MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2015

CONTENTS

INTRODUCTION

This management's discussion and analysis ("MD&A") for Etrion Corporation ("Etrion" or the "Company" and, together with its subsidiaries, the "Group") is intended to provide an overview of the Group's operations, financial performance and current and future business environments. This MD&A, prepared as of May 5, 2015, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2015. Financial information is reported in United States ("US") dollars ("$"). However, as the Group operates in Europe, the Americas and Asia, certain financial information has also been reported in Euros ("€"), Swedish krona ("SEK"), Canadian dollars ("CAD$") and Japanese yen ("¥"). At March 31, 2015, the €/$ exchange rate was 1.07 (2014: 1.38), and the average €/$ exchange rate for the three months then ended was 1.13 (2014: 1.37). The capacity of power plants in this document is described in approximate megawatts ("MW") on a direct current basis, also referred to as megawatt-peak.

NON-IFRS FINANCIAL MEASURES

The terms "adjusted net income/loss before non-recurring and non-cash items", earnings before interest, tax, depreciation and amortization ("EBITDA"), "adjusted EBITDA", and "adjusted operating cash flow" are used throughout this MD&A, are non-IFRS measures and therefore do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures disclosed by other companies. The basis for calculation has not changed and has been applied consistently over all periods presented. Adjusted net income/loss before non-recurring and non-cash items is a useful metric to quantify the Company's ability to generate cash before extraordinary and non-cash accounting transactions recognized in the financial statements (the most comparable IFRS measure is net income/loss as reconciled on page 13). EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and certain accounting policy decisions, while adjusted EBITDA is also useful because it excludes expenses that are expected to be non-recurring (the most comparable IFRS measure is net income/loss as reconciled on page 14). In addition, adjusted operating cash flow is used by investors to compare cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital such as value added taxes paid during construction of the Company's solar power plants and are viewed as not directly related to a company's operating performance.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information based on the Company's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially from the information within. For information on material risk factors and assumptions underlying the forward-looking information, refer to the "Cautionary Statement Regarding Forward-Looking Information" on page 25.

FIRST QUARTER 2015 HIGHLIGHTS

	Three months ended March 31	
	2015	2014
	$'000	$'000
Revenue	10,387	8,367
Gross profit	2,379	868
EBITDA	5,504	3,773
Adjusted EBITDA	5,504	4,577
Adjusted EBITDA margin (%)	53%	55%
Net loss	(2,483)	(8,208)
Adjusted net income/(loss) before non-recurring and non-cash items	3,390	(881)
Adjusted operating cash flow	5,595	3,673
Working capital	49,880	30,381

OPERATIONAL HIGHLIGHTS

- Production Italy: Produced 16.9 million (2014: 16.5 million) kilowatt-hours ("kWh") of solar electricity during the three months ended March 31, 2015, from the Company's 100%-owned 60 MW portfolio comprising 17 solar power plants in Italy.
- Production Chile: Produced 47.5 million (2014: nil) kWh of solar electricity during the three months ended March 31, 2015, from the Company's 70%-owned 70 MW Project Salvador solar power plant in Chile.

FINANCIAL HIGHLIGHTS

- Revenue: Generated revenues of $10.4 million (2014: $8.4 million) during the three months ended March 31, 2015, from the Company's 18 solar power plants in Italy and Chile.
- EBITDA: Recognized earnings before interest, taxes, depreciation and amortization ("EBITDA") of $5.5 million (2014: $3.7 million) during the three months ended March 31, 2015.
- Cash and Working Capital: Closed the first quarter of 2015 with a cash balance of $70.6 million, $31.2 million of which was unrestricted and held at the parent level (December 2014: $95.3 million and $33.9 million, respectively), and working capital of $49.8 million (December 2014: $36.5 million).

BUSINESS REVIEW

BUSINESS OVERVIEW

Etrion is an independent power producer that develops, builds, owns and operates utility-scale power generation plants. The Company owns 130 MW of installed solar capacity in Italy and Chile. Etrion has 34 MW of solar projects under construction in Japan and is also actively developing greenfield solar power projects in Japan and Chile. With projects in Italy, Chile and Japan, Etrion has a diversified solar power generation platform in terms of both revenues and geography. Revenues are expected from Feed-in-Tariff ("FiT") contracts, long-term power purchase agreements ("PPAs") and the spot/merchant market. Etrion's geographic footprint covers Europe, the Americas and Asia with counter-seasonal revenues expected from the northern/southern hemisphere profile. Etrion's strategy is focused on:

- **Geographic Diversity** – Entering new regions with high electricity prices, robust energy demand and abundant renewable resources or strong mandates to diversify energy mix with attractive government incentives.
- **Revenue Diversity** – Complementing FiT revenues with revenues derived from long-term PPAs or the spot/merchant market.
- **Yield** – Creating a platform with the option to declare dividends to shareholders.
- **Growth** – Building a large pipeline of renewable energy development projects through key partnerships.

The Company's business model focuses on six key drivers for success: (1) stable revenues; (2) abundant renewable resources; (3) high wholesale electricity prices; (4) low equipment cost and operating expenses; (5) available long-term financing; and (6) low cost of debt. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden ("NASDAQ OMX"). Etrion has corporate bonds listed on the Oslo stock exchange in Norway. Etrion is based in Geneva, Switzerland with offices in Miami, USA; Rome, Italy; Tokyo, Japan and Santiago, Chile. The Company has 36 employees as of the date of this MD&A.

BUSINESS REVIEW (CONTINUED)

OPERATIONS REVIEW

OPERATING PERFORMANCE

During the three months ended March 31, 2015, the Group recognized revenues from its 100%-owned 60 MW solar portfolio in Italy, comprising 17 solar power plants, and also from its 70%-owned 70 MW solar power plant in Chile. Solar-related revenues are subject to seasonality over the year due to the variability of daily sun hours in the summer versus winter months. However, on an annual basis, expected solar irradiation in Italy varies less than 10% year-over-year. The impact of seasonality on the Group's business is expected to decrease over time as the Group secures additional projects in Chile, which will give the Company production in both the northern and southern hemispheres.

Actual production based on megawatt-hours ("MWh") of electricity produced and revenue for the three months ended March 31, 2015, compared to the same period of 2014 are as follows:

	Performance against prior year			
	Q1-2015	Q1-2014	Variance	
Electricity production				
Italy	16,966	16,458	508	3.1%
Chile	41,561	-	41,561	100.0%
Total electricity production (MWh)	**58,527**	**16,458**	**42,069**	**255.6%**
Revenues				
Italy	6,763	8,367	(1,604)	(19.2%)
Chile	3,624	-	3,624	100.0%.
Total revenues ($'000)	**10,387**	**8,367**	**2,020**	**24.1%**

Italian 100%-owned 60 MW solar assets portfolio

During the three months ended March 31, 2015, the Group produced 3.1% more electricity in Italy compared to the same period of 2014, due primarily to better solar irradiation. However, The Group's revenues from its Italian projects were negatively impacted by the 8% FiT reduction. Pricing information for the three months ended March 31, 2015, compared to the same period of 2014 is as follows:

	Q1-2015			Q1-2014		
	MWh	Price ($/kWh)	Revenue $'000	MWh	Price ($/kWh)	Revenue $'000
FiT revenues (based on actual production)	16,966	0.34	5,804	16,458	0.45	7,409
Market Price revenues (based on evacuated production)	16,650	0.06	959	16,149	0.06	958
Total revenue			**6,793**			**8,367**

In Italy, the Group receives revenues denominated in Euros from two sources: (1) the FiT system, whereby a premium constant price is received for each kWh of electricity produced through a 20-year contract with the Italian government and (2) the spot market price ("Market Price"), also received for each kWh of electricity evacuated.

The average Market Price increased by approximately 18%, as the Group received an average of €0.05 per kWh during the first quarter of 2015, compared to €0.04 per kWh during the same period in 2014. Revenues from Italy received in Euros have been translated at the average €/$ exchange rate of 1.13 for the three months ended March 31, 2015 (2014: 1.37).

