INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Finavera Wind Energy Inc. ("the Company" or "Finavera"), and its consolidated financial results as at and for the year ended December 31, 2014 including subsequent activity up to June 8, 2015, is reported in Canadian dollars unless otherwise stated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014 which contains full disclosure of the Company's accounting policies, in accordance with International Financial Reporting Standards ("IFRS"). References herein to "the Company" or "Finavera", shall, unless the context otherwise requires, mean "Finavera Wind Energy Inc." and any or all of its wholly owned subsidiaries and affiliates.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates, assumptions, risks and uncertainties. These forward-looking statements are typically identified by future or conditional verbs such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and terms and expressions of similar import.

Such forward-looking statements are subject to a number of risks and uncertainties which include, but are not limited to: cyclical downturn, competitive pressures, dealing with business and political systems in a variety of jurisdictions, repatriation of property in other jurisdictions, payment of taxes in various jurisdictions, exposure to currency movements, inadequate or failed internal processes, people or systems or from external events, safety performance, expansion and acquisition strategy, legal and regulatory risk, extreme weather conditions and the impact of natural or other disasters, specialized skills and cost of labour increases, equipment and parts availability and reputational risk. Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons, except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are also discussed in this MD&A.

NATURE OF THE BUSINESS

The Company has been in the business of developing renewable energy projects, and in specific, wind energy projects in Ireland since 2003 and in British Columbia ("BC"), Canada since 2005. The Company's primary focus was to initiate wind projects and continue to develop them to commercial operations, or to sell the projects along the development path in response to market opportunities and financial considerations. In 2010, it sold 90% of its Cloosh Valley Wind Project (the "Cloosh Project") in Ireland and in 2012, after completing a strategic review of investment alternatives, it began a process of selling its BC wind projects. In July 2014, the Company completed the sale of the remaining 10% of the Cloosh Project and also completed the sale of the BC projects.

Finavera is expecting to receive a final €7.14 million milestone payment in the second half of 2015 in respect of the 2010 sale of the initial 90% of the Cloosh Project. A receivable for the final milestone payment has not been recognized as the payment is subject to the purchaser achieving Financial Close on the project. The amount receivable is currently based on 105 MW project size. The purchaser, SSE plc, continues to move the project forward. The Company remains in a working capital deficiency, but will be able to settle all remaining obligations upon receipt of the final payment.

On May 4, 2015 the Company signed a Share Purchase Agreement (the "Agreement") to acquire 100% of the equity of Solar Alliance of America, Inc. ("Solar Alliance"). Solar Alliance is based in San Diego, California and is a solar sales and marketing company focused on residential solar installations. Under the terms of the Agreement, the Company is to issue 11,915,238 common shares of the Company on the closing date and make cash payments of up to US$4 million, less certain deductions for advances, comprised of up to four instalments of US$1 million each, contingent on Solar Alliance achieving certain revenue targets during any of the fiscal quarters beginning after the closing date of the Agreement and ending on or before December 31, 2017. Contingent payments are due 30 days after the end of any fiscal quarter that triggers such payment and will be adjusted for certain working capital items and related future cash flows. In addition, the Company has agreed to advance US$1.2 million to Solar Alliance, of which $0.4 million is an advance to the Vendors which will reduce the future contingent payments and the balance will be used by Solar Alliance for working capital and business expansion.

Solar Alliance has installed rooftop photo voltaic (PV) solar panels on over 1,500 residential homes in the San Diego area and had a net loss in 2014 of $0.5 million (unaudited) (2013 - net income $4,414 audited).

Through the acquisition of Solar Alliance, the Company will provide solar energy systems to homeowners. The Company believes that solar energy adoption is still in the early stages and that the penetration of solar energy systems will continue to increase for the foreseeable future, as a result of rising utility electricity rates, greater customer knowledge about the economics and ethics of clean and sustainable energy, and continued reduction of PV panels and systems costs. The Company's vision is to build market share in the solar sales and installation space through:

- Acquisition and organic growth such as the Solar Alliance acquisition;
- Build Megawatt capacity under Company ownership through a combination of accumulating small scale, 'brownfield" projects, and providing rental fee or Power Purchase Agreements for homeowners;
- Complement installations with diversified recurring income streams from this highly evolving sector; and
- Focus on attractive markets with the right mix of sun, electricity costs, incentives and net metering.

