

(FVR-V; \$0.36)

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## FVR CORPORATE UPDATE PROVIDES CLARITY FOR INVESTORS

**EVENTS** FVR provided a corporate update to its shareholders.

### IMPLICATIONS

- **Tumbler Ridge, B.C.** (47MW; 25-yr PPA with BC Hydro; COD Q313 from Q412) | The EAO review suspension was recently lifted; the EAC is now on track to be granted in Q212. Financial close and construction expected to begin in Q312. The changes in the environmental review process, not unique to FVR, have caused roughly a 6-mth delay on this project.
- **Wildmare, B.C.** (77MW; 25-yr PPA with BC Hydro; COD Q314 from Q213) | Additional information has been supplied to the EAO similar to what was required for Tumbler Ridge; the Tumbler Ridge application will now serve as a template to move the EAC application for Wildmare forward. The EAC is now expected in Q212, followed by financial close and construction in Q412. Again, the environmental review process has caused roughly a 6-mth delay on this project.
- **Meikle, B.C.** (117MW; 25-yr PPA with BC Hydro; COD Q414) from Q413 | Pre-screening for the EAO process has been completed and comments from the EAO returned. Next is the full submission to trigger the 180d review period.
- **Bullmoose, B.C.** (60MW; 25-yr PPA with BC Hydro; COD Q415) | COD for Bullmoose is the furthest away and while development on the project continues, the current focus is on the first projects with COD dates in the next year or two.
- **Cloosh Valley, Ireland** (105MW; COD Q116) | Significant advances have been made on this project and financial close is now expected in Q113 (from 2014). Recall that FVR will be paid the balance of the acquisition price of €7.14M upon financial close. FVR also retains a 10% equity interest in the project.

**Project Financing** | FVR is currently examining all options relating to financing of its projects with multiple options available including, JVs, equity partnerships, 100% project finance, or potential business combinations. Recall, that FVR also has a Summary Agreement in place with GE EFS as an option to fund Wildmare. We expect FVR will select the optimal financing option for each project once the project is fully permitted. Note that project financing is required by financial close.

**VALUATION** FVR believes it is on the verge of a "significant asset re-valuation" as it progresses to financial close and construction of its first wind projects. According to FVR, early stage projects typically sell for \$0.06M/MW vs. fully permitted projects with PPAs selling for \$0.5M/MW – in line with NCP estimates. We believe the market is over-discounting FVR's projects given the EAO application delays and the perceived uncertainty in attaining project funding. However, we believe there is now greater clarity for investors and that FVR is on track to move its projects forward. We have put our price target Under Review given the changes to the project timelines.

**THIS FVR was awarded 4 PPA agreements in the BC Clean Call for Power totalling over 300MW, or 20% of the total Call awards. We believe the successful negotiation of a partnership to fund these projects could drive significant upside for investors.**

### FORECASTS

<b>RATING (12-MTH)</b>	Under Review
<b>PRICE TARGET</b>	Under Review
<b>CURRENT PRICE</b>	\$0.36
<b>DIV/YIELD</b>	N/A
<b>RISK</b>	Speculative
<b>MARKET SENTIMENT</b>	Divided

### REVISIONS

Rating/Target	Revised	Prior
Rating	U/R	S/O
Target	U/R	\$1.65

Forecasts	Revised '11	Prior '11
Revenue (\$M)	U/R	NA
Gross Margin	U/R	NA
EBITDA (\$M)	U/R	NA
EPS (basic)	U/R	NA
EPS (FD)	U/R	NA
NAV (\$M)	U/R	60-70
NAV/Share	U/R	\$1.63

