

WESTERN GEOPower CORP.

Unaudited Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

For the nine months ended September 30, 2008

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS:

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

WESTERN GEOPOWER CORP.

Consolidated Balance Sheets
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	September 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,070,582	\$ 15,918,714
Accounts receivable	40,363	93,184
Prepaid expenses and deposits	74,632	201,794
Inventory	3,207,374	1,568,143
	<u>5,392,951</u>	<u>17,781,835</u>
Equipment	958,976	150,788
Geothermal properties (note 4)	56,710,216	34,202,365
Reclamation deposit (note 4)	247,525	247,525
Deposits	4,210,825	1,328,475
Total Assets	\$ 67,520,493	\$ 53,710,988

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,720,762	\$ 1,503,195
Short term loans (note 5)	400,000	-
	<u>5,120,762</u>	<u>1,503,195</u>
Long term debt (note 6)	863,913	833,078
Provision for site reclamation and closure costs (note 7)	615,442	569,528
Future income taxes	3,364,456	3,483,117
	<u>9,964,573</u>	<u>6,388,918</u>
Shareholders' equity:		
Share capital (note 8)	54,864,157	54,164,237
Advances on share subscriptions (note 8(c))	10,550,893	-
Contributed surplus	8,244,166	7,954,288
Deficit	(16,103,296)	(14,796,455)
	<u>57,555,920</u>	<u>47,322,070</u>
Total Liabilities and Shareholders Equity	\$ 67,520,493	\$ 53,710,988

Nature of operations (note 1)
Commitments (notes 4 and 11)
Subsequent events (notes 4(a), 4(b), 8(c), 8(d), 8(f))

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

Kenneth MacLeod (signed)
Director

John Copeland (signed)
Director

WESTERN GEOPOWER CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Three months ended Sept 30,		Nine months ended Sept 30,	
	2008	2007	2008	2007
Expenses:				
Advertising and promotion	\$ 60,917	\$ 137,265	\$ 215,557	\$ 249,761
Amortization and accretion	22,788	15,686	55,742	46,132
Consulting and advisory fees	18,250	40,000	49,623	71,747
Directors' fees	16,500	17,000	53,500	45,000
Foreign exchange (gain) loss	314,030	-	299,954	-
General and administration	59,837	43,376	157,491	104,504
Interest and bank charges, net	32,422	905	57,665	2,136
Loss on disposal of assets	6,371	-	6,371	1,777
Management fees (note 9)	30,000	210,000	90,000	315,000
Professional fees	17,000	10,000	59,749	41,364
Regulatory fees, transfer agent and shareholder communications	16,936	8,813	48,251	27,779
Rent	18,321	15,577	50,273	46,137
Salaries	126,812	118,016	408,603	347,331
Stock-based compensation (note 8(d))	109,940	1,437,475	109,940	1,502,314
Travel & related	15,122	63,884	46,865	77,178
Loss before the undernoted	(865,246)	(2,117,997)	(1,709,584)	(2,878,160)
Interest income	6,377	56,847	157,671	72,477
Future income tax recovery	63,686	239,487	245,072	541,638
Loss for the period	(795,183)	(1,821,663)	(1,306,841)	(2,264,045)
Other comprehensive (loss) income	-	-	-	-
Net loss being comprehensive loss	\$ (795,183)	\$ (1,821,663)	\$ (1,306,841)	\$ (2,264,045)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.02)
Weighted average number of shares outstanding	186,985,288	128,322,071	186,985,288	128,322,071

See accompanying notes to the consolidated financial statements.

WESTERN GEOPOWER CORP.

Consolidated Statement of Shareholders' Equity
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	September 30, 2008	December 31, 2007
Common Shares		
Balance, beginning of period	\$ 54,164,237	\$ 34,471,513
Exercise of warrants net of issues costs	445,500	12,611,271
Exercise of Agents options	-	625,562
Private placement net of issue costs	-	6,214,291
Exercise of stock options	147,940	141,200
Fair value of stock options upon exercise transferred from contributed surplus	106,480	100,400
Balance, end of period	54,864,157	54,164,237
Advances on share subscriptions (note 8(c))	10,550,893	-
Contributed Surplus		
Balance, beginning of period	7,954,288	6,486,552
Fair value of stock compensation	396,358	1,568,136
Fair value of stock options upon exercise transferred to share capital	(106,480)	(100,400)
Balance, end of period	8,244,166	7,954,288
Accumulated Deficit		
Balance, beginning of period	(14,796,455)	(13,076,889)
Loss for the period	(1,306,841)	(1,719,566)
Balance, end of period	(16,103,296)	(14,796,455)
Total shareholders' equity	\$ 57,555,920	\$ 47,322,070

See accompanying notes to the consolidated interim financial statements.

WESTERN GEOPOWER CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

<i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Cash provided by (used in):				
Operating Activities:				
Loss for the period	\$ (795,183)	\$ (1,821,663)	\$ (1,306,841)	\$ (2,264,045)
Items not involving cash:				
Amortization and accretion	22,788	15,686	55,742	46,132
Loss on disposal of assets	6,371	-	6,371	1,777
Accrued interest on long term debt	9,974	-	30,835	-
Stock-based compensation	109,940	1,437,475	109,940	1,502,314
Future income tax recovery	(63,686)	(239,487)	(245,072)	(541,638)
Changes in non-cash operating working capital				
Accounts receivable	(22,543)	(13,661)	52,821	9,800
Prepaid expenses and deposits	749,151	(572,834)	127,162	(621,859)
Accounts payable and accrued liabilities	216,901	83,088	140,972	(58,200)
Inventory	(2,286,824)	-	(1,639,231)	-
	<u>(2,053,111)</u>	<u>(1,111,396)</u>	<u>(2,667,301)</u>	<u>(1,925,719)</u>
Investing Activities:				
Geothermal property costs, net of accounts payable and accrued liabilities	(7,319,302)	(331,351)	(18,999,818)	(1,073,258)
Purchase of equipment	(576,252)	(2,747)	(842,996)	(5,895)
Proceeds from sale of asset	-	-	-	500
Long term deposits	(200,000)	-	(2,882,350)	-
	<u>(8,095,554)</u>	<u>(456,579)</u>	<u>(22,725,164)</u>	<u>(1,078,653)</u>
Financing Activities:				
Cash proceeds received from issuance of shares	-	17,987,503	-	18,686,703
Advances on share subscriptions	10,550,893	-	10,550,893	-
Exercise of warrants	105,000	-	445,500	-
Exercise of options	40,040	-	147,940	-
Proceeds from short term loans	400,000	-	400,000	-
	<u>11,095,933</u>	<u>17,987,503</u>	<u>11,544,333</u>	<u>18,686,703</u>
Increase (decrease) in cash and cash equivalents	947,268	16,542,009	(13,848,132)	15,682,331
Cash and cash equivalents, beginning of period	1,123,314	466,020	15,918,714	1,325,698
Cash and cash equivalents, end of period	\$ 2,070,582	\$ 17,008,029	\$ 2,070,582	\$ 17,008,029
Supplementary cash flow information:				
Interest received	\$ 3,210	\$ 56,847	\$ 154,504	\$ 72,477
Non-cash financing and investing activities:				
Stock-based compensation capitalized	69,692	65,822	286,419	65,822
Geothermal property costs included in accounts payable and accrued liabilities	2,319,678	107,154	4,375,631	107,154
Amortization of equipment capitalized	6,056	7,999	18,608	23,996
Fair value of stock options transferred to share capital from contributed surplus	28,280	11,000	106,480	81,400
Future income taxes on stock options and capital asset amortization to geothermal	126,408	-	126,408	-

See accompanying notes to the consolidated interim financial statements

WESTERN GEOPOWER CORP.

Notes to Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Nine months ended September 30, 2008
(Unaudited)

1. Nature of operations and going concern:

Western GeoPower Corp. (the Company) is incorporated under the laws of British Columbia. The Company is in the process of developing its Geothermal Projects held for the potential of commercial production of electricity and has not yet determined the economic viability of its projects. The Company's principal projects are the South Meager Geothermal Project located in British Columbia, Canada and the Western GeoPower Unit 1 project located in the Geysers Geothermal Field in Northern California. The underlying value of the geothermal properties and the recoverability of the related deferred costs are entirely dependent on the existence of one or more economic projects and the Company's ability to obtain the necessary financing to complete development, achieve future profitable production and secure and maintain the appropriate permits, rights and beneficial interest in the properties.

These interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. As at September 30, 2008, the Company had working capital of \$272,189. Management recognizes that the Company will need to generate additional financial resources in order to meet its planned business objectives. However, there can be no assurances that the Company will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

2. Significant accounting policies:

(a) Basis of presentation:

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP") for interim reporting. They include the accounts of the Company and its wholly-owned subsidiaries, Meager Creek Development Corporation, Western GeoPower, Inc and Western GeoPower SpA.

The accounting policies followed by the Company are set out in Notes 2 and 3 to these interim consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007.

The Company has no variable interest entities as defined under Accounting Guidelines 15 *Consolidation of Variable Interest Entities*. All material intercompany transactions and balances have been eliminated on consolidation. These interim consolidated financial statements include all adjustments that are in the opinion of management, necessary for fair presentation.

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2. Significant accounting policies (continued):

(b) Equipment:

Equipment is carried at cost less accumulated amortization. Amortization is provided on a declining balance or straight-line basis over the estimated useful lives of the assets using the following rates:

Declining balance basis:	%
Furniture and fixtures	20%
Computer equipment	45%
Camp and field equipment	10 - 20%
Vehicles	30%
<hr/>	
Straight line basis:	Years
Leasehold improvements	3
Construction in Progress	20*

* Construction in progress will be amortized on a straight line basis over the 20 year power purchase agreement upon the WGP Unit 1 power plant becoming commercially operational.

3. Changes in accounting policies:

Effective January 1, 2008, the Company adopted, on a prospective basis, the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

(a) Going concern - Section 1400:

This standard includes requirements for management to assess and disclose the entity's ability to continue as a going concern.

(b) Financial instruments - disclosure - Section 3862 and presentation - Section 3863:

These standards replace CICA 3861, financial instruments - disclosure and presentation. They increase the disclosure currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to entity's key management personnel.

In accordance with this new standard, the Company assesses its risks as follows:

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of Western GeoPower Corp and Meager Creek Development Corporation are Canadian dollars. The functional currency of Western GeoPower, Inc is United States dollars and the functional currency of Western GeoPower SpA is Chilean pesos. The majority of transactions are exchanged at the local functional currency at each entity minimizing the exposure to currency risk. The Company maintains a portion of its cash in Canadian dollars and US dollars.

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3. Changes in accounting policies (continued):

Market risk

The Company's commodity risk consists of power produced at Western GeoPower, Inc's Geysers Unit 1 project of which production is not expected until the year 2010. The risk is mitigated in that the Company has entered into a Power Purchase Agreement for the sale of power from the WGP Unit 1 project at a levelized price of \$104 (\$98USD) per MWh for 20 years.

Interest rate risk

The Company is exposed to interest rate risk as interest on the long term debt is based on the variable Royal Bank prime rate. The interest rate as at September 30, 2008 is 4.75%.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash, debt and equity management strategies. Such strategies include monitoring forecasted and actual cash flows from operating, financing and investing activities, negotiating bridge financing or long term debt and opportunities to issue additional Company shares.

(c) Capital disclosures - Section 1535:

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

In accordance with this new standard the Company's capital disclosure is as follows:

The Company's structure is comprised of shareholder's equity, long term debt and working capital. The Company's objectives when managing its capital is to maintain a capital structure which will allow the Company to both fund its development program and provide financial flexibility to execute on strategic opportunities.

As the Company is currently in the development stage there are no set ratios for debt to cash flow and equity. These parameters are currently being developed.

The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or repay existing debt. There were no changes to the Company's approach to capital management during the period.

(d) International Financial Reporting Standards:

On February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly listed companies will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

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3. Changes in accounting policies (continued):

The Company has launched an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS in its financial statements. Training and additional resources will be engaged to ensure the timely conversion to IFRS.

4. Geothermal properties:

Expenditures incurred on the geothermal properties to date are follows:

	September 30, 2008,	December 31, 2007
South Meager Geothermal Project (note 4(a))	\$ 32,039,290	\$ 31,732,107
Leasehold at Geysers WGP Unit 1 (note 4(b))	23,397,135	2,367,641
Others	1,273,791	102,617
	<u>\$ 56,710,216</u>	<u>\$ 34,202,365</u>

(a) South Meager Geothermal Project:

The Company holds two licenses of occupation granted by the British Columbia Ministry of Energy and Mines giving surface tenure to property at Meager Creek, both of which are in good standing. One license is for a term of 26 years expiring December 17, 2017 and the other license is for a term of 10 years expiring June 30, 2017. Additionally, the Company holds a geothermal lease granted by the British Columbia Ministry of Energy and Mines in respect of certain property at Meager Creek, also expiring December 17, 2017.

The total area under the geothermal lease with the British Columbia Ministry of Energy and Mines is 4,267 hectares. An annual rental payment in the amount of \$42,670 is required to maintain the rights granted by the geothermal lease. The license and lease are recorded in the accounts at a nominal value of \$1.

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(Unaudited)

4. Geothermal property (continued):

Expenditures incurred on the South Meager Geothermal Project are as follows:

	September 30, 2008	December 31, 2007
Balance, beginning of period:	\$ 31,732,107	\$ 31,483,600
Costs incurred during the period:		
Lease permits and occupancy	-	42,670
Camp office and administration	23,807	62,652
Drilling and testing	213,219	35,954
Road maintenance and snow removal	3,760	-
Community stakeholder relations	66,397	45,033
Environmental review	-	2,550
Stock-based compensation	-	65,822
Future income taxes on stock-based compensation and capital asset amortization	-	36,179
Provision for site reclamation and closure costs	-	(42,353)
	307,183	248,507
Balance, end of period	\$ 32,039,290	\$ 31,732,107

The Geothermal Act of British Columbia provides for an undefined royalty payable to the Crown, therefore the geothermal lease includes a clause that may provide for a royalty agreement if electricity is produced from the geothermal lease and sold. The amount of such royalties, if any, is subject to negotiation.

In addition, the geothermal lease is subject to a royalty of 5% of the net proceeds received from the sale of electrical power produced from the geothermal lease, after deducting operating costs and capital expenditures.

The Company is contingently liable for the site restoration of the geothermal property under the regulations of the Petroleum and Natural Gas Act (the Act) of the Province of British Columbia (note 7). The required deposit under the Act is supported by a term deposit provided by the Company in the amount of \$150,000.

(b) Leasehold at the Geysers WGP Unit 1:

On June 16, 2006, the Company entered into a geothermal lease covering 421 acres within the Geysers Geothermal Field in Northern California. The lease grants the Company the right to re-develop the geothermal reservoir and to build a new plant for electricity generation. An annual rental payment in the amount of \$106,420 (\$100,000USD) is required to maintain the rights granted by the geothermal lease. The primary lease term is for three years and expires June 15, 2009 however the lease will continue in the event that resource substances are produced in commercial quantities from the leased land and utilized to produce gross revenue.

On October 6, 2006, the Company entered into a second lease for an additional 140 acres contiguous to the Company's leasehold at the Geysers Geothermal Field. An annual rental payment in the amount of \$10,642 (\$10,000USD) is required to maintain the rights granted by the lease. The primary lease

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4. Geothermal property (continued):

(b) Leasehold at the Geysers WGP Unit 1 (continued)

term is for three years and expires October 6, 2009 however the lease will continue in the event that resource substances are produced in commercial quantities from the leased land and utilized to produce gross revenue. If a power plant is constructed on this leased area, then the annual lease payment would increase to \$47,889 (\$45,000USD).

On February 7, 2007, the Company entered into a third lease for an additional 74 acres contiguous to the Company's leasehold at the Geysers Geothermal Field. An annual rental payment in the amount of \$5,321 (\$5,000USD) is required to maintain the rights granted by the lease. The primary lease term is for three years and expires February 7, 2010 however the lease will continue in the event that resource substances are produced in commercial quantities from the leased land and utilized to produce gross revenue. If a power plant is constructed on this leased area, then the annual lease payment would increase to \$47,889 (\$45,000USD).