In the past 10 years both the cost of PV solar panels and other system costs have declined significantly creating transformational change in the industry. Costs are expected to continue declining but on an incremental basis.

Driven by the rapidly decreasing installation costs and increases in conventional residential utility electricity costs, the number of residential solar installations in the United States continues to accelerate year over year. In 2014, 6.2 Gigawatts ("GW") of solar PV panels were installed across the United States; an increase of 30% over the 4.8 GW installed in 2013, exceeding prior estimates of a 26% increase. The 2014 installations represent about 78 times the amount installed in 2005, a decade earlier. Solar Alliance accounted for 32% of new electric capacity brought online in the US in 2014. Solar energy is now on par with natural gas as the largest sources of new generating capacity.

The size of the market remains significant. Industry estimates that less than 1% of US residential rooftops have installed solar arrays. California has a rooftop solar installation penetration rate estimated by the solar industry at only 1-2%, in a market comprising about 7 million detached homes. The Company believes the rooftop solar sector is at the leading edge of a massive installation rollout in the US over the next few years and Solar in particular, with its industry contacts, marketing techniques and branding, offers an outstanding opportunity to invest in such a high growth, strong cash flow renewable energy business.

PATTERN TRANSACTIONS:

The Company sold its primary BC wind projects to Pattern Renewable Holdings Canada ULC ("Pattern") as follows:

On December 6, 2012, a binding term sheet was signed with Pattern, a unit of US based Pattern Energy Group LP whereby Pattern agreed to purchase up to all of the Company's BC wind projects for total compensation of up to $28 million, subject to certain conditions.

Later in December 2012, Pattern assumed the rights and obligations held by GE Energy LLC ("GE") pursuant to a joint development agreement (the "JDA") between the Company and GE, by the payment to GE of $9.3 million (the "GE Payout Loan").

On April 26, 2013 the parties executed a Purchase and Sale Agreement ("PSA") to sell the Meikle and Tumbler Ridge Wind Energy Projects (the "BC Projects") to Pattern (the "Pattern Transaction"). Pattern also provided a Development Loan Facility (the "Development Loan") pursuant to the PSA. Interest on the Development Loan accrued at 10% per annum until August 29, 2013 when preliminary approval of the Pattern Transaction was received from BC Hydro (the "BC Hydro Consent").

In April 2013, Pattern also provided Finavera a $2.5 million working capital facility (the "Working Capital Facility" or "Facility"), bearing interest at 10% per annum. The Facility was subsequently amended several times up to a maximum amount available of $9.0 million, by the addition of certain payments to BC Hydro for interconnection work and costs related to the Electricity Purchase Agreements ("EPAs") that were originally issued to the Company.

On April 15, 2014, the Pattern Transaction closed whereby the total proceeds for the BC Projects, should the projects reach financial close, would be up to $26.4 million of which $9.3 million was paid at closing (and fully applied against the GE Payout Loan owing to Pattern), with the balance of the contingent consideration to be paid at the closing of construction financing of Meikle, net of any remaining debt owing to Pattern at that time.

In July 2014, the Company entered into an agreement with Pattern (the "Pattern Settlement") whereby the parties early closed the final 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, Working Capital Facility, interest, other amounts deductible under the PSA and certain legal fees incurred by Pattern.

The total consideration received from Pattern for the sale of the BC Projects in 2014 was $24.1 million. After settlement of loans and borrowings and other obligations, net cash received after transaction costs was $1,150,000.

In addition, Pattern also has a two year option to acquire the Company's Wildmare or Bullmoose projects (77 MW and 60 MW respectively) for $100,000 / MW. The Company wrote off its deferred costs on the Wildmare and Bullmoose projects in 2012, but is maintaining the investigative licenses.

SSE TRANSACTIONS:

The Company had a 100% interest in the Cloosh Project which it began developing in 2005, and sold 90% of it to SSE plc ("SSE") in 2010 for €8.40 million (of which €1.26 million was received on closing). The project has an estimated capacity of 105 MW, making it Ireland's largest wind project with a grid connection offer. At the closing of project construction financing, currently anticipated in the second half of 2015, the Company expects to receive the remaining €7.14 million of the purchase price from SSE.