Chilean 70%-owned 70 MW solar power plant

During the first quarter of 2015, the Group recognized production and revenues from Project Salvador, the Chilean solar power plant that became fully operational on January 10, 2015. During the first quarter of 2015, Project Salvador produced 47.5 million kWh, of which 41.6 million kWh were produced after the date on which the solar plant achieved 100% production capacity. In accordance with the Group's accounting policies, revenues during a solar park's testing phase are deducted from capitalized costs. Therefore, Etrion started recognizing revenues from Project Salvador in the income statement in January 2015. In Chile, the Group receives revenues from the electricity market, whereby the spot market price is received for each kWh of electricity evacuated. Pricing information for the three months ended March 31, 2015, compared to the same period of 2014 is as follows:

	Q1-2015			Q1-2014		
	MWh	Price ($/kWh)	Revenue $'000	MWh	Price ($/kWh)	Revenue $'000
Market Price revenues (based on evacuated production)	41,561	0.08	3,624	-	-	-
Total revenue			**3,624**			**-**

OPERATING PROJECTS ITALY

A summary of the Group's 100%-owned operating solar power projects in Italy is as follows:

Project	Region	Sites	Net Capacity (MW)	Technology	Contractor[3]	Modules	Inverters	Connection date	Original FiT[1]	Revised FiT[1]
Cassiopea (Montalto)	Lazio	1	24.0	Single axis	SunPower	SunPower	SMA	Nov-09	€0.353	€0.325
Helios ITA-3 (Brindisi, Mesagne)	Puglia	2	10.0	Single axis	ABB	Yingli	Bonfiglioli	Aug-11	€0.250	€0.230
Centauro (Montalto)	Lazio	1	8.8	Single axis	SunPower	SunPower	SMA	Jul-10	€0.346	€0.318
Helios ITA (Brindisi, Mesagne)[2]	Puglia	7	6.4	Single axis	Solon/ABB	Solon	Santerno	Dec-09	€0.353	€0.325
Etrion Lazio (Borgo Piave, Rio Martino)	Lazio	2	5.3	Fixed-tilt	Phoenix	Trina	SMA	Apr-11	€0.346	€0.318
SVE (Oria, Matino, Ruffano)	Puglia	3	3.0	Single axis	SunPower	SunPower	Siemens	Dec-10	€0.346	€0.318
Sagittario (Nettuno)	Lazio	1	2.6	Fixed-tilt	Phoenix	Trina	SMA	Aug-11	€0.250	€0.230
Total		**17**	**60.1**							

Notes:

(1) FiT per kWh based on connection date. The weighted average remaining contract life is approximately 16 years. Refer also to "Business Review – Solar Market Overview" on pages 10 for an overview of the renewable energy market in Italy. The FiT applicable to each of the Group's Italian projects was revised in 2014, effective from January 1, 2015.

(2) Six of the Helios ITA solar parks benefited from the 2009 FiT of €0.353 per kWh, and the seventh park built benefits from the 2010 FiT of €0.346 per kWh.

(3) All projects used one third-party contractor for both engineering, procurement and construction ("EPC") and operations and maintenance ("O&M") except Helios ITA, which used Solon for EPC and ABB for O&M.

Cassiopea

The Cassiopea project in Montalto di Castro in the Lazio region of Italy consists of one ground-mounted solar photovoltaic ("PV") park with a total capacity of 24 MW. The solar park was connected to the electricity grid in November 2009. The Cassiopea solar park was built by SunPower, a US-based solar panel manufacturer and installer, using high-efficiency SunPower modules mounted on single axis trackers with power conversion provided by SMA inverters. Cassiopea has an O&M contract with SunPower. During the first quarter of 2015, Etrion renegotiated the O&M contract effective June 2015 to reduce the annual fee by more than 40% and to eliminate the previous revenue sharing provision. During the first quarter of 2015, the solar park benefited from the 2009 revised FiT of €0.325 per kWh plus the average Market Price of approximately €0.05 per kWh.

Helios ITA-3

The Helios ITA-3 project in Puglia, Italy, consists of two ground-mounted solar PV parks: Brindisi (5 MW) and Mesagne (5 MW). Both parks were completed and connected to the electricity grid in August 2011. The Helios ITA-3 solar parks were built by ABB, the Swiss power and automation technology group, using Yingli poly-crystalline PV modules mounted on SunPower single axis trackers with power conversion provided by Bonfiglioli inverters. Helios ITA-3 has an O&M contract with ABB. Etrion is planning to renegotiate the O&M contract with the purpose of improving the service terms while lowering the cost. During the first quarter of 2015, both solar parks benefited from the August 2011 revised FiT of €0.23 per kWh plus the average Market Price of approximately €0.05 per kWh.

Centauro

The Centauro project in Montalto di Castro in the Lazio region of Italy consists of one ground-mounted solar PV park with a total capacity of 8.8 MW. The solar park was connected to the electricity grid in July 2010. The Centauro solar park was built by SunPower using high-efficiency SunPower modules mounted on single axis trackers with power conversion provided by SMA inverters. Centauro has an O&M contract with SunPower. During the first quarter of 2015, Etrion renegotiated the O&M contract effective June 2015 to reduce the annual fee by more than 40% and to eliminate the previous revenue sharing provision. During the first quarter of 2015, the solar park benefited from the 2010 revised FiT of €0.318 per kWh plus the average Market Price of approximately €0.05 per kWh.

Helios ITA

The Helios ITA project in Puglia, Italy, consists of seven ground-mounted solar PV parks with a total capacity of 6.4 MW. Six of the solar parks were connected to the electricity grid in December 2009, and the last park built was connected in December 2010. The Helios ITA solar parks were built by Solon, a German solar panel manufacturer and installer, using single axis trackers with Solon poly-crystalline modules and Santerno inverters. The original O&M contractor was Solon. In July 2012, the Group entered into a new O&M contract with ABB. Etrion is planning to renegotiate the O&M contract with the purpose of improving the service terms while lowering the cost. During the first quarter of 2015, six of the Helios ITA solar parks, just under 1 MW each for a total of 5.8 MW, benefited from the 2009 revised FiT of €0.325 per kWh plus the average Market Price of approximately €0.05 per kWh. The last park built (0.6 MW) benefited from the 2010 revised FiT of €0.318 per kWh plus the average Market Price of approximately €0.05 per kWh.

Etrion Lazio

The Etrion Lazio project in Lazio, Italy, consists of two ground-mounted solar PV parks: Borgo Piave (3.5 MW) and Rio Martino (1.8 MW). Both solar parks were completed in December 2010 and were connected to the electricity grid in April 2011. The Etrion Lazio solar parks were built by Phoenix Solar ("Phoenix"), a German PV system integrator, using Trina poly-crystalline PV modules installed on fixed-tilt structures with power conversion provided by SMA inverters. Etrion Lazio has an O&M contract with Phoenix. Etrion is planning to renegotiate the O&M with the purpose of improving the service terms while lowering the cost.During the first quarter of 2015, both solar parks benefited from the 2010 revised FiT of €0.318 per kWh plus the average Market Price of approximately €0.05 per kWh.

SVE

The SVE project in Puglia, Italy, consists of three ground-mounted solar PV parks: Oria (1 MW), Matino (1 MW) and Ruffano (1 MW). All three solar parks were connected to the electricity grid in December 2010. The SVE solar parks were built by SunPower using high-efficiency SunPower modules mounted on single axis trackers with power conversion provided by Siemens inverters. SVE has an O&M contract with SunPower. During the first quarter of 2015, Etrion renegotiated the O&M contract effective June 2015 to reduce the annual fee by more than 15%. During the first quarter of 2015, all three solar parks benefited from the 2010 revised FiT of €0.318 per kWh plus the average Market Price of approximately €0.05 per kWh.

Sagittario

The Sagittario project in Lazio, Italy, consists of one ground-mounted solar PV park with a total capacity of 2.6 MW. The solar park was completed and connected to the electricity grid in August 2011. The Sagittario solar park was built by Phoenix using Trina poly-crystalline PV modules installed on fixed-tilt structures with power conversion provided by SMA inverters. Sagittario has an O&M contract with Phoenix. Etrion is planning to renegotiate the O&M with the purpose of improving the service terms while lowering the cost. During the first quarter of 2015, the solar park benefited from the August 2011 revised FiT of €0.23 per kWh plus the average Market Price of approximately €0.05 per kWh.

OPERATING PROJECTS CHILE

A summary of the Group's operating solar power projects in Chile, as of the date of this MD&A, is as follows:

Project	Region	Sites	Gross Capacity (MW)	Net Capacity (MW)	Technology	Contractor	Modules	Inverters	Connection date	Contract regime
Salvador[1]	Atacama	1	70	49	Single axis	SunPower	SunPower	ABB	Nov-14[2]	Merchant/PPA[3]
Total		**1**	**70**	**49**						

Notes:

(1) Etrion currently owns 70% of Project Salvador. Following payback of the original equity contribution of approximately $42 million, Etrion's ownership will decrease to 50.01%. After 20 years of operation, Etrion's ownership will decrease to 0%.

(2) Project Salvador was connected to the electricity grid on November 3, 2014, and reached full operational capacity on January 10, 2015.

(3) Project Salvador is operating on a merchant basis, but Etrion entered into a 15-year PPA for 35% of the electricity produced therefrom, beginning on January 1, 2016.

Salvador

Project Salvador is located in the Atacama region of northern Chile and consists of one ground-mounted solar PV park with a total capacity of 70 MW. The solar park was built by SunPower using SunPower high-efficiency, single-axis tracker technology and ABB inverters. Project Salvador has an O&M contract with SunPower and is currently operating on a merchant basis where the electricity produced is sold on the spot market and delivered to the Sistema Interconectado Central ("SIC") electricity network. The solar park produced 12.6 million kWh during its testing period from November 3, 2014, until entering full commercial operations on January 10, 2015. In accordance with the Group's accounting policies, revenues during a solar park's testing phase are deducted from capitalized costs. Therefore, Etrion started recognizing revenues from Project Salvador in the income statement in January 2015. Project Salvador recently signed a binding letter of intent to enter a 15-year PPA for approximately 35% of Project Salvador's electricity production, beginning on January 1, 2016, at approximately $0.10 per kWh indexed to the US Consumer Price Index ("CPI"). Project Salvador is expected to produce approximately 200 million kWh of electricity per year.