On July 5, 2007, the Company announced it entered into a lease for an additional 413 acres contiguous to the Company's leasehold at the Geysers Geothermal Field. An annual rental payment in the amount of \$10,642 (\$10,000USD) is required to maintain the rights granted by the lease. The primary lease term is for three years and expires June 29, 2010, with an annual renewal for up to 50 years as long as resource substances are produced in commercial quantities from the leased land and utilized to produce gross revenue.

On October 12, 2006, upon completion of a feasibility report prepared by independent consultants, GeothermEx, Inc., the Company announced its intention to build a 28 megawatt (MWe) (gross) power plant at the Company's leasehold at the Geysers Geothermal Field. The feasibility report projects that the Company's leasehold at the Geysers Geothermal Field will commercially support a 28 MWe (gross) power plant for a minimum of 20 years, with generation continuing at a slightly reduced output factor through 30 years. Following the acquisition of the 413 acre Abril Ranch leasehold in July 2007, a further review by GeothermEx, Inc. determined the optimum capacity for the Unit 1 project to be 35 MWe (gross).

The Company signed a contract to purchase a steam turbine generator for the proposed 35 MWe Unit 1 project from Fuji Electric Company of America in the amount of \$14,292,264 (\$13,665,000USD). The order required progress payments throughout the various stages of completion. At September 30, 2008 the Company has made progress payment in the amount of \$3,980,525 which is recorded in long-term deposits.

The Company is contingently liable for the site restoration of the geothermal property under the regulations of the California Division of Oil, Gas and Geothermal Resources (CDOGGR). The public resources code requires operators to file a bond to cover such liabilities. The required deposit under the code is supported by a term deposit held by the Company in the amount of \$106,420 (\$100,000USD).

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4. Geothermal property (continued):

On May 20, 2008, the Company announced the signing of a Power Purchase Agreement (PPA) between its wholly-owned subsidiary, Western GeoPower, Inc. and Northern California Power Agency ("NCPA") of Roseville, California for the supply of approximately 265,000 Megawatt-hours per year of clean, renewable, baseload electricity at a levelized price of \$104 (\$98USD) per MWh for 20 years, from the Company's proposed 35 MWe geothermal power plant.

Expenditures incurred on the WGP Unit 1 project are as follows:

	September 30, 2008	December 31, 2007
Balance, beginning of period:	\$ 2,367,641	\$ 546,412
Costs incurred during the period:		
Leases	115,000	136,620
Project management	531,585	452,820
Project development	182,868	285,890
General administration	327,597	158,590
Insurance	7,229	78,909
Professional fees; title and land search	115,081	54,077
Resource assessment and feasibility report	-	6,557
Environmental and legal review for power sales bids	46,057	56,164
Project finance	37,380	62,153
Environmental - permitting and project development	221,442	274,989
Interconnection - transmission studies	100,000	91,360
Engineering	549,604	163,100
Future income taxes on stock-based compensation and capital asset amortization	126,408	-
Drilling and testing	18,382,824	-
Stock based compensation	286,419	-
	21,029,494	1,821,229
Balance, end of period	\$ 23,397,135	\$ 2,367,641

5. Short term loans:

	September 30, 2008	December 31, 2007
Short-term loan	\$ 200,000	-
Short-term loan	\$ 150,000	-
Short-term loan	\$ 50,000	-
Balance, end of period	\$ 400,000	\$ -

The short term loans are payable to a Director and Officer, and accrue interest at an annual rate of 12% per annum compounded monthly.

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6. Long term debt:

Amounts owing of \$833,078 are payable on December 31, 2011. Interest, which is to be calculated at the Royal Bank of Canada's prime rate, will only start to accrue on this debt from the earlier of 90 days following the issuance of a certificate by the appropriate provincial regulatory authorities to permit the development of a geothermal resource on the Company's South Meager geothermal property, or December 31, 2007. At the option of the Company, earlier payment is permitted. The Company has recorded interest expense from January 1, 2008 to September 30, 2008 in the amount of \$30,835.

	September 30, 2008	December 31, 2007
Balance, beginning of period	\$ 833,078	\$ 833,078
Interest accrued	30,835	-
Balance, end of period	\$ 863,913	\$ 833,078

7. Provision for site reclamation and closure costs:

	September 30, 2008	December 31, 2007
Balance, beginning of period	\$ 569,528	\$ 587,146
Change in estimate of provision	-	(66,658)
Accretion expense	45,914	49,040
Balance, end of period	\$ 615,442	\$ 569,528

The Company's provision for future site reclamation and closure costs is based on known federal and local laws and regulations concerning environmental requirements. It is not currently possible to estimate the impact on financial results, if any, of future legislative or regulatory developments. Assumptions used in the determination of the site reclamation and closure liabilities include estimated undiscounted costs of \$1,445,500 to be expended to 2017 at a discount rate of 10% to 12% and an inflation factor of 2.0%.

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8. Share capital:

(a) Authorized: Unlimited common shares without par value.

(b) Issued and outstanding:

	Number of shares	Amount
Balance, December 31, 2007	186,187,293	54,164,237
Issued for cash on exercise of warrants (note 8(f))	1,530,000	445,500
Issued for cash on exercise of stock options (note 8(d))	672,000	147,940
Fair value of stock options upon exercise transferred from contributed surplus	-	106,480
Balance, September 30, 2008	188,389,293	\$ 54,864,157

(c) Advances on share subscriptions:

Subsequent to the quarter ended the Company issued 42,732,960 units at a price of \$0.25 per unit for total gross proceeds of \$10,683,240 of which \$10,550,893 were advances on share subscriptions received as at September 30, 2008. Each Unit consists of one common share and one transferable share purchase warrant exercisable into one common share for a period of 24 months from closing at a price of \$0.45 per share during the first 12 months and \$0.50 per share during the last 12 months. The units issued in the financing are subject to a four month hold period ending February 4, 2009.

The warrants are subject to an acceleration provision, which provides that, if the Company's shares trade at \$0.50 or more for ten consecutive trading days during the first year or \$0.55 or more for ten consecutive trading days during the second year, it will trigger a 30 day timeframe within which to exercise the warrants or they will expire.

In addition to the above, the Company issued an additional 2,530,078 Units for a finder's fee of 6% payable in units on a portion of the proceeds. These units are also subject to a four month hold period ending February 4, 2009.

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8. Share capital (continued):

(d) Stock options:

The continuity of the Company's stock options for the period ended September 30, 2008, all of which are exercisable at September 30, 2008, is as follows:

Exercise price	Expiry date	Balance December 31, 2007	Granted	Exercised	Forfeited	Balance September 30, 2008
\$0.35	October 17, 2008	40,000	-	-	-	40,000
\$0.35	January 20, 2009	75,000	-	-	-	75,000
\$0.35	May 4, 2009	100,000	-	-	-	100,000
\$1.00	April 22, 2008 (i)	511,163	-	-	(511,163)	-
\$0.35	September 16, 2010	1,565,000	-	-	(30,000)	1,535,000
\$0.22	February 17, 2011	4,930,000	-	(440,000)	-	4,490,000
\$0.28	March 31, 2011	300,000	-	-	-	300,000
\$0.17	August 23, 2011	100,000	-	-	-	100,000
\$0.155	December 19, 2011	1,010,000	-	(100,000)	-	910,000
\$0.32	May 30, 2012	300,000	-	-	-	300,000
\$0.30	September 12, 2012	300,000	-	-	-	300,000
\$0.27	September 20, 2012	7,675,000	-	(132,000)	(143,000)	7,400,000
\$0.35	February 11, 2013	-	500,000	-	-	500,000
\$0.29	April 3, 2013	-	550,000	-	-	550,000
\$0.315	August 1, 2013	-	900,000	-	-	900,000
		16,906,163	1,950,000	(672,000)	(684,163)	17,500,000
Weighted average exercise price		\$0.30	\$0.32	\$0.22	\$0.82	\$0.28
Contractual weighted average remaining life (years)		\$3.84				\$3.37

During the nine months ended September 30, 2008, 672,000 options were exercised by employees of the Company for proceeds of \$147,940.

On February 11, 2008, the Company granted 500,000 stock options to a consultant at the market close of \$0.35 per share for a period of five years under the stock option plan.

On April 3, 2008, the Company granted 550,000 stock options to a director as part of consulting contract at the market close of \$0.29 per share for a period of five years under the stock option plan.

On August 1, 2008, the Company granted 900,000 stock options to new employees of the Company at the market close on July 31, 2008 of \$0.315 per share for a period of five years under the stock option plan.