In July 2014, the Company entered into an agreement with SSE and completed the sale of its remaining 10% interest in the Cloosh Project to SSE for €2.1 million (the "Cloosh Sale"). Concurrently with the sale, the Company settled an outstanding legal claim with a secured creditor in respect of an overdue loan of $1.5 million, plus interest and legal fees. After settlement of this loan and transaction costs, net cash received totalled $510,159.

CORPORATE OUTLOOK

The expected future proceeds from the final payment from SSE of €7.14 million will allow Finavera to extinguish all of its remaining obligations. The proceeds from the Cloosh Sale and the sale of the BC Projects in 2014 were largely applied against loans and borrowings totaling $26.7 million, substantially reducing the Company's liabilities. The Company has significantly reduced corporate overhead costs and has only a few employees including the officers at the date of this report.

Beginning in the summer of 2013, in light of the expected sales of the Company's key wind projects, management started reviewing business opportunities to potentially invest in. In August 2014 the Company announced a Memorandum of Understanding ("MOU") under which it would acquire Solar Alliance. It executed the definitive Share Purchase Agreement in May 2015. Finavera considers the acquisition of Solar Alliance to be an excellent opportunity in the rapidly expanding solar sector, as outlined above. Shareholders previously approved the negotiation and acquisition of Solar Alliance for total consideration of up to US $6 million at the Company's Annual General Meeting on September 12, 2014.

REVIEW OF FINANCIAL RESULTS

Selected Annual Information

The following table provides a brief summary of the Company's consolidated financial operations. For more detailed information, refer to the audited consolidated financial statements for the applicable years.

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Total revenues	$ -	$ -	$ -
Operating expenses	(1,827,919)	(2,135,946)	(1,825,065)
Net Income (loss)	13,301,807	(9,937,857)	(11,293,242)
Basic income (loss) per share	0.33	(0.25)	(0.30)
Diluted income (loss) per share	0.33	(0.25)	(0.30)
Total assets	499,297	11,505,847	12,604,402
Total long-term liabilities (excluding provisions)	1,475	5,674,208	19,051

Results of Annual Operations

In 2014, the Company had net income of $13.3 million, compared to a net loss of $9.9 million in the prior year, an increase of $23.2 million. The 2014 net income was comprised of a gain on sale of BC Projects of $14.3 million and a gain on the Cloosh Sale of $2.4 million, partially offset by operating expenses and other costs of $3.4 million. Project costs expensed in 2014 were $0.1 million compared to $3.9 million in 2013 with the decrease resulting from the sale of the BC Projects. Finance fees and interest expenses in 2014 were $1.0 million compared to $2.5 million in 2013, a reduction of $1.5 million as the result of significant loans which were paid off in 2014. In 2014, the Company also recorded $0.7 million accrual of contractual payroll obligations, while in 2013 the Company recorded provisions of $0.7 million relating to various contingent liabilities and recorded an impairment of $0.5 million on its BC wind projects.

In 2014, a total of $1.0 million was incurred for payroll and benefits costs, including amounts expensed as project costs, compared with $1.7 million in 2013, a decrease of $0.7 million or 42%. This decrease reflects the reduction of staff from 12 employees at the end of 2012 to 4 employees at the end of 2014.

Operating costs were lower across some categories as the Company actively made efforts to reduce operating costs during the year including office, rent and utilities costs of $59,048 in 2014 compared with $255,915 in the prior year, a reduction of $196,867 or 77%, primarily as the result of the Company subleasing its office space in December 2013. The Company also recorded $430,555 of professional fees in the current year, compared to $455,807 in the prior year, a reduction of only about 5%. Due to the Pattern Transaction, SSE Transaction, due diligence costs on the Solar Alliance acquisition and certain litigation matters, legal and professional costs did not decline significantly in 2014.

In 2014, the Company recorded foreign exchange loss of $161,108 (2013- of $133,197) as result of the decline in value of Canadian dollar of 9% and 3% relative to the US dollar and Euro, respectively, due to certain liabilities denominated in foreign currencies.

