Condensed consolidated interim financial statements
(Expressed in Canadian dollars - unaudited)

Finavera Solar Energy Inc.

(formerly Finavera Wind Energy Inc.)

June 30, 2015 and 2014

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Finavera Solar Energy Inc. (formerly Finavera Wind Energy Inc.) (the “Company”) for the six month periods ended June 30, 2015 and 2014 have been prepared by and are the responsibility of the Company’s management. The Company’s auditors have not reviewed these condensed consolidated interim financial statements. The audit committee of the Company has reviewed these condensed consolidated interim financial statements with management and have reported to the Board of Directors. The Board has approved the condensed consolidated interim financial statements contained herein.

August 31, 2015

Signed:	*Signed:*
“Jason Bak”, CEO	“Jon Lever”, CFO

FINAVERA SOLAR ENERGY INC.

(formerly Finavera Wind Energy Inc.)
Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Note	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets			
Current assets:			
Cash		$ 1,013,668	$ 155,448
Restricted cash		12,364	12,364
Receivables		153,810	62,389
Prepaid expenses		30,716	15,982
Loan – related party	12(b)	190,800	180,000
Work in process		158,548	-
		1,559,906	426,183
Non-current assets:			
Property and equipment	5	386,482	21,150
Goodwill	6	5,612,867	-
Other assets	8	31,260	51,964
		6,030,609	73,114
		$ 7,590,515	$ 499,297
Liabilities and Shareholders' Deficiency			
Current liabilities:			
Accounts payable and accrued liabilities		$ 4,482,279	$ 3,130,131
Loans and borrowings	15	6,346,404	2,586,480
Customer deposits		245,074	-
Contingent consideration	6	493,999	-
Provisions	16	769,185	766,035
		12,336,941	6,482,646
Non-current liabilities:			
Contingent consideration	6	1,938,431	-
Loans and borrowings	15	149,688	1,475
Provisions	16	101,762	101,762
		14,526,822	6,585,883
Shareholders' deficiency:			
Share capital	9	35,997,066	34,984,271
Contributed surplus		10,767,717	10,761,494
Warrants	9	18,011	-
Accumulated deficit		(53,719,101)	(51,832,351)
		(6,936,307)	(6,086,586)
		$ 7,590,515	$ 499,297

Going concern (note 2(a))
Contingencies and commitments (note 14)
Subsequent events (notes 17)
The accompanying notes are an integral part of these condensed consolidated interim financial statements.
Approved on behalf of the Board:

Signed "Jason Bak" Director

Signed "David Lamont" Director

FINAVERA SOLAR ENERGY INC.

(formerly Finavera Wind Energy Inc.)
Condensed Consolidated Statements of Comprehensive Loss
For the six month periods ended June 30, 2015 and 2014
(Expressed in Canadian dollars - unaudited)

	Note	Three months ended June 30 2015	Three months ended June 30 2014	Six months ended June 30 2015	Six months ended June 30 2014
Income:					
Revenue		$ 9,186	$ -	$ 9,186	$ -
Cost of goods sold		(1,225)	-	(1,225)	-
		7,961	-	7,961	-
Expenses:					
Depreciation of property and equipment		1,531	1,921	3,062	3,843
Consulting fee		90,965	-	192,391	-
Insurance and filing fees		27,592	25,678	57,578	56,295
Marketing and advertising		1,624	972	1,624	2,069
Office, rent and utilities		24,298	13,914	36,524	33,144
Payroll and benefits		40,715	227,383	169,467	534,489
Professional fees		402,526	187,740	601,277	198,837
Stock-based compensation	11	6,223	-	6,223	199,608
Travel		33,797	31,423	45,867	31,904
Loss before undernoted items		(629,271)	(489,031)	(1,114,013)	(1,060,189)
Other expenses:					
Project development costs	7	-	(348,677)	-	(1,415,248)
Pattern transaction closing costs		-	(660,000)	-	(660,000)
Provisions		-	-	-	(70,000)
		-	(1,008,677)	-	(2,145,248)
Net finance income (costs):					
Financing fees and interest expense		(636,541)	(448,592)	(725,341)	(983,943)
Foreign exchange loss		(87,816)	(1,244)	(222,293)	(44,366)
Gain on forgiveness of accounts payable	15(v)	166,928	-	166,928	42,141
Interest income		8	29,874	8	29,880
		(557,421)	(419,962)	(780,698)	(956,288)
Loss and comprehensive loss for the period		$ (1,178,731)	$ (1,917,670)	$ (1,886,750)	$ (4,161,725)
Income (loss) per share – basic and diluted:					
Basic		(0.03)	(0.05)	(0.05)	(0.10)
Diluted		(0.03)	(0.05)	(0.04)	(0.10)
Weighted average number of common shares outstanding:					
Basic		39,793,427	39,726,649	39,760,222	39,726,649
Diluted		42,028,588	39,726,649	41,955,383	39,726,649

