	2,992,106
Less: current portion	(764,385)	(2,733,278)
	$ 101,762	$ 258,828

(i) In the event of an EPA being cancelled or terminated, BC Hydro charges the Company with its cumulative costs incurred on related interconnection work. The provision at December 31, 2013 reflected the amount that was billed during the current period by BC Hydro for their interconnection work on the Company's projects. During the current period, Pattern paid the amounts billed in respect of the Tumbler Ridge and Wildmare projects and such amounts were added to the Facility.

(ii) In the event of an EPA being cancelled or terminated, BC Hydro charges the Company with its cumulative costs incurred on the EPA. The provision at December 31, 2013 reflected the amount that was billed during the current period by BC Hydro for their EPA work on the Company's projects. During the current period, Pattern paid the amounts billed in respect of the cancelled Bullmoose and Wildmare project EPAs, and such amounts were added to the Facility (note 15(ix).

(iii) At December 31, 2013, the Company recorded an asset retirement obligation ("ARO") associated with the future decommissioning of weather monitoring equipment. The ARO was determined based on estimated future costs of approximately $260,000, a discount rate of 1.2% to 1.6% based on benchmark bond rates per the Bank of Canada, and a time period to decommissioning ranging from 1 year to 4 years. In April 2014, the Pattern Transaction closed and the Company's obligation of $157,066 associated with the sold projects was terminated. The remaining AROs represent the weather equipment on the Wildmare Project site.

16. Provisions (continued):

(iv) In 2014, the Company recorded a provision for expected legal costs of $70,000, in addition to $380,000 recorded during the year ended December 31, 2013, for a total of $450,000, as a result of extensive legal proceedings with a lender and SSE. These provisions were settled in full during the period ended September 30, 2014 (note (8)).

Prior to the current period, the Company recorded other provisions of $600,000 and $86,885 of accrued interest in respect of a legal judgment (note 14(b)), and $77,500 of other provisions.

17. Gain on forgiveness of accounts payable and other debts

	Three months ended September 30, 2014	Nine months ended September 30, 2014
Gain on forgiveness of accounts payable	$ 186,490	$ 228,631
Gain on forgiveness of loans payable	112,461	112,461
	$ 298,951	$ 341,092