The Company's cash position has improved from the prior year: it was $155,448 at December 31, 2014, compared to $34,404 at December 31, 2013. Primary cash inflows in current year were from the Pattern Transaction ($1.2 million) and Cloosh Sale ($0.5 million) which were offset by cash outflows from operations of $1.9 million. A majority of the consideration received for the sale of the BC wind projects and the Cloosh project was by way of settlement of loans and borrowings and did not result in net cash inflows. The Company also received new loans from Pattern and others of $0.5 million and repaid loans and borrowings of $0.1 million. In 2013, the Company received total loans of $5.3 million, principally from Pattern.

SUMMARY OF QUARTERLY RESULTS

The following table represents selected unaudited consolidated financial information for each of the Company's past eight quarters.

	Three Month Period Ended December 31, 2014	Three Month Period Ended September 30, 2014	Three Month Period Ended June 30, 2014	Three Month Period Ended March 31, 2014
		$	$	$
Operating expenses	(510,350)	(257,380)	(487,110)	(573,079)
Net Income (loss)	(952,712)	18,416,244	(1,917,670)	(2,244,055)
Basic loss per share	(0.02)	0.46	(0.05)	(0.06)
Diluted loss per share	(0.02)	0.45	(0.05)	(0.06)

	Three Month Period Ended December 31, 2013	Three Month Period Ended September 30, 2013	Three Month Period Ended June 30, 2013	Three Month Period Ended March 31, 2013
	$	$	$	$
Operating expenses	(259,077)	(827,512)	(436,047)	(613,310)
Net loss	(5,987,526)	(1,389,572)	(1,057,257)	(1,503,502)
Basic loss per share	(0.15)	(0.03)	(0.03)	(0.04)
Diluted loss per share	(0.15)	(0.03)	(0.03)	(0.04)

Fourth quarter 2014 compared to Fourth quarter 2013

The Company recorded a net loss for the fourth quarter of 2014 (the "current quarter") of $952,712 compared with a net loss of $5,987,526 in the fourth quarter of 2013 ("Q4 2013"), a decrease of $5,034,814. The Company recorded project costs and write-downs of $1,944 (Q4 2013 - $4,191,563), finance and interest expenses of $60,737 (Q4 2013 - $935,113), a decrease of $874,376 due to a significant reduction of debt in 2014, and payroll costs of $190,063 (Q4 2013 - $272,255), a decrease of $82,192 or 30% due to staff reductions. The Company recorded a provision of $457,500 in Q4 2013 for legal costs in respect of litigation matters that were settled in 2014. The Company also recognized a foreign exchange loss in the current quarter of $54,810, compared to $74,533 in Q4 2013, a difference of $19,623.

Fourth quarter 2014 compared to Third quarter 2014

The Company recorded a net loss for the fourth quarter of 2014 of $952,712 compared with a net income of $18.4 million in the third quarter of 2014 ("Q3 2014"), which was mainly comprised of gains from the sale of the Company's wind projects. The Company recorded project costs and write-downs of $1,944 (Q3 2014 - $0.3 million), finance and interest expenses of $64,223 (Q3 2014 - $57,599), and payroll costs of $190,063 (Q3 2014 - $230,565).

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, receivables, advance to related party, deposits, accounts payable and loans and borrowings. The carrying values of the Company's cash, restricted cash, receivables, advance to related party, deposits, and accounts payable approximate their fair values because of their short term to maturity and/or the interest rates being charged. The carrying 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 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.

LIQUIDITY

The Company has endured a significant working capital deficiency for the past few years, and has also faced an adverse investment climate for companies in the development stage. The completion of the Pattern Transaction, the Pattern Settlement and the Cloosh Sale have together reduced the working capital deficiency by $17.2 million from $23.3 million at December 31, 2013 to $6.1 million at December 31, 2014. The Company expects to receive the final SSE payment of €7.14 million in the second half of 2015, related to the sale of 90% of the Cloosh Project in 2010 which will allow the Company to extinguish its remaining debts. The Company expects to finance its needs in the intervening period through prudent management of its cash resources as the Company has no current sources of revenues or cash flows other than from debt and equity financing.