Subsequent to the quarter ended September 30, 2008:

On October 16, 2008, the Company granted 1,350,000 stock options to officers and employees of the Company at the market close on October 16, 2008 of \$0.195 per share for a period of five years under the stock option.

WESTERN GEOPower CORP.

Notes to Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Nine months ended September 30, 2008
(Unaudited)

8. Share capital (continued):

(e) Stock-based compensation:

The weighted average fair value of options granted during 2008, being \$0.20 per option, was estimated using the Black-Scholes option pricing model with the following assumptions; risk free interest rate of 3.25%, expected dividend yield of 0%; volatility factor of 77.03% and an expected life of 5 years. Under this method of calculation, the fair value of all options granted during 2008 amounted to \$396,358 (September 30, 2007 – \$884,955), of which \$286,419 (September 30, 2007 – \$63,362) has been capitalized as geothermal property cost.

(f) Share purchase warrants:

The continuity of the Company's warrants for the period ended September 30, 2008 is as follows:

Exercise price	Expiry date	Balance December 31, 2007	Issued during the year	Exercised/ expired	Balance September 30, 2008
\$1.20	April 5, 2008	302,322	-	(302,322)	-
\$1.20	April 22, 2008	690,000	-	(690,000)	-
\$0.25	December 30, 2008	13,600,133	-	(729,584)	12,870,549
\$0.25	December 30, 2008	1,950,000	-	-	1,950,000
\$0.25	December 30, 2008	4,170,416	-	(170,416)	4,000,000
\$0.35	December 30, 2008	30,531,334	-	(630,000)	29,901,334
		51,244,205	-	2,522,322	48,721,883

During the nine months ended September 30, 2008, 1,530,000 warrants were exercised for cash proceeds of \$445,500. On April 5, 2008, 302,322 warrants expired without being exercised. On April 22, 2008, 690,000 warrants expired without being exercised.

Subsequent to the quarter ended September 30, 2008:

The Company issued 42,732,960 units at a price of \$0.25 per unit for total gross proceeds of \$10,683,240 of which \$10,550,893 were advances on share subscriptions received as at September 30, 2008. Each Unit consists of one common share and one transferable share purchase warrant exercisable into one common share for a period of 24 months from closing at a price of \$0.45 per share during the first 12 months and \$0.50 per share during the last 12 months. The units issued in the financing are subject to a four month hold period ending February 4, 2009.

The warrants are subject to an acceleration provision, which provides that, if the Company's shares trade at \$0.50 or more for ten consecutive trading days during the first year or \$0.55 or more for ten consecutive trading days during the second year, it will trigger a 30 day timeframe within which to exercise the warrants or they will expire.

In addition to the above, the Company issued an additional 2,530,078 Units for a finder's fee of 6% payable in units on a portion of the proceeds. These units are also subject to a four month hold period ending February 4, 2009.

WESTERN GEOPOWER CORP.

Notes to Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Nine months ended September 30, 2008
(Unaudited)

8. Share capital (continued):

On November 10, 2008 the Company entered into a \$13,135,897 (\$11,000,000 USD) secured loan agreement. Interest will be payable at a rate of 1% for the first six months, 1.25% for the second six months and 1.5% thereafter. The lender will have the right to elect to receive the payment of interest on the loan in the form of common shares of the Company. Further, the Company will issue 29,629,629 warrants at an exercise price of \$.18 per share exercisable for a period of 24 months as partial consideration for entering into the loan facility. The warrants are subject to a hold period of four months from issuance. This agreement is subject to the approval of the TSX-V Exchange.

9. Related party transactions:

The following is a summary of amounts charged by officers, directors and by companies controlled by directors:

	September 30, 2008	September 30, 2007
Management fees (a)	\$ 180,000	\$ 400,000
Consulting fees (b)	202,635	98,370
Directors fees (c)	53,500	70,000
Short-term loans (note 5)	400,000	-

(a) \$90,000 (Sept 30, 2007 - \$85,000) of management fees is included in geothermal property costs.

(b) \$202,635 (Sept 30, 2007 – \$98,370) in advisory fees were paid to two directors of the Company of which all of these costs are included in geothermal property costs.

(c) \$45,000 (Sept 30, 2007 - \$45,000) were paid in directors fees. \$8,500 (Sept 30, 2007 - \$3,000) in fees were paid to members of the Audit Committee and Compensation Committee members. Audit Committee and Compensation Committee members are paid a fee of \$500 per committee meeting attended; and the Chairman of each committee is paid a fee of \$1,000 per committee meeting chaired. September 30, 2007 Directors fees included a bonus paid to a director for \$25,000. No bonuses have been declared in 2008.

10. Commitments:

The Company entered into a lease agreement for its corporate office effective October 1, 2008 until expiry on September 30, 2011. The Company entered into a lease agreement for its California office effective April 1, 2008 until expiry on March 31, 2011. Effective July 1, 2007 the Company entered into a lease for storage until expiry on May 31, 2010.

WESTERN GEOPower CORP.

Notes to Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
Nine months ended September 30, 2008
(Unaudited)

10. Commitments (continued):

Minimum commitments for premise and geothermal leases are as follows:

2008	\$	103,535
2009		261,619
2010		238,558
2011		158,251
2012		42,670
	\$	804,633

The Company signed a contract to purchase a steam turbine generator for the proposed 35 MWe Unit 1 Project from Fuji Electric Company of America in the amount of \$14,292,264 (\$13,665,000USD). The contract requires progress payments throughout the various stages of completion which are expected to be as follows:

2008	\$	2,763,035
2009		7,634,703
	\$	10,397,738

As at September 30, 2008, the Company has made progress payments in the amount of \$ 3,894,525 for the Turbine. In addition the company has made a progress payment for purchase of spare parts in the amount of \$86,000 for total aggregate payments in the amount of \$3,980,525 which is recorded in long-term deposits.

On May 30, 2008, the Company signed a contractual agreement for services relating to the detailed engineering for Unit 1 Geothermal Power Plant. The total contract price is \$5,104,435 (\$4,796,500USD) and is ongoing until commencement of commercial operations. As at September 30, 2008, the Company has made progress payments in the amount of \$510,258 which have been recorded as a capitalized cost of the project.

On September 8, 2008 the Company signed a contractual agreement for engineering services relating to the gathering and injection system for the Unit 1 Geothermal Power Plant. The total contract price is \$502,930 (\$472,590USD) and is ongoing until commencement of commercial operations. As at September 30, 2008, the Company has made progress payments in the amount of \$8,037 which have been recorded as a capitalized cost of the project.

11. Change in presentation:

Certain items in the prior year comparative numbers (December 31, 2007) have been reclassified to conform to the current presentation.



Management's Discussion and Analysis

*For the nine months ended September 30,
2008*

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis
For the nine months ended September 30, 2008
(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Western GeoPower Corp. ("the Company") for the three and nine month periods ended September 30, 2008 has been prepared as of November 12, 2008 and includes financial and other information up to the date of this report. This MD&A should be read in conjunction with the MD&A of the Company for the year ended December 31, 2007 and the unaudited interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2008 and the audited consolidated financial statements for the year ended December 31, 2007. These financial statements have been prepared in accordance with Canadian generally accepted accounting principals. Except as otherwise disclosed, all dollar figures included in the following MD&A are expressed in Canadian dollars.

Forward-looking statements

This discussion includes certain statements that may be deemed "forward-looking statements", that reflect the Company's expectations and projections about its future results. The Company has tried whenever possible, to identify these forward-looking statements using words such as "anticipates," "believes," "estimates," "expects," "plans," "intends," "potential," and similar expressions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Company Overview

Western GeoPower Corp. is a renewable energy company dedicated to the exploration and development of geothermal energy projects for the delivery of clean, base-load electricity generation. The Company's principal properties consist of a 100% interest in the South Meager Geothermal Project in British Columbia, Canada and four geothermal leases totaling over 1,000 acres in The Geysers Geothermal Field in California, United States, where the Company is developing the Western GeoPower Unit 1 geothermal project. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Quebec and trades on the TSX Venture Exchange under the symbol WGP; and on the Frankfurt Exchange under the symbol WE6.F.

