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 three and nine month periods ended September 30, 2014 including subsequent activity up to November 30, 2014, is reported in Canadian dollars unless otherwise stated. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2014 and the annual consolidated financial statements for the year ended December 31, 2013 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.

The Company maintains its head office in Vancouver, Canada, and has a small office in Dublin, Ireland. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "FVR". Additional information related to the Company is available on SEDAR at www.sedar.com, and the Company's website at www.finavera.com.

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, 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 Irish wind project 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 Irish project and completed the sale of the BC projects including the early closing of a future payment.

Presently, Finavera is considering the acquisition of Solar Alliance of America, Inc., a rooftop solar energy installer based in San Diego, California, for US $4 million cash and US $2 million in Finavera shares, as announced in late August 2014. The Company is continuing its due diligence and hopes to close the acquisition later in December 2014. Solar Alliance has installed approximately 1,500 residential homes with rooftop solar panels. In the past few years solar panels and balance of systems costs have declined significantly and the number of residential solar installations in America is accelerating year over year. Less than 1% of US rooftops have installed solar arrays, and even southern California has a rooftop solar installation penetration rate estimated by the solar industry at only 1-2%. Finavera believes the rooftop solar sector is at leading edge of a massive installation rollout in the US over the next few years, and Solar Alliance 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.

Finavera is expecting to receive a final €7.14 million in early 2015 in respect of the sale of the initial 90% of the Irish wind project. The payment is subject to the purchaser achieving Financial Close on the project and therefore the expected payment cannot be recorded in the accounts as a receivable even though the purchaser has recently gone to market with a project financing Confidential Information Memorandum. The Company remains in a working capital deficiency, but will be able to settle all remaining accounts upon receipt of the final payment, and appreciates the patience and understanding of its creditors. Additionally, the Company may need to raise finance in order to execute the acquisition of Solar Alliance before it receives the Cloosh payment.

PATTERN TRANSACTIONS:

The Company sold its primary BC wind projects as follows:

On December 6, 2012, a binding term sheet was signed with Pattern Renewable Holdings Canada ULC ("Pattern"). Pattern, a unit of US based Pattern Energy Group LP, 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").

In April 2014, the Company, Pattern and BC Hydro executed agreements for the assignment of the 184 MW Meikle project EPA from Finavera to Pattern along with the corresponding cancellation of the Wildmare, Bullmoose and Tumbler Ridge EPAs. The total construction cost of Meikle is estimated at $400 million.

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 $17.1 million 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 in the amount of $16.5 million, before debt repayments. 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 debt included an amount of future interest expected to be paid under the PSA at the financial close of the Meikle Project which was deducted from the proceeds.

The total consideration received from Pattern for the sale of the BC Projects in 2014 was $24,723,881.

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 and should Pattern also construct the Tumbler Ridge project (47 MW), the option price is $30,000 / MW. The Company wrote off its deferred costs on the Wildmare and Bullmoose projects in 2012, but is maintaining the investigative licenses and continues to collect wind data from weather towers on-site.

SSE TRANSACTIONS:

The Company held a 100% interest in the Cloosh Valley Wind Project in Ireland (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 1st quarter of 2015, the Company is 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 alleged overdue loan of $1.5 million, plus interest and legal fees.

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 debts and leave a substantial cash balance. The proceeds from the Cloosh Sale and the BC Projects sale in 2014 were largely applied against loans payable, repaying $27.5 million.

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 an MOU under which it would acquire Solar Alliance of America Inc., for US $4 million cash and US $2 million in Finavera shares. Solar Alliance is a residential rooftop solar installer in California and has completed installations on almost 1,500 homes. At the date of this report, management continues due diligence and closing is expected in December 2014. Finavera has demonstrated an ability to create value in early stage renewable energy companies and projects, and considers the acquisition of Solar Alliance to be an excellent opportunity in the rapidly expanding solar sector. Shareholders approved the potential acquisition of Solar Alliance at the Company's Annual General Meeting on September 12, 2014.