DEVELOPMENT ACTIVITIES

CHILE

Etrion is pursuing additional renewable energy projects in Latin America, with an initial focus on Chile. Chile has an investment grade rating (AA- per Standard & Poor's), an abundance of renewable resources (i.e., strong solar irradiation), high wholesale electricity prices and robust energy demand from the mining sector, making it one of the first countries to reach grid parity, where solar power is competitive with traditional sources of power generation. Etrion's business development activities in Chile are focused on solar power generation that is carried along two of the existing electricity networks, Sistema Interconectado del Norte Grande ("SING") and SIC, which provide service to industrial users who are particularly concerned with electricity shortages as a result of the high growth in energy demand. Together the SING and SIC account for approximately 99% of Chile's total electricity production. Northern Chile has among the highest solar irradiation in the world. Refer to "Business Review – Solar Market Overview" on page 11 for an overview of the renewable energy market in Chile.

A summary of the Group's 100%-owned projects under development in Chile is below:

Project	Region	Sites	Net Capacity (MW)	Technology	Contractor	Modules	Status	Expected start of construction[1]	Expected start of operations	Contract regime[2]
Aguas Blancas 2A	Antofagasta	1	32	Single axis	TBD	TBD	Development	Q2-2016	Q4-2016	Spot/PPA
Aguas Blancas 2B	Antofagasta	1	24	Single axis	TBD	TBD	Development	Q3-2015	Q3-2016	Spot/PPA
Aguas Blancas 2C	Antofagasta	1	16	Single axis	TBD	TBD	Development	Q2-2016	Q4-2016	Spot/PPA
Las Luces	Atacama	1	27	Single axis	TBD	TBD	Development	Q2-2016	Q1-2017	Spot/PPA
Total		**4**	**99**							

Notes:

(1) Start of construction will depend on Etrion's ability to secure PPAs and long-term, non-recourse project finance.

(2) Contract regime may include a combination of merchant (spot price) and/or PPA.

In addition to the projects above, Etrion is also pursuing other opportunities in Chile to develop and/or acquire additional renewable energy projects.

Aguas Blancas

The Aguas Blancas solar projects in the Antofagasta region include three sites, 2A, 2B and 2C, with total capacity of 72 MW in the SING electricity network.

Aguas Blancas 2A is a shovel-ready 32 MW site. The land concession has been assigned, and the final decree is expected in four months. The environmental impact assessment has been received, the mining rights have been secured and the interconnection contract has been agreed.

Aguas Blancas 2B is a shovel-ready 24 MW site. The land concession decree has been signed, the environmental impact assessment has been received and the mining rights have been secured. The interconnection contract and the PPA with a mining company are under advanced negotiations.

Aguas Blancas 2C is a shovel-ready 16 MW site. The land concession has been signed, the environmental impact assessment has been received, the mining rights have been secured and the interconnection contract has been agreed.

Etrion should be in a position to start construction of the Aguas Blancas projects once the Company secures PPAs and long-term, non-recourse project finance. The projects are expected to be operational within nine months from the date construction commences. The total estimated project cost for the 72 MW, including costs related to the licenses, permits, development, financing and construction, is $153.5 million, which is expected to be financed 75% by non-recourse project debt with the remaining equity portion to be funded by the Group.

Las Luces

The Las Luces I solar project in the Atacama region includes one shovel-ready site with total capacity of 27 MW in the SIC electricity network. The land concession decree has been signed, the environmental impact assessment has been received and the mining rights have been secured. The interconnection contract is in advanced negotiations, and the PPA negotiations with a mining company have begun.

Etrion should be in a position to start construction of Las Luces I once the Company secures PPAs and long-term, non-recourse project finance. The project is expected to be operational within nine months from the date construction commences. The total estimated project cost for the 27 MW, including costs related to the licenses, permits, development, financing and construction, is $57.1 million, which is expected to be financed 75% by non-recourse project debt with the remaining equity portion to be funded by the Group.

DEVELOPMENT ACTIVITIES (CONTINUED)

JAPAN

Etrion is pursuing renewable energy projects in Asia, with an initial focus on Japan, due to the attractive solar FiT program and low financing costs. Japan is one of the largest solar PV markets in the world with over 25 gigawatts ("GW") of installed capacity. The Japanese government has a strong mandate to increase the use of renewable energy in Japan's energy mix in order to reduce the country's reliance on nuclear power.

In 2012, the Group and HHT signed a development agreement to jointly develop a pipeline of solar assets in Japan. The companies are targeting to reach at least 100 MW of utility-scale solar projects under construction or shovel-ready by the first quarter of 2016 and 300 MW by the end of 2017. Under this agreement, both parties provide the key functions necessary to successfully develop, build and operate solar projects in Japan (including, but not limited to, obtaining the relevant permits and authorizations to build and operate the solar power facilities, developing relationships with local utilities and land owners, EPC and securing non-recourse project finance, as well as operations, maintenance and asset management services). Refer to 'Business Review – Solar Market Overview' on page 12 for an overview of the renewable energy market in Japan. A summary of the Group's projects under construction and development in Japan is below:

Project	Region	Sites	Gross Capacity (MW)	Net Capacity (MW)	Technology	Contractor[1]	Modules	Status[3]	Start of construction	Expected start of operations	Contract regime[4]
Mito	Ibaraki	5	9.3	8.1	Fixed-tilt	HHT	Canadian Solar	Construction	Q4-2014	May-Aug 2015	¥40 FiT
Shizukuishi	Iwate	1	24.7	21.5	Fixed-tilt	HHT	Canadian Solar	Construction	Q4-2014	July 2016[2]	¥40 FiT
Greenfield 1	South	1	25	21	Fixed-tilt	HHT	Canadian Solar	Development	Q2-2016	Q1-2018	¥36 FiT
Greenfield 2	Central	1	14	12	Fixed-tilt	HHT	Canadian Solar	Development	Q1-2016	Q2-2017	¥32 FiT
Brownfield 1	South	1	50	43	Fixed-tilt	HHT	Canadian Solar	Development	Q1-2016	Q2-2018	¥36 FiT
Brownfield 2	North	1	51	43	Fixed-tilt	HHT	Canadian Solar	Development	Q2-2016	Q1-2018	¥32 FiT
Total		**10**	**174.0**	**148.6**							

Notes:

(1) Projects will be built by HHT using Hitachi Power Systems as EPC.
(2) Shizukuishi will connect through a utility that requires up to 29 months for grid connection, but Etrion may be able to accelerate the connection process.
(3) Projects under construction are owned 87% by Etrion. Development projects are assumed to be owned 85% by Etrion.
(4) Subject to a 20-year FiT.

Mito

Mito is a 9.3 MW utility-scale solar photovoltaic power project consisting of five sites under construction in the Ibaraki Prefecture of Japan. Construction began in October 2014, with the estimated connection dates for each site expected between May and August 2015. The solar power plants are being built on an aggregate 27 hectares of leased land, and the facilities will connect through the Tokyo Electric Power Company ("TEPCO"). In December 2014, the project company entered into two of the five planned 20-year PPAs with TEPCO under which the project company will receive ¥40 per kWh produced (approximately $0.33 per kWh). The remaining three PPAs were signed in March 2015. The total project cost of approximately ¥3.4 billion (approximately $33.5 million) is being financed 80% through non-recourse project debt from SMTB with the remaining approximately 20% equity portion already funded by the Group and HHT based on their respective ownership interests of approximately 87% and 13%. Mito has entered into a long-term fixed price O&M agreement with HHT. Once operational, Mito is expected to produce approximately 10.3 GWh of solar electricity per year.

Shizukuishi

Shizukuishi is a 24.7 MW utility-scale solar photovoltaic power plant under construction on one site in the Iwate Prefecture of Japan. Construction-related works began in October 2014, and the solar project is expected to connect to the grid in July 2016. The solar power plant is being built on 51 hectares of leased land, and the facility will connect through Tohoku Electric Power Co., Inc. ("Tohoku Electric Power utility"). The project has entered into a 20-year PPA with the Tohoku Electric Power utility to receive ¥40 per kWh produced (approximately $0.33 per kWh). The total project cost of approximately ¥8.9 billion (approximately $87.8 million) is being financed 80% with non-recourse project debt from SMTB with the remaining approximately 20% equity portion already funded by the Group and HHT based on their respective ownership interests of approximately 87% and 13%. Shizukuishi has entered into a long-term fixed price O&M agreement with HHT. Once operational, Shizukuishi is expected to produce approximately 25.6 GWh of solar electricity per year.

Development Activities

In addition to the 34 MW already under construction, the joint Etrion-HHT development team is reviewing a large pipeline of opportunities in different stages of development and in different stages of negotiation with third parties. The four most advanced projects total 140 MW. Etrion expects to own up to 85 percent in the Japanese projects, with Hitachi High-Tech and/or local development partners owning the remainder.

Japan Greenfield Project 1 is a 25 MW solar project in southern Japan with the FiT and land contract secured. The grid impact studies are in progress, and the project is expected to be shovel-ready by the first quarter of 2016.

Japan Greenfield Project 2 is a 14 MW solar project in central Japan with the FiT secured. Etrion expects to sign the land contract after completion of the grid impact study. The project is expected to be shovel-ready by the first quarter of 2016.

Japan Brownfield Project 1 is a 50 MW solar project in southern Japan with the FiT secured and the land contract signed. Etrion has secured exclusivity with the developer, and the grid impact studies are complete. The project is expected to be shovel-ready by the first quarter of 2016.