Project Update:

Western GeoPower UNIT 1 Project – The Geysers Field, California

Leases

During the fiscal year ended 2007 and throughout 2008, the Company focused its attention on its Western GeoPower Unit 1 project located within The Geysers Geothermal Field in Northern California. The Company increased its leasehold at The Geysers from the initial 421 acres acquired in June 2006 to a current total of 1,017 acres under four lease agreements. The leases grant the

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis (continued)

Company the right to re-develop the geothermal reservoir and to build a new plant for electricity generation.

The Company retained consultants GeothermEx, Inc. to provide an independent assessment of the resource on the combined leasehold. The report is based on a large database of resource information and demonstrated production history on the former PG&E Unit 15 leasehold, (as a portion of the Western GeoPower Unit 1 leasehold was previously known). In the report dated October 2006, GeothermEx, Inc. projected that the Unit 1 leasehold, comprising approximately 600 acres at that date, would commercially support a 28 megawatt (MWe) (gross) power plant for a minimum of 20 years, with generation continuing at a slightly reduced factor through 30 years. In June 2007, the leasehold was increased by 413 acres to 1,017 acres. Earlier production records from the extended leasehold showed one well that had an initial capacity of 7 MWe (gross), suggesting the potential for an increase in capacity beyond 28 MWe (gross) for the proposed Unit 1 power plant. On April 9, 2008, the Company announced that a review by GeothermEx, Inc. on the expanded 1,017 acre leasehold had determined that the optimum capacity for the Western GeoPower Unit 1 power plant had increased to 35 MWe (gross).

Project Estimated Costs

The proposed 35 MWe (gross) plant is expected to have a 95% availability factor. Total development costs, including power plant, gathering system, transmission system, administrative and finance charges have been updated to reflect the cost of the larger plant and have been estimated to be approximately \$160 million USD.

Project Financing

An initial equity component of project financing for the Unit 1 project was accomplished during 2007 through the exercise of warrants and a private placement raising a total of \$18.8 million.

The Company raised a further \$10.6 million relating to the non-brokered private placement announced on August 7, 2008.

On November 10, 2008 the Company announced it was entering into an \$13.1 million (\$11 million USD) secured loan agreement, subject to TSX-V Exchange approval, in lieu of completing additional tranches of it's \$25 million non-brokered private placement as announced on August 7, 2008.

The balance of project financing is anticipated to be secured during early to mid 2009, through a combination of equity, construction loan and long-term debt financing.

Regulatory Compliance

For regulatory purposes, the project is reviewed in two phases. Under the California Environmental Quality Act (CEQA), the California Division of Oil, Gas and Geothermal Resources is the lead agency for the permitting of up to 6 initial wells. Sonoma County has lead agency status under the CEQA for the well field development, power plant, steam pipelines and infrastructure.

In late 2007, the California Division of Oil, Gas and Geothermal Resources approved the environmental process for the drilling of up to six wells on four existing pads and utilizing existing roads. The Company also received the Conditional Use Permit from Sonoma County, along with related State and County permits required to commence the six-well drilling program. Permitting for additional wells beyond the initial six is being applied for under a separate application to Sonoma

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis (continued)

County for a Conditional Use Permit to construct the power plant, with approval projected for early 2009.

Drilling Program

The drilling program has been designed by independent consultants GeothermEx, Inc., which provides strategic management of the ongoing drilling program. The wells are being directionally drilled from existing drill pads to intersect target zones where commercial steam productivity was encountered by previous production wells. The average total vertical depth per well is 8,000 - 9,000 feet (approximately 2,400 – 2,700m) with the maximum total measured depth expected to be approximately 11,000 feet (3,350m).

Initial projections called for the drilling of a total of eight production wells and one injector. Should the drilling of the additional wells continue to yield higher than anticipated capacity factors, fewer wells may be required. An existing well is being assessed for re-work and may be used as a second injection well. The drilling program is scheduled for completion in late 2009 and the 35 MWe Western GeoPower Unit 1 plant is projected to start commercial operations in 2010.

Results of Drilling Program

Three wells (WGP-1, WGP-2, and WGP-3) have been completed and flow tested and the results have been analyzed by GeothermEx, Inc. A fourth well (WGP-4) is currently being drilled.

An average value of 284 psia has been assumed for static wellhead pressure for these wells. Given the design condition of a minimum flowing wellhead pressure of 80 psia, the maximum initial steam flow rates from wells WGP-1, WGP-2 and WGP-3 are estimated at 163,000 lbs/hour, 43,000 lbs/hour and 114,000 lbs/hour, respectively.

With respect to well productivity, well WGP-1 appears to be the most prolific well drilled at The Geysers in the past two decades, while well WGP-3 is one of the most productive wells drilled in the field in recent years. Well WGP-2 represents a well productivity level commonly encountered today in The Geysers.

The total net initial power capacity from the three wells is estimated at 17.8 MWe, which represents half of the design plant capacity of 35 MWe. It should be noted, however, experience at The Geysers shows that when a plant is put online the wells undergo a 10% to 30% decline within a few weeks before the productivity stabilizes and the long-term productivity decline trend ensues (estimated at 1% to 3% per year). This initial decline in well productivity before stabilization is caused by transient pressure behavior in the reservoir, including pressure interference between the wells. Assuming an average 20% decline before stabilization, the three completed wells represent a total stabilized flow capacity of 14.4 MWe (net), or 4.8 MWe (net) per well. The 35 MWe plant has been designed to be supplied by 8 wells, each with a stabilized capacity of 4.4 MWe (net). The estimated average stabilized capacity of 4.8 MWe (net) per well to date exceeds this design condition. In fact, at this average per-well productivity, 8 wells can provide 38 MWe (net) capacity.

Drilling Cost

The total drilling cost of the three completed wells is \$18.3 million, the average cost being \$6.1 million per well. Two of the wells (WGP-1 and WGP-3) were completed at a cost below this average (about \$5.5 million), whereas the cost of WGP-2 was substantially greater. This was due in part to costs associated with an extended and unusual breakdown of the rig, which is not likely to recur. Therefore, the typical average cost for wells that do not experience significant problems could be lower than the

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis (continued)

reported average, although Western GeoPower has assumed an average well cost of \$6.1 million going forward.

Fuji Steam Generator

In April 2008, the Company announced that it had signed an agreement with Fuji Electric Corporation of America ("Fuji") for the purchase of one 35 MWe Steam Turbine Generator Unit for delivery to the Unit 1 project site in August 2009.

Power Purchase Agreement

On May 20, 2008, the Company announced the signing of a Power Purchase Agreement (PPA) between its wholly-owned subsidiary, Western GeoPower, Inc. and Northern California Power Agency ("NCPA") of Roseville, California for the supply of approximately 265,000 MWh per year of clean, renewable, baseload electricity at a levelized price of USD\$98 per MWh for 20 years, from Western GeoPower's 35 MWe Unit 1 geothermal power plant.

The PPA represents approximately USD\$26 million per year in revenue to Western GeoPower, and approximately USD\$520 million over the 20-year term of the contract. The power price reflects the increase in California's power prices as announced by the California Public Utilities Commission in November 2007.

NCPA, located in Roseville, California, is a joint powers agency that provides support for the electric utility operations of 17 member communities and districts in Northern and Central California. Founded in 1968, NCPA owns and operates several power plants that together comprise a 96% emission-free generation portfolio. NCPA has been operating 4 geothermal power plants of 55 MWe each at the Geysers geothermal field, 252 MWe hydroelectric plants, 125 MWe simple combustion turbine plants and 49.9 MWe steam injected turbine plants, for over 25 years.

Chile

On April 10, 2008, the Company announced the launching of operations in Chile, South America, with the incorporation of a wholly-owned Chilean subsidiary called Western GeoPower SpA and the opening of an office in Santiago. In conjunction with the launch of operations, the Company has submitted bids to the Chilean Ministry of Mines for the acquisition of three geothermal exploration concessions in the north of Chile that were presented for competitive bidding by the Ministry. Preliminary results from the bidding process have not been favorable and the Company is currently assessing its future course of action in Chile.

South Meager Geothermal Project, British Columbia

Leases

The South Meager Geothermal Project is located 170 km north of Vancouver, Canada. The project is held under the geothermal lease issued in Canada for the commercial generation of electricity. The Company holds two licenses of occupation granted by the British Columbia Ministry of Energy and Mines giving surface tenure to property at Meager Creek, both of which are in good standing. One license is for a term of 26 years expiring December 17, 2017 and the other license is for a term of 10 years expiring June 30, 2017.