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

FINAVERA SOLAR ENERGY INC.

(formerly Finavera Wind Energy Inc.)
Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity Deficiency
(Expressed in Canadian dollars)

For the six month periods ended June 30, 2015 and 2014

	Note	Share capital	Contributed surplus	Warrants	Accumulated deficit	Total shareholders' deficiency
Balance, January 1, 2014		$ 34,984,271	$ 10,561,886	$ -	$ (65,134,158)	$ (19,588,001)
Comprehensive loss for the period		-	-	-	(4,161,725)	(4,161,725)
Stock-based compensation expense	10	-	199,608	-	-	199,608
Balance, June 30, 2014		$ 34,984,271	$ 10,761,494	$ -	$ (69,295,883)	$ (23,550,118)
Comprehensive income for the period		-	-	-	17,463,532	17,463,532
Balance, December 31, 2014		$ 34,984,271	$ 10,761,494	$ -	$ (51,832,351)	$ (6,086,586)
Comprehensive loss for the period		-	-	-	(1,886,750)	(1,886,750)
Stock-based compensation expense	10	-	6,223	-	-	6,223
Issued shares for acquisition	9	1,012,795	-	-	-	1,012,795
Warrants on the loan	9	-	-	18,011	-	18,011
Balance, June 30, 2015		$ 35,997,066	$ 10,767,717	$ 18,011	$ (53,719,101)	$ (6,936,307)

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

FINAVERA SOLAR ENERGY INC.

(formerly Finavera Wind Energy Inc.)
Unaudited Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the six month periods ended June 30, 2015 and 2014

	Note	2015	2014
Cash flows provided by (used in):			
Operating activities:			
Income (loss) for the period		$ (1,886,750)	$ (4,161,725)
Items not affecting operating cash:			
Net finance expense		780,698	998,429
Project costs expensed		-	1,415,248
Provision		-	70,000
Depreciation		3,062	3,843
Gain on forgiveness of debt		166,928	-
Stock-based compensation		6,223	199,608
		(929,839)	(1,474,597)
Changes in:			
Receivables		(598,932)	3,236
Prepaid expenses		(14,734)	24,169
Works in process		(47,126)	
Accounts payable and accrued liabilities		(543,448)	235,297
Net cash used in operating activities		(2,133,539)	(1,211,895)
Investing activities:			
Acquisition of Solar Alliance – advance on contingent consideration	6	(496,000)	-
Bank indebtedness acquired on acquisition of Solar Alliance	6	(12,677)	-
Proceeds from sale of BC Projects	7	-	9,260,621
Interest received		6	29,880
Refund of deposits and interest		20,704	1,857,537
Net cash provided by (used in) investing activities		(491,028)	11,148,038
Financing activities:			
Repayment of GE Advance loan	7	-	(9,260,621)
Proceeds from loans and promissory note	15	5,093,365	3,667,466
Customer deposits		12,787	-
Interest and financing fees paid		(1,890)	(529,830)
Loans repaid	15	(1,621,475)	(2,247,771)
Provision paid		-	(1,593,843)
Net cash provided by (used in) financing activities		3,482,787	(9,964,599)
Increase (decrease) in cash		858,220	(28,456)
Cash, beginning of period		155,448	34,404
Cash, end of period		$ 1,013,668	$ 5,948

See note 11 for supplemental cash flow information

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

1. Reporting entity and nature of operations:

Finavera Solar Energy Inc., (formerly Finavera Wind Energy Inc., "Finavera" or the "Company") has been involved in renewable energy since its inception in 2005. The Company completed its transition from wind energy to solar energy by acquiring 100% of the equity of San Diego, California based Solar Alliance of America, Inc. ("Solar Alliance") on June 24, 2015 (note 6). The Company then changed its name from Finavera Wind Energy Inc. to Finavera Solar Energy Inc. on July 2, 2015. Solar Alliance markets and sells residential rooftop solar systems primarily in the San Diego California market and has been in business since 2009.