Japan Brownfield Project 2 is a 51 MW solar project in northern Japan with the FiT in progress, land contract in progress and grid impact studies in progress. Etrion has secured exclusivity with the developer, who is working with the land owner to secure the land. The project is expected to be shovel-ready by the first quarter of 2016.

These projects may be replaced by other projects within the next twelve months in order to accelerate construction or improve project economics.

SOLAR MARKET OVERVIEW

The market for renewable energy sources, including solar, biomass, wind, hydro and bio fuels, is driven by a variety of factors, such as legislative and policy support, technology, macroeconomic conditions, pricing and environmental concerns. The overall goal for the solar energy market is to reach grid parity, whereby the price of solar energy is competitive with traditional sources of electricity, such as coal and natural gas. Solar technology cost has dropped dramatically and continues to decrease. In addition, solar energy has reached grid parity in certain parts of the world where solar irradiation and electricity prices are high (e.g., Chile). As the cost of solar technology continues to decrease, new potential markets are expected to develop in areas where solar electricity is price-competitive with other sources of energy.

Solar power plants are an important source of renewable energy. They have very low operating and maintenance costs with minimal moving parts. The technology is essentially silent, emission-free and scalable to meet multiple distributed power requirements. Energy generated from the sun consists of both energy from PV cells and energy generated from solar collectors (i.e., thermal energy or heat).

The key drivers for growth within the renewable energy sector are:

- Increasing global demand for energy due to population and economic growth combined with finite oil and gas reserves;
- Improving technologies and accelerated cost reductions for renewable energy;
- Increased concern about long-term climate change and focus on reducing carbon emissions from energy generation using fossil fuels;
- Political commitment at national and regional levels to support the development and use of renewable energy sources; and
- Attractive government incentives, such as FiTs, capital subsidies and tax incentives in markets that have not yet reached grid parity.

ITALIAN MARKET

FiT system

In 2005, the Italian government introduced an FiT system in order to encourage expansion of solar energy. The FiT system, combined with strong solar irradiation and high spot electricity prices, has led to significant growth in the installed capacity of solar generating facilities since 2005. The Italian state-owned company, Gestore Servizi Energetici ("GSE"), is responsible for managing the incentive program. However, the actual cost of the incentive is paid by the ultimate consumer through a small tax on utility bills.

The Italian FiT entails a 20-year commitment from the government to purchase 100% of solar electricity production at a premium constant rate based on the connection date. Since 2005, the Italian FiT for new projects has been revised to account for the decreasing cost of building solar power plants.

On June 24, 2014, the Italian government published a new decree outlining, among other things, certain proposed changes to the current Italian FiT regime. On August 7, 2014, the decree was approved by the Italian Parliament. The approved changes will impact the revenues received by solar power producers by reducing the annual FiT incentive to be paid by the GSE. Specifically, the approved decree outlined three options for solar power producers to reduce the original FiT effective January 2015.

Producers could choose a reduction of between 17% and 25%, depending on the remaining incentive period, offset by an extension of the incentive period from 20 to 24 years. Alternatively, solar power producers could elect a flat 6%-8% reduction, depending on the capacity of the plant, for the remaining incentive period without an extension. Lastly, producers could choose to have the FiT reduced by approximately 15% in the near-term and increased by an equivalent amount in the long-term using a re-modulation ratio established by the Italian Ministry for Economic Development.

In addition, the approved decree introduces certain changes to the payment of the FiT, whereby, effective July 1, 2014, 10% of the FiT payment by GSE would be delayed until June of the following year. However, the GSE has indicated that their systems were not ready to support the new decree and that they would activate the new payment mechanism starting January 2015.

Etrion's management believe the new decree is discriminatory and violates the rights of solar plant owners and foreign investors. The Company's Italian operating subsidiaries have therefore filed domestic legal action in the Italian courts to seek a declaration that the new decree is unconstitutional or alternatively to obtain compensation for damages resulting from the changes to the FiT regime.

Since Etrion's management considers the new decree unconstitutional, the Company did not communicate any election to the Italian government by the November 30, 2014, deadline. According to such new decree, in the absence of a formal election by solar plants owners, the 6-8% flat reduction is applicable as of January 1, 2015.

A summary of the revised FiT received by the Group for its ground-mounted solar PV power projects connected in 2009, 2010 and 2011, is as follows:

	2011	2010	2009
Revised FiT (€/kWh)	€0.230	€0.318	€0.325
Duration	20 years	20 years	20 years
Remaining life	15.8 years	14.8 years	13.8 years

In addition to the FiT, solar power generators in Italy receive the spot market rate on a per kWh basis. The average Market Price during the first quarter of 2015 was approximately €0.05 ($0.06) per kWh of electricity produced.

Robin Hood tax

On February 11, 2015, the Italian Constitutional Court published a ruling that declared the so-called "Robin Hood" tax unconstitutional and eliminated it from February 2015 onwards. The removal of the Robin Hood tax reduces the ordinary income tax rate applicable to most energy companies in Italy from 34% to 27.5%. The Robin Hood tax was a surtax introduced in 2008 that increased the overall corporate income tax rate applicable to large Italian energy companies from 27.5% to 38%. In 2011, the Robin Hood tax was expanded to include renewable energy companies. In 2013, the Italian government lowered the revenue threshold for the application of the surtax. In 2014, the government reduced the surtax, thereby reducing the overall income tax rate from 38% to 34%. Operators contested the Robin Hood tax as unconstitutional due to the higher overall tax rate being applied to energy companies compared to the ordinary tax rate for Italian companies in general. Management has used the revised corporate tax of 27.5% to measure deferred tax assets and liabilities as at March 31, 2015.

CHILEAN MARKET

Chile's energy demand has been growing rapidly since 1990 due to increased power consumption by the mining sector, the country's single largest industry, and large urban areas such as the capital city, Santiago. The increased demand combined with scarce fossil fuel resources has made the country a net importer of energy and module prices are at an all-time low, with a continued decrease in price due to technology improvements and scale. The energy sector is largely privatized, which enables energy producers to enter into US dollar-denominated bilateral agreements directly with industrial clients.

Due to the size of Chile's economy and its well-established capital markets, manufacturers and finance providers are available to support the growing demands for energy consumption. Today, hydro and thermoelectric power are Chile's primary source of renewable energy. However, there is a large opportunity for growth in the solar sector, especially in the northern part of the country where more than 90% of the electricity consumption arises from industrial users, such as mining operations. In September 2013, the Chilean government passed the so-called "20/25" law, requiring 20% of electricity to be generated from renewable sources by 2025 (an increase from the previous "clean energy" law requiring 10% of electricity to be generated from renewable sources by 2024) demonstrating strong support for the development and use of renewable energy sources.

There are two ways in which a solar producer like Etrion can operate in Chile:

- **Through PPAs** – solar power producers can sell the electricity produced through a long-term fixed price take-or-pay US dollar-denominated contract with industrial users (such as mining companies) or distribution companies (addressing regulated market).
- **On a spot market/merchant basis** – solar power producers can sell the electricity produced on the spot market, delivered to the relevant electricity network. Project Salvador will initially operate on a merchant basis. The Company has secured a 15 year PPA for 35% of the capacity, starting January 2016. The Company will continue to seek other PPAs for the balance of the energy not contracted.

Chile's electricity network is divided into four independent non-connected networks:

- **SING** – Sistema Interconectado del Norte Grande, the northern grid, accounts for approximately 25.4% of total electricity production in Chile. The SING is primarily served by thermoelectric plants.
- **SIC** – Sistema Interconectado Central, the central grid, accounts for approximately 74% of the total electricity production in Chile and serves approximately 90% of its population. The SIC is primarily served by hydroelectric plants, in addition to diesel and thermoelectric plants. Project Salvador, which will initially operate on a spot market/merchant basis, is located along the SIC. The SIC is expected to be interconnected with the SING by 2018 which is expected to result in lower electricity market price volatility between SIC and SING.
- **Aysen** – Located in southern Chile, this mainly hydro network accounts for approximately 0.2% of total electricity production in Chile.
- **Magallanes** – Located in the most southern part of Chile, this hydro network accounts for approximately 0.4% of total electricity production in Chile.

Etrion's business development activities are focused on securing long term contracts with mining and industrial clients to secure predictable revenues on the development pipeline. Together, the SING and SIC account for more than 99% of Chile's total electricity production. The Chilean government has announced plans to connect the SING and SIC networks, which is expected to result in a more stable long-term spot market price for the combined networks.

During the first quarter of 2015, electricity market prices in the SIC network at the Diego de Almagro node relevant to Project Salvador were particularly volatile in the range of $60-160/MWh. Average market prices in the last 12 months were approximately $110/MWh. The recent spot market volatility is mainly due to a reduction in energy demand as a result of the collapse in commodity prices and delay in mine expansions, the significant increase in installed solar power generation compared to forecasts and the effect of the reduction in oil and gas and coal prices. Spot market electricity prices are expected to remain volatile until the Chilean electricity grid is expanded and interconnected in 2017-2018.

BUSINESS REVIEW (CONTINUED)

JAPANESE MARKET

Japan is the world's third largest energy consumer and today is the third largest solar market. The use of solar power in Japan has accelerated since the Japanese FiT scheme for renewable energy was introduced in July 2012 to help offset the loss of nuclear power caused by the Fukushima disaster, which has led to most of the nation's 52 reactors being idled due to safety concerns. While current renewable energy usage remains low (currently 7.2% of total primary energy), Japan is planning to accelerate further renewable energy development. By the end of 2014, Japan had installed more than 25 GW of solar capacity.