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis (continued)

Drilling Results for well MC-6, MC-7 & MC-8.

The Company is conducting a resource confirmation program (drilling, well testing and evaluation) on the project to determine its economic viability.

Subsequent to the quarter under review, the Company conducted flow-testing, and temperature and pressure surveys on wells at the South Meager Geothermal Project. The results are being analyzed by technical consultant GeothermEx, Inc., and a report is anticipated to be completed by December 2008. The report will provide recommendations for the ongoing exploration and development of the geothermal resource.

Risk Factors/ Trends

The Company's business is the identification, acquisition, evaluation, exploration and development of geothermal properties. An investment in renewable energy companies involves a significant degree of risk. The degree of risk increases substantially where the Company's properties are in the exploration as opposed to the development stage. Investment in the securities of the Company should be considered as highly speculative due to the nature of the Company's business.

Until the balance of the development program is completed, the viability of the South Meager Geothermal Project and the Western GeoPower Unit 1 Project are undetermined. The long-term success of the Company relies on various factors, such as the technical characteristics of the geothermal resource, the cost to develop the facilities, the pricing of the electricity and financing the project. Other factors include the ability of the Company to obtain and maintain appropriate licenses and permits as well as addressing environmental and aboriginal issues. The Company will require additional capital to pursue its objective of developing its geothermal projects. The following are some of the risk factors that should be given consideration.

Exploration and Development Risks

Geothermal exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Properties, in which the Company has interests, will be subject to all the hazards and risks associated with exploration, development and production.

Insurance

The Company's involvement in the exploration and development for geothermal resources may result in the Company becoming subject to liability for pollution, property damage, personal injury or other hazards and any insurance the Company may have may not be sufficient to cover the full extent of such liabilities.

Prices, Markets and Marketing of Geothermal/ Renewable Energy

Prices for geothermal renewable energy are affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, commodity prices, global or regional consumptive patterns, speculative activities and increased production due to new developments and improved production methods. The effect of these factors on the price of energy and therefore the economic viability of any of the Company's projects cannot accurately be predicted.

The marketability of the Company's assets acquired or discovered may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted.

WESTERN GEOPower CORP.

Management's Discussion and Analysis (continued)

Substantial Capital Requirements; Liquidity

The Company anticipates that it may be required to make substantial capital expenditures for the acquisition, exploration, development and production of its geothermal properties in the future. The Company currently has no revenue and may have limited ability to raise the capital necessary to undertake or complete future exploration or development programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt and or equity financing is available, that it will be on terms acceptable to the Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

Environmental Risks

All phases of the geothermal exploration and development businesses present environmental risks and hazards and are subject to environmental regulations. Compliance with such legislation and/or regulations can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner, which may lead to stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that the application of environmental laws to the business and operations of the Company will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition and results of operations.

Issuance of Debt

From time to time the Company may enter into transactions financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise. The Company's ability to service its debt obligations will depend on the Company's future operations, which are subject to industry conditions and to other factors that may arise beyond the control of the Company.

Exchange Rate Fluctuations

Fluctuations in the currency exchange rates, principally the Canadian/U.S. dollar exchange rate, can significantly impact cash flows. The exchange rate has varied over time. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact financial results.

Annual Financial Information

The following selected financial information was obtained from the audited consolidated annual financial statements. These financial statements were audited by KPMG, Chartered Accountants. The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore basic and diluted losses per share are equal for the years presented.

WESTERN GEOPOWER CORP.

Management's Discussion and Analysis (continued)

For the years ended December 31	2007	2006	2005
Financial Results			
Interest Income	\$ 301,133	\$ 31,308	\$ 62,233
Net loss	\$ (1,719,566)	\$ (1,000,971)	\$ (3,153,144)
Basic and diluted (loss) per share	\$ (0.01)	\$ (0.01)	\$ (0.09)
Financial Position			
Working capital*	\$ 16,278,640	\$ 1,221,332	\$ 941,867
Geothermal properties*	\$ 34,202,365	\$ 32,030,012	\$ 30,728,270
Total assets	\$ 53,710,988	\$ 33,877,379	\$ 37,507,819
Long term liabilities	\$ 4,885,723	\$ 5,708,074	\$ 4,953,745

*Inventory included in Geothermal Properties and a long term deposit have been reclassified in the financial statements to provide more relevant comparative information about the effects of the transactions caused by changes in presentation in the September 30, 2008 interim consolidated financial statements.

Quarterly Financial Information

The following selected financial information was obtained from the unaudited interim consolidated financial statements. The effect of applying the treasury stock method to the Company's loss per share calculation is anti-dilutive. Therefore basic and diluted losses per share are equal for the years presented.

Fiscal quarter - Ended	3 rd Quarter Sept 30, 2008	2 nd Quarter June 30, 2008	1 st Quarter Mar 31, 2008	4 th Quarter Dec 31, 2007
Interest Income	\$ 6,377	\$ 63,721	\$ 87,873	\$ 228,656
Net (Loss) Income	\$ (795,183)	\$ (402,322)	\$ (109,336)	\$ 544,479
Basic and diluted (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Fiscal quarter - Ended	3 rd Quarter Sept 30, 2007	2 nd Quarter June 30, 2007	1 st Quarter Mar 31, 2007	4 th Quarter Dec 31, 2006
Interest Income	\$ 56,847	\$ 7,662	\$ 7,968	\$ 4,897
Net (Loss) Income	\$ (1,821,663)	\$ (292,212)	\$ (150,170)	\$ 102,606
Basic and diluted (loss) per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

An analysis of the quarterly results over the last eight quarters shows a significant variation between the quarters. The primary reason relates to the stock-based compensation expense in quarter three of 2007 (\$1,437,475). The other significant variances are due to \$314,029 of foreign exchange losses realized in quarter three 2008, and \$299,273 of future income taxes recovery and \$289,796 of foreign exchange gains recognized in quarter four 2007.

WESTERN GEOPower CORP.

Management's Discussion and Analysis (continued)

Results of Operations

For the nine months ended September 30, 2008, the Company incurred a loss of \$1,306,841 (\$0.00 per share) compared to a loss of \$2,264,045 (\$0.02 per share) for the period ended September 30, 2007.

Summary Data:	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Interest income	\$ 157,671	\$ 72,477
Future income tax recovery	245,072	541,638
Administrative expense	(1,248,465)	(1,375,846)
Foreign exchange expense	(299,954)	-
Interest expense	(51,225)	-
Stock based compensation expense	(109,940)	(1,502,314)
Loss for the period	\$ (1,306,841)	\$ (2,264,045)

The Company recorded interest income of \$157,671 for the nine months ended September 30, 2008 (September 30, 2007-\$72,477) comprised of interest earned on cash balances. The increase in interest income reflects the fact that the average cash balances in the nine months period were higher than the prior period comparative.

During the nine months ended September 30, 2008, the Company recorded a recovery on future income tax of \$245,072 (September 30, 2007-\$541,638), calculated by applying statutory tax rates to the loss for period and offset against the future income tax liability. The decrease in the future income tax recovery relates primarily to a decrease in non-capital losses capitalized for the current period.

During the nine months ended September 30, 2008, overall administrative expenses decreased by \$127,381 (9%) to \$1,248,465 (September 30, 2007-\$1,375,846). The decrease in administrative expenses relates to the following significant items:

- A decrease in management fees of \$225,000 to \$90,000 (September 30, 2007 - \$315,000) caused by a one time Chief Executive Officer bonus paid in 2007. Further effective March 1, 2007, the monthly fees increased from \$15,000 to \$20,000 per month, of which 50% of the management fees are included in geothermal property costs.
- A decrease in advertising and promotion expenses of \$34,204 to \$215,557 (September 30, 2007 - \$249,761) caused by two significant conferences attended in 2007 which did not occur in 2008.
- A decrease in travel expenses of \$30,313 to \$46,865 (September 30, 2007 - \$77,178) caused by a decrease in conferences attended.
- An increase in salaries expense of \$61,272 to \$408,603 (September 30, 2007 - \$347,331) caused by additional salary for a net one new employee and related recruitment fees incurred.
- An increase in moving expenses and insurance of \$52,987 to \$157,491 (September 30, 2007 - \$104,504) caused by the relocation of the Vancouver office and increase in insurance premiums paid.