The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol "FVR".

2. Basis of preparation:

(a) Going concern:

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred operating losses since inception. At June 30, 2015, the Company had a significant working capital deficiency of $10.8 million (December 31, 2014 - $6.1 million) and had an accumulated deficit of $53.8 million (December 31, 2014 - $51.8 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 its Cloosh Valley Wind Project ("Cloosh Project") and its ability to raise debt or equity funding to fulfill its obligations.

The Company expects to receive in the second half of 2015 the final payment of €7.1 million from the 2010 sale to SSE of its 90% interest in the Cloosh Valley Wind Project. The final payment is payable when SSE obtains financing for the project's construction.

The timing and receipt of the remaining €7.14 million due from SSE, payable at financial close of the Cloosh project, cannot be guaranteed. The conditions described above give rise to a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. These condensed consolidated interim 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.

2. Basis of preparation (continued):

(b) Statement of compliance:

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, The disclosures contained in these condensed consolidated interim financial statements do not include all of the information required for annual financial statements, and accordingly, these condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 31, 2015.

(c) Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of asset retirement provisions which are measured at fair value.

(d) Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars. The US Dollar is the functional currency of the Company as determined after acquisition of Solar Alliance.

(e) Use of estimates and judgements:

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

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

These condensed consolidated financial statements incorporate the financial statements of the Company and all of its wholly owned subsidiaries. All significant intercompany amounts and transactions have been eliminated in the consolidated financial statement.

Significant areas requiring the use of judgement relate to the assessment of the Company's ability to continue as a going concern (note 2(a)) and the Company's ability to utilize tax losses and the rates at which those losses will be realized. Information about significant areas requiring the use of management estimates are included in the relevant notes for the following estimates: the estimated fair value of the assets and liabilities on the acquisition of Solar Alliance; the estimated amount of asset retirement obligations and other provisions for contingent liabilities (notes 14 and 16) and the calculation of the fair values of stock-based compensation (note 10) and financial instruments for measurement and disclosure purposes (note 4).

2. Basis of preparation (continued):

(f) Business combination

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition under IFRS 3 "Business Combinations" are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in net earnings (loss).

3. Significant accounting policies:

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual consolidated financial statements for the year ended December 31, 2014. All accounting policies have been applied consistently by the Company and its subsidiaries to all periods presented in these financial statements.

(i) Depreciation

New assets acquired in the current period are depreciable as follows

Asset	Basis	Rate
Real Property	Fair value	N/A
Automotive	Declining balance	30%
Furniture and equipment	Declining balance	30%

(ii) Revenue and Cost of Goods Sold

Revenue is recognized when earned, which the Company has determined for Solar Alliance to be the delivery of a final inspection of an installed solar system. Until that time, all project costs are charged to "Work in process", and any funds received are charged to "Customer deposits".

3. Significant accounting policies (continued):

New accounting policies not yet adopted:

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.

4. Financial instrument risk management:

Overview:

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

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

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

Credit risk:

Credit risk is the risk that a counterparty to a financial asset will default, resulting in non-collectability and arises mainly from its cash, restricted cash, receivables, loan to related party and its deposits. The carrying amount of these assets of $1,591,166 as at June 30, 2015 represents the Company's maximum exposure to credit risk. The Company's cash and restricted cash is held with credit worthy Canadian and United States financial institutions, receivables are primarily related to recoverable sales taxes from the Government of Canada, and advance to related party expects to be offset against previously accrued obligations. The Company has assessed the credit risk of these instruments to be negligible. The Company did not have an allowance for doubtful accounts at June 30, 2015 or December 31, 2014 nor did it incur any material bad debt expenses in those periods then ended.

Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company is subject to liquidity risk from its accounts payable and accrued liabilities and loans and borrowings. The Company currently has a significant working capital deficiency and has no credit facility with a financial institution (see note 2(a)). The Company sold all of its material assets in 2014 to improve liquidity over the longer term future of the Company.