Japan has implemented an attractive 20-year FiT program of ¥40 per kWh for projects secured by March 31, 2013, ¥36 per kWh for projects secured by March 31, 2014, and ¥32 per kWh for projects secured by March 31, 2015. The next FiT expected to apply from April 2015 is ¥29, which is expected to be reduced to ¥27 in the third quarter of 2015.

On January 22, 2015, the Japanese Ministry of Economy, Trade and Industry ("METI") officially announced new rules with respect to the FiT regime. The rules apply to new projects and were designed to streamline the process between developers, METI and utilities. Projects with existing grid connection acceptance are not affected. METI's main objective in announcing new rules was to address the increasing speculation from developers that have been applying for the FiT but not realizing projects, and at the same time to unblock the grid assessment applications that were put on hold by some of the utilities facing overloaded capacity.

The new rules addressed various aspects of the FiT and utility operations. The most important rules outlined the process for:

- **FiT application** – The timing when the FiT is determined has changed from "when interconnection request is made" to "when interconnection agreement is executed." If an interconnection agreement has not been reached due to the utility's delay, there is a backstop date for the solar developer whereby the FiT level from 270 days following the connection request is used.
- **Change in power output or in PV module specifications prior to start of operations** – These changes must now be submitted for METI approval, and an increase in power output or a change in PV module manufacturer prior to start of operations will be subject to a revision of the FiT. Exceptions will be made where change in output is related to interconnection evaluation by the utility. Changes to PV module manufacturer, type or conversion efficiency (excluding increase in efficiency) will also be subject to a change in the FiT. Exceptions will be made if objective proof is provided related to discontinued module type and in cases of PV power plants of less than 10 kW.
- **Curtailment** – The new curtailment system has been changed from the "30 day rule per annum" to an hourly basis per annum. Uncompensated curtailment up to 30 days, annually based on one-day units, will be changed to up to 360 hours annually. The hourly basis for curtailment expands the amount available for interconnection. Furthermore, utilities may impose installation of remote curtailment systems on PV plants.

Management believes Etrion's previously communicated joint development target with HHT of reaching 100 MW shovel-ready or under construction in Japan by the first quarter of 2016 should not be affected by the changes to the Japanese FiT regime described above.

OTHER MARKETS

Etrion has effectively established presence in three key regional markets (Asia, Europe and the Americas). Solar growth is expected to continue given the compelling long-term cost reduction curve resulting in a continued reduction of the levelized cost of energy. In Asia, Etrion will continue to focus on Japan in the short-term. However, the Company is exploring new markets in partnership with HHT.

Etrion established offices in Miami, USA, in September 2014 to more effectively address the solar market in the Americas. The Company is exploring investment opportunities in Mexico, Peru, Panama and Brazil and believes it should be in a good position to expand into at least one new market in the Americas.

In Europe, the Company is monitoring new opportunities in select markets, including the United Kingdom and France. Etrion believes there will continue to be greenfield, brownfield and consolidation opportunities in these markets.

FINANCIAL REVIEW

FINANCIAL RESULTS

FIRST QUARTER SELECTED FINANCIAL INFORMATION

Selected consolidated financial information, prepared in accordance with IFRS, is as follows:

	Three months ended March 31	
	2015	**2014**
	$'000	**$'000**
Revenue	**10,387**	**8,367**
Gross profit	**2,379**	**868**
Net loss[(1)]	**(2,483)**	**(8,208)**
Adjustments for non-recurring items:		
- Operational items	-	804
Adjusted net loss before non-recurring items	**(2,483)**	**(7,404)**
Adjustments for non-cash items:		
- Depreciation and amortization	5,572	5,272
- Fair value movements (derivative financial instruments)	77	1,184
- Share-based payment expense	224	67
Adjusted net income/(loss) before non-recurring and non-cash items	**3,390**	**(881)**
Net loss	**(2,483)**	**(8,208)**
Adjustments for:		
- Net income tax recovery	(191)	(2,377)
- Depreciation and amortization	5,572	5,272
- Share-based payment expense	224	67
- Net finance costs	2,450	8,919
- Other income	23	-
- Income tax paid	(334)	-
- Changes in working capital	(13,336)	(18,080)
Operating cash flow	**(8,075)**	**(14,407)**
- Changes in working capital	13,336	18,080
- Income tax paid	334	-
Adjusted operating cash flow	**5,595**	**3,673**

Notes:

(1) Net loss for the year includes both the net loss from continuing operations and the net loss attributable to owners of the Company and non-controlling interests. Basic and diluted loss per share for the three months ended March 31, 2015 and 2014 was $0.005 and $0.03, respectively.

	March 31 2015 $'000	**December 31 2014 $'000**
Non-current assets	501,215	525,845
Current assets	118,593	142,267
Total assets	**619,808**	**668,112**
Non-current liabilities	521,358	529,365
Current liabilities	68,713	105,817
Total liabilities	**590,071**	**635,182**
Working capital (current assets less current liabilities)	49,880	36,450
Dividends declared	-	-

FINANCIAL REVIEW (CONTINUED)

QUARTERLY SELECTED FINANCIAL INFORMATION

Selected consolidated financial information, prepared in accordance with IFRS, is as follows:

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	10,387	6,368	17,129	17,764	8,367	7,761	19,414	18,414
Net (loss)/income[1]	(2,483)	(8,006)	1,193	(1,434)	(8,208)	(5,666)	1,056	(238)
Basic and diluted (loss)/earnings per share	(0.005)	(0.024)	0.004	(0.005)	(0.025)	(0.027)	0.005	(0.001)

Notes:

(1) Net income/(loss) for the period includes both the net income/(loss) from continuing operations and the net income/(loss)loss attributable to owners of the Company and non-controlling interests.

Solar-related revenues experience seasonality over the year due to the variability of daily sun hours in the summer versus the winter months, resulting in lower revenues in the first and fourth quarters each year. The impact of seasonality on the Group's business should decrease over time as the Group secures additional solar power projects in Chile. In Italy, revenues are received in Euros and have been translated at the average €/$ exchange rate of the corresponding period. Consequently, revenues expressed in US dollars may fluctuate according to exchange rate variations.

FIRST QUARTER RESULTS

EBITDA

The following is a summary of the Group's EBITDA and adjusted EBITDA:

	Three months ended March 31, 2015			Three months ended March 31, 2014		
	Renewable energy[1] $'000	Corporate[1] $'000	Total $'000	Renewable energy[1] $'000	Corporate[1] $'000	Total $'000
Revenue	10,387	-	10,387	**8,367**	**-**	**8,367**
Operating expenses	(2,518)	-	(2,518)	(2,316)	-	(2,316)
General and administrative expenses	(304)	(2,038)	(2,341)	(311)	(1,967)	(2,278)
Other income/(expenses)	(59)	36	(24)	-	-	-
EBITDA	**7,506**	**(2,002)**	**5,504**	**5,740**	**(1,967)**	**3,773**
Non-recurring items:						
- Operational items	-	-	-	343	461	804
Adjusted EBITDA[3]	**7,506**	**(2,002)**	**5,504**	**6,083**	**(1,506)**	**4,577**

Notes:

(1) The renewable energy segment includes only the Group's operating solar power projects. All other revenues, expenses, assets and liabilities are included within the corporate segment, which includes all corporate overhead.

Revenue

	March 31 2015 $'000	March 31 2014 $'000
FiT revenue	5,804	7,409
Market Price revenue	4,583	958
Total revenue	**10,387**	**8,367**

Revenues increased by $2.0 million (24.1%) during the three months ended March 31, 2015, compared to the same period of 2014, due to higher solar irradiation in Italy and the addition of electricity production from Project Salvador in Chile, partially offset by lower FiT in Italy and foreign exchange rate differences (due to the weakening of the Euro against the US dollar).

FINANCIAL RESULTS (CONTINUED)

Operating expenses

	March 31 2015 $'000	March 31 2014 $'000
Operations and maintenance costs	1,062	919
Operating personnel costs	241	238
Depreciation and amortization (operating solar power projects)	5,490	5,183
Taxes (other than income tax)	413	485
Insurance	134	97
Land lease	51	55
Other operating expenses	617	522
Total operating expenses	**8,008**	**7,499**

Operating expenses increased by $0.5 million (6.8%) during the three months ended March 31, 2015, compared to the same period of 2014. This was primarily due to the incremental cost associated with the incorporation of Project Salvador in January 2015, partially offset by the effect of the change in the estimated useful life of the Group's solar power plants in Italy, from the original 20 years to 24 years estimate. The increase in operating expenses was also partially offset by foreign exchange rate differences (due to the weakening of the Euro against the US dollar).

General and administrative expenses

	March 31 2015 $'000	March 31 2014 $'000
Salaries and benefits	884	1,050
Board of Directors fees	90	30
Share-based payment expense (non-cash item)	224	67
Corporate and professional fees	634	596
Listing, filing and marketing expenses	128	121
Depreciation and amortization (corporate assets)	83	123
Office lease expenses	82	89
Office, travel and other general and administrative expenses	299	291
Total general and administrative expenses	**2,424**	**2,367**

General and administrative expenses increased by $57,000 (2.4%) during the first quarter of 2015 compared to 2014, primarily due share-based payment expenses associated with the Company's outstanding Restricted Share Units, partially offset by foreign exchange rate differences (due to the weakening of the Euro against the US dollar), and also to the capitalization of $0.1 million of internally-generated costs within intangible assets directly attributable to the Group's business development activities.

