etrion

Management's Discussion and Analysis

Three months ended March 31, 2012

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INTRODUCTION

The following 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 9, 2012, should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2012. Financial information is reported in United States dollars ("$"). However, as the Group primarily operates in Europe, certain financial information has been reported in Euros ("€"). At March 31, 2012, the €/$ exchange rate was 1.34 (2011: 1.42), and the average exchange rate for the three months ended March 31, 2012 was 1.31 (2011: 1.40).

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 (MWp).

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 19.

FIRST QUARTER HIGHLIGHTS

	March 31 2012	**March 31 2011**
Production (million kWh)	20,128	12,184
Revenue[1] ($'000)	10,738	7,277
Operating profit ($'000)	5,141	2,444
Net loss ($'000)	(2,301)	(1,521)
Adjusted net income/(loss) before non-cash items[2] ($'000)	1,359	(798)
EBITDA[2] ($'000)	9,147	5,022
EBITDA margin (%)	85%	69%
Operating cash flow[3] ($'000)	5,081	(9,245)
Working capital[4] ($'000)	21,910	20,114

Notes:

(1) The average price per kWh produced dropped from $0.60 in the first quarter of 2011 to $0.53 in the first quarter of 2012, as a result of: (a) exchange rate variations; and (b) new projects being added in the third quarter of 2011 with a lower Feed-in-Tariff ("FiT").

(2) Refer to "First Quarter Results" on pages 7 and 8 for an overview of the Group's adjusted net income/(loss) before non-cash items and earnings, before interest, tax, depreciation and amortization ("EBITDA") (both of which are non International Financial Reporting Standard ("IFRS") measures).

(3) Operating cash flow refers to cash flows before investing and financing activities and the effects of foreign exchange rate differences. Refer to "First Quarter Results" on page 7.

(4) Working capital refers to current assets less current liabilities.

OPERATIONAL

- Produced 20.1 million (2011: 12.2 million) kWh of solar electricity from seven solar power projects (Cassiopea, Helios ITA-3, Centauro, Helios ITA, Etrion Lazio, SVE and Sagittario), comprised of seventeen solar power plants.

FINANCIAL

- Generated solar electricity revenues of $10.7 million (2011: $7.3 million) from seven solar power projects.
- Recognized EBITDA of $9.1 million (2011: $5 million) and an EBITDA margin of 85% (2011: 69%).

CORPORATE

- Issued 18,210,299 common shares to Marco A. Northland, the Company's Chief Executive Officer and director ("Mr. Northland"), following the conversion of Mr. Northland's right in respect of his previously held 10% equity interest in Solar Resources Holding Sarl ("SRH"), increasing Etrion's ownership in SRH to 100%.

BUSINESS REVIEW

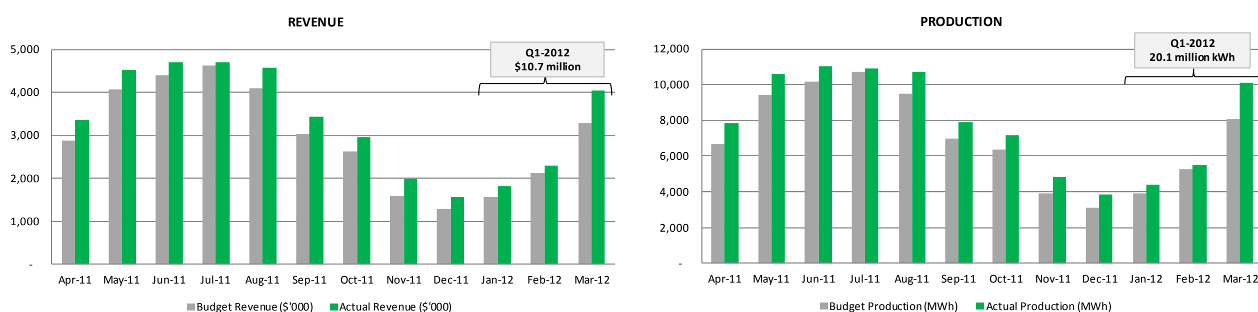
Etrion is an independent power producer that owns and operates renewable assets. The Group currently owns approximately 60 MW of operational, ground-based solar photovoltaic ("PV") power plants.

Etrion initially focused on countries with government incentives for solar power production, specifically FiT environments like Italy. The Italian FiT is a 20-year commitment from the government to purchase 100% of the solar electricity production at a premium constant rate. However, as a result of the accelerated cost reductions of solar generating facilities and certain markets evolving beyond the support of government incentives, the Group is now focusing on markets with high solar irradiation and large energy demand where the Group expects to enter into power purchase agreements ("PPAs") with industrial clients. The Group has made excellent progress in the Americas, with a specific new pipeline being developed in Chile. The Company looks forward to providing an update on the new market and development pipeline next quarter. Future growth will be driven by the development and acquisition of additional renewable power facilities under long-term contracts in markets with high electricity prices and attractive solar irradiation.