4. Financial instrument risk management (continued):

Market risk:

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

(*i*) Interest rate risk:

The Company's interest rate risk on loans and borrowings has been mitigated by fixing interest rates at the inception of the loans. At June 30, 2015 and December 31, 2014, the Company had no material debt subject to floating interest rates.

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

(ii) Currency risk:

The Company has liabilities denominated in United States dollars and Euros, totaling approximately US$1,521,000 and €4,412,000 as at June 30, 2015, and is therefore subject to currency risk. The Company does not currently use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates. An increase (decrease) in the US dollar and Euro exchange rates of 10% relative to the Canadian dollar would increase (decrease) net loss by approximately $189,000 and $614,000, respectively. In addition, the Company's contingent liabilities estimated to be US$1,950,000 would, if subject to the same 10% change in foreign exchange, increase (decrease) net loss by approximately $243,000.

(iii) Capital management:

The Company's capital is comprised of shareholders' equity and loans and borrowings. Finavera's overall objective has been to maintain sufficient capital to enable the Company to continue as a going concern and allow it to develop or dispose of certain wind project interests. The corporate objective has been to utilize debt financing to minimize shareholder dilution, and depending on terms, to issue equity securities as a means of raising capital. Market conditions impact the ability of the Company to maintain a balance between debt and equity. At June 30, 2015, the Company is not subject to any specific externally imposed capital requirements. The Company's capital management strategy has not changed during 2015.

4. Financial instrument risk management (continued):

Fair values:

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

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

As at June 30, 2015 and December 31, 2014, the Company does not have any financial instruments measured at fair value. The fair values disclosed below for loans and borrowings are classified as level 2.

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

(Expressed in Canadian dollars)

5. Property and equipment:

	Real Property	Automobile	Office furniture and equipment	Computer and related equipment	Total
Cost:					
Balance at January 1, 2014	$ -	$ -	$ 5,878	$ 72,607	$ 78,485
Additions	-	-	-	4,554	4,554
Disposals	-	-	-	(8,579)	(8,579)
Balance at December 31, 2014	$ -	$ -	$ 5,878	$ 68,582	$ 74,460
Acquired on acquisition of Solar Alliance	341,413	26,981	-	-	368,394
Balance at June 30, 2015	$ 341,413	$ 26,981	$ 5,878	$ 68,582	$ 442,854
Accumulated depreciation and impairments:					
Balance at January 1, 2014	$ -	$ -	$ 3,103	$ 48,840	$ 51,943
Depreciation for the period	-	-	555	7,281	7,836
Disposals				(6,469)	(6,469)
Balance at December 31, 2014	$ -	$ -	$ 3,658	$ 49,652	$ 53,310
Depreciation for the period	-	-	222	2,840	3,062
Balance at June 30, 2015	$ -	$ -	$ 3,880	$ 52,492	$ 56,372
Carrying amounts:					
At December 31, 2014	$ -	$ -	$ 2,220	$ 18,930	$ 21,150
At June 30, 2015	$ 341,413	$ 26,981	$ 1,998	$ 16,090	$ 386,482

(Expressed in Canadian dollars)

6. Acquisition of Solar Alliance of America, Inc.:

On June 24, 2015, the Company completed the acquisition of 100% of the equity of Solar Alliance of American, Inc. Under the terms of the Share Purchase Agreement (the "SPA") entered into on May 4, 2015 ("Solar Alliance"), the Company issued 11,915,238 common shares of the Company on the closing date and will 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. Pursuant to the acquisition, the Company advanced US$1.2 million of which US $0.8 million is being used by Solar Alliance for working capital and business expansion and US $0.4 million was paid to the Vendors as an advance against future contingent payments.

