INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Finavera Solar Energy Inc. (formerly 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, 2015 including subsequent activity up to November 30, 2015, is reported in Canadian dollars unless otherwise stated. This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014 which contains full disclosure of the Company's accounting policies, in accordance with International Financial Reporting Standards ("IFRS"). References herein to "the Company" or "Finavera", shall, unless the context otherwise requires, mean "Finavera Solar Energy Inc." and any or all of its wholly owned subsidiaries and affiliates.

FORWARD LOOKING INFORMATION

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

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

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

NATURE OF THE BUSINESS

The Company completed its transition from the initiation and development of wind energy projects to the sales and installation of residential rooftop solar energy by acquiring 100% of the equity of San Diego, California based Solar Alliance of America, Inc. ("Solar Alliance") on June 24, 2015. The Company then changed its name from Finavera Wind Energy Inc. to Finavera Solar Energy Inc. on July 2, 2015. Previously, from its inception in 2005, the Company had been developing wind energy projects in Ireland, British Columbia ("BC") and Alberta, Canada. Those projects, which are highly capital intensive, were sold in stages ending in 2014. Throughout its wind development history, Finavera brought over 360 Megawatts ("MW") of wind power projects from greenfield inception to pre-construction phase. Those wind projects will have capital costs totalling about $1 billion once constructed.

Solar Alliance has marketed and sold approximately 2000 residential rooftop solar energy systems in Southern California, largely in the San Diego area, since 2009 and offers the Company the opportunity to directly participate in the rapidly growing residential solar energy sector, in a cash flow business with short project installation lifecycles, with opportunities to develop recurring revenue streams. Solar Alliance was listed by Inc. Magazine in 2013 as the fastest growing privately owned company in San Diego. Sales dramatically increased from approximately US $300,000 to over US $20 million in 4 years. It had a net loss in 2014 of US $1.1 million- audited (2013 - net income $4,414- audited).

Finavera sees a tremendous opportunity to expand growth in southern California through additional office locations and adoption of new sales strategies. Solar Alliance has traditionally used mainstream media including radio, television and newspapers for its target demographics. Since being acquired by Finavera, it has redefined its objectives, repositioned its branding and enhanced its internal control and communications systems and entered into new agreements with key suppliers. New social media tools and internet-based marketing campaigns are being established to complement its traditional marketing and lead generating strategies. The investment in these strategies is expected to result in significantly higher lead generation results and, ultimately, sales. In July 2015 it began marketing power purchase agreements through a third party and also offered financing with HERO. Home Energy Renovation Opportunity ("HERO") is government sponsored, the #1energy efficiency financing provider in the US which will provide up to 100% financing on terms up to 20 years with repayment via the homeowner's property tax billings.

The Company also engages potential and previous customers on a variety of social meeting platforms, including Facebook, Twitter, and Instagram. Internal controls instituted by the Company ensure appropriate disclosure requirements are adhered to when disseminating information via social networks. The Company primarily uses the various social media platforms as vehicles to connect with potential residential solar customers and make them aware of the benefits of residential solar.

Finavera and its subsidiaries have mitigated cybersecurity risks through appropriate systems backup and access protection policies. The small size of the organization allows for additional human interaction for approvals, verifications and authorizations. While no entity can be fully secured against cybersecurity threats, the Company and its IT providers have taken prudent, responsible and appropriate measures to both mitigate such risks and facilitate an effective response.

ACQUISITION OF SOLAR ALLIANCE

On June 24, 2015, the Company completed the acquisition of 100% of the equity of Solar Alliance. Under the terms of the Share Purchase Agreement (the "SPA") signed on May 4, 2015, 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 was 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 recognizes and includes the fair value of the additional contingent consideration payable pursuant to IFRS 3, as follows:

		US		CAD
Purchase price June 24, 2015:				
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:

Net assets acquired:		US		CAD
Cash	$	(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		(1,355,737)		(1,683,147)
Goodwill		4,521,520		5,612,867
Total net assets	$	3,165,783	$	3,929,720

The amounts in the table above are reported as provisional and will remain so until the completion of the Company's 2015 financial statement audit. In addition, at the time of acquisition, the prior year audit of Solar Alliance was incomplete and certain financial statement numbers were being firmed up and assessed for fair value. The acquisition was reported in the Company's Q2 MD&A. No material changes to the valuation of the net assets acquired have been made as at September 30, 2015. Management has assembled and prepared the provisional estimates and believes them to be materially correct.