During 2013 and up to the April 2014 Pattern Transaction, the Company received certain funding for its operations from Pattern through the Working Capital Facility, and received funding for wind project costs under a Development Loan. These lending facilities provided operating and development funds and improved the Company's liquidity. The July 2014 Pattern Settlement provided additional liquidity by eliminating all remaining debts with Pattern and provided $1.1 million net cash.

The current working capital deficiency of the Company, as of the date of this report, is approximately $7.5 million. On May 27, 2015, a subsidiary of the Company obtained a loan facility from a group of Irish lenders totalling €3,757,000 (approximately $5,080,000). The loan has a one year term and bears interest at 15% per annum. Finder's fees consist of €175,000 fee (paid) and 250,000 common share purchase warrants exercisable at $0.085 per common share for one year. The loan is repayable prior to its maturity subject to a break fee of €563,550 less accrued interest, and is required to be repaid from the proceeds received by the subsidiary from the remaining contingent payment due from SSE related to the Company's sale of the Cloosh Project. The loan is secured by the Company's shares in the subsidiary. The loan is required to be used primarily to finance the acquisition of a US residential solar business or utility scale photovoltaic project, the working capital requirements of such business or project and to replace certain indebtedness to a creditor. The Company continues to prudently manage its cash resources. Upon receipt of the final payment from SSE, the Company expects to have positive working capital.

There can be no guarantees on the timing or certainty regarding the final payment due from SSE in respect of the sale of the Cloosh Project. These conditions give rise to a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. The 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.

CAPITAL MANAGEMENT

The Company's primary capital management objective has been to minimize shareholder dilution through the use of debt financing. Capital management remains an important strategy relating to the dual objectives of financing the Company's overhead, and financing project development up to the point of construction, or sale. The risk however of leaning towards excessive debt financing instead of equity is the interest that continues to accumulate when there are project development delays. Finding the balance between minimizing dilution through debt and minimizing interest costs by issuing equity, requires estimates of factors such as expected development timelines, future market sentiment, and future budget estimates. In 2014 the Company substantially reduced its debt from the completion of the Pattern Settlement and the Cloosh Sale, and the new loan facility arranged in May 2015 is not dilutive except to the extent that 250,000 finders warrants are being issued, exercisable at $0.085 per share for a one year period.

COMMITMENTS, CONTINGENCIES AND OBLIGATIONS

This section summarizes the Company's financial commitments, contingencies and obligations:

Corporate Leases:

In December 2013, the Company signed a sublease agreement with a third party which substantially covers its remaining office lease obligations, which comprise 97% of the obligations in the following table. The Company also has two equipment leases. The following lease commitments remain as at December 31, 2014:

2015	$ 237,177
2016	76,886

Legal Claims:

In July 2014, concurrently with the completion of the Cloosh Sale, the Company settled a claim that had been filed in High Court, Ireland in 2013 by a lender who provided a $1.5 million loan to the Company in 2010. In respect of legal proceedings and negotiations, the Company booked provisions in Q1 2014 of $70,000 and Q3 2013 of $380,000 for legal costs in relation to this matter.

On August 28, 2014, the Company received a claim, filed in the Supreme Court of British Columbia by a lender who provided a $1.0 million loan to the Company in 2012. On May 7, 2015 the parties agreed to reduce the amount payable to $850,000 and to increase the interest rate to 10% per annum as of April 10, 2015. The agreement allows for the repayment of the loan upon receipt of the €7.14 million payment from SSE.

On September 16, 2014, the Company received a claim from a creditor for $550,000 plus interest of $27,539. These amounts have been previously accrued. On January 16, 2015, the parties executed a settlement agreement whereby the obligation will be fully settled, subject to certain early repayment provisions, by a payment of $500,000 at the earlier of July 31, 2015 and the receipt of €7.14 million Cloosh proceeds from SSE. If the Company defaults, the creditor may enforce a judgment for the original amount of $550,000 plus interest and legal costs.