Net finance costs

	March 31 2015 $'000	March 31 2014 $'000
Interest expense associated with non-recourse project loans[(1)]	6,468	4,747
Interest expense associated with corporate borrowings[(1)]	2,207	2,018
Net fair value movements associated with derivative financial instruments	77	1,184
Foreign exchange (gain)/loss	(6,302)	970
Other net finance costs	156	167
Net finance costs	**2,606**	**9,086**

Note:

(1) Interest expense shown here includes transaction costs and is net of any borrowing costs capitalized during the relevant year.

Finance costs decreased by $6.5 million (71%) during the first quarter of 2015 compared to 2014 primarily due to an increase in foreign exchange gains during the quarter resulting from the approximately 13% devaluation of the Euro exchange rate versus the US dollar and Japanese yen. During the three months ended March 31, 2015, the Group capitalized $0.5 million (2014: $1.3 million) of borrowing costs associated with credit facilities obtained to finance the construction of Shizukuishi and Mito.

FINANCIAL RESULTS (CONTINUED)

Income tax expense

	March 31 2015 $'000	March 31 2014 $'000
Current income tax recovery	1,190	3,075
Deferred income tax expense	(999)	(698)
Total income tax recovery	**191**	**2,377**

Income tax recovery decreased by $2.2 million (92%) during the three months ended March 31, 2015, compared to the same period of 2014, primarily due to lower taxable losses recognized during the period. During the first quarter of 2015 and 2014, the Group recognized taxable losses due to the seasonality of its revenues in Italy over the year.

FINANCIAL POSITION

LIQUIDITY AND FINANCING

During the three months ended March 31, 2015, the Group's total equity decreased by $2.3 million from a net asset position of $30.0 million at December 31, 2014, to a net asset position of $27.7 million at March 31, 2015. This change was primarily due the net loss reported by the Group during the period and unrealized fair value losses recognized within other reserves associated with the Group's derivative financial instruments.

The Group's total equity at March 31, 2015, was negatively impacted by cumulative fair value losses of $31.2 million recognized within other reserves that are associated with the Group's derivative financial instruments and that are not expected to be realized. Excluding these fair value losses, the Group's total equity at March 31, 2015, would have been $58.9 million.

At March 31, 2015, the Group had cash and cash equivalents of $70.6 million (December 31, 2014: $95.3 million), $31.2 million of which was unrestricted and held at the parent level (December 31, 2014: $33.9 million), and working capital of $49.8 million (December 31, 2014: $36.5 million).

This working capital includes the fair market value of interest rate swap contracts that are classified as current liabilities in accordance with IFRS but are not expected to be settled in cash in the next 12 months. Excluding these derivative financial liabilities that are not expected to be settled in the short-term, the Group's working capital would have been $57.5 million. (December 31, 2014: $44.7 million)

The Group's cash and cash equivalents at March 31, 2015, included restricted cash of $39.4 million (December 31, 2014: $61.5 million) held at the project level, comprised the following:

- Restricted cash and cash equivalents of $20.1 million (December 31, 2014: $28.4 million) held at the project level that are restricted by the lending banks in Italy to future repayment of interest and principal and working capital requirements related to specific projects. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, through payment of interest on shareholder loans or through dividend distributions.
- Restricted cash and cash equivalents of $11.9 million (December 31, 2014: $28.4 million) held at the project level that are restricted by the lending banks in Chile to future repayment of interest and principal and working capital requirements related to specific projects.
- Restricted cash and cash equivalents of $7.4 million (December 31, 2014: $4.7 million) drawn under the loan facilities associated with the construction of Shizukuishi and Mito projects that will be used to pay the related construction invoices.

The Group's cash and cash equivalents at March 31, 2015, included unrestricted cash of $31.2 million (December 31, 2014: $33.9 million) held at the parent level. The Group has significantly increased its liquidity and has a fully-funded portfolio of operational and under construction projects (including Project Salvador in Chile and Shizukuishi and Mito in Japan). In addition, the Group expects to generate sufficient operating cash flows in 2015 and beyond from its operating solar power projects to meet its obligations and expects to finance the construction and/or acquisition of new projects with a combination of cash and cash equivalents, additional corporate equity or debt financing and non-recourse project loans, as required.

FINANCIAL POSITION (CONTINUED)

There have been no significant changes to the Group's contractual obligations as outlined in the Company's MD&A for the year ended December 31, 2014. All of the contractual obligations will be funded from existing cash available or future cash flows from operations with no additional capital investments to be made by the Group.

Borrowings

The Group's adjusted net debt position, excluding non-cash items at March 31, 2015, and December 31, 2014, is as follows:

	March 31 2015 $'000	December 31 2014 $'000
Total borrowings (per consolidated financial statements)	**493,483**	**525,251**
Value added tax ("VAT") facility[1]	(29,471)	(26,895)
Accrued interest[2]	(4,604)	(3,507)
Transaction costs[2]	12,812	14,360
Adjusted borrowings	**472,220**	**509,209**
Cash and cash equivalents (including restricted cash)	(70,604)	(95,349)
Adjusted net debt	**401,616**	**413,860**

Notes:

(1) The VAT facility outstanding at March 31, 2015, relates to the construction of Project Salvador, Shizukuishi and Mito. This amount has been excluded from total borrowings as this facility will be repaid using the proceeds from input VAT from the Chilean and Japanese tax authorities, respectively.

(2) In accordance with IFRS, total borrowings include accrued interest and are shown net of transaction costs. These non-cash items are excluded from total borrowings to calculate adjusted net debt (on a cash flow basis).

The Group's net debt decreased during the first quarter of 2015 mainly due to foreign exchange differences (due to the weakening of the Euro exchange rate against the US dollar), partially offset by a decrease of $24.7 million in the Group's cash and cash equivalents due to operational and investing activities and new debt acquired by the Japanese projects.

Non-recourse project loans

The following is a summary of the Group's non-recourse project loans at March 31, 2015, and December 31, 2014:

				Balance outstanding[1]	
	Capacity (MW)	Financial institution	Maturity	March 31 2015 $'000	December 31 2014 $'000
Cassiopea	24.0	BIS[2], Societe Generale and Portigon	March 31, 2024	93,369	108,478
Helios ITA-3	10.0	Natixis, Portigon and Mediocreval	September 30, 2027	32,958	36,932
Centauro	8.8	Barclays	September 30, 2028	34,062	39,468
Helios ITA	6.4	Societe Generale and Dexia	September 30, 2024	27,706	31,050
Etrion Lazio	5.3	Natixis, Portigon and Mediocreval	September 30, 2027	15,915	17,796
SVE	3.0	UBI Banca	September 30, 2028	11,495	12,862
Sagittario	2.6	Natixis, Portigon and Mediocreval	September 30, 2027	6,773	7,593
Salvador[3]	70.0	OPIC, Rabobank[3]	June 1, 2033	165,834	164,024
Shizukuishi	24.7	SMTB [4]	September 30, 2032	9,615	5,005
Mito	9.3	SMTB [4]	December 30, 2032	8,272	5,334
Total	**164.0**			**405,999**	**428,542**

Notes:

(1) The Group's non-recourse project loans used to finance its Italian projects are expressed in Euros, translated at the closing €/$ exchange rate of 1.07 at March 31, 2015, and 1.31 at December 31, 2014. The balances outstanding include accrued interest and are net of transaction costs (in accordance with IFRS).

(2) Banca Intesa Sanpaolo Spa.

(3) The balance outstanding for Project Salvador includes the VAT facility from Rabobank (to be repaid using the proceeds from input VAT from the Chilean tax authorities) that matures on February 28, 2016.

(4) The balance outstanding for Shizukuishi and Mito includes the VAT facility from SMTB (to be repaid using the proceeds from input VAT from the Japanese tax authorities) that matures on June 2017.

FINANCIAL POSITION (CONTINUED)

Italian projects

The non-recourse project loans obtained by the Group's Italian subsidiaries to finance the construction of the Group's Italian solar power projects mature at various dates between 2024 and 2028 and bear annual interest rates of Euribor plus a margin ranging from 1.35% to 3.1%. At March 31, 2015, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. At March 31, 2015, the Group had no undrawn amounts associated with these facilities. At March 31, 2015, the Group was not in breach of any of the imposed operational and financial covenants associated with its Italian project loans.

All the Italian non-recourse projects loans are hedged through interest rate swap contracts, all of which qualified for hedge accounting at March 31, 2015, and December 31, 2014.

Chilean projects

The non-recourse project loan obtained by the Group's Chilean subsidiary, Salvador, to finance the construction of Project Salvador matures in 2033. The loan was drawn in three tranches and bears an average fixed interest rate of 7.1% At March 31, 2015, there were no undrawn amounts under this credit facility. The repayment of this credit facility is secured principally by the proceeds from the sale of electricity in the spot market once the solar project is operational. The loan is accounted for using the amortized costs method based on the effective interest rate. The fair value of this credit facility equals its carrying amount, as the impact of discounting is not significant given the fixed-rate terms of the loan.