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Management's Discussion and Analysis (continued)

The Company recorded a foreign exchange loss in the amount of \$299,954 (September 30, 2007 – \$0) caused by the commencement of drilling operations at the Western GeoPower unit 1 project which did not occur in the prior period comparative.

The Company recorded interest expense of \$51,225 (September 30, 2007 - \$0) caused by the repayment of a short term loan in the amount of \$20,390 and interest due on long term debt in the amount of \$30,835.

During the nine months ended September 30, 2008, the Company granted 1,950,000 stock options to a consultant, a Director and four employees. The fair value of the options granted during the period amounted to \$396,358 of which \$286,418 has been capitalized as geothermal property costs and \$109,940 has been reflected in the statements of operations and comprehensive income. During the nine months ended September 30, 2007, the company granted 8,275,000 stock options to directors, officers, employees and consultants. The fair value of the options granted during the period amounted to \$1,568,136, of which \$65,822 was capitalized to geothermal property costs and \$1,502,314 has been reflected in the statements of operations and comprehensive income.

The net losses are a reflection of the Company's status as a non-revenue producing renewable energy exploration company. As the Company has no source of income, these losses are expected to continue.

Liquidity and Capital Resources

The Company does not generate positive cash flow from operations. The Company receives cash for use in operations principally from issuing common shares and debt obligations.

On March 31, 2008 Geysir Green Energy acquired an additional 13,000,000 shares of the Company in the market. This acquisition brings Geysir Green Energy's total holdings to 47,333,334 common shares of the Company. In addition Geysir Green Energy holds 9,333,334 warrants exercisable to purchase one common share at \$0.35 and 4,000,000 warrants exercisable to purchase one common share at \$0.25. The warrants expire on December 30, 2008. Further on October 27, 2008 Geysir Green Energy declared its intention to sell their holdings.

The Company raised a further \$10.6 million relating to the non-brokered private placement announced on August 7, 2008.

On November 10, 2008 the Company announced it was entering into an \$13.1 million (\$11 million USD) secured loan agreement in lieu of completing additional tranches of its \$25 million non-brokered private placement as announced on August 7, 2008. This agreement is subject to the approval of the TSX-V Exchange.

The balance of project financing is anticipated to be secured during early to mid 2009, through a combination of equity, construction loan and long-term debt financing.

During the period ended September 30, 2008, the company received gross proceeds in the amount of \$445,500 from the exercise of 1,530,000 warrants. In addition the company received gross proceeds in the amount of \$147,940 from the exercise of stock options.

As at September 30, 2008, the Company had working capital of \$272,189. As at the date of this report, the Company will need to secure additional financial resources to meet its long term business plan. However, there can be no assurances that the Company will continue to obtain additional financial resources and/or achieve profitability or positive cash flows. If the Company is unable to

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Management's Discussion and Analysis (continued)

obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

Off Balance sheet items

The Company does not have any off balance sheet items.

Contractual Obligations

	Total	2008	2009	2010 and thereafter
Premise and geothermal leases	\$ 804,633	103,535	261,619	439,479
Purchase of Turbine	\$ 10,397,738	2,763,035	7,634,738	-

Operating leases

The Company entered into two geothermal lease agreements relating to the South Meager Geothermal Project in British Columbia. The lease agreements are effective June 15, 1995 and February 19, 2003 until expiry on June 30, 2017 and December 17, 2017, respectively.

The Company entered into four geothermal lease agreements relating to the Western GeoPower Unit 1 Project at the Geysers geothermal field in California. The lease agreements are effective June 16, 2006, October 6, 2006, February 7, 2007 and July 5, 2007 until expiry on June 15, 2009, October 6, 2009, February 7, 2010 and June 29, 2010, respectively.

The Company entered into a lease agreement for its corporate office effective October 1, 2008 until expiry on September 30, 2011. The Company entered into a lease agreement for its California office effective April 1, 2008 until expiry on March 31, 2011. Effective July 1, 2007 the Company entered into a lease for storage until expiry on May 31, 2010.

Fuji steam generator

The Company signed a contract to purchase a steam turbine generator for the proposed 35 MWe Unit 1 Project from Fuji Electric Company of America in the amount of \$14,292,264. The contract requires progress payments throughout the various stages of completion. As at September 30, 2008, the Company has made progress payments in the amount of \$ 3,894,525 for the Turbine.

Purchase obligations

On May 30, 2008 the Company signed a contractual agreement for services relating to the detailed engineering for the Unit 1 Geothermal Power Plant. The total contract price is \$5,104,435 (\$4,796,500USD) and is ongoing until commercial operations which are expected to commence in the spring of 2010. As at September 30, 2008, the Company has made progress payments in the amount of \$510,258 which have been recorded as a capitalized cost of the project.

On September 8, 2008 the Company signed a contractual agreement for engineering services relating to the gathering and injection system engineering for the Unit 1 Geothermal Power Plant. The total contract price is \$502,930 (\$472,590USD) and is ongoing until commercial operations. As at September 30, 2008, the Company has made progress payments in the amount of \$8,037 which have been recorded as a capitalized cost of the project.

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Management's Discussion and Analysis (continued)

Long-term debt

Pursuant to a share purchase agreement dated September 3, 2003, Crew Development Corporation ("Crew"), the Company's controlling shareholder at that time, sold the common shares of the Company that it held, to the Company's President and a Director and agreed to defer payment to December 31, 2011 of additional debt owed to Crew by the Company's subsidiary in the amount of \$833,078 (the "Additional Debt"). Interest, which is to be calculated at the Royal Bank of Canada's prime rate, will only start to accrue on the earlier of 90 days following the issuance of a certificate by the appropriate provincial regulatory authorities to permit the development of a geothermal resource on the Company's South Meager geothermal property, or December 31, 2007. At the option of the Company, earlier payment is permitted. The Company has recorded interest expense commencing January 1, 2008 to September 30, 2008 in the amount of \$30,835.

Provision for site reclamation and closure costs

The Company's provision for future site reclamation and closure costs for the South Meager geothermal project are based on known federal and local laws and regulations concerning environmental requirements. It is not currently possible to estimate the impact on financial results, if any, of future legislative or regulatory developments. To the extent that the Company continues to be engaged in active exploration and development of the project, reclamation and closure costs will be deferred. The estimated site reclamation and closure liabilities include estimated undiscounted costs of \$1,445,500 to be expended to 2017 at a discount rate of 10% to 12% and inflation factor of 2.0%.

Related Party Transactions

	September 30, 2008	September 30, 2007
Management fees	\$ 180,000	\$ 400,000
Consulting fees	202,635	98,370
Directors fees	53,500	70,000
Short-term loans	400,000	-

\$90,000 (Sept 30, 2007 - \$85,000) of management fees is included in geothermal property costs. In addition the Chief Executive Officer received a bonus in the amount of \$230,000 for the period ended September 30, 2007 (2008 – Nil).

\$202,635 (Sept 30, 2007 – \$98,370) in advisory fees were paid to two directors of the Company of which all of these costs are included in geothermal property costs.

\$45,000 (Sept 30, 2007 - \$45,000) was paid in directors fees. \$8,500 (Sept 30, 2007 - \$3,000) in fees were paid to members of the Audit Committee and Compensation Committee members. Audit Committee and Compensation Committee members are paid a fee of \$500 per committee meeting attended; and the chairman of each committee is paid a fee of \$1,000 per committee meeting chaired. September 30, 2007 Directors fees included a bonus paid to a Director for \$25,000. No bonuses have been declared in 2008.

The short-term loans are payable to a Director and Officer, and accrue interest at an annual rate of 12% per annum compounded monthly.

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Management's Discussion and Analysis (continued)

Proposed Transactions

As mentioned previously, on November 10, 2008 the Company announced it was entering into a \$13.1 million (\$11 million USD) secured loan agreement. Among the terms of this facility, interest will be payable at a rate of 1% for the first six months, 1.25% for the second six months, and 1.5% thereafter. The lender has the right to elect to receive the payment of interest on the loan in the form of common shares of the Company. Further the Company will issue 29,629,629 warrants at an exercise price of \$.18 per share exercisable for a period of 24 months as partial consideration for entering into the loan facility. These warrants are subject to a hold period of four months from the issuance. This agreement is subject to the approval of the TSX Venture Exchange.