Legal Judgement:

In May 2013 the Company received an Alberta court judgement order in the amount of $600,000 plus interest in relation to its lawsuit with Scott Engineering and Associates ("Scott") which arose after the Company acquired the Three Hills wind projects in Alberta in 2007. In November 2013, Scott filed an appeal of the judgement, and the Company has filed its response. On February 9, 2015, the Court of Appeal dismissed the action and in April 2015, the plaintiff applied to file an appeal in the Supreme Court of Canada. The Company expects to file its response if the Supreme Court agrees to hear the appeal. At December 31, 2014, the Company has a provision of $600,000 and cumulative accrued interest of $88,535 for this judgement.

During 2008, the Company sold its Ghost Pine Wind Project in Alberta and $1 million 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. The Company is currently in discussions as to the amount of the holdback to be released. 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently does not have any off-balance sheet arrangements. At December 31, 2013, GE had posted letters of credit in favour of BC Hydro of approximately $2.0 million in respect of EPA Performance Security for the BC Projects, on behalf of the Company. The letters of credit were cancelled pursuant to the sale of the BC Projects to Pattern in April 2014.

RELATED PARTY TRANSACTIONS

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

(a) Amounts owing to related parties as at December 31, 2014 is $3,156 (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) As at December 31, 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 the year ended December 31, 2014, all loans were repaid in full.

(c) At December 31, 2014, the Company had advanced $180,000 to a company controlled by an officer of the Company bearing interest at 12% per annum. The amount of the loan plus accrued interest will be deducted from contractual payments due to the officer when those amounts are paid by the Company.

(d) During 2013, officers received a total of 82,775 shares for debt owing of $17,383, as part of a larger shares for debt settlement.

(e) The sale of the BC Projects to Pattern constituted the material operating assets of the Company which triggered the accrual of contractual payroll obligations of $660,000 to certain employees.

All transactions 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 by the grant of stock options.

Compensation paid or charged during the year ended December 31, 2014 to key management personnel including the Chief Executive Officer, President, Chief Financial Officer, and to the Board of Directors which received stock based compensation only, and the compensation paid or charged in 2013 to those above noted individuals along with the Corporate Secretary and Manager of Legal Affairs, Vice President of Finance and Vice President of Wind Energy, is summarized below:

	2014	2013
Wages and benefits	$ 681,742	$ 994,873
Other remuneration	-	23,000
Share-based compensation	199,608	86,906
Contractual payroll obligation – Pattern transaction	660,000	-
	$ 1,541,350	$ 1,104,779

INVESTOR RELATIONS

The Company has not entered into any investor relations contracts in recent years. The CEO manages all relationships with and communications to shareholders and investors.

PROPOSED TRANSACTIONS

Except for the expected acquisition of Solar Alliance discussed elsewhere in this MD&A, there are currently no other proposed transactions as defined by National Instrument 51-102F1 (1.11) involving asset dispositions or business acquisitions or dispositions, that either the Company's senior management or Board of Directors have determined is probable of proceeding as at the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in accounting policies or adoption of new accounting standards during the year ended December 31, 2014 that materially affected the Company's consolidated financial statements.

The following new accounting standards have not yet been adopted:

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2015. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

IFRS 9 - Financial Instruments

This new standard is a partial replacement of IAS 39 Financial Instruments: Recognition and Measurement. This new standard is tentatively effective for annual periods beginning on or after January 1, 2018. The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its consolidated financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis is based on the Company's consolidated financial statements, which have been prepared in accordance with IFRS. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Management bases its estimates on historical experience and on various other assumptions considered reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenue and expenses.

The following accounting policies require us to make judgments and estimates:

Stock-based compensation

The Company grants stock options to directors, employees and consultants of the Company as an element of compensation. The cost of the service received as consideration is measured based on an estimate of fair value at the date of grant. The grant-date fair value is recognized as compensation expense over the related service period with a corresponding increase in contributed surplus. On exercise of stock options, consideration received together with the compensation expense previously recorded to contribute surplus is credited to share capital. The Company uses either the Black-Scholes option pricing model or the fair value of the goods or services received to estimate the fair value of each stock option. Use of the Black-Scholes option pricing model requires the Company to make assumptions, changes of which could materially affect estimates. The most significant assumptions used are the instrument's expected life, discount rate and share price volatility.

Asset retirement obligations

The Company recognizes a provision for asset retirement obligations ("AROs") in the period in which it incurs a legal or constructive obligation associated with the acquisition, construction, development and/or normal use of its assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related asset which is amortized over the life of the asset. As at December 31, 2014, the Company has recorded AROs in respect of the weather towers installed on its Wildmare Wind Project.