The purchase price includes and recognizes the fair value of the additional contingent consideration payable pursuant to IFRS 3, as follows:

		US		CAD
Purchase Price:				
Cash payment	$	400,000	$	496,000
Shares issued (11,915,238 x $0.085)		815,783		1,012,795
Contingent consideration		1,950,000		2,420,925
Total consideration	$	3,165,783	$	3,929,720

The allocation of the purchase price over the fair value of the assets and liabilities of Solar Alliance as at the date of acquisition have been provisionally estimated as follows:

		US		CAD
Net assets (liabilities) acquired:				
Bank indebtedness	$	(12,677)	$	(15,738)
Accounts receivable		112,056		139,115
Property and equipment		296,731		368,394
Work in process		89,748		111,422
Accounts payable and accrued liabilities		(1,013,515)		(1,258,279)
Customers deposits		(187,102)		(232,287)
Loans and borrowings		(640,978)		(795,774)
Net identifiable liabilities acquired		(1,355,737)		(1,683,147)
Goodwill		4,521,520		5,612,867
Total net assets	$	3,165,783	$	3,929,720

6. Acquisition of Solar Alliance of America, Inc. (continued):

The provisional estimates will be finalized once certain documentation is completed and the financial statement audit of Solar Alliance is completed. Management believe the numbers are materially correct.

The period after acquisition to the ended of the current quarter, comprised six days. There were no adjustments to the purchase price allocation or the fair value of any assets or liabilities during the period.

The fair value of the Company's common shares issued for the acquisition of Solar Alliance was determined using the closing market price of the Company's shares at June 24, 2015 of $0.085.

The Company commenced consolidating Solar Alliance's financial position and results of operations effective June 25, 2015. During the period of June 25, 2015 to June 30, 2015, the Company recognized net revenue and expenses of Solar Alliance of $7,961 and $25,461 respectively. Had Solar Alliance been consolidated from January 1, 2015, its proforma consolidated statements of the operating for the period ended June 30, 2015 would include net revenue and expenses of $1,269,720 and $1,139,295 respectively.

(Expressed in Canadian dollars)

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

The Company began developing four wind projects in 2005 in north-central British Columbia known as the Meikle, Tumbler Ridge, Bullmoose and Wildmare Wind Energy Projects. In 2014 the Company sold its Meikle and Tumbler Ridge Wind Energy Projects (together the "BC Projects") to Pattern for total compensation of $24.1 million. The other two projects were written off in 2012.

The sale of the BC Projects to Pattern occurred in two transactions in 2014 as follows:

	Pattern Transaction	Pattern Settlement	Total
	(April 2014)	(July 2014)	
Proceeds from sale of BC Projects	$ 9,260,621	$ 14,860,006	$ 24,120,627
Assumption by Pattern of asset retirement obligations	157,066	-	157,066
Transaction cost	(550,000)	(150,000)	(700,000)
Carrying value of BC Projects	(8,867,687)	-	(8,867,687)
Loss on settlement of Development Loan	-	(434,188)	(434,188)
Gain on sale of BC Projects	$ -	$14,275,818	$ 14,275,818

The net proceeds were used as follows:

	Pattern Transaction	Pattern Settlement	Total
Proceeds from the sale of the BC Projects	$ 9,260,621	$14,860,006	$24,120,627
Transaction costs paid	-	(150,000)	(150,000)
Net Proceeds	9,260,621	14,710,006	23,970,627
Payment of GE Payout Loan and interest	(9,260,621)	(1,551,470)	(10,812,091)
Payment of Development Loan	-	(4,967,281)	(4,967,281)
Payment of Working Capital Facility	-	(6,701,255)	(6,701,255)
Payment of accounts payable	-	(250,000)	(250,000)
Payment of project costs	-	(90,000)	(90,000)
Net cash received	$ -	$1,150,000	$1,150,000

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(Expressed in Canadian dollars)

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

The Company didn't incur any project costs in the six month period ended June 30, 2015. The costs expensed on the Company's wind projects for the three and six month periods ended June 30, 2014 were as follows:

Six months ended June 30, 2014:	Meikle	Tumbler Ridge	Bullmoose	Wildmare	Total
Engineering	$ 903,723	$ 184,362	$ 113	$ 105,378	$ 1,193,576
First Nations	44,259	-	-	-	44,259
Land dues, fees and permits	4,332	25,267	-	1,034	30,633
Project insurance	9,029	4,262	4,262	4,262	21,815
Legal/Accounting and professional fees	124,965	-	-	-	124,965
Total	$1,086,308	$ 213,891	$ 4,375	$ 110,674	$ 1,415,248