### FINANCIAL SUMMARY

Shares O/S (M)	34.99	52-week Range	\$0.25 - \$1.65		
Market Cap. (\$M)	12.60	Avg. Weekly Vol. (M)	0.1		
Market Float (%)	88.8%	Fiscal Year End	31-Dec		
Net Debt (\$M)	\$2.6	Book Value/Share	\$0.02		
<b>Forecasts</b>	<b>2009A</b>	<b>2010A</b>	<b>2011E</b>	<b>2012E</b>	
Revenue (\$M)	NM	NM	U/R	U/R	
EBITDA (\$M)	(\$4.74)	(\$3.14)	U/R	U/R	
EPS (FD)	(\$0.01)	(\$0.00)	U/R	U/R	
EPS (basic)	(\$0.01)	(\$0.00)	U/R	U/R	
CFPS	-0.01	-0.01	U/R	U/R	
P/E	NM	NM	U/R	U/R	
EV/EBITDA	NM	NM	U/R	U/R	
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
<b>EPS</b>	2010	(\$0.00)	(\$0.00)	\$0.00	(\$0.00)
	2011E	(\$0.02)	NA	NA	NA
<b>EBITDA (\$M)</b>	2010	(\$1.03)	(\$0.81)	(\$0.86)	(\$0.44)
	2011E	(\$0.55)	NA	NA	NA

Note: All data sourced from Capital IQ, Thomson, NCP Northland Capital. Denotes NCP estimates

### VALUATION PARAMETERS

	Current	Target	
Share Price	\$0.36	U/R	
NAV/Share	NA	U/R	
% Diff	NA	NA	
	<b>2009A</b>	<b>2010A</b>	<b>2011E</b>
Current EV/EBITDA	NA	NA	U/R
Target EV/EBITDA	NA	NA	U/R
Peers EV/EBITDA	NA	NA	U/R
Current P/CFPS	NA	NA	U/R
Target P/CFPS	NA	NA	U/R
Peers P/CFPS	NA	NA	U/R

FEBRUARY 2, 2012

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All figures in C\$ unless otherwise noted.  
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PRICE TARGET (PT)	U/R	PRICE:	\$0.36	NET DEBT (\$M)	2.6	February-02-12
RATING	Under Review (U/R)	MARKET CAP (\$M)	12.6	SHARES (M)	35.0	

**PRICE TARGET SCENARIOS**

**TARGET SCENARIO**

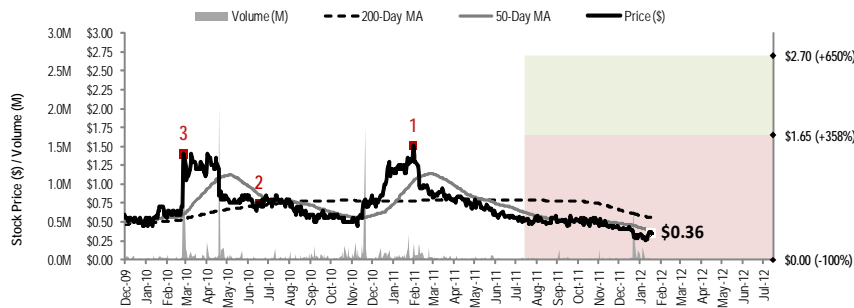
NA

**UPSIDE DRIVERS**

NA

**DOWNSIDE PERIL**

NA



**KEY EVENTS**

- 1 Announcement of partnership with GE for the development of Wildmare
- 2 Divestiture of majority interest in Gate 3 grid connection for €8.4M
- 3 Sale of Ocean Energy division and AquaBuOY technology announced
- 4 Four projects totalling ~300MW awarded contracts in BC Clean Call

**COMPANY OVERVIEW**

Finavera Wind Energy is a developer of wind projects in Canada and Ireland. It currently has a development pipeline of 301MW in contracted projects and additional assets under development in Ireland.

- Catalysts**
- > 2012 - Finalization partnership or joint venture agreements for the Wildmare and Tumbler Ridge projects.
  - > 2012 - Financial close for the two wind energy projects, Wildmare and Tumbler Ridge

**VALUATION ANALYSIS**

\$000's except per share values	Wildmare	Tumbler	Meikle	Bullmoose
Retained interest	U/R	U/R	U/R	U/R
Total PV				
Shares outstanding				
NAV/Share				
less PV corporate expenses/share				
TOTAL NAV				

**RISK PROFILE**

Forecast Risk	High
Financial Risk	High
Geopolitical Risk	Moderate
Valuation Risk	High