The purchase price of Solar Alliance is substantially allocated to goodwill since at acquisition the net tangible assets were negative and no material intangible assets were identified. Such goodwill represents the "hidden value" of Solar Alliance which can be realized by scaling its operations back to levels in 2012 and 2013, during which it had US $30 million in gross sales, utilising skill sets and strategies from Finavera to drive new sales strategies and enhance the use of internal technology and communications tools, focussing on customer relations management, organizational and overall operational efficiency. Consumers and homeowners are very receptive to rooftop solar installations, based on issues of energy independence, green power, widespread adoption, basic economics and government incentives. This receptiveness is targeted by Solar Alliance advertising and marketing, through traditional and social media, generating sales leads for the company.

To estimate the fair value of contingent consideration, the Company ran a probability matrix based on expected future sales activity with 33.3% allocated to each of expected sales, 75% of expected sales, and

50% of expected sales. It then projected quarterly revenues for which certain thresholds trigger the contingent payments. Finally, the contingent payments were discounted at 15% per annum, to arrive at a fair value of US $1.95 million. No material changes were made in the current quarter to the estimated contingent consideration.

CORPORATE OUTLOOK

Through the acquisition of Solar Alliance, the Company now provides rooftop solar energy systems to homeowners, with its present operations focussed in the San Diego area. The Company believes that solar energy adoption is still in the early stages and that the penetration of solar energy systems will continue to accelerate for the foreseeable future, due to rising utility electricity rates, greater customer knowledge about the economics and ethics of clean and sustainable energy, continued US federal tax incentives (at least through 2016) and the continued reduction of PV panels and systems costs. The Company's vision is to build market share in the solar sales and installation space through:

- Acquisition of small to medium sized residential solar companies, such as the Solar Alliance acquisition (focused on attractive markets with the right mix of sun, electricity costs, incentives and net metering);
- Organic growth of Solar Alliance through additional office openings in Southern California;
- Build Megawatt capacity under Company ownership through a combination of accumulating small scale, 'brownfield' projects, and providing rental fee or Power Purchase Agreements for homeowners;
  Complement installations with diversified recurring income streams from this highly evolving sector.

In the past 10 years both the cost of PV solar panels and other system costs have declined significantly, creating transformational change in the industry. Costs are expected to continue declining but on an incremental basis. The number of residential solar installations in the USA continues to accelerate year over year. In 2014, 6.2 Gigawatts ("GW") of solar PV panels were installed across the USA; an increase of 30% over the 4.8 GW installed in 2013, exceeding prior estimates of a 26% increase. The 2014 installations represent about 78 times the amount installed in 2005, a decade earlier. Solar energy accounted for 32% of new electric capacity brought online in the USA in 2014 and is now on par with natural gas as the largest sources of new generating capacity.

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

As Solar Alliance scales up its operations to profitability, working capital and expansion capital will be required in the ensuing quarters. This will be manageable as the Company is continuing to expect to receive a final €7.14 million milestone payment in late 2015 or very early 2016 in respect of the 2010 sale of 90% of its Cloosh Valley Wind Project in Ireland. A receivable for the final milestone payment has not been recognized as the payment is subject to the purchaser achieving Financial Close on the project, which cannot be guaranteed. The amount receivable is currently based on 105 MW project size. The purchaser, SSE plc, continues to move the project forward as is nearing Financial Close.