The Company has significantly reduced corporate overhead expenses and has 4 employees, including the officers, at the date of this report. The Company currently has limited cash resources, and over the past few years the Company's working capital has remained in a significant deficiency and at September 30, 2014 the deficiency was $5.1 million, a great improvement over the prior quarter, when total debts were $24.2 million at June 30, 2014.

The Company continues to manage its trade creditors and lenders while it assists SSE to reach the milestones that will trigger the final payment to the Company and allow it to retire its remaining debts.

WIND PROJECT SUMMARY

Peace Region Wind Projects, British Columbia, Canada

The Company had been developing four wind energy projects in the Peace Region of British Columbia, Canada, since 2005. During this period, the Company incurred total project costs of approximately $27 million. In 2010, BC Hydro awarded EPAs for each project totalling 301 MW of capacity. Late in 2012, the Company wrote down its investment in two of the projects (Bullmoose and Wildmare), and in April 2014 the remaining two projects were sold to Pattern (the "Pattern Transaction"). Upon the sale to Pattern, three EPAs were terminated and one for 184 MW was amended and assigned to Pattern.

As at December 31, 2012, there were a number of impairment indicators on the Wildmare and Bullmoose wind energy projects, and accordingly, for accounting purposes, those projects were written off to the statement of operations at that time. Finavera retains the licenses and permits for those projects and continues to collect data from the sites. The future development timelines of the Wildmare and Bullmoose projects cannot be accurately estimated, but the Company will continue to maintain its ownership of them and Pattern has an option to acquire them as described under Pattern Transactions.

All four of the BC wind projects lie within the lands of Treaty 8 First Nations. Treaty 8 was an agreement signed in 1899 between the Canadian government and the First Nations bands in the area encompassing parts of northern Alberta, BC and Saskatchewan, and the southern part of the Northwest Territories. The relevant signatories of the Treaty 8 First Nations in respect of the BC Projects include the Saulteau First Nations, West Moberly First Nations, Halfway River First Nations, the McLeod Lake Indian Band and the Doig River First Nations. These Nations are all located within the south-western part of the Treaty 8 lands. Finavera was involved with the First Nations throughout the development process, using communication and engagement strategies including in-person and conference meetings, open houses in the local communities, media advertising and newsletters.

The following is a brief summary of the BC Projects sold to Pattern:

- *Tumbler Ridge Wind Energy Project*

The Tumbler Ridge project was planned to consist of 31 wind turbine generators with a capacity of 47 MW, using 1.6 MW GE Turbines. The project area is located approximately 8 km from the community of Tumbler Ridge. The area is already accessible via existing roads. An Environmental Assessment Certificate ("EAC") was issued for this project by the BC Ministers of Environment, and Energy and Mines in March 2012. However, the Tumbler Ridge EPA was terminated as part of the amendment and assignment of the Meikle project EPA to Pattern in April 2014. Should Pattern construct the Tumbler Ridge project (47 MW), the Company will receive an option price of $30,000 / Megawatt.

- *Meikle Wind Energy Project*

The Meikle project was planned to consist of approximately 55 wind turbine generators with an installed capacity of approximately 117 MW. It is located approximately 20 km from Tumbler Ridge and adjacent to Highway 29 which connects Tumbler Ridge to the town of Chetwynd to its north. It is accessible mainly by existing roads, subject to minor upgrades. Interconnection is planned at the nearest 230 kV transmission line which runs through the eastern side of the project. In March 2014, BC Hydro assigned the Meikle EPA to Pattern, and amended the total capacity to 184 MW. In April 2014, the sale of the project to Pattern was completed. Subject to Pattern obtaining the appropriate environmental and government approvals and permits and completion of equity and debt financing, construction of the project is expected to begin in Q1 2015. The EAC Application for the project was filed and accepted by the Environmental Assessment Office in Q4 2013. The EAC was issued in July 2014 by BC's Environment Minister and Energy and Mines Minister, and construction of the project commenced in October 2014.