**CONSENSUS REVIEW**

Rating	Current	3mth Chg	Target	Current	3mth Chg	Revenue (\$M)		EPS		EBITDA (\$M)	
						2011E	2012E	2011E	2012E	2011E	2012E
SO/Buy	2	0.0%	High	\$1.65	0.0%	NCP	NM	NA	NA	NA	NA
SP/Hold	0		Low	\$1.15		Cons.	NA	NA	NA	NA	NA
SU/Sell	0		Median	\$1.40		-3mths	0.0%	0.0%	0.0%	0.0%	0.0%

**COMPARABLES**

Company	Ticker	Price	Target	Mkt Cap (\$M)	ROIC	P/E		EV/EBITDA		EBITDA Growth	
						2011E	2012E	2011E	2012E	2011E	2012E
Finavera Wind Energy	FVR	\$0.36	\$1.40	12.6	0.0%	NA	NA	NA	NA	NA	NA
China Wind Power	CNW	\$0.19	\$0.00	12.4	0.0%	NA	NA	NA	NA	NA	NA
Sprott Power	SPZ	\$0.91	\$1.33	18.7	0.0%	NA	NA	NA	5.9	NA	173.0%
Alterra Power	AXY	\$0.52	\$0.82	138.7	0.0%	NA	NA	NA	NA	NA	NA
Sea Breeze Power	SBX	\$0.08	\$0.00	6.3	0.0%	NA	NA	NA	NA	NA	NA
Run of River Power	ROR	\$0.08	\$0.20	6.8	0.0%	NA	NA	NA	NA	-0.4%	0.0%
Tribute Resources	TRB	\$0.08	\$0.00	5.5	0.0%	NA	NA	NA	NA	NA	NA
Western Wind Energy	WND	\$1.89	\$2.82	96.1	0.0%	NA	NA	NA	NA	NA	-17.1%
					Mean	NA	NA	NA	5.9	-0.4%	-5.1%

Note: estimates are consensus estimates; Source: Capital IQ, Company reports

**SPECIAL SITUATIONS | CLEAN TECH**

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ISSUER	APPLICABLE DISCLOSURES
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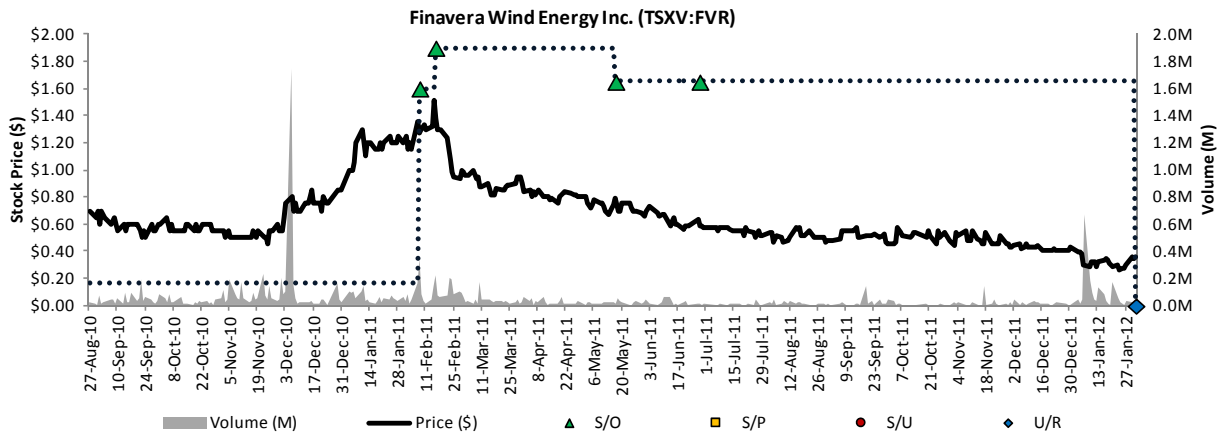
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- Rating Structure
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## PRICE TARGET HISTORY



Date	Target	Rating	Change Type
08/07/2010	\$0.16	S/P	Initiate Coverage
27/07/2010	\$0.16	S/O	Update
08/02/2011	\$1.60	S/O	Update
16/02/2011	\$1.90	S/O	Update
17/05/2011	\$1.65	S/O	Update
02/02/2012	U/R	U/R	Update