

(FVR-V; \$0.55)

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ANOTHER STEP CLOSER TO COD

FORECASTS

RATING (12-MTH)	Sector Outperform	CURRENT PRICE	\$0.55	RISK	Speculative
PRICE TARGET	\$1.65, (+200.0%)	DIV/YIELD	N/A	SENTIMENT	Divided

EVENT FVR announced that it has reached an agreement in principle to terms for a Memorandum of Understanding (MOU) with the McLeod Lake Indian Band for the development of its four wind projects in B.C. An official signing ceremony will be held at the McLeod Lake Indian Band community later this month.

IMPLICATIONS We believe this is another positive step forward for FVR to achieve COD for each of its wind projects on time and on budget. This agreement with the McLeod Lake Indian Band is the second of five such agreements that FVR expects to negotiate with First Nations communities for the construction of its four wind projects. The negotiation of a MOU with each of the five First Nations communities in the B.C. Peace Region is critical to the successful development of FVR's four wind projects. Each MOU represents an acknowledgement and acceptance of the four wind projects by the First Nations community, and establishes the terms of a partnership between FVR and the First Nations community for the development of the projects. While the detailed terms are not disclosed, we expect each agreement to include job training, employment opportunities and financial participation (in the form of a royalty) for the respective First Nations community. Note that we do not expect the cumulative royalty paid to the five First Nations communities to exceed 2% of revenue.

FVR has already signed a MOU with the Halfway River First Nation in 2010. Discussions with the three other First Nations (West Moberly First Nation, Doig River First Nation and Saulneau First Nations) are also already underway. It is our expectation these final three agreements will ensue in the coming months, and will be similar to the two that have already been negotiated and typical of industry standards.

VALUATION Our \$1.65 price target is based on a NAV analysis under a retained ownership of 30% on each of FVR's four wind projects. We continue to expect the announcement of a final agreement for the funding of the 77MW Wildmare and 47MW Tumbler Ridge projects with GE in the coming months.

FINANCIAL SUMMARY

Shares O/S (M)	34.99	52-week Range	\$0.45 - \$1.65		
Market Cap. (\$M)	19.25	Avg. Weekly Vol. (M)	0.1		
Market Float (%)	82.1%	Fiscal Year End	31-Dec		
Net Debt (\$M)	\$2.6	Book Value/Share	\$0.07		
Forecasts	2009A	2010A	2011E	2012E	
Revenue (\$M)	NM	NM	NM	NM	
EBITDA (\$M)	(\$4.74)	(\$3.14)	NA	NA	
EPS (FD)	(\$0.01)	(\$0.00)	NA	NA	
EPS (basic)	(\$0.01)	(\$0.00)	NA	NA	
CFPS	(0.01)	(0.01)	NA	NA	
P/E	NM	NM	NM	NM	
EV/EBITDA	NM	NM	NM	NM	
	Q1	Q2	Q3	Q4	
EPS	2010	(\$0.00)	(\$0.00)	\$0.00	(\$0.00)
	2011	(\$0.02)	NA	NA	NA
EBITDA (\$M)	2010	(\$1.03)	(\$0.81)	(\$0.86)	(\$0.44)
	2011	(\$0.55)	NA	NA	NA

VALUATION PARAMETERS

	Current	Target	
Share Price	\$0.55	\$1.65	
NAV/Share	NA	1.63	
% Diff	NA	1%	
	2009A	2010A	2011E
Current EV/EBITDA	NA	NA	NA
Target EV/EBITDA	NA	NA	NA
Peers EV/EBITDA	NA	NA	NA
Current P/CFPS	NA	NA	NA
Target P/CFPS	NA	NA	NA
Peers P/CFPS	NA	NA	NA

AUGUST 23, 2011

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

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All figures in C\$ unless otherwise noted.
 Please see disclosures at the end of this report



PRICE TARGET (PT)	\$1.65	PRICE:	\$0.55	NET DEBT (\$M)	2.6	Tuesday, August 23, 2011
RATING	Sector Outperform (S/O)	MARKET CAP (\$M)	19.2	SHARES (M)	35.0	

PRICE TARGET SCENARIOS

TARGET SCENARIO (\$1.65, +200%)