Projects retained by the Company:

- *Wildmare Wind Energy Project*

The Wildmare project was planned to consist of approximately 35 wind turbine generators with a capacity of approximately 77 MW. It is located 5 km northwest of Chetwynd, BC and is accessible mainly by existing roads. Interconnection is planned at a nearby 230 kV transmission line. The Company wrote off its deferred costs of $7.1 million on this project in 2012, citing indicators of impairment including the inability to obtain financing for the project, complete the sale of it, and the potential cancelation of the EPA. In March 2014, BC Hydro formally terminated the EPA. The Company retains its project licenses and continues to collect wind data. Pattern has a two year option to acquire the project for $100,000/MW.

- *Bullmoose Wind Energy Project*

The Bullmoose project was planned to consist of approximately 20 wind turbine generators with an installed capacity of approximately 60 MW and would be approximately 18 km from Tumbler Ridge. It is accessible mainly by existing roads. The Company wrote off its deferred costs of $1.2 million on this project in 2012, citing indicators of impairment including the inability to obtain financing for the project, complete the sale of it, and the potential cancelation of the EPA. In March 2014, BC Hydro formally terminated the EPA. The Company retains its project licenses. Pattern has a two year option to acquire the project for $100,000/ MW.

Cloosh Valley Wind Project, County Galway, Ireland, 105 MW

Finavera began developing the Cloosh Valley Wind Project (the "Cloosh Project") in 2005. In 2010 the Company sold a 90% interest in the project to SSE for €8.4 million, with €1.26 million received on closing of the sale and the balance of €7.14 million receivable when SSE secures financing for the project which is currently expected in Q1 2015. If the project does not reach financial close by January 1, 2018, the ownership of project will revert back to Finavera. In July 2014, the Company sold its remaining 10% interest in the Cloosh Project to SSE for €2.1 million.

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, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Total revenues	$ -	$ -	$ -
Operating expenses	(6,129,269)	(1,825,065)	(2,436,699)
Net loss	(9,937,857)	(11,293,242)	(3,240,975)
Basic and diluted loss per share	(0.25)	(0.30)	(0.09)
Total assets	11,505,847	12,604,402	14,800,062
Total long-term liabilities (excluding provisions)	5,933,036	19,051	982,658

Results of Annual Operations

In 2013, the Company incurred a net loss of $9.9 million, compared to a net loss of $11.3 million in the prior year, a reduction of $1.4 million. The difference is mainly due to the Company recording an impairment charge of $8.5 million in 2012 as compared to 2013 when the Company recorded an impairment of $0.5 million, expensed project costs of $4.0 million and incurred borrowing costs of $2.5 million. Project costs were expensed in 2013 as they exceeded the fair value less the cost to sell the BC Projects which are classified as assets held for sale. The Company also recorded provisions of $680,000 relating to various contingent liabilities (2012- $377,500). The Company incurred financing fees and interest expense of $2,506,370 compared with $815,839, an increase of $1,690,531 as result of reclassification projects to assets held sale which precludes the Company from capitalizing borrowing costs and as a result of increased debt levels. The stock based compensation of $220,243 (2012- $nil) was recorded in the current year as a result of new options issued to replace previously granted options which were cancelled.

In 2013, a total of $1,658,902 was incurred for payroll and benefits costs, including amounts expensed as project costs, compared with $2,121,028 in 2012, a decrease of $462,126 or 22%. This decrease reflects the reduction of staff from 12 employees at the end of 2012 to 7 employees at the end of 2013.Travel costs increased to $52,449 in 2013 compared with $24,683 in 2012 as the Company explored certain business opportunities, and there were several trips to Ireland in relation to the Cloosh Valley Project. Loss on disposal of fixed assets of $71,910 in 2013 (2012- $2,642) was higher by $69,268. Operating costs were lower across some categories as the Company actively made efforts to reduce operating costs during the year including marketing and advertising costs of $9,351 (2012- $20,406), a reduction of $11,055, and office, rent and utilities costs of $255,915 during the current year compared with $328,055 in the prior year, a reduction of $63,885. In December 2013, the Company subleased its office space, reducing annual outflows by a further $220,270. The Company also recorded $455,807 of professional fees in the current year, similar to $497,482 in the prior year, a reduction of $41,675. Due to the Pattern Transaction and certain litigation matters, total legal costs did not materially decline in 2013.