REVIEW OF FINANCIAL RESULTS

Selected Annual Information

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

	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Total proceeds from asset sales	$ 24,120,627	$ -	$ -
Operating expenses	(1,827,919)	(2,135,946)	(1,825,065)
Net Income (loss)	13,301,807	(9,937,857)	(11,293,242)
Basic income (loss) per share	0.33	(0.25)	(0.30)
Diluted income (loss) per share	0.33	(0.25)	(0.30)
Total assets	499,297	11,505,847	12,604,402
Total long-term liabilities (excluding provisions)	1,475	5,674,208	19,051

Results of Annual Operations

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

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

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

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

The Company's cash position has improved from the prior year: it was $155,448 at December 31, 2014, compared to $34,303 at December 31, 2013. Primary cash inflows in current year were from the Pattern

Transaction ($1.2 million) and Cloosh Sale ($0.5 million) which were offset by cash outflows from operations of $1.9 million. A majority of the consideration received for the sale of the BC wind projects and the Cloosh project was by way of settlement of loans and borrowings and did not result in net cash inflows. The Company also received new loans from Pattern and others of $0.5 million and repaid loans and borrowings of $0.1 million. In 2013, the Company received total loans of $5.3 million, principally from Pattern.

SUMMARY OF QUARTERLY RESULTS

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

	Three Month Period Ended September 30, 2015	Three Month Period Ended June 30, 2015	Three Month Period Ended March 31, 2015	Three Month Period Ended December 31, 2014
	$	$	$	$
Sales revenue	588,329	9,186	-	-
Operating expenses	(1,338,102)	(629,271)	(484,742)	(510,350)
Net Income (loss)	(1,386,930)	(1,178,731)	(708,019)	952,712
Basic loss per share	(0.04)	(0.03)	(0.02)	(0.02)
Diluted loss per share	(0.04)	(0.03)	(0.02)	(0.02)

	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)	(259,077)
Net income (loss)	18,416,244	(1,917,670)	(2,244,055)	(5,987,526)
Basic loss per share	0.46	(0.05)	(0.06)	(0.15)
Diluted loss per share	0.45	(0.05)	(0.06)	(0.15)

Third quarter 2015 compared to Third quarter 2014

The Company recorded a net loss for the third quarter of 2015 of $1,386,930 compared with net income of $18,416,244 in the third quarter of 2014. Included in the 2014 net income were gains from the sale of wind project interests totalling $18,110,264 (2015 – nil).

Solar Alliance was acquired June 24, 2015 and accordingly the current period includes the first full quarter of its operating results. Sales for Q3 2015 were $588,329 and gross margins were $196,102. The dominant focus for Q3 2015 as the first quarter post-acquisition was the restructuring of the systems and processes of Solar Alliance in order to allow for increased lead generation, future expansion and growth outside of San Diego. Sales have been increasing on a month to month basis and it is anticipated this will continue.

Operating expenses were $1,338,102 (2014 - $257,380). The increase of $1,080,722 in operating expenses compared to 2014 includes $918,632 attributable to the operations of Solar Alliance, with 50% incurred on marketing and advertising and 37% on payroll. Subsequent to acquiring Solar Alliance, the

Company began a restructuring of its management and negotiated with finance and power purchase agreement providers and invested in new CRM technologies and tools. Finavera's operating costs were $419,470 (2014 - $257,380), which included increases in professional fees ($89,101; 2014 - $(24,383)) and consulting fees ($222,768; 2014 - $nil), and a decrease in payroll ($13,679; 2014 -$230,565).

Solar Alliance was acquired June 24, 2015 and accordingly the current period includes the first full quarter of its operating results. Sales for Q3 2015 were $588,329 and gross margins were $196,102. Operating expenses were $1,338,102 (2014 - $257,380). The increase of $1,080,722 in operating expenses compared to 2014 includes $918,632 attributable to the3 operations of Solar Alliance of which 50% was incurred on marketing and advertising and 37% on payroll.

Cash decreased in Q3 2015 from $1,013,668 to $92,652 at September 30, 2015. During the current quarter, $657,789 was used in operating activities as the funds were used for working capital and debt repayment. No other material cash transactions occurred during the period.