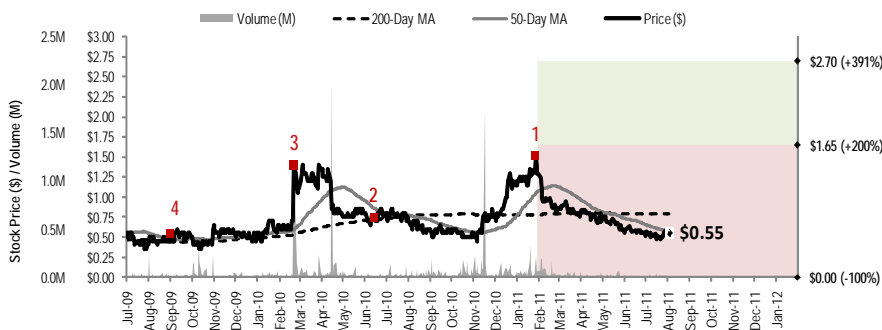
Our target scenario is based on a 30% retained ownership interest in each of the 77MW Wildmare, 47MW Tumbler Ridge projects, 117MW Meikle Wind and 60MW Bullmoose projects.

UPSIDE DRIVERS (\$2.70, +391%)

We derive an upside scenario of \$2.70/share, reflecting a higher retained interest of 30% in the 47MW Tumbler Ridge Project and a 50% retained interest in the 117MW Meikle Wind and the 60MW Bullmoose wind projects, and a de-risked value for the Wildmare and Tumbler Ridge projects.

DOWNSIDE PERIL (\$0.00, -100%)

The downside for investors is ultimately zero, though we believe that there is positive value from the PPA agreements for the four wind projects on which to capitalize. FVR has also mitigated its financial risk with funding provided by GE Energy and additional funding earned from the sale of a majority interest in its Gate 3 grid connection and Cloosly Valley Wind Project in Ireland.



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**
- > 2011 - Finalization partnership or joint venture agreements for the four BC wind energy projects
 - > 2011 - 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	30%	30%	30%	30%
Total PV	28,999	16,332	18,840	5,419
Shares outstanding	37,423	37,423	37,423	37,423
NAV/Share	\$0.77	\$0.44	\$0.50	\$0.14
less PV corporate expenses/share			(\$0.23)	
TOTAL NAV			\$1.63	

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	5000.0%	High	\$1.65	-15.2%	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	\$0.55	\$1.40	19.2	0.0%	NA	NA	NA	NA	NA	NA
China Wind Power	CNW	\$0.88	\$0.00	57.2	0.0%	NA	NA	NA	NA	NA	NA
Sprott Power	SPZ	\$0.76	\$1.65	15.7	0.0%	NA	NA	NA	3.9	NA	174.9%
Alterra Power	AXY	\$0.67	\$1.32	178.7	0.0%	NA	NA	NA	8.6	NA	0.0%
Sea Breeze Power	SBX	\$0.10	\$0.00	7.8	0.0%	NA	NA	NA	NA	NA	NA
Run of River Power	ROR	\$0.10	\$0.19	8.1	0.0%	NA	NA	NA	NA	-0.5%	-0.1%
Tribute Resources	TRB	\$0.09	\$0.00	6.2	0.0%	NA	NA	NA	NA	NA	NA
Western Wind Energy	WND	\$1.36	\$2.95	69.2	0.0%	NA	NA	NA	9.3	NA	20.0%
					Mean	NA	NA	NA	7.3	-0.5%	5.4%

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



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7. The authoring analyst, or any associate of the authoring analyst, received reimbursement for travel expenses.
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SECTOR OUTPERFORM (S/O)	NCP’s most positive rating category incorporating both relative and absolute return considerations. The analyst believes that the security will outperform its peers. Furthermore, the shares are forecast to provide attractive returns measured against alternative investments when considering risk profiles. The rating defines a minimum total return threshold of 15% for equities and 12% for trusts.
SECTOR PERFORM (S/P)	The NCP analyst anticipates that the security will trade in line with its peer group. The target price allowing for any forecast distributions is at or above the market price. In addition, the forecast risk-adjusted returns are reasonable relative to alternative investments.
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TENDER (T)	The NCP analyst advises investors tender to a specific offering for the company’s shares.