Other provisions

The Company recognizes other provisions from time to time when it is probable that a future cash outflow may occur. Such estimates are based on management's estimate of the most likely outcome of the contingency and estimated cash outflows.

Deferred Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method of tax allocation, deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of the assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the substantive enactment date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The evaluation of the recoverability of tax assets requires use of forecasted taxable income and the amount recognized, if any, is affected by assumptions of tax rates expected to apply at the time the benefits of these assets are expected to be realized.

RISK FACTORS

The Company has changed its renewable energy strategy by exiting the wind energy sector and entering the solar energy sector. Management has outlined for the reader the key business risks it views itself as being exposed to, both as a public company and as a new entrant into the solar industry. The development of energy projects is subject to numerous risks, both known and unknown, any of which could significantly or adversely impact the Company's financial position, the development of such projects, and results of operations.

Financing risks

The Company has obligations and liabilities. Loans obtained by the Company increase the level of financial risk to the Company. If the Company does not or is not able to comply with any debt covenants, lenders may demand repayment and enforce their security against the Company's assets which may adversely affect the Company's operations. In addition, the Company's ability to raise capital depends in part upon conditions in the capital markets at the time. The Company cannot be certain that it will be able to raise additional capital if and when it needs to.

The Company has incurred operating losses since inception and at December 31, 2014 had no operating assets. At December 31, 2014, the Company had a significant working capital deficiency of $6.1 million (December 31, 2013 - $23.3 million) and had an accumulated deficit of $51.8 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 final milestone payment associated with the sale of the Cloosh Project, and its ability to raise debt or equity financing to fulfill its obligations. The Company expects to receive in the second half of 2015 a final payment of €7.14 million from the 2010 sale to SSE of its 90% interest in the Cloosh Project. The amount is payable when SSE obtains financing for the project's construction, which 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.

Solar energy system demand

Key factors that may affect the demand for solar energy systems, include:

- existence of government incentives to support the solar industry;
- regulatory and utility policies regarding the interconnection of solar energy systems to the utility grid;
- natural market changes in the price of gas, oil and electricity;
- performance characteristics of solar energy systems compared with conventional and other renewable energy alternatives;
- availability of financing with acceptable terms;
- general market interest rates and availability of credit; and
- deregulation of the electric power industry and the broader energy industry.

Electricity pricing

A drop in the retail price of conventional electricity or non-solar renewable energy sources may impair sales revenues given that the demand for solar energy systems depends in part on the price of conventional electricity, which affects the return on investment resulting from the purchase of the solar energy systems. Variations in economic, environmental and market conditions that impact the prices of conventional and non-solar renewable energy sources could cause the demand for solar energy systems to decline, which would have a negative impact on the Company.

Regulatory Policy

Existing rules, regulations and policies in respect of electricity pricing and interconnection of private-public electricity systems, and potential changes to these regulations and policies, may reduce the acceptance and desire to adopt or invest in solar energy systems, which would negatively impact the development of the solar energy industry.

The market for solar energy systems is significantly affected by governmental regulations concerning the electric utility industry, as well as the industry's own regulations. All these regulations and policies affect electricity pricing and system interconnection issues, and specify standards, technical requirements and compliance. While such policies can be adverse for the Company, it is recognized that significant government policy in the solar industry is generally intended to bring about its growth and development. Consequently, the reduction, termination or expiry of governmental economic incentives for solar energy systems could reduce the demand for them.

The installation of solar energy systems is subject to compliance and regulation under local by-laws, construction, zoning and fire codes, environmental protection regulation, utility interconnection requirements for net-metering; and other rules and regulations. New government regulations or utility policies especially in the fast growing solar energy sector are unpredictable and may cause delays or a reduction of demand for solar energy systems.

Supplier Risk

A substantial portion of the solar photovoltaic modules used in the United States are sourced from foreign suppliers and rules and conditions affecting international trade can have an adverse effect on the supply of solar photovoltaic modules and their cost. Tariffs on imported supplies affect pricing. Work slowdowns, strikes, weather and shipping may all affect the availability of modules and system components. Fortunately, as the industry grows, more suppliers emerge and competition increases, which gives the Company more supplier alternatives, serving to reduce these risks.