Solar Alliance incurred a net loss during the current quarter but its sales are increasing as expected, and it is expected to be another quarter or two until Solar Alliance is profitable. At September 30, 2015, it had in its pipeline signed sales contracts with potential gross revenue of US $1.4 million, none of which is reflected on these financial statements, and will be recorded by the Company upon the completion of the installation of each rooftop solar system. The lifecycle of a residential solar system is approximately four months from signing of contract to the receipt of the utility's Permission to Operate Certificate. Management expects the most of the $1.4 million pipeline to be recorded as revenue over final quarter of 2015 and early 2016.

Third quarter 2015 compared to second quarter 2015

The Company recorded a net loss of $1,386,930 (Q2 - $1,178,731) an increase of $208,199. The net loss is comprised operating costs of $1,338,102 (Q2 - $629,271) and Net finance costs of $244,930 (Q2 - $557,421). Net finance costs were higher in Q2 reflecting the incremental costs of securing a loan of €3.8 million. Operating costs were much higher in Q3 due to the inclusion of Solar Alliance's operating results for the quarter which were $918,632, as described above.

Nine months ended September 30, 2015 compared to September 30, 2014

The Company recorded a net loss of $3.3 million (2014 – net income $14.2 million). The net income (loss) is comprised of operating costs of $2.4 million (2014 - $1.3 million), net finance costs of $1.0 million (2014 - $0.8 million), and other net income (expense) of $nil (2014 - $16.3 million).

Operating costs rose 83% in the current period, and 82% of that increase is from the consolidation of Solar Alliance which was acquired June 24, 2015. Non Solar alliance operating costs rose 14% in 2015 over 2014, a reasonable increase in light of the current period financing efforts and acquisition of Solar Alliance in 2015. Net finance costs rose 25% in 2015, and includes foreign exchange gains and losses of $0.2 million (2014 - $0.1 million), financing fees and interest expenses of $1.0 million (2014 - $1.0 million), and gains on debt forgiveness of $0.2 million (2014 - $0.3 million). Although financing fees and interest expenses were $1.0 million in each period, in 2015, 72% related to the costs and accrued interest on the Irish loan obtained in May 2015, while in 2014 the costs related primarily to wind project development loans and their settlement as part of the sale of the Company's BC wind projects.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, receivables, loan to related party, deposits, accounts payable, contingent consideration payable and loans and borrowings. The carrying values of the Company's cash, restricted cash, receivables, loan to related party, deposits, and accounts payable approximate their fair values because of their short term to maturity and/or the interest rates being charged. The carrying value of the Company's loans and borrowings that are payable on demand or that are past due, approximate their carrying value due to their short-term to maturity. The fair value of other loans and borrowings are not estimated to differ materially from the carrying value due to the terms to maturity, loan security and the interest rates being charged. The fair value of contingent consideration payable was determined on the date of acquisition using an appropriate discount rate applied to the expected future contingent payments in respect of the acquisition of Solar Alliance.

LIQUIDITY

The Company has endured a significant working capital deficiency for the past few years and has faced an adverse investment climate for companies in the development stage. Liquidity was greatly improved in 2014 by the sale of the Company's principal wind project interests which reduced the working capital deficiency by $17.2 million from $23.3 million at December 31, 2013 to $6.1 million at December 31, 2014. Liquidity has deteriorated as the Company secured a loan of €3.8 million ($5.1 million) in May 2015 for the purpose of facilitating the acquisition of Solar Alliance and providing funds for its working capital needs as it grows. An additional loan of €418,000 from the same lending group closed on the date of this report. The Company also expects to receive a final payment of €7.14 million before February 2016, related to the sale of 90% of its Irish Cloosh Valley Wind Project in 2010, which will greatly improve Company's liquidity. In the longer term, the Company will require a combination of equity, convertible debt instruments and/or operating profits to create positive working capital.