In addition, the Group has a local currency VAT credit facility with Rabobank, a Chilean bank owned by Rabobank Group, a Dutch multinational banking and financial services company, to finance the VAT associated with the construction costs of Project Salvador. The VAT credit facility bears variable interest rates that are set every quarter plus a margin. The average applicable interest rate during the three months ended March 31, 2015, was approximately 6%. At March 31, 2015, there were no undrawn amounts under this credit facility.

At March 31, 2015, and December 31, 2014, the Group was not in breach of any of the imposed operational and financial covenants associated with its Chilean project loans.

Japanese projects

The Group's Japanese subsidiaries that hold the 34 MW Shizukuishi and Mito projects entered into a senior secured financing agreement in Japanese yen with Sumitomo Mitsui Trust Bank, Limited (SMTB) for a total amount of ¥9,854 million ($82.0 million) in order to finance 80% of the construction costs of the projects. These credit facilities have an 18-year tenor and bear floating interest rates during the construction period of the solar plants and a 90% hedged interest rate plus a margin during operation. The repayment of this facility is secured principally by the proceeds from the sale of electricity under a purchase power agreements with the respective utilities. At March 31, 2015, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates.

In addition, during 2014, the Group's Japanese subsidiaries entered into a VAT credit facility agreement in Japanese yen with SMTB for a total amount of ¥846 million ($7.0 million) in order to finance the related VAT capital disbursements of the Shizukuishi and Mito projects. These VAT credit facilities have a term of three years and bear a variable interest rate plus a margin.

During the three months ended March 31, 2015, the Group's Japanese subsidiaries drew down under the senior financing agreement the amount of ¥800 million ($7.6 million). As of March 31, 2015, the undrawn gross amount was ¥7,844 million ($65.9 million). In addition, the Group's Japanese subsidiaries also drew down under the VAT credit facility the amount of ¥100 million ($0.8 million). As of March 31, 2015, the undrawn gross amount was ¥501 million ($4.2 million).

All of the Japanese non-recourse projects loans are hedged through interest rate swap contracts, all of which qualified for hedge accounting at March 31, 2015 and December 31, 2014

At March 31, 2015, and December 31, 2014, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

FINANCIAL POSITION (CONTINUED)

Corporate borrowings

At March 31, 2015, the Group had €80 million of corporate bonds outstanding in the Norwegian bond market issued by the Company in April 2014 with an annual interest rate of 8.0% and a 5-year maturity. The carrying amount of the corporate bond as at March 31, 2015, including accrued interest net of transaction costs, was $87.5 million (December 31, 2014: $96.7 million). At March 31, 2015, and December 31, 2014, the Group was not in breach of any of the imposed operational and financial covenants associated with its corporate borrowings.

OUTSTANDING SHARE DATA

At the date of this MD&A, the Company had 334,082,657 common shares (May 8, 2014: 333,972,657) and options to acquire 4,800,000 common shares of the Company (May 8, 2014: 6,070,000) issued and outstanding. The options expire at various dates between October 18, 2015, and April 28, 2018, with exercise prices in CAD$ ranging between CAD$0.66 and CAD$1.59 per share.

In addition, the Company maintains the 2014 Restricted Share Unit Plan pursuant to which employees, consultants, directors and officers of the Group may be awarded restricted share units ("RSUs"). The RSUs have a contractual term of three years and are subject to certain time-based conditions and performance-based vesting conditions. In 2014, the Company granted 6,660,440 RSUs to certain employees of the Company under this long-term incentive plan.

OFF-BALANCE SHEET ARRANGEMENTS

The Group had no off-balance sheet arrangements at March 31, 2015, and December 31, 2014.

CAPITAL INVESTMENTS

The Group plans to make significant capital investments in 2015 in order to develop and build its solar projects under development in Chile. The following table summarizes the Group's expected capital investments in 2015 for projects expected to begin construction in 2015:

	Status	Gross capacity (MW)	Ownership (%)	Total project cost[1] $'million	Total equity contribution[2] $'million	Remaining equity contribution[3] $'million
Projects in Chile						
Aguas Blancas 2B[4]	Development	24.0	100.0	51.3	12.8	12.8
Total 2015 planned capital expenditure		**24.0**		**51.3**	**12.8**	**12.8**

Notes:

(1) Total project cost represents the total estimated capital expenditure to develop and build the solar project. It is expected that the total project cost for projects under development in Chile will be financed up to 75% through non-recourse project debt with international financial institutions.

(2) Total equity contribution represents Etrion's portion of the total project cost based on its expected ownership interest.

(3) Remaining equity contribution represents the portion of Etrion's total equity contribution unpaid at March 31, 2015. Any development costs, including both third-party and internally-generated costs charged to the projects, may be deducted from this amount, reducing Etrion's total cash outlay for the projects.

(4) Aguas Blancas includes three locations that are expected to be financed and built at different times.

The Group will finance the remaining development and/or construction costs associated with its projects under development, as well as new projects, with a combination of cash and cash equivalents, additional corporate debt or equity financing and non-recourse project loans, as required. The Aguas Blancas projects include three locations in the SING network that are expected to be financed and built at different times. The other two sites, 2A and 2C, with a total capacity of 48 MW are likely to start construction in 2016.

CONTRACTUAL AND CAPITAL COMMITMENTS

Contractual commitments

The Group enters into EPC agreements with large international contractors that design, construct, operate and maintain utility-scale solar photovoltaic power plants. As of March 31, 2015, the Group had contractual obligations over two years to acquire construction services in the amount of $69.5 million related to the construction of the 34 MW solar power projects in Japan, of which $13.0 million has been paid. All of the contractual obligations will be funded from existing cash available or from future cash flows from operations with no additional capital investments to be made by the Group.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In connection with the preparation of the Company's condensed consolidated interim financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. These assumptions, estimates and judgments are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material.

There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2015 from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2014.

During the three months ended March 31, 2015, the Group did not adopt any new standards and interpretations or amendments thereto applicable for financial periods beginning on or after January 1, 2015.

RELATED PARTIES

For the purposes of preparing the Company's condensed consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, under ordinary control, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various investments companies approximately 24.3% of the Company's common shares. All related party transactions are made on terms equivalent to those made on an arm's length basis.

The related party transactions disclosed in the notes to the Company's condensed consolidated interim financial statements for the three months ended March 31, 2015, are summarized below.

RELATED PARTY TRANSACTIONS

Lundin Services BV

The Group receives technical and legal services from Lundin Services BV, a wholly-owned subsidiary of Lundin Petroleum AB. Both the Chairman and the Chief Executive Officer of Lundin Petroleum AB are directors of the Company. During the three months ended March 31, 2015, the Group incurred general and administrative expenses of $23,000 (2014: $nil) from Lundin Services BV, and, at March 31, 2015, the Group had $22,000 (December 31, 2014: $7,000) outstanding in relation to these expenses.

Lundin family

Corporate bond

During the first quarter of 2014, investment companies associated with the Lundin family sold their €15 million principal amount of the 2011-2015 corporate bonds issued by the Company that were redeemed in April 2014. Investment companies associated with the Lundin family subsequently subscribed for €15 million of the new corporate bonds issued completed in April 2014. This position was later reduced and as at March 31, 2015, total corporate bonds held by the Lundin Family amounted to €9.9 million.

During the first quarter of 2015, the Group recognized $0.2 million (2014: $0.5 million) of interest expense and $10,000 (2014: $13,000) of transaction costs associated with the portion of the corporate bonds held by investment companies associated with the Lundin family.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer, Mr. Northland, the Chief Financial Officer, Cheryl Eversden, and the interim Chief Financial Officer, Garrett Soden, who is covering for Mrs. Eversden during her maternity leave.

During the first quarter of 2015, the Group recognized $0.6 million (2014: $0.6 million) within general and administrative expenses associated with the remuneration of key management personnel, related to salaries and short-term benefits, pension costs, fees paid to the Board of Directors and share-based payment expenses. At March 31, 2015, the Group had $nil million outstanding to key management personnel for bonus compensation (2014: $0.4 million).

FINANCIAL REVIEW (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks relating to its operations. These risks include market risk (including currency risk, interest rate risk and electricity price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets, specifically changes in foreign exchange rates and interest rates, and seek to minimize potential adverse effects on the Group's financial performance. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate risk exposures through interest rate swap contracts. However, the Group has not entered into any foreign exchange rate hedges as monetary assets and liabilities held by the Group's subsidiaries are primarily held in the individual subsidiaries' functional currency.

The Company's management carries out risk management procedures with guidance from the Audit Committee. The Board of Directors also provides regular guidance on the Group's overall risk management procedures.

Refer to the Company's audited consolidated financial statements for the year ended December 31, 2014, for further details relating to the Group's financial risk management.

DERIVATIVE FINANCIAL INSTRUMENTS

A summary of the Group's derivative financial instruments at March 31, 2015, and December 31, 2014, is as follows:

	March 31 2015 $'000	December 31 2014 $'000
Derivative financial liabilities:		
Interest rate swap contracts (cash flow hedges)[1]		
- Current portion	7,638	8,203
- Non-current portion	42,592	47,192
Total derivative financial liabilities	**50,230**	**55,395**

Note:

(1) All of the Group's Italian and Japanese non-recourse project loans are hedged through interest rate swap contracts. At March 31, 2015, and December 31, 2014, all of the Group's derivative financial instruments were classified as cash flow hedges that qualified for hedge accounting.