Three months ended June 30, 2014:	Meikle	Tumbler Ridge	Bullmoose	Wildmare	Total
Engineering	$ 19,327	$183,434	$ 33	$ 104,651	$ 307,445
First Nations	14,313	-	-	-	14,313
Land dues, fees and permits	4,332	10,613	-	1,034	15,979
Project insurance	5,279	1,887	1,887	1,887	10,940
Total	$ 43,251	$ 195,934	$ 1,920	$ 107,572	$ 348,677

8. Other assets:

This balance is comprised of the following items:

	June 30, 2015	December 31, 2014
BC License of Occupation security deposits (ii)	$ 19,000	$ 19,000
Office lease deposit	12,260	32,964
	$ 31,260	$ 51,964

(i) The Company has $19,000 on deposit with the BC Ministry of Forests, Lands, and Natural Resource Operations in respect of its remaining licenses of occupation. The funds are being held in a non-interest bearing trust by the Provincial Treasury.

(Expressed in Canadian dollars)

9. Share Capital and other components of equity:

Share capital:

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

100 Redeemable Preferred shares

Issued: 51,641,887 common shares

	Number of shares	Amount
Issued and outstanding common shares as at December 31, 2013, December 31, 2014	39,726,649	$ 34,984,271
Shares issued for acquisition of Solar Alliance (note 6)	11,915,238	1,012,795
Issued and outstanding common shares as at June 30, 2015	51,641,887	$ 35,997,066

(a) Basic and dilutive earnings (loss) per share
For the period ended June 30, 2015, 1,136,900 (2014 – 1,136,900) stock options were not included in the determination of fully diluted earnings (loss) per share as they were anti-dilutive.

(b) Warrants:

The value of warrants in the statements of financial position reflect the fair value of outstanding warrants as determined using the Black-Scholes pricing model.

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

	Number of warrants	Amount
Balance, January 1, 2015	-	$ -
Warrants issued (note 15(i))	250,000	18,011
Balance, June 30, 2015	250,000	$ 18,011

The 250,000 warrants are exercisable at $0.085 per share for a one year period expiring May 27, 2016.

(Expressed in Canadian dollars)

10. Share-based payment:

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

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

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

On June 29, 2015, the Company granted 100,000 stock options to a consultant exercisable for a period of one year at a price of $0.08 per common share, The fair value of the options was calculated to be $6,223.

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

At June 30, 2015 there were 3,696,900 (December 31, 2014 - 3,596,900) stock options outstanding, all of which are vested and exercisable. Details of the status of the Company's stock options as at June 30, 2015 and the changes during the recent periods are as follows:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2014	3,596,900	$ 0.123
Cancelled	(484,800)	0.205
Granted	2,460,000	0.085
Outstanding, December 31, 2014	3,596,900	$ 0.123
Granted	100,000	0.08
Outstanding, June 30, 2015	3,696,900	$ 0.122

(Expressed in Canadian dollars)

10. Share-based payment (continued):

The following table summarizes the outstanding and exercisable stock options at June 30, 2015:

Expiry date	Number of options vested and exercisable	Number of options outstanding	Weighted average exercise price	Weighted remaining contractual life (in years)
January 21, 2018	1,116,900	1,116,900	$ 0.205	2.56
March 27, 2018	20,000	20,000	$ 0.205	2.74
January 31, 2019	2,460,000	2,460,000	$ 0.085	3.59
June 29, 2016	100,000	100,000	$ 0.080	0.99
	3,596,900	3,596,900	$ 0.122	3.21

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

	Six months ended June 30, 2015	Year ended December 31, 2014
Average risk-free interest rate	0.56%	1.30%
Expected life of option (in years)	1.00	5.00
Average volatility	244%	149%
Dividend yield	N/A	Nil%

11. Supplemental cash flow information:

	Six months ended June 30, 2015	Six months ended June 30, 2014
	$	$
Investing and financing non-cash transactions:		
Shares issued for acquisition of Solar Alliance	1,012,795	-
Contingent consideration payable for acquisition of Solar Alliance	2,420,925	-
Warrants issued as finder’s fee	18,011	-
Project development costs incurred by Pattern and added to loans and borrowings	-	842,697
Changes in accounts payable and accrued liabilities related to project development costs	-	(24,729)
Gain on forgiveness of accounts payable	166,928	42,141

(Expressed in Canadian dollars)

12. Related party transactions:

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

(a) Amounts owing to related parties as at June 30, 2015 are $3,156 (December 31, 2014 - $3,156) in respect of expenses incurred to directors. These amounts are included in accounts payable and accrued liabilities in the statement of financial position and are non-interest bearing.