The current working capital deficiency of the Company, as of the date of this report, is approximately $13.0 million, an increase of $2.2 million in the current quarter. Since its acquisition in June 2015, Solar Alliance has under gone a restructuring of core strategies, management team, sales tools, service providers and key suppliers, was not yet operating at a profit at the end of the quarter. Consequently its operating cash flows will remain negative until 2016 when it is expected to become profitable.

The loan in May 2015 of €3.8 million has a one year term and bears interest at 15% per annum. Finder's fees of €175,000 were paid and the Company issued 250,000 common share purchase warrants exercisable at $0.085 per common share for one year. The loan is repayable prior to its maturity subject to a break fee of €563,550 less accrued interest, and is required to be repaid from the final expected payment of €7.14 million due in respect of the Company's sale of the Cloosh Project. The loan is secured by the Company's shares in its Irish subsidiary.

The working capital loan which closed on November 30, 2015 for €418,000 bearing the same interest rate and other key terms as the May 2015 loan, and also included the issuance of 500,000 share purchase warrants to the lenders, exercisable at $0.10 per share for a one year period.

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

CAPITAL MANAGEMENT

The Company's primary capital management objective has been to minimize shareholder dilution through the use of debt financing. While its wind projects were being developed over the past nine years, the Company took on substantial debt, and in some cases only debt could be placed as the Company's equity was not as attractive to investors. Consequently, prior to the sale of its wind project interests, the Company maintained high debt levels for several years and therefore incurred additional interest costs for any and all project development delays. Finding the balance between minimizing dilution through debt and minimizing interest costs by issuing equity requires reliable estimates of key factors such as expected development timelines and future cash flows.

The residential solar energy sector operates on relatively short sales-to-installation project lifecycles of less than two quarters, eliminating risks of significant project delays and therefore the Company doesn't face longer term financing and holding costs as it did in the wind energy sector. Nevertheless, the recent loans from Ireland have relatively high financing costs and the Company's continued working capital deficiencies may motivate the Company to undertake an equity financing, despite the expected receipt of the final Cloosh payment in the coming months. Capital management remains an important strategy relating to the often conflicting objectives of financing the Company's growth, minimizing shareholder dilution and maintaining a reasonable debt-to-equity ratio.

COMMITMENTS, CONTINGENCIES AND OBLIGATIONS

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

Corporate Leases:

In December 2013, the Company signed a sublease agreement with a third party which covers 95% of its remaining office lease obligations. The Company also has two equipment leases. The following lease commitments remain as at September 30, 2015, most of which relate to the office lease:

2015	$	58,452
2016		76,886

Legal Claims:

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

On September 16, 2014, the Company received a claim from a creditor for $550,000 plus interest of $27,539. These amounts have been previously accrued. On January 16, 2015, the parties executed a settlement agreement whereby the obligation will be fully settled by a payment of $500,000 at the earlier of July 31, 2015 and the receipt of €7.14 million Cloosh proceeds from SSE. Under the settlement, and prior to maturity, the Company is obligated to repay the loan by an amount equal to any amounts paid in respect of the Company's other material debts. If the Company defaults, the creditor may enforce a judgment for the original amount of $550,000 plus interest and legal costs. On July 31, the parties agreed to pay $200,000 (paid) and amended the remaining repayment amount to $310,000 to be paid by December 31, 2015.

Legal Judgement:

In May 2013 the Company received an Alberta court judgement order in the amount of $600,000 plus interest in relation to its lawsuit with Scott Engineering and Associates ("Scott") which arose after the Company acquired the Three Hills wind projects in Alberta in 2007. In November 2013, Scott filed an appeal of the judgement, and the Company has filed its response. On February 9, 2015, the Court of Appeal dismissed the action and in April 2015, the plaintiff filed an application for leave to appeal to the Supreme Court of Canada. The application for leave to appeal was dismissed by the Court on October 29, 2015. Since 2013, the Company has recorded the $600,000 provision for the judgement and has continued to accrue the interest.