The Group enters into interest rate swap contracts in order to hedge against the risk of variations in the Group's cash flows as a result of floating interest rates on its non-recourse project loans. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per the interest rate swap contracts, the observable Euribor and Tibor interest rate forward yield curve and an appropriate discount factor. At March 31, 2015, the Group had nine derivative financial instruments that qualified for hedge accounting (2014: nine).

During the three months ended March 31, 2015, the Group also recognized a net fair value loss of $0.9 million (2014: net fair value loss of $3.7 million) net of tax within other comprehensive income related to the effective portion of the Group's interest rate swap contracts.

At March 31, 2015 and December 31, 2014, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is transferred to finance income/costs.

RISKS AND UNCERTAINTIES

The Group's activities expose it to a variety of financial and non-financial risks and uncertainties that could have a material impact on the Group's long-term performance and could cause actual results to differ materially from expected and historical results. Risk management is carried out by the Company's management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also oversees and provides assistance with the overall risk management strategy and mitigation plan of the Group.

FINANCIAL RISKS

DEBT AND EQUITY FINANCING

The Group's anticipated growth and development activities will depend on the Group's ability to secure additional financing (i.e., corporate debt, equity financing or non-recourse project loans). The Group cannot be certain that financing will be available when needed, and, as a result, the Group may need to delay discretionary expenditure. In addition, the Group's level of indebtedness from time to time could impair its ability to obtain additional financing and to take advantage of business opportunities as they arise. Failure to comply with facility covenants and obligations could also expose the Group to the risk of seizure or forced sale of some or all of its assets.

CAPITAL REQUIREMENTS AND LIQUIDITY

Although the Group is currently generating significant cash flows from its operational projects, the construction and acquisition of additional projects will require significant external funding. Failure to obtain financing on a timely basis could cause the Group to miss certain business opportunities, reduce or terminate its operations or forfeit its direct or indirect interest in certain projects. There is no assurance that debt and/or equity financing, or cash generated from 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 available on terms acceptable to the Group. The inability of the Group to access sufficient capital for its operations could have a material impact on the Group's business model, financial position and performance.

MARKET RISKS

The Group is exposed to financial risks such as interest rate risk, foreign currency risk, electricity price risk and third-party credit risk. The Company's management seeks to minimize the effects of interest rate risk by using derivative financial instruments to hedge risk exposures.

COST UNCERTAINTY

The Group's current and future operations are exposed to cost fluctuations and other unanticipated expenditures that could have a material impact on the Group's financial performance.

NON-FINANCIAL RISKS

LICENSES AND PERMITS

The Group's operations require licenses and permits from various governmental authorities that are subject to changes in regulation and operating circumstances. There is no assurance that the Group will be able to obtain all the necessary licenses and permits required to develop future renewable energy projects. At the date of this MD&A, to the best of the Company's knowledge, all necessary licenses and permits have been obtained for projects already built and under construction, and the Group is complying in all material respects with the terms of such licenses and permits.

GOVERNMENTAL REGULATION

The renewable energy sector is subject to extensive government regulation. These regulations are subject to change based on the current and future economic and political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Group operates could lead to delays in the construction or development of additional solar power projects and/or adversely impair its ability to acquire and develop economic projects, generate adequate internal returns from operating projects and continue operating in current markets. Specifically, reductions in the FiT payable to the Group on its existing solar power projects in Italy as well as other legislative or regulatory changes could impact the profitability of the Group's solar power projects.

RISKS AND UNCERTAINTIES (CONTINUED)

NON-FINANCIAL RISKS (CONTINUED)

COMPETITION

The renewable energy industry is extremely competitive and many of the Group's competitors have greater financial and operational resources. There is no assurance that the Group will be able to acquire new renewable energy projects in order to grow in accordance with the Company's strategy. The Group also competes in securing the equipment necessary for the construction of solar energy projects. Equipment and other materials necessary to construct production and transmission facilities may be in short supply, causing project delays or cost fluctuations.

PRICES AND MARKETS FOR ELECTRICITY

Historically, the Group was not exposed to significant electricity market price risk as the majority of the revenues generated by its operating solar power projects in Italy are secured by long-term contracts based on a FiT. However, in Chile, the Company's subsidiary, Salvador, is exposed to market price risk associated with the electricity sold at the spot rate, which may fluctuate based on supply and demand and other conditions.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity trading market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the price of electricity generated by renewable assets in Chile and thus the Company's business, financial position, results of operations and business prospects.

INTERNATIONAL OPERATIONS

Renewable energy development and production activities are subject to significant political and economic uncertainties that may adversely affect the Group's performance. Uncertainties include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future FiTs/PPAs, a change in renewable energy pricing policies and a change in taxation policies or the regulatory environment in the jurisdictions in which the Group operates. These uncertainties, all of which are beyond the Group's control, could have a material adverse effect on the Group's financial position and operating performance. In addition, if legal disputes arise relating to any of the Group's operations, the Group could be subject to legal claims and litigation within the jurisdiction in which it operates.

RELIANCE ON CONTRACTORS AND KEY EMPLOYEES

The ability of the Company to conduct its operations is highly dependent on the availability of skilled workers. The labor force in Europe and other parts of the world is unionized and politicized, and the Group's operations may be subject to strikes and other disruptions. In addition, the success of the Company is largely dependent upon the performance of its management and key employees. There is a risk that the departure of any member of management or any key employee could have a material adverse effect on the Group.

The Group's business model relies on qualified and experienced contractors to design, construct and operate its renewable energy projects. There is a risk that such contractors are not available or that the price for their services impairs the economic viability of the Group's projects.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 *Certification of Disclosures in Issuers Annual and Interim Filings*, the Company's Chief Executive Officer and Chief Financial Officer are required to:

- design or supervise the design and evaluate the effectiveness of the Group's disclosure controls and procedures ("DC&P"); and
- design or supervise the design and evaluate the effectiveness of the Group's internal controls over financial reporting ("ICFR").

The Company's Chief Executive Officer and Chief Financial Officer have not identified any material weakness in the Group's DC&P and ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Forward-looking information and statements are included throughout this MD&A and include, but are not limited to, statements with respect to: the Group's plans for future growth and development activities (including, but not limited to, expectations relating to the timing of the development, construction, permitting, licensing, financing operation and electricity production, as the case may be, of its future solar power plants in Japan and Chile); expectations relating to future solar energy production and the means by which, and to whom, such future solar energy will be sold; the need for, and amount of, additional capital to fund the construction or acquisition of new projects and the expected sources of such capital; expectations relating to grid parity; the expected key drivers for growth; expectations with respect to future mining growth in Chile; and plans for future dividend distributions. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties and factors that could cause actual results or events to differ materially from current expectations, including, without limitation: risks associated with operating exclusively in foreign jurisdictions; risks associated with the regulatory frameworks in the jurisdictions in which the Company operates, or expects to operate, including the possibility of changes thereto; uncertainties with respect to the identification and availability of suitable additional renewable energy projects on economic terms; uncertainties with respect to the Group's ability to negotiate PPAs with industrial energy users; uncertainties relating to the availability and costs of financing needed in the future; the lack of confirmation or the reduction of the applicable FiT and the Market Price for electricity sales in Italy; uncertainties with respect to the impact of the new Italian FiT regime that came into effect in 2015; uncertainties with respect to the impact of the changes to the Japanese FiT regime that came into effect in 2015; the risk that the Company's solar projects may not produce electricity or generate revenues and earnings at the levels expected; the risk that the Company may not be able to renegotiate certain of its O&M contracts as anticipated; the risk that the construction or operating costs of the Company's projects may be higher than anticipated; uncertainties with respect to the receipt or timing of all applicable permits for the development of projects; uncertainties with respect to certain information relating to solar electricity revenue that is subject to confirmation of both the applicable FiT to which the Company is entitled by the state-owned company, GSE, and the applicable spot market price by local utilities for electricity sales to the national grid; the impact of general economic conditions and world-wide industry conditions in the jurisdictions and industries in which the Group operates; risks inherent in the ability of the Group to generate sufficient cash flow from operations to meet current and future obligations; stock market volatility; and other factors, many of which are beyond the Group's control.

All such forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. In addition to the assumptions set out elsewhere in this MD&A, such assumptions include, but are not limited to: confirmation of the applicable FiT and spot market price for electricity sales in Italy; the ability of the Group to obtain the required permits in a timely fashion and project and debt financing on economic terms and/or in accordance with its expectations; the ability of the Group to identify and acquire additional solar power projects; expectations with respect to the declining impact of seasonality on the Group's business, assumptions with respect to the renegotiation of certain of the Company's O&M contracts and assumptions relating to management's assessment of the impact of the new Italian FiT regime. The foregoing factors, assumptions and risks are not exhaustive and are further discussed in Etrion's most recent Annual Information Form and other public disclosure available on SEDAR at www.sedar.com. Actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived therefrom. Investors should not place undue reliance on forward-looking information. Except as required by law, Etrion does not intend to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The information contained in this MD&A is expressly qualified by this cautionary statement.

ADDITIONAL INFORMATION

Additional information regarding the Company, including its Annual Information Form, may be found on the SEDAR website at **www.sedar.com** or by visiting the Company's website at **www.etrion.com**.