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	DESCRIPTION
UNDER REVIEW	An analyst placing a stock Under Review does not revise the stock’s current rating or recommendation. A company’s shares will be placed Under Review when it has a significant material event with further information pending. Alternatively, an analyst will place a stock Under Review where they determine it is necessary to await adequate information that could potentially lead to a re-evaluation the analyst’s forecasts or rating on a company’s shares.
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SENTIMENT | The analyst is given a choice of three ratings (Positive/Divided/Negative) to reflect on their perception of the prevailing market sentiment. It is intended to be a reflection on the stock’s relative market sentiment over the near term with respect to catalysts and risk factors.

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RISK TYPE	DESCRIPTION
FORECAST	<p><i>High:</i> The NCP analyst’s forecasts are below guidance or consensus expectations. The company has missed guidance in the past from unforeseen execution challenges or industry considerations.</p> <p><i>Moderate:</i> The NCP analyst’s forecasts are in line with the company guidance and consensus expectations. Management at the company has historically achieved or exceeded guidance.</p> <p><i>Low:</i> The NCP analyst’s forecasts generally exceed guidance and consensus expectations. The company has historically achieved or exceeded guidance.</p>
FINANCIAL	<p><i>High:</i> The business plan is not fully funded and requires additional debt and/or equity financing that may or may not be achieved.</p> <p><i>Moderate:</i> The company’s business plan is fully funded. The company’s debt is rated at or below investment grade.</p> <p><i>Low:</i> The company’s business plan is fully funded. The company’s debt is rated investment grade debt.</p>
VALUATION	<p><i>High:</i> The company’s current equity valuation is at the high end of historic parameters and/or at a premium to peers. Where relevant, the analyst’s DCF valuation on the company is not more than 10% above the current equity valuation.</p> <p><i>Moderate:</i> The company’s current equity valuation falls within historic parameters and/or is reasonably in line with its peers. Where relevant, the analyst’s DCF valuation on the company exceeds the current equity capitalization by more than 10%.</p> <p><i>Low:</i> The company’s current valuation is at the low end of historic parameters and/or at a discount to peer valuations. Where relevant, the analyst’s DCF valuation on the company exceeds the current equity capitalization by more than 15%.</p>

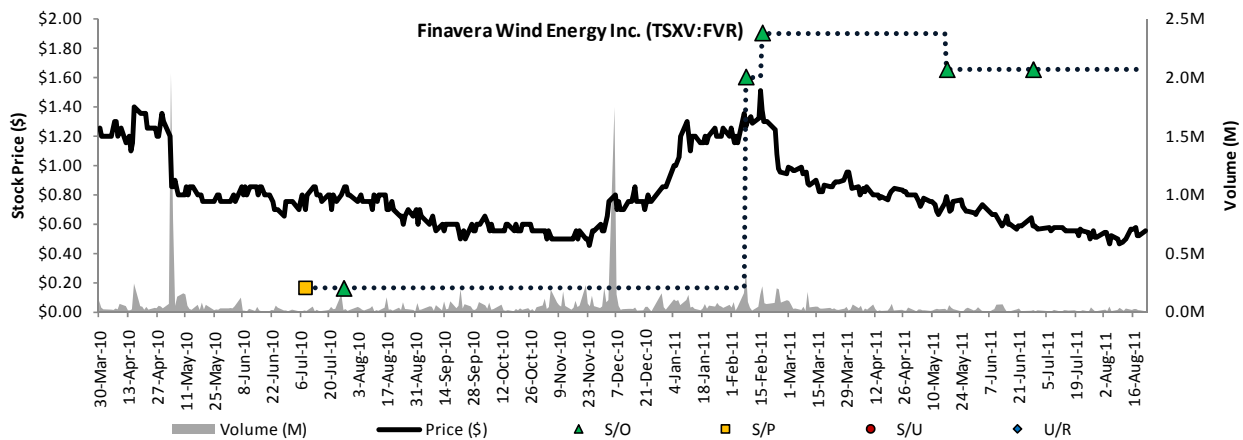


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PRICE TARGET HISTORY



Date	Target	Rating	Change Type
7/8/2010	\$0.16	S/P	Initiate Coverage
7/27/2010	\$0.16	S/O	Update
2/8/2011	\$1.60	S/O	Update
2/16/2011	\$1.90	S/O	Update
5/17/2011	\$1.65	S/O	Share update