(b) At June 30, 2015, an amount of $190,800 was due from a company controlled by an officer of the Company (December 31, 2014 - $180,000), comprised of a loan of $180,000 plus accrued interest at 12% per annum.

All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

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

Compensation charged by key management personnel including the Chief Executive Officer, President, Chief Financial Officer, and the Board of Directors is set out below:

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Wages and benefits	$ 4,204	$ 170,436	$ 77,612	$ 340,871
Consulting fee	157,840		230,680	-
Stock-based compensation	-	-	-	199,608
Severance obligation – Pattern transaction closing costs	-	660,000	-	660,000
	$ 162,044	$ 830,436	$ 308,292	$1,200,479

(Expressed in Canadian dollars)

13. Segmented information:

The Company and its subsidiaries engage in one main business activity, solar energy, and ended its involvement in wind energy in the summer of 2014, consequently operating segment information is not provided. Geographic information about the Company's operations is as follows:

	United States	Ireland	Canada	Total
As at and for the six month period ended June 30, 2015:				
Segment total assets	$ 6,549,768	$ 20,273	$ 1,020,474	$ 7,590,515
Non-current assets	5,981,260	-	49,349	6,030,609
Net loss for the three months	(17,500)	(806,535)	(354,702)	(1,178,737)
Net loss for the six months	(17,500)	(806,869)	(1,062,381)	(1,886,750)
As at and for the six months period ended June 30, 2014:				
Segment total assets	$ -	$ 651,520	$ 107,593	$ 759,113
Non-current assets	-	651,318	74,663	725,981
Loss for the three months	-	(662)	(1,917,008)	(1,917,670)
Net income (loss) for the six months	-	2,536	(4,164,261)	(4,161,725)

14. Contingencies and commitments:

(a) The Company is subject to payments under various equipment leases and an office lease agreement with the following commitments remaining:

2015	$ 118,027
2016	76,886

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

(b) In 2013, the Company received a judgment of $600,000 from a lawsuit that arose after the Company's acquisition in 2007 of the Three Hills Wind Projects ("Three Hills"), comprised of the Ghost Pine and Lone Pine Wind Projects in Alberta, Canada. In November 2013, the plaintiff appealed the judgment. The Company filed a response to the appeal. On February 9, 2015, the Court of Appeal dismissed the action and in April 2015, the plaintiff filed leave for appeal to the Supreme Court of Canada. The Supreme Court has not completed its assessment of whether to hear the appeal but the Company will prepare a response if the appeal proceeds. The Company has also recorded a legal provision of $600,000 in respect of the judgment issued in 2013 and $91,685 of accrued interest as at June 30, 2015.

(Expressed in Canadian dollars)

14. Contingencies and commitments (continued):

In 2008, the Company sold its Ghost Pine Wind Project and $1,000,000 of the proceeds was held back, and remains 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.

(c) On September 16, 2014, the Company received a claim from a creditor in the amount of $550,000 for services rendered plus interest of $27,539. These amounts had been previously accrued. On January 16, 2015, the parties executed a settlement agreement, subject to certain early payment conditions whereby, the debts would be fully settled by a payment of $500,000 at the earlier of July 31, 2015 and the receipt of proceeds from the final payment receivable from the sale of the Cloosh Project. If the Company defaults and does not remedy the default, the creditor may enforce a judgment for the original amount of $550,000 plus interest. On July 31, 2015, the parties amended the agreement whereby $200,000 was paid and $310,000 is payable at the earlier of December 31, 2015 and the receipt of the final Cloosh Project proceeds.