In 2013, the Company recorded foreign exchange gain of $133,197 (2012- gain of $13,856) as result of the decline in value of Canadian dollar of 7% and 12% relative to the US dollar and Euro, respectively.

In terms of cash flows, in 2013 the Company received loans of $5.3 million, principally from Pattern. No equity was issued in the year. The Company repaid a loan of $0.85 million, paid total interest in 2013 of $0.2 million, paid project costs of $2.3 million including the Cloosh Project, paid operating costs of $1.8 million and reduced its other liabilities by $0.8 million.

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 September 30, 2014	Three Month Period Ended June 30, 2014	Three Month Period Ended March 31, 2014	Three Month Period Ended December 31, 2013
	$	$	$	$
Operating expenses	(257,380)	(487,110)	(573,079)	(3,991,618)
Net Income (loss)	18,416,244	(1,917,670)	(2,244,055)	(5,987,526)
Basic loss per share	0.46	(0.06)	(0.06)	(0.15)

	Three Month Period Ended September 30, 2013	Three Month Period Ended June 30, 2013	Three Month Period Ended March 31, 2013	Three Month Period Deed December 31, 2012
	$	$	$	$
Operating expenses	(827,512)	(433,232)	(759,318)	(494,146)
Net loss	(1,389,572)	(1,057,257)	(1,503,502)	(9,642,668)
Basic loss per share	(0.03)	(0.03)	(0.04)	(0.26)

Third quarter 2014 compared to second quarter 2014

For the current quarter, the Company's net income was $18.4 million compared to loss of $1.9 million for the prior quarter. In the current quarter, the net income was comprised of a gain on sale of BC Projects of $15.3 million, a gain on the Cloosh Sale of $2.8 million, and operating expenses of $0.3 million. In Q2 2014, the net loss was comprised of project costs of $0.3 million, accrued contractual payroll obligations of $0.6 million, financing costs of $0.4 million and operating costs of $0.5 million. The contractual payroll obligations in Q2 remain unpaid and are due to certain employees triggered by the sale of the BC Projects which constituted the material operating assets of the Company.

The Company reduced its total liabilities by $18.0 million in Q3 2014 and $7.0 million in Q2 2014 as a result of its project sales: the Pattern Settlement and the Cloosh Sale completed in Q3 2014 and the Pattern Transaction which completed in Q2 2014. During the current quarter, the financing fees and interest expense was $58k ("k" represents a thousand dollars) compared to $420k incurred in the prior quarter, a reduction of 86%.

Operating expenses (as per the condensed consolidated statements of comprehensive income (loss) are $257k in current quarter compared $433k in the prior quarter. The largest single component is Payroll and benefits of $231k compared to $264k in Q2 2014. In Q3 2014, net professional fees recovery of $24k was recorded (an adjustment to a prior accrual) while in Q2 $188k of fees were booked for legal matters including invoiced amounts and provisions, but was primarily comprised of $150k provision for Pattern closing costs. In Q3, fees of $222k were more than offset by adjustments to the original accruals and legal fee provisions, including the $150k provision which was reclassified to gain on sale, as a result of the settlement of such matters concurrently with the Cloosh Sale and Pattern Settlement.

The Company's cash position has greatly improved from recent prior quarters: $807k at September 30, 2014, $6k at June 30, 2014, $13k at March 31, 2014 and $34k at December 31, 2013. Primary cash inflows in current quarter were from the Pattern Settlement ($15.3 million) and Cloosh Sale ($2.9 million), most of which was applied against debts owing to Pattern, including the Development Loan, Working Capital Facility, interest and an outstanding legal claim with a secured creditor in respect of an alleged overdue loan of $1.5 million, plus interest and legal fees. In Q2, the largest inflow was from Pattern which paid the $9.3 million purchase price for the BC Projects by retiring the principal of the GE Payout Loan. The second key Q2 inflow was $1.8 million as a return of security deposits the Company had lodged with its bank. These funds were directly applied against the Facility prior to the Pattern Settlement.