FIRST QUARTER RESULTS AT A GLANCE

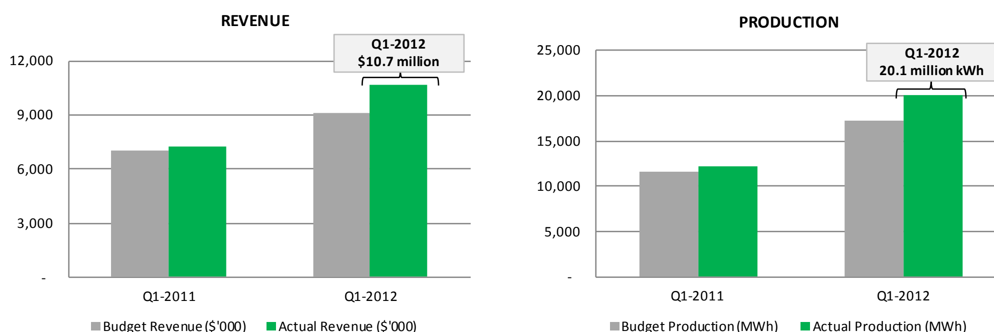
During the three months ended March 31, 2012, the Group recognized revenues from seven solar power projects in Italy (Cassiopea, Helios ITA-3, Centauro, Helios ITA, Etrion Lazio, SVE and Sagittario), comprised of seventeen solar power plants. During the comparable period in 2011, the Group recognized revenue from four solar power projects (Cassiopea, Centauro, Helios ITA and SVE), comprised of twelve solar power plants.

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%. The following summarizes the Group's actual and budgeted revenue and production information over the last twelve months and the effects of seasonality there on:



The Group has substantial revenues and cash flows from operations and has produced approximately 13% more electricity than budgeted over the last twelve months.

The following summarizes the Group's actual and budgeted revenue and production information during the three months ended March 31, 2012 and 2011:



FIRST QUARTER RESULTS AT A GLANCE (CONTINUED)

During the three months ended March 31, 2012, the Group produced approximately 16% more electricity and generated approximately 17% more revenues than budgeted, primarily attributable to more daily sun hours and better performance of the Group's solar power projects than expected. The Group expects to produce approximately 100 million kWh of solar electricity during 2012.

Production and pricing information for the three months ended March 31, 2012 and 2011, are as follows:

	March 31, 2012			March 31, 2011		
	MWh[1]	Price[2] ($/kWh)	Revenue $'000	MWh[1]	Price[2] ($/kWh)	Revenue $'000
FiT revenues (based on actual production)[3]	20,128	0.43	8,655	12,184	0.49	5,970
Market Price revenues (based on evacuated production)[4]	18,936	0.11	2,083	11,882	0.11	1,307
Total revenue			**10,738**			**7,277**

Notes:

(1) Production is based on megawatt-hours ("MWh") of electricity produced.

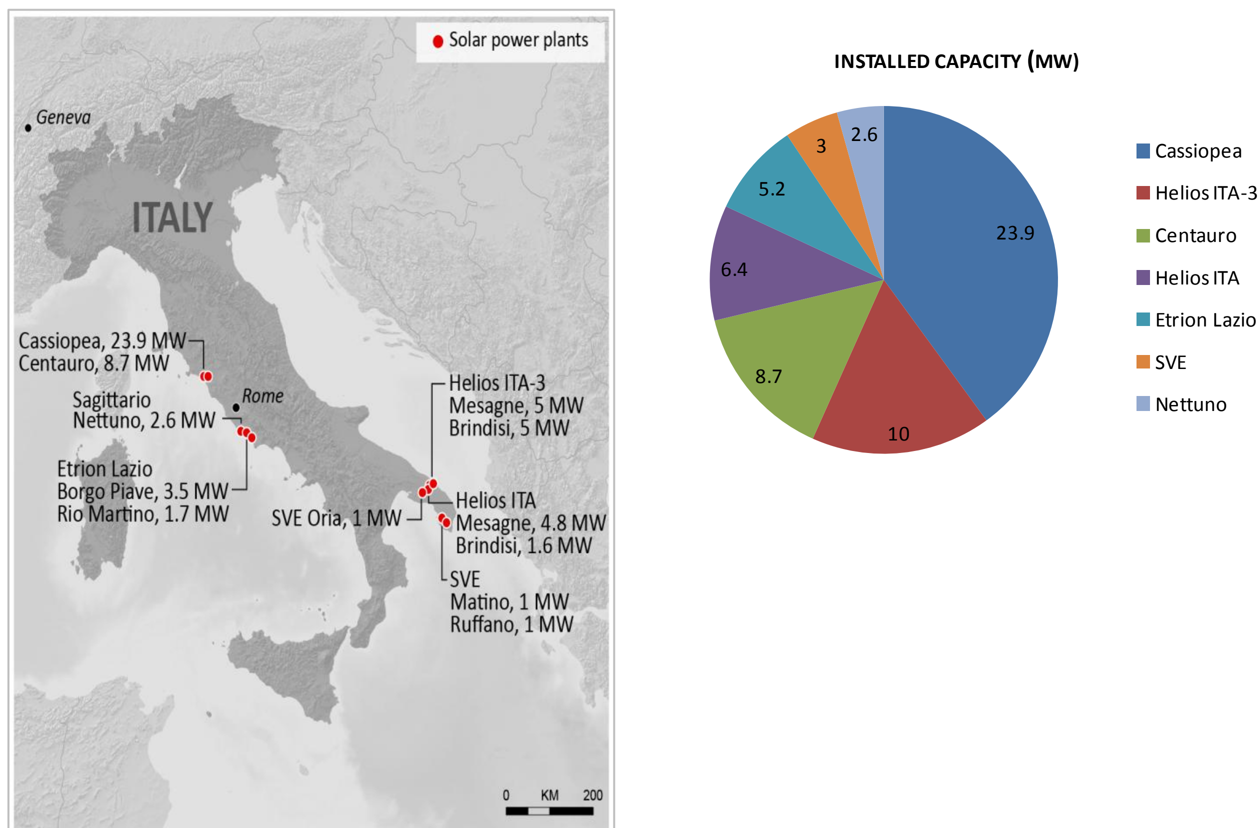
(2) Prices are received in Euros and have been translated at the average €/$ exchange rate for the three months ended March 31, 2012, of 1.31 (2011: 1.40). The average FiT price dropped from $0.49 during 2011 to $0.43 during 2012, as a result of: (a) exchange rate variations; and (b) new projects being added in the third quarter of 2011 with a lower FiT (Helios ITA-3 and Sagittario).

(3) The FiT is received on kWh of electricity produced. Production information is based on estimates until confirmed by the Italian government through the state-owned company, Gestore Servizi Energetici ("GSE").

(4) The spot market price ("Market Price") is received in addition to the FiT. The Market Price is based on evacuated production (i.e., electricity produced less transmission losses). Production and pricing information is based on estimates until confirmed by the local utilities, Enel S.p.A. and Terna S.p.A.

SOLAR ENERGY PROJECTS

The following summarizes the location of the Group's solar power projects in Italy and the total installed capacity of approximately 60 MW at March 31, 2012:



BUSINESS REVIEW (CONTINUED)

SOLAR ENERGY PROJECTS (CONTINUED)

A summary of the Group's current operating solar power projects is as follows:

Project	Region	Sites	Capacity (MW)	Technology	Contractor	Panels	Inverters	Connection date	FiT[1]
Cassiopea	Lazio	1	23.9	Single axis	SunPower	SunPower	SMA	Nov-09	€0.353
Helios ITA-3 (Brindisi, Mesagne)	Puglia	2	10.0	Single axis	ABB	Yingli	Bonfiglioli	Aug-11	€0.250
Centauro	Lazio	1	8.7	Single axis	SunPower	SunPower	SMA	Jul-10	€0.346
Helios ITA (Brindisi, Mesagne)[2]	Puglia	7	6.4	Single axis	Solon	Solon	Santerno	Dec-09	€0.353
Etrion Lazio (Borgo Piave, Rio Martino)[3]	Lazio	2	5.2	Fixed-tilt	Phoenix	Trina	SMA	Apr-11	€0.346
SVE (Oria, Matino, Ruffano)	Puglia	3	3.0	Single axis	SunPower	SunPower	Siemens	Dec-10	€0.346
Sagittario (Nettuno)	Lazio	1	2.6	Fixed-tilt	Phoenix	Trina	SMA	Aug-11	€0.250
Total		**17**	**59.8**						

Notes:

(1) FiT per kWh, based on connection date. Revenues are based on FiT plus Market Price.

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

(3) Etrion Lazio was installed at the end of 2010. However, the project was not connected to the electricity grid until April 2011.

Cassiopea

The Cassiopea project in Montalto di Castro in the Lazio region of Italy consists of one ground-mounted solar PV park with a total capacity of 23.9 MW. The solar park was connected to the electricity grid in November 2009. The Cassiopea solar park was built by SunPower Corporation ("SunPower"), a US-based solar panel manufacturer and installer, using high efficiency SunPower modules mounted on single axis trackers with power conversion completed through SMA inverters. Cassiopea has an operations and maintenance ("O&M") contract with SunPower, including preventive and corrective maintenance.

The solar park benefits from the 2009 FiT of $0.473 (€0.353) per kWh plus the Market Price of approximately $0.11 (€0.08) 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 S.p.A. ("ABB"), the Swiss power and automation technology group, using Yingli poly-crystalline PV modules mounted on SunPower single axis trackers with power conversion completed through Bonfiglioli inverters. Helios ITA-3 has an O&M contract with ABB, including preventive and corrective maintenance.

Both solar parks benefit from the August 2011 FiT of $0.335 (€0.250) per kWh plus the Market Price of approximately $0.11 (€0.08) 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 8.7 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 completed through SMA inverters. Centauro has an O&M contract with SunPower, including preventive and corrective maintenance.

The solar park benefits from the 2010 FiT of $0.464 (€0.346) per kWh plus the Market Price of approximately $0.11 (€0.08) per kWh.

SOLAR ENERGY PROJECTS (CONTINUED)

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 S.p.A. ("Solon"), a German solar panel manufacturer and installer, using single axis trackers with Solon poly-crystalline modules and Santerno inverters. Helios ITA has an O&M contract with Solon, including preventive and corrective maintenance.

Six of the Helios ITA solar parks, just under 1 MW each for a total of 5.9 MW, benefit from the 2009 FiT of $0.473 (€0.353) per kWh plus the Market Price of approximately $0.11 (€0.08) per kWh. The last park built (0.5 MW) benefits from the 2010 FiT of $0.464 (€0.346) per kWh plus the Market Price of approximately $0.11 (€0.08) 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 (1.7 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 completed through SMA inverters. Etrion Lazio has an O&M contract with Phoenix, including preventive and corrective maintenance.

Both solar parks benefit from the 2010 FiT of $0.464 (€0.346) per kWh plus the Market Price of approximately $0.11 (€0.08) 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 completed through Siemens inverters. SVE has an O&M contract with SunPower, including preventive and corrective maintenance.

All three solar parks benefit from the 2010 FiT of $0.464 (€0.346) per kWh plus the Market Price of approximately $0.11 (€0.08) 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 completed through SMA inverters. Sagittario has an O&M contract with Phoenix, including preventive and corrective maintenance.

The solar park benefits from the August 2011 FiT of $0.335 (€0.250) per kWh plus the Market Price of approximately $0.11 (€0.08) per kWh.

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, natural gas and nuclear energy. Solar technology cost has dropped dramatically and it continues to experience cost reductions today. In addition, solar energy has reached grid parity in certain parts of the world where solar irradiation and electricity process are high. As the cost of solar technology continues to drop, areas where solar electricity will be able to compete with other sources of energy will increase resulting in new potential markets.

MARKET OVERVIEW (CONTINUED)

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 global, national and regional levels to support the development and use of renewable energy sources; and
- attractive government incentives, such as FiT, capital subsidies and tax incentives.

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 (i.e., PV energy) and energy generated from solar collectors (i.e., thermal energy or heat).

ITALIAN MARKET

In 2005, the Italian government introduced a FiT system in order to encourage expansion of solar energy. The strong growth of solar installed capacity since 2005 is largely attributable to the attractive FiT program, strong irradiation and high electricity prices. The Italian state-owned company, GSE, is responsible for managing the subsidy program, but the actual cost of the subsidy is paid by the ultimate consumer through a small tax on utility bills.

The Italian FiT program results in a premium price for renewable electricity that is guaranteed by the Italian government for a period of 20 years at a set price based on the connection date. Since 2005, the Italian FiT for new projects has been revised to account for the decreasing cost to build solar power generation.

In addition to the FiT, solar power generators receive the spot market rate on a per kWh basis. The Market Price in 2011 and the three months ended March 31, 2012, was approximately $0.11 (€0.08) per kWh of energy produced.

A summary of the actual 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
FiT (per kWh)[1]	$0.335 (€0.250)	$0.464 (€0.346)	$0.473 (€0.353)
Duration	20 years	20 years	20 years

Note:

(1) Prices are quoted in Euros and have been translated at the closing €/$ exchange rate of 1.34 at March 31, 2012.

On May 5, 2011, the Italian government approved a decree establishing new tariffs for solar PV plants entering into operation from June 1, 2011, through December 31, 2016. The decree provides for tariffs to be granted to solar parks based on the type of solar plant installed and the date of grid connection, with annual caps on installed solar capacity. In addition, on March 3, 2011, the Italian government approved a decree that includes land restrictions for solar PV plants installed on agricultural land after March 29, 2012. The reduced FiT impacted the Group's development pipeline in Italy that was fully impaired in 2011. However, the Group's operating solar power projects were not affected by the new decrees.

In April 2012, the Italian industry ministry approved the fifth 'Conto Energia' renewable energy law to be implemented in the second half of 2012. Once implemented, the new scheme will result in a reduction of the installation of ground-mounted solar PV projects, lower FiT for all PV systems installed and connected to the electricity grid after the implementation date and interim financial caps until the end of 2014 (i.e., half-year budgetary caps of €100 million). The new law also includes an additional administrative fee that will be charged to all solar PV systems (approximately €0.001 per kWh produced) including the Group's existing operating solar power projects. This will result in an additional expense to the Group of approximately €0.1 million per year. Apart from the additional administrative fee, the Group's operating solar power projects are not affected by the fifth 'Conto Energia' renewable energy law.

MARKET OVERVIEW (CONTINUED)

OTHER MARKETS

Incentive structures for solar power generation currently exist in many markets, including Germany, Australia and North America, and are a key driver for market growth. The aim of the incentives is to increase investment in solar power generation in order to deliver greater efficiency and cost reductions.

The Group is currently focused on expanding into the Americas, seeking to diversify through new opportunities. The Group believes that the cost of solar generation has dropped sufficiently to enable the Group to actively pursue opportunities outside FiT subsidy structures (i.e., PPAs) and instead establish direct PPAs with industrial clients on a long-term basis

FINANCIAL REVIEW

FINANCIAL RESULTS

First Quarter Results

The Company's selected consolidated financial information for the three months ended March 31, 2012 and 2011, prepared in accordance with IFRS, is as follows:

	March 31 2012 $'000	March 31 2011 $'000
Revenue	**10,738**	**7,277**
Operating profit	**5,141**	**2,444**
Net loss	**(2,301)**	**(1,521)**
Adjustments for non-cash item items:		
- Other income (exchange right)[1] (non-recurring)	(1,403)	-
- Liquidation damages[2] (non-recurring)	-	(1,941)
- Depreciation and amortization	5,076	4,287
- Fair value movements associated with derivative financial instruments	(92)	(1,955)
- Share-based payment	79	332
Adjusted net income/(loss) before non-cash items[3]	**1,359**	**(798)**
Net loss	**(2,301)**	**(1,521)**
Adjustments for:		
- Net income tax expense/(recovery)	(448)	(279)
- Depreciation and amortization	5,076	4,287
- Share-based payment expense	79	332
- Net finance costs	6,715	2,214
- Other income (exchange right)	(1,403)	-
- Income tax paid	-	(943)
- Changes in working capital	(2,637)	(13,335)
Operating cash flow	**5,081**	**(9,245)**

Notes:

(1) During the three months ended March 31, 2012, the net results were positively impacted by non-recurring other income of $1.4 million related to Mr. Northland's previously held 10% equity interest in the Company's subsidiary, SRH, to adjust the share-based payment expense previously recognized by the Group for the portion of the performance condition not met at conversion in accordance with *IFRS 2, Share-based Payments* ("IFRS 2").

(2) During the three months ended March 31, 2011, the net results were positively impacted by non-recurring other income of $1.9 million from liquidation damages related to delays encountered by the engineering, procurement and construction ("EPC") contractors responsible for the construction of two of the Group's solar power projects (Etrion Lazio and SVE).

(3) Adjusted net income/(loss) before non-cash items is a non-IFRS measure.

FINANCIAL RESULTS (CONTINUED)

First Quarter Results (continued)

Selected consolidated financial information for the Company, prepared in accordance with IFRS at March 31, 2012 and December 31, 2011, is as follows:

	March 31 2012 $'000	December 31 2011 $'000
Total assets	475,431	476,576
Total non-current liabilities	435,520	425,696
Dividends declared	-	-

The following is a summary of the Company's selected consolidated financial information, prepared in accordance with IFRS, for the last eight quarters (presented in $'000, except for per share data, which is presented in $):

	2012	2011				2010		
	Q1 $'000	Q4 $'000	Q3 $'000	Q2 $'000	Q1 $'000	Q4 $'000	Q3 $'000	Q2 $'000
Revenue	10,738	8,585	18,219	17,829	7,277	4,605	6,833	127
Net loss[(1)]	(2,301)	(19,795)	(2,849)	(2,124)	(1,521)	(4,019)	(6,376)	(4,191)
Basic and diluted loss per share	$(0.01)	$(0.11)	$(0.02)	$(0.01)	$(0.01)	$(0.02)	$(0.04)	$(0.03)

Note:

(1) Net loss for the period includes both the net loss from continuing operations and the net loss attributable to owners of the parent company.

EBITDA

The following is a summary of the Group's EBITDA (which is a non-IFRS measure) and adjusted EBITDA for the three months ended March 31, 2012 and 2011:

March 31, 2012	**Renewable energy $'000**	**Corporate $'000**	**Total $'000**
Revenue	10,738	-	10,738
Operating expenses (excluding depreciation and amortization)	(591)	-	(591)
General and administrative expenses (excluding depreciation and amortization)	(355)	(2,048)	(2,403)
Other income	-	1,403	1,403
EBITDA	**9,792**	**(645)**	**9,147**
Non-recurring items:			
Other income (exchange right)	-	(1,403)	(1,403)
Adjusted EBITDA	**9,792**	**(2,048)**	**7,744**

March 31, 2011	**Renewable energy $'000**	**Corporate $'000**	**Total $'000**
Revenue	7,277	-	7,277
Operating expenses (excluding depreciation and amortization)	(610)	-	(610)
General and administrative expenses (excluding depreciation and amortization)	(692)	(2,878)	(3,570)
Other income	1,918	7	1,925
EBITDA	**7,893**	**(2,871)**	**5,022**
Non-recurring items:			
Other income (liquidation damages)	(1,941)	-	(1,941)
Adjusted EBITDA	**5,592**	**(2,871)**	**3,081**

FINANCIAL REVIEW (CONTINUED)

FINANCIAL RESULTS (CONTINUED)

First Quarter Results (continued)

Revenue

	March 31 2012 $'000	March 31 2011 $'000
FiT revenue	8,655	5,970
Market Price revenue	2,083	1,307
Total revenue	**10,738**	**7,277**

The Group recognized revenues during the three months ended March 31, 2012, from seven solar power projects compared to four in the comparable period of 2011. Revenues are generated from the FiT and Market Price, both paid by Italian state-owned companies. Refer to "Market Overview" on page 6.

Operating expenses

	March 31 2012 $'000	March 31 2011 $'000
Operating and maintenance expenses	172	145
Depreciation and amortization (operating solar power projects)	5,006	4,223
Insurance	105	199
Land lease expenses	51	18
Other operating expenses	263	248
Total operating expenses	**5,597**	**4,833**

The Group's operating expenses increased by $0.8 million during the three months ended March 31, 2012, compared to the three months ended March 31, 2011, primarily attributable to seven solar power projects being operational during the period compared to four in comparable period of 2011.

General and administrative expenses

	March 31 2012 $'000	March 31 2011 $'000
Salaries and benefits	1,230	1,444
Board fees	60	60
Corporate and professional fees	476	659
Share-based payment expense (non-cash item)	79	332
Depreciation and amortization (corporate assets)	70	64
Office, listing, filing and other general and administrative expenses	558	1,075
Total general and administrative expenses	**2,473**	**3,634**

The Group's general and administrative expenses decreased by $1.2 million during the three months ended March 31, 2012, compared to the three months ended March 31, 2011, primarily attributable to a reduction in the number of employees at March 31, 2012 and lower corporate and professional fees and travel-related expenditures.

During the three months ended March 31, 2012, the Group recognized $0.1 million (2011: $0.3 million) of expenses related to the Company's equity-settled, share-based compensation plan. At March 31, 2012, the Group had 4,664,200 stock options outstanding (December 31, 2011: 4,367,200), of which 2,325,731 were exercisable (December 31, 2011: 2,482,399).

FINANCIAL REVIEW (CONTINUED)

FINANCIAL RESULTS (CONTINUED)

First Quarter Results (continued)

Other income

	March 31 2012 $'000	March 31 2011 $'000
Exchange right (non-cash compensation)	1,403	-
Liquidation damages	-	1,925
Total other income	**1,403**	**1,925**

During the three months ended March 31, 2012, the Group recognized other income of $1.4 million related to Mr. Northland's previously held 10% equity interest in the Company's subsidiary, SRH, to adjust the share-based payment expense previously recognized by the Group for the portion of the performance condition not met at conversion, in accordance with IFRS 2.

During the three months ended March 31, 2011, the Group recognized $1.9 million of liquidation damages related to delays encountered by the EPC contractors responsible for the construction of two of Group's solar power projects (Etrion Lazio and SVE).

Net finance costs

	March 31 2012 $'000	March 31 2011 $'000
Finance income:		
Fair value movements on interest rate swap contracts and warrants	430	1,955
Other finance income	234	446
Total finance costs	**664**	**2,401**
Finance costs:		
Interest expense associated with non recourse project loans	5,021	3,617
Interest expense and early redemption fee associated with corporate borrowings	1,770	890
Transaction costs	213	202
Fair value movements on interest rate swap contracts	338	-
Other finance costs	142	338
Finance costs capitalized	-	(111)
Total finance income	**7,484**	**4,936**
Net finance costs	**6,820**	**2,535**

During the three months ended March 31, 2012, the Group recognized interest expense of $5 million (2011: $3.6 million) related to five non-recourse project loans (2011: four non-recourse project loans) associated with its solar power projects in Italy. The loan agreements bear interest at 6-month Euribor plus a variable margin, payable semi-annually until maturity and are hedged through interest rate swap contracts. Refer to "Non-recourse project loans" on pages 12 and 13.

In addition, during the three months ended March 31, 2012, the Group recognized interest expense of $1.8 million (2011: $0.9 million) related to its corporate borrowings. Refer to "Corporate borrowings" on page 13.

During the three months ended March 31, 2012, the Group recognized a net fair value gain of $0.1 million (2011: $1.6 million) related to fair value movements associated with the Group's interest rate swap contracts. At March 31, 2012, all of the Group's interest rate swap contracts qualified for hedge accounting, with changes in fair value recognized within other comprehensive income. At March 31, 2011, only two of the Group's interest rate swap contracts qualified for hedge accounting.

FINANCIAL RESULTS (CONTINUED)

First Quarter Results (continued)

Income tax expense

	March 31 2012 $'000	March 31 2011 $'000
Current income tax expense recovery:		
Corporate income tax	493	1,238
Provincial income tax	134	426
Total income tax recovery	**627**	**1,664**
Deferred income tax expense:		
Current period	10	(641)
Tax benefits	(189)	(744)
Total deferred income tax expense	(179)	(1,385)
Total income tax recovery	**448**	**279**

During the three months ended March 31, 2012, the Group recognized an income tax recovery of $0.4 million (2011: $0.3 million) associated with its Italian solar power projects, based on the forecasted effective tax rate expected during 2012. Due to the seasonality of revenues generated from solar electricity, the Italian subsidiaries recognized taxable losses during the three months ended March 31, 2012 and 2011.

FINANCIAL POSITION

During the three months ended March 31, 2012, the Group's net assets decreased by $0.5 million from $2.6 million at December 31, 2011, to $2.1 million at March 31, 2012. The decrease in net assets was primarily attributable to the net loss incurred during the three months ended March 31, 2012 of $2.3 million (2011: $1.5 million), net fair value losses of $1.6 million (2011: gain of $4.5 million) associated with the Group's interest rate swap contracts accounted for within other reserves and a loss of $0.5 million (2011: gain of $1.4 million) associated with foreign currency translation adjustments, offset by an increase of $5.3 million related to the shares issued to Mr. Northland in respect of his previously held 10% equity interest in the Company's subsidiary, SRH.

Liquidity and financing

At March 31, 2012, the Group had cash and cash equivalents of $38.2 million (December 31, 2011: $39.7 million) and positive working capital (i.e., current assets less current liabilities) of $21.9 million (December 31, 2011: $20.1 million). Refer to "Going Concern" on page 13.

The Group is well positioned to generate significant operating cash flows in 2012 and 2013 from its 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, vendor financing and non-recourse project loans, as required.

At March 31, 2012, the Group's contractual obligations included only its borrowings entered into at the project level (i.e., non-recourse project loans) and corporate level (i.e., corporate bond). Refer to "Borrowings" on pages 12 and 13. At March 31, 2011, in addition to contractual obligations for its borrowings, the Group had capital commitments related to the construction of the Helios ITA-3 solar power project. Refer to "Capital Investments" on page 14.

FINANCIAL POSITION (CONTINUED)

Liquidity and financing (continued)

Borrowings

The Group's adjusted net debt position, excluding non-cash items at March 31, 2012 and December 31, 2011, is as follows:

	March 31 2012 $'000	December 31 2011 $'000
Total borrowings (per consolidated financial statements)	**419,916**	**406,855**
Value added tax ("VAT") facilities[1]	(25,799)	(26,201)
Accrued interest[2]	(4,590)	(3,436)
Transaction costs[2]	11,714	11,586
Total borrowings (excluding non-cash items)	**401,241**	**388,804**
Cash and cash equivalents (including restricted cash)	(38,178)	(39,656)
Adjusted net debt	**363,063**	**349,148**

Notes:

(1) VAT facilities are excluded from total borrowings as these facilities are to be repaid using the proceeds from input VAT received from the Italian tax authorities.

(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).

At March 31, 2012, the Group was not in breach of any of the imposed operational and financial covenants associated with its non-recourse project loans and corporate borrowings.

Non-recourse project loans

The non-recourse project loans (i.e., facilities to which the lending bank is only entitled to the assets from the associated project) held by the Group's Italian subsidiaries, obtained to finance the construction of the Group's 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 2.75%. At March 31, 2012 and December 31, 2011, all non-recourse projects loans were hedged through interest rate swap contracts.

The following is a summary of the Group's non-recourse project loans denominated in Euros, translated at the closing €/$ exchange rate of 1.34 at March 31, 2012, and 1.29 at December 31, 2011:

				Balance outstanding[1]	
	Capacity (MW)	Financial institution	Maturity	March 31 2012 $'000	December 31 2011 $'000
Cassiopea	23.9	BIIS[2], Societe Generale and WestLB	March 31, 2024	143,331	142,638
Helios ITA-3[3]	10	Natixis, WestLB and Mediocreval	June 30, 2027	48,530	44,525
Centauro	8.7	Barclays	September 30, 2028	52,731	52,402
Helios ITA	6.4	Societe Generale and Dexia	June 30, 2027	42,539	41,216
Etrion Lazio	5.2	Natixis, WestLB and Mediocreval	June 30, 2027	23,182	22,169
SVE	3.0	Centrobanca	June 30, 2028	17,115	16,374
Sagittario[3]	2.6	Natixis, WestLB and Mediocreval	June 30, 2027	9,726	9,139
Total	**59.8**			**337,154**	**328,463**

Notes:

(1) Balances outstanding include the VAT facilities associated with the loans (to be repaid using the proceeds from input VAT from the Italian tax authorities) and accrued interest net of transaction costs (in accordance with IFRS). According to the facility agreements, the VAT facilities are to be repaid within forty-eight months from the amounts collected from the Italian tax authorities for input VAT on the Group's construction activities.

(2) Banca Infrastrutture Innovazione e Sviluppo (Intesa Sanpaolo Group).

(3) At December 31, 2011, the Group had $2.2 million (€1.7 million) undrawn on the non-recourse project loan facility with Natixis, WestLB and Mediocreval relating to the Helios ITA-3 and Sagittario solar power projects. These amounts were drawn in the first quarter of 2012.

FINANCIAL POSITION (CONTINUED)

Liquidity and financing (continued)

Borrowings (continued)

Non-recourse project loans (continued)

In order to secure the Group's non-recourse project loans, the Group pledged as collateral the fixed assets (i.e., solar power projects and land) associated with the solar power projects financed by these facilities (i.e., Cassiopea, Helios ITA-3, Centauro, Helios ITA, Etrion Lazio, SVE and Sagittario). Repayment of these facilities is secured principally by the proceeds from the sale of electricity under contracts entered into by the Group with GSE and local utilities (Enel S.p.A. and Terna S.p.A.) and the proceeds from the collection of input VAT accumulated for construction costs.

Corporate borrowings

Corporate bond

In April 2011, the Company issued $80.4 million (€60 million) of corporate bonds in the Norwegian bond market at 9% annual interest with a 4-year maturity. At March 31, 2012, the amount outstanding, including accrued interest and net of transaction costs was $82.8 million (December 31, 2011: $78.4 million). The corporate bond agreement includes a call option that allows the Company to redeem the bond early (in full or in part), after the first, second and third year at a specified percentage over par value (i.e., a fixed premium) of 5%, 3% and 1%, respectively. At March 31, 2012, no amount was recognized in relation to this option. In addition, the corporate bond has a minimum unrestricted cash balance requirement of €3 million.

Going concern

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2012, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

At March 31, 2012, the Group had cash and cash equivalents of $38.2 million (December 31, 2011: $39.7 million) and positive working capital (i.e., current assets less current liabilities) of $21.9 million (December 31, 2011: $20.1 million). During the three months ended March 31, 2012, the Group incurred a net loss of $2.3 million (2011: $1.5 million). The Company's management is confident that the Group will be able to fund its working capital requirements for at least twelve months from the date of this MD&A.

The Group's anticipated growth and development activities will depend on the Group's ability to secure additional financing (i.e., corporate debt and equity financing, non-recourse project loans or vendor financing). The Group cannot be certain that financing will be available when needed, and, as a result, the Group may be required to delay discretionary expenditures.

The condensed consolidated interim financial statements for the three months ended March 31, 2012, do not include the adjustments that would result if the Group was unable to continue as a going concern.

Outstanding share data

At the date of this MD&A, the Company had 205,746,419 common shares (December 31, 2011: 187,536,120) and 4,664,200 options (December 31, 2011: 4,367,200) to purchase up to 4,664,200 common shares (December 31, 2011: 4,367,200) issued and outstanding. The options expire at various dates between September 13, 2013, and April 28, 2018, with exercise prices in Canadian dollars ("CAD$") ranging between CAD$0.25 and CAD$1.59 per share.

During the three months ended March 31, 2012, the Company issued 18,210,299 common shares to Mr. Northland in respect of his previously held 10% equity interest in the Company's subsidiary, SRH. Refer to "Related Party Transactions" on page 16.

Off-balance sheet arrangements

The Group had no off-balance sheet arrangements at March 31, 2012 and December 31, 2011.

FINANCIAL REVIEW (CONTINUED)

PRIMARY AND SECONDARY LISTING

Etrion's shares trade on the Toronto Stock Exchange in Canada ("TSX") and the NASDAQ OMX Stockholm exchange in Sweden ("NASDAQ OMX") under the same ticker symbol, "ETX". The Company's shares trade on the TSX in CAD$ and on the NASDAQ OMX in Swedish krona.

CAPITAL INVESTMENTS

The Group is evaluating opportunities to make significant capital investments in the future in order to acquire and/or build ground-mounted solar PV power plants. Etrion plans to finance the acquisition and construction of its projects under development with a combination of cash and cash equivalents, additional corporate debt or equity financing, non-recourse project loans and vendor financing, as required. There is no assurance that debt or equity financing will be available or sufficient to meet these requirements or, if debt or equity financing is available, that it will be available on terms acceptable to the Group. For those projects with financing already secured through non-recourse project loans, no additional capital contributions are expected.

At March 31, 2012, and December 31, 2011, the Group had no committed capital expenditures outstanding.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In connection with the preparation of the Company's consolidated 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, 2012 from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2011.

RELATED PARTIES

For the purposes of preparing the Company's consolidated 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, held through various trusts, which collectively own approximately 22% of the Company's share capital. 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, 2012, are summarized on pages 15 and 16.

RELATED PARTIES (CONTINUED)

RELATED PARTY TRANSACTIONS

Lundin Services BV

The Group receives professional services (i.e., technical and legal) from Lundin Services BV, a wholly-owned subsidiary of Lundin Petroleum AB. The Chief Executive Officer of Lundin Petroleum AB is a Director of the Company. During the three months ended March 31, 2012, the Group incurred general and administrative expenses of $1,000 (2011: $5,000) from Lundin Services BV and at March 31, 2012 the Group had $1,000 (December 31, 2011: $3,000) outstanding in relation to these expenses.

In April 2011, Lundin Services BV subscribed for $11.9 million (€8.9 million) of the corporate bonds issued by the