Installation

The solar installation process involves a number of key risks, as follows:

- Shortages of materials or skilled labor;
- Scheduling, engineering, environmental or structural problems;
- Natural disasters, weather, fires, and other casualty losses or delays;
- Permitting and licensing delays;
- changes to installation plans;
- Subcontractor performance issues; and
- Costs in excess of plans and budgets due to changes in labor, materials or other factors, often due to changes in project specifications.

Competitor Risk

The solar energy system installation business is highly competitive with low barriers to entry. The Company competes in the California market with significantly larger companies as well as a large number of relatively small solar installers and system developers. Those larger companies have greater resources than the Company. The Company's brand may not be known as well as our competitors' brands. Competition in the solar energy system installation market may increase in the future as a result of low barriers to entry. Increased industry competition could result in reductions in price, margins, market share and greater competition for qualified personnel. The Company's operations would be adversely affected if it is unable to compete.

However, smaller companies such as the Company can benefit from operating efficiencies and having lower overhead, which could enable them to compete more effectively on price.

Safety Risk

The installation and ongoing operation of solar energy systems involves significant safety risks. Solar energy systems generate electricity, which is inherently dangerous. Installation of these systems adds risks of falling from rooftops, personal injuries on the job, and other risks typical of construction projects. The Company takes steps to ensure safety remains a top priority, and maintains appropriate insurance coverage for the business. It may nevertheless be exposed to significant losses arising from personal injuries or property damage relating to the Company's installations.

Customer Service Risk

The Company is exposed to the risk of claims from customers in relation to their expectations, our performance, and general risks and liabilities associated with placing our employees and technicians in or on the customers' property including possible claims of errors and omissions, harassment, theft of customer property, criminal activity and other claims. Such claims could damage the Company's reputation and adversely affect sales. The Company is also exposed to the risk of negative social media comments being posted on-line.

Wind Energy risks:

Although the Company has sold all of its material wind energy projects, it is still expecting funds from SSE which is dependent on the Cloosh Project reaching financial close and it holds 100% of the Wildmare and Bullmoose Wind Energy Projects. The Company therefore is subject to certain wind energy risks.

Factors affecting wind project economics:

-availability of construction financing and associated terms
-consistency of wind energy sources
-proximity to infrastructure
-ongoing or expected maintenance costs
-governmental regulations
-stakeholder support
-availability of tax or other incentives such as renewable energy credits
-land tenure, use and development issues
-environmental regulations
-insurance
-wind turbine pricing
-construction costs, and
-electricity prices to be paid by purchasers of wind energy

Project development and construction assumptions, including financing assumptions, involve significant risks which careful evaluation, experience, knowledge and risk management may not, in some cases, eliminate.

CONTROLS, PROCEDURES AND CERTIFICATIONS

Management is committed to delivering timely and accurate disclosure of all material information. Disclosure controls and procedures ensure that reporting requirements are satisfied and that material information is disclosed in a timely manner. Due to the limitation on the ability of the officers to design and implement cost-effective policies for disclosure controls and procedures and internal control over financial reporting, the officers are not making representations that such controls and procedures would identify and allow for reporting material information on a timely basis, nor are they representing that such procedures are in place that provide reasonable assurance regarding the reliability of financial reporting. However, as permitted for TSX Venture issuers, the CEO and CFO individually have certified that after reviewing the annual consolidated financial statements for the year ended December 31, 2014 and this MD&A of the Company, there are no material misstatements or omissions, and the filing materially presents the consolidated financial position and consolidated results of operations and cash flows for the year ended December 31, 2014 and all material subsequent activity up to June 8, 2015.

OUTSTANDING SHARE DATA

As of the date of this report, the Company had the following outstanding securities:

Common shares - issued and outstanding	39,726,649
Warrants	250,000
Stock options	3,596,900
Total fully diluted shares outstanding	43,573,549

Subsequent to December 31, 2014, the Company issued 250,000 warrants, exercisable at $0.085 per common share for one year, in connection with a loan facility obtained in May 2015.