In 2008, the Company sold its Ghost Pine Wind Project in Alberta and $1 million of the proceeds was held back pending resolution of the legal action described above. The amount of the holdback to be released is dependent upon the resolution of the above litigation matters and will be reduced by the cumulative amount of legal fees incurred by the purchaser. The Company is currently in discussions as to the amount of the holdback to be released. The Company may be liable for additional legal costs, although management considers this to be unlikely. 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.

MANAGEMENT AND DIRECTORS

On September 15, 2015 the Company announced the appointments of Ken Stadlin and Michael Clark as directors of the Company, and the resignations of Hein Poulus as a director and Peter Leighton as President and Chief Operating Officer.

Mr. Stadlin is founder and president of Kenergy Solar, a Washington, DC based solar installer. Founded in 2009, Kenergy has established a leading position in the residential and commercial sectors in the mid-Atlantic region. As a member of the Board of Directors for Maryland DC Virginia Solar Energy Industries Association (MDV-SEIA), Ken has played an active role in ongoing policy developments in the Maryland and Washington DC markets. He has served as Chairman of the DC Policy Committee for MDV-SEIA. His broad knowledge of the industry is combined with practical knowledge and experience gained from developing over 7 MW of solar PV projects. He has a Bachelor of Arts Degree from the University of Virginia and an MBA from the University of Maryland.

Mr. Clark brings almost two decades of senior public affairs, branding and strategic communications experience to Finavera. He is currently a consultant in the natural resource and project development industry and is responsible for media relations, public affairs and stakeholder engagement for a variety of public and private companies. Michael is formerly a Senior Vice President of Business Development for Finavera Wind Energy where he was responsible for stakeholder engagement, media relations and environmental assessment programs. Prior to joining Finavera Wind Energy, Michael worked for more than a decade as a radio and television journalist at the Canadian Broadcasting Corporation.

Management and directors are currently:

Jason Bak- CEO, Chairman, Director
David Lamont, Director
Ken Stadlin, Director
Michael Clark, Director
Jon Lever, CFO

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, 2015 is $3,156 (December 31, 2014 - $3,156) in respect of expenses incurred in prior years to directors, former directors, and companies controlled by them. These amounts are included in accounts payable and accrued liabilities in the statement of financial position and are non-interest bearing.

(b) At September 30, 2015, a loan of $180,000 was due from a company controlled by an officer of the Company (December 31, 2014 - $180,000), bearing interest at 12% per annum. The loan was dated December 31, 2014. Total accrued interest at September 30, 2015 is $16,200.

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

In addition to their remuneration, the Company also provides non-cash benefits from time to time to directors and executive officers, including share based compensation by the grant of stock options.

Compensation paid to key management personnel including the Chief Executive Officer, President, Chief Financial Officer, and the Board of Directors are set out below:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Wages and benefits	$ -	$ 170,435	$ 77,612	$ 511,306
Consulting fees	139,515	-	370,195	-
Stock-based compensation	-	-	-	119,765
Severance obligation – Pattern transaction closing costs	-	-	-	660,000
	$ 139,515	$ 170,435	$ 447,807	$1,291,071

INVESTOR RELATIONS

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

PROPOSED TRANSACTIONS

There are currently no proposed transactions as defined by National Instrument 51-102F1 (1.11) involving asset dispositions or business acquisitions or dispositions, that either the Company's senior management or Board of Directors have determined is probable of proceeding as at the date of this MD&A.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes in accounting policies or adoption of new accounting standards during the period ended September 30, 2015 that materially affected the Company's consolidated financial statements. However, the acquisition of Solar Alliance required the adoption of the following policy:

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". When revenue is recognized, all WIP related to that job is recorded as Cost of Goods Sold.