Critical Accounting Estimates

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principals (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of commitments and contingencies at the date of the financial statements, and the reported amount of income and expenses in the year.

Critical accounting estimates used in the preparation of these unaudited interim consolidated financial statements include the Company's estimate of recoverability of the geothermal property costs, the value of stock-based compensation and the site reclamation and closure costs.

The Company is in the development stage and defers all expenditures related to its geothermal properties until such time as the properties are put into production, sold or abandoned. Under this method, all amounts shown as geothermal properties represent costs incurred to date less amounts, if any, amortized and/or written off and do not necessarily represent present or future values.

The Company's recoverability of the recorded value of its geothermal property costs is dependent on many factors beyond the Company's control; for example, prices and markets for electricity, responses to changes in domestic, political, social and economic environments. The Company is engaged in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable resources and the ability of the Company to obtain necessary financing to construct plant and transmission facilities.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company has used historical data to determine volatility in accordance with the Black-Scholes model, however the future volatility is uncertain and the model has its limitations.

The Company's provision for future site reclamation and closure costs is based on known federal and local laws and regulations concerning environmental requirements. It is not currently possible to estimate the impact on financial results, if any, of future legislative or regulatory developments. Assumptions used in the determination of the site reclamation and closure liabilities include estimated costs, a discount rate of 10% to 12% and an inflation factor of 2.0%. Future asset retirement obligations are not recorded where the timing or the amount of the remediation costs cannot be reasonably estimated.

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Management's Discussion and Analysis (continued)

Changes in Accounting Policies including Initial Adoption

Effective January 1, 2008, the Company adopted, on a prospective basis, the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

Going concern - Section 1400:

This standard includes requirements for management to assess and disclose the entity's ability to continue as a going concern. In accordance with this standard, this disclosure is contained in Note 1 of the unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2008.

Financial instruments - disclosure - Section 3862 and presentation - Section 3863:

These standards replace CICA 3861, financial instruments - disclosure and presentation. They increase the disclosure currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to entity's key management personnel.

In accordance with this new standard, the Company assesses its risks as follows:

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of Western GeoPower Corp and Meager Creek Development Corporation are Canadian dollars. The functional currency of Western GeoPower, Inc is United States dollars and the functional currency of Western GeoPower SpA is Chilean Pesos. The majority of transactions are exchanged at the local functional currency at each entity minimizing the exposure to currency risk. The Company maintains a portion of its cash in Canadian dollars and US Dollars.

Market risk

The Company's commodity risk consists of power produced at Western GeoPower, Inc's Geysers Unit 1 project of which production is not expected until the year 2010. The risk is mitigated in that the Company has entered into a Power Purchase Agreement for the sale of power from the WGP Unit 1 project at a levelized price of \$104 (\$98USD) per MWh for 20 years.

Interest rate risk

The Company is exposed to interest rate risk as interest on the long term debt is based on the variable Royal Bank prime rate. The interest rate as at September 30, 2008 is 4.75%.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash, debt and equity management strategies. Such strategies include monitoring forecasted and actual cash flows from operating, financing and investing activities, negotiating bridge financing or long term debt and opportunities to issue additional Company shares.

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Management's Discussion and Analysis (continued)

Capital disclosures - Section 1535:

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

In accordance with this new standard the Company's capital disclosure is as follows:

The Company's structure is comprised of shareholder's equity, long term debt and working capital. The Company's objectives when managing its capital is to maintain a capital structure which will allow the Company to both fund its development program and provide financial flexibility to execute on strategic opportunities.

As the Company is currently in the development stage there are no set ratios for debt to cash flow and equity. These parameters are currently being developed.

The Company manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, issue new shares, issue new debt or repay existing debt. There were no changes to the Company's approach to capital management during the period.

International Financial Reporting Standards:

On February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly listed companies will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company has launched an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS in its financial statements. Training and additional resources will be engaged to ensure the timely conversion to IFRS.

Financial Instruments

The carrying value of the Company's cash, accounts receivable, deposits, short term loans, accounts payable and accrued liabilities approximate their respective fair values due to the short-term maturity of such instruments. The carrying value of the reclamation deposit approximates fair value due to its market based rate of interest. The fair value of long term debt is not readily determinable due to the absence of a market for such an instrument. In management's opinion, the Company is not exposed to significant interest rate, foreign exchange or credit risks arising from its financial instruments.

Outstanding Share Data

As at September 30, 2008, there were 188,389,293 common shares outstanding. A total of 48,721,883 share purchase warrants and 17,500,000 stock options were outstanding, which are described in detail in notes 8(c), 8(d), 8(e) and 8(f) to the interim financial statements.

Subsequent to the quarter ended September 30, 2008:

The Company issued 42,732,960 units at a price of \$0.25 per unit for total gross proceeds of \$10,683,240 of which \$10,550,893 were advances on share subscriptions received as at September 30, 2008. Each Unit consists of one common share and one transferable share purchase warrant exercisable into one common share for a period of 24 months from closing at a price of \$0.45 per

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Management's Discussion and Analysis (continued)

share during the first 12 months and \$0.50 per share during the last 12 months. The units issued in the financing are subject to a four month hold period ending February 4, 2009.

The warrants are subject to an acceleration provision, which provides that, if the Company's shares trade at \$0.50 or more for ten consecutive trading days during the first year or \$0.55 or more for ten consecutive trading days during the second year, it will trigger a 30 day timeframe within which to exercise the warrants or they will expire.

In addition to the above, the Company issued an additional 2,530,078 Units for a finder's fee of 6% payable in units on a portion of the proceeds. These units are also subject to a four month hold period ending February 4, 2009.

On October 14, 2008, 40,000 stock options at \$0.35 expired without exercise.

On October 16, 2008, the Company granted 1,350,000 stock options to officers and employees of the Company at the market close on October 16, 2008 of \$0.195 per share for a period of five years under the stock option.

As previously mentioned, on November 10, 2008 the Company entered into a \$13.1 million (\$11 million USD) secured loan agreement. Interest will be payable at a rate of 1% for the first six months, 1.25% for the second six months and 1.5% thereafter. The lender will have the right to elect to receive the payment of interest on the loan in the form of common shares of the Company. Furthermore, the Company will issue 29,629,629 warrants at an exercise price of \$.18 per share exercisable for a period of 24 months as partial consideration for entering into the loan facility. The warrants are subject to a hold period of four months from issuance. This agreement is subject to the approval of the TSX-V exchange.

As at November 12, 2008, the Company's outstanding share data was as follows:

Common shares outstanding:	233,652,331
Share purchase warrants:	93,984,921
Stock options:	18,810,000

Oversight Role of the Audit Committee

The Audit Committee consists of two Directors. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited financial statements prior to their submission to the Board of Directors for approval. The Audit Committee meets with management quarterly to review and to recommend approval to the Board of Directors the financial statements including the MD&A and to discuss other financial, operating and internal control matters. For each audit, the external auditors prepare a report for members of the Audit Committee summarizing key areas, significant issues and material control weaknesses encountered, if any.

Oversight Role of the Compensation Committee

The Compensation Committee consists of two Directors. The role of the Compensation Committee is to develop and to approve the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, to recommend levels of executive compensation, and to administer the Company's stock option plan.

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Management's Discussion and Analysis (continued)

Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls over internal controls over financial reporting as defined under Multilateral Instrument 52-109. Due to their inherent limitations, disclosure controls and internal controls over financial reporting may not prevent or detect material disclosures or material adjustments or disclosures to the financial statements on a timely basis. Also projections of any evaluation of the effectiveness of controls to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, controls while expected to provide reasonable assurance, are not expected to prevent and detect all misstatements due to error or fraud.

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with Canadian Securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management, including the CEO and the CFO, to allow timely decisions regarding required disclosure.

Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Disclosure Controls and Procedure and Internal Controls over Financial Reporting Venture Exemption

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109 in accordance with CSA Notice 52-319. In particular, the certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Management's Discussion and Analysis (continued)

There have been no significant changes to the Company's internal controls over financial reporting that occurred during the most recent period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that disclosures and financial information is accurate and complete.

Additional Information

A copy of this management's discussion and analysis and previously published financial statements, management's discussion and analysis as well as other information is available on the SEDAR website at www.sedar.com and on the Company's website at www.geopower.ca.