15. Loans and borrowings:

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

The balance including accrued interest is comprised of:

	June 30, 2015	December 31, 2014
Loan - secured (*i*)	$ 5,310,128	$ -
Loan (*ii*)	109,112	97,339
Finance lease obligation *(iii)*	5,372	10,155
Promissory Note *(iv)*	-	1,455,470
Demand loan (*v*)	881,875	1,024,991
Other loan*(vi)*	39,917	-
Secured bank loan *(vii)*	149,688	-
	6,496,092	2,587,955
Less: current portion	(6,346,404)	(2,586,480)
	$ 149,688	$ 1,475

15. Loans and borrowings (continued):

(i) On May 27, 2015, a subsidiary of the Company obtained a loan facility from a group of Irish lenders totaling €3,757,000 (approximately $5,080,000). The loan has a one year term and bears interest at 15% per annum. Finder's fees were €175,000 fee (paid) and 250,000 common share purchase warrants exercisable at $0.085 per common share for one year (issued). The loan is repayable prior to maturity, subject to a break fee of €563,550 less accrued interest, and must be repaid from the proceeds received by the subsidiary from the remaining contingent payment of € 7.14 million due from SSE related to the Company's previous sale of the Cloosh Project. The loan is secured by the Company's 100% interest in the share capital of the subsidiary. The loan was used primarily to finance the acquisition of a US residential solar marketing business or utility scale photovoltaic project and to provide working capital requirements of such business or project and to replace certain indebtedness.

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

(iii) The Company is subject to two lease agreements for office equipment. The leases qualify as financing leases and as such a finance lease obligation of $5,372 has been recorded with the all current portion of the liability as at June 30, 2015.

(iv) In 2011 the Company entered into a settlement agreement and issued a promissory note of US$925,000 (the "Note") to a creditor of a former subsidiary in order to address outstanding issues between the parties. The Note was payable with interest at 10% per annum, on the earlier of March 31, 2014 or the date on which construction financing for the Cloosh Project is secured. On March 31, 2014 the Note was amended to 12% per annum with a maturity date of October 31, 2014, then on October 31, 2014 the Note was amended to 14% per annum with a maturity date of March 31, 2015, then on March 31, 2015 the Note was amended to extend the maturity date to April 30, 2015 and finally on April 30, 2015, the Note was amended to 15% per annum with a maturity date of June 30, 2015. Prior to June 30, 2015, this indebtedness was replaced by a portion of new debt issued in May 2015 (note 15(i)).

(v) During 2012, the Company issued an unsecured promissory note for $1,000,000 bearing interest at 1.0% per annum that was payable on September 30, 2012. On August 28, 2014, the Company received a claim filed in the Supreme Court of British Columbia seeking to enforce payment of this note. On May 7, 2015, the parties entered into an agreement whereby the loan will be fully settled by paying $850,000 at the time the Company receives the proceeds due from SSE in respect of the 2010 sale of the Cloosh Project, with interest accruing at 5% per annum from January 1, 2015 to March 31, 2015, and 10% per annum thereafter.

(vi) A demand loan of US $32,000 with interest at 8% per annum was owed by Solar Alliance at the date of acquisition on June 24, 2015. The loan was repaid subsequent to June 30, 2015.

(Expressed in Canadian dollars)

15. Loans and borrowings (continued):

(vii) Solar Alliance has a Note secured by its real property. The loan was obtained prior to the date of acquisition on June 24, 2015 and accrues interest at 9.5% with interest paid monthly.

16. Provisions:

The Company has recognized the following provisions at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
Asset retirement obligations (*i*)	101,762	101,762
Other provisions (*ii*)	769,185	766,035
	870,947	867,797
Less: current portion	(769,185)	(766,035)
	$ 101,762	$ 101,762

(i) The Company has recorded asset retirement obligations ("AROs") associated with the future decommissioning of weather monitoring equipment situated on the former Wildmare Wind Energy Project site. The AROs were determined based on estimated future cost, a discount rate of 1.2% to 1.6% based on benchmark bond rates per the Bank of Canada, and a time period to decommissioning ranging from 1 year to 4 years.

(ii) Prior to the current period, the Company recorded other provisions of $600,000 and approximately $91,685 of accrued interest in respect of a legal judgment (note 14(b)), and $77,500 of other provisions.

17. Subsequent events:

Subsequent to June 30, 2015, a consultant exercised 100,000 stock options for proceeds of $8,000, and a consultant a granted 150,000 options exercisable at $0.08 per share for one year.