Other:

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

IFRS 9 - Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

This new standard specifies how and when to recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers and helps the reader to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. The Company has not early adopted the policy, but has determined that its adoption is unlikely to require any material restatement of operating results.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Stock-based compensation

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

Asset retirement obligations

The Company recognizes a provision for asset retirement obligations ("AROs") in the period in which it incurs a legal or constructive obligation associated with the acquisition, construction, development and/or normal use of its assets. The Company concurrently recognizes a corresponding increase in the carrying amount of the related asset which is amortized over the life of the asset. As at September 30, 2015, the Company has recorded AROs in respect of the weather towers installed on its Wildmare Wind Project which was written off in 2012.

Other provisions

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

Deferred Income Taxes

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

Contingent consideration

The fair valuation of expected future earn-out payments related to the acquisition of Solar Alliance is recorded as part of the purchase price as required under IFRS and the Company must model appropriate discount rates, estimate future cash flows and weigh earnings probabilities in order to estimate the fair value. The contingent consideration is revalued at each reporting period, with any difference applied to earnings.

Goodwill

Goodwill related to the acquisition of Solar Alliance is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets acquired. Estimates regarding the fair value of the net identifiable assets acquired and the estimate of the contingent consideration included in the purchase price therefore affect the initial measurement of goodwill.

RISK FACTORS

The sales of residential solar systems and development of wind energy projects is subject to numerous risks, both known and unknown, any of which could significantly or adversely impact the Company's financial position, the development and sale of such projects, and results of operations.

Financing risks

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

The Company has incurred operating losses in most years since its inception. At September 30, 2015, the Company had a working capital deficiency of $12.8 million (December 31, 2014 - $6.1 million) and had an accumulated deficit of $56.0 million (December 31, 2014 - $51.8 million).

Finavera's ability to continue as a going concern is largely dependent on three things; the realization of cash proceeds from the final milestone payment associated with the sale of the Cloosh Project, the growth and expansion of Solar Alliance, and the Company's ability to raise additional debt or equity financing as required to fulfill its obligations. As noted, the Company expects to receive in late 2015 or early 2016 the final payment of €7.14 million from the 2010 sale to SSE plc of its 90% interest in the Cloosh Project. The amount is payable when SSE obtains financing for the project's construction, which cannot be guaranteed, but at the date of this report it appeared that Financial Close was near. 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.

Market demand for solar energy

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

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

Electricity pricing

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

Regulatory Policy

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

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

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

Supplier Risk

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

Installation

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

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

Competitor Risk

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

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

Safety Risk

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

Customer Service Risks

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

Wind Energy Risks

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

Factors affecting wind project economics:

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

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

Fraud Risks

The Company regularly reassesses its risks of fraud. Frauds may be perpetrated by suppliers, customers, employees, competitors, foreign entities, other third parties and includes evolving cyber security frauds such as false billings, impersonations, phishing attacks and other internet based threats which may be economically and socially motivated. The purpose may be purely for monetary gain but an increasing number of global corporate threats are coming from social media and hacktivists. Mitigation actions and procedures include the use of Codes of Conduct and non-disclosure agreements, segregation of duties, authorizations policies, communications policies, reconciliations, IT security policies and password and other data access controls, and embracing of social media in its engagement with customers and it has set high standards of customer service, knowing that a happy customer is positive for social media.

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 interim condensed consolidated financial statements for the period ended September 30, 2015 and this MD&A of the Company, there are no material misstatements or omissions, and the filing materially presents the consolidated financial position and consolidated results of operations and cash flows for the period ended September 30, 2015 and all material subsequent activity up to November 30, 2015.

OUTSTANDING SHARE DATA

Subsequent to September 30, 2015, 681,500 stock options were forfeited upon the resignation of a director, comprised of 492,000 options exercisable at $0.085 per share and 189,500 options exercisable at $0.205 per share.

On November 30, 2015, 500,000 warrants were issued, exercisable at $0.10 per share for a one year period, as partial consideration for a working capital loan of €418,000 subject to the same general terms as the €3,757,000 loan which closed in May 2015.

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

Common shares- issued and outstanding	51,891,887
Warrants	750,000
Stock options	2,158,900
Total fully diluted shares outstanding	54,800,787