Third quarter 2014 compared to third quarter 2013

The Company recorded a net income of $18.4 million in the Q3 2014 compared with a net loss of $1.4 million in Q3 2013. Current period net income is mainly comprised of the gains from the sale of the Company's wind projects totalling $18.1 million, a reversal of prior project costs of $0.3 million, gains on debt settlements of 0.3 million and operating costs of $0.3 million. In Q3 2013, the loss is comprised of operating costs of $0.8 million, financing costs of $0.5 million and project costs of $0.1 million.

The operating cost was reduced by $570k (Q3 2014 - $257k; Q3 2013 - $828k) partly as a consequence of the Company's effort to cut overhead costs but mainly due to higher professional fees incurred in 2013, when they were $550k higher due to litigation in Alberta (related to the Three Hills Wind Projects) and in Ireland (related to claim from a lender) and included invoiced amounts and provisions. Office, rent and utility costs declined from $42k to $3k as a consequence of the Company subleasing its office space in December 2013. In 2013, the Company was capitalizing a portion of wages and salaries to the BC Projects, whereas in 2014 all wages were expensed. The total wages and salaries in Q3 2013 were $374,584 (of which $213,523 was expensed) while in the current period total wages of $230,565 were incurred; an overall reduction of 38% as staff was laid off beginning in late 2013.

The financing and interest cost was also reduced significantly from $482,189 in Q3 2013 to $57,599 in Q4 2014, as the result of the Company paying down 86% of its liabilities as at September 30, 2014, compared to June 30, 2014, debts that were largely interest bearing.

Nine months ended September 30, 2014 compared to nine months ended September 30, 2013

The Company recorded a net income of $14.3 million (2013 loss of - $4.0 million). It is comprised of gain on sale of projects of $18.1 million (2013 - $nil), operating costs of $1.3 million (2013 - $1.8 million), interest and financing costs of $1.0 million (2013 - $1.6 million), project development costs of $1.1 million (2013 - $0.2 million), and the above noted contractual payroll obligations of $0.6 million (2013 - $nil). The largest difference in operating expenses between the periods was professional fees of $174k (2013 - $609k), a difference of $435k, mainly due to legal provisions of $350k booked in 2013 and which were settled in 2014.

The Company settled most of its liabilities from the project sales in the current period- the overall liabilities were reduced from $31.1 million at December 31, 2013 to $6.0 million at September 30, 2014, which explains the 38% reduction in financing costs compared to 2013. The reduction would have been higher if either of the Cloosh Sale or Pattern Settlement had completed earlier in 2014.

While the GE Payout Loan of $9.3 million was repaid at closing of the BC Project sale in April 2014, it stopped accruing interest at the end of August 2013 and interest accrued before that was capitalized to the projects. For the period ended September 30, 2013, $0.8 million interest was capitalized. Thus, in 2013 total interest and financing costs were actually $2.4 million compared to $1.0 million in the current period.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, receivables, deposits, accounts payable and loans and borrowings. 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 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 a risk adverse investment climate for companies in the development stage. The completion of the Pattern Transaction, the Pattern Settlement and the Cloosh Sale have reduced the working capital deficiency by $19 million. While still facing a $5.2 million working capital deficiency at September 30, 2014, the Company expects to receive the final SSE payment of approximately $10.5 million in Q1 2015.

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 $5.1 million, a slight improvement of $0.1 million compared to September 30, 2014, but a great improvement over the $24.2 million deficiency at June 30, 2014. The Pattern Settlement reduced the working capital deficiency by $15.3 million and the Cloosh Sale reduced the working capital deficiency by $3.0 million.

Finavera's ability to continue as a going concern in the short term is primarily dependent on the continued support of its creditors and the realization of the final payment from SSE. However, as noted earlier in this MD&A, the Company has entered into an MOU to acquire Solar Alliance of America Inc. for US $4 million in cash and $2 million in shares of Finavera. The Company will need to close an external financing if the purchase of Solar Alliance completes and the purchase payment obligation occurs before the final Cloosh payment is received.

The Company has every expectation that the Cloosh Project will reach its financial close, triggering the remaining payment of €7.14 million, in Q1 2015. The Company expects to finance its needs in the intervening period through prudent management of its cash resources.

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, and minimizing interest costs by issuing equity, requires estimates of factors such as expected development timelines, future market sentiment, and future budget estimates. Importantly, the Company has finally and substantially reduced its loan debt from completion of the Pattern Settlement and the Cloosh Sale, which resulted in the extinguishment of loans totalling $18.2 million.

COMMITMENTS, CONTINGENCIES AND OBLIGATIONS

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

Corporate Leases:

The Company is subject to two equipment leases and an office lease agreement with the following commitments remaining, as at September 30, 2014:

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 makes up 97% of the obligations in the table, reducing the Company's obligation to under $1,000 per month for the term of the lease.

Legal Claims:

In mid 2013 the Company received a claim, filed in High Court, Ireland, from a lender who provided a $1.5 million loan in 2010. As a result of extensive legal proceedings and negotiations, the Company booked provisions in Q1 2014 of $70,000 and Q3 2013 of $380,000 for legal costs expected in relation to this matter. In July 2014, concurrently with the completion of the Cloosh Sale, the matter was settled and all parties were released.

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.

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

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, 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, Scott filed an appeal of the judgement, and the Company has filed its response and is considering its legal options. The Company has recorded a provision of $600,000 for this judgement comprised of provisions of $300,000 in 2012, $225,000 in Q1 2013, $75,000 in Q3 2013. The Company has also recorded cumulative accrued interest of $86,885 as at September 30, 2014.

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. 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.

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 September 30, 2014 is $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) As 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 to the lender, totalling $97,661.

(c) The sale of the BC Projects to Pattern (the Pattern Transaction) 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 by the grant of stock options.

Compensation paid or charged during the three and nine month period ended September 30, 2014 to key management personnel including the Chief Executive Officer, President, Chief Financial Officer, and for 2013 only, the Corporate Secretary and Manager of Legal Affairs, VP Finance and Vice Presidents of Wind Energy and Finance, 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 obligations	-	-	660,000	-
	$ 170,435	$ 227,588	$1,291,071	$ 828,960

INVESTOR RELATIONS

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

PROPOSED TRANSACTIONS

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, other than the potential acquisition of Solar Alliance of America, Inc.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The following new accounting standards have not yet been 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 at 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.

CRITICAL ACCOUNTING ESTIMATES

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements and estimates and assumptions that affect 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 period. Estimates are based upon historical experience and various other assumptions that are believed to be reasonable under the circumstances. These estimates are evaluated on an ongoing basis and form the basis for making judgments regarding the carrying values of assets and liabilities and the reported amount of expenses. Actual results could differ from those estimates.

Significant judgements and estimates are required in the assessment of the Company's ability to continue as a going concern, the determination of future cash flows and probabilities in assessing net recoverable amounts and future proceeds from its project sales, the estimated amount of asset retirement obligations and other provisions for contingent liabilities, the Company's ability to utilize tax losses and the rates at which those losses will be realized, and the calculation of fair value for stock-based compensation, warrants and broker options and the fair value of financial instruments for measurement and disclosure purposes. In particular, the following discusses the key estimates and assumptions:

Project development costs

The Company had capitalized direct costs associated with the development of its BC wind projects, provided such project meets specific criteria. In such cases, the costs are capitalized to the specific project and amortized over the useful lives of the projects, upon commencement of commercial operations. The criteria that the Company must demonstrate are: i) technical feasibility of the project; ii) its intention to complete the project and use or sell it; iii) its ability to use or sell the project; iv) how the project will generate probable future economic benefits; v) availability of adequate technical, financial and other resources to complete the development and to use or sell the project; and vi) its ability to measure reliably the expenditure attributable to the project during its development. If costs no longer meet these six criteria, the costs are written off immediately.

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 in 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. The Company has recorded AROs in respect of the weather towers installed on its Wildmare Project.

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 development of wind energy projects is subject to numerous risks, both known and unknown, any of which could significantly impact the Company's financial position, the development of its projects and results of operations. 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, is therefore subject to these risks. Factors affecting the financial viability of a wind energy project include the consistency of wind energy sources, proximity to infrastructure, ongoing maintenance costs, economic conditions, governmental regulations, stakeholder support, the availability of tax or other incentives such as renewable energy credits, land tenure, use and development issues, environmental impact and protection laws and regulations, insurance, cost of capital, wind turbine pricing, construction costs and the prices offered or to be paid by purchasers of wind energy. Additionally, project assumptions, including financing assumptions, involve significant risks which careful evaluation, experience, knowledge and risk management may not, in some cases, eliminate. Key business, development and operations risks are described below.

Regulatory and Political Risks

The development of wind energy projects and their future operation are subject to changes in regulatory (federal, provincial and municipal) guidelines pertaining to the renewable energy industry. Changes in government and political leadership may present the risk of changes to regulations and regulatory support for green energy and/or wind energy specifically. A key requirement for a wind project is an EPA and in Q2 2014 BC Hydro cancelled the EPAs for the Bullmoose, Tumbler Ridge and Wildmare projects in conjunction with the assignment of the Meikle EPA to Pattern.

Permitting

Finavera has incurred and may continue to incur costs to obtain and maintain licenses and permits, which may include environmental permits, water extraction, and licences to cut trees and other approvals necessary to maintain and develop its remaining wind energy projects. If Finavera is unsuccessful in obtaining a license, permit or other approval for activities such as construction, waste extraction, tree felling, work camps and road modification, this could have a material adverse effect on the development of the particular project.

Crown Land Tenure

Crown Land policies support multiple uses. Developers may propose subsurface or surface use which Crown permitting authorities may deem compatible with the Company's wind projects. These uses may later prove to be incompatible or require mitigation. Current guidance is ambiguous regarding precedence and process of resolution. Existing tenure holders (such as logging, coal extraction, oil and gas development and operations) use of access routes and peak traffic loads may periodically exceed the route capacity. This could cause delay in the wind project construction schedule which would delay the receipt of funds due to the Company from its asset sales.

First Nations

The Company's BC wind projects are located on Crown land in the BC Peace Region, within Treaty 8 territory. The Company's inability to complete agreements with local First Nations would result in delays to the development of the remaining projects. The Company is committed to First Nations consultations throughout project development, construction and operations.

Financing

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. 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.

Cloosh Project

The Company will not receive the additional payment of €7.14 million if SSE if it fails to obtain construction financing.

Wind Resource

The strength and consistency of the wind resource at the Company's remaining wind project sites may vary from the Company's projected wind energy modeling. Although the Company relies on historical data for its predictions of weather patterns, such patterns could change and remain unforeseeable. If the collected data does not reflect a viable estimate of current and future wind activity this may adversely affect the value of the Company's remaining wind projects.

Insurance Coverage

The Company has insurance coverage for material insurable risks, providing the coverage expected of a prudent owner/operator of similar facilities and projects. This insurance coverage is subject to prudent guidelines for deductibles, limits and exclusions. The Company cannot guarantee that insurance will be obtained or will cover all potential situations, but to date, there have been no insurability difficulties.

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 unaudited condensed consolidated interim financial statements and this respective accompanying 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 period ended September 30, 2014 and all material subsequent activity up to November 30, 2014.

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
Stock options	3,809,400
Total fully diluted shares outstanding	43,536,049

In 2014 to the date of this report, the Company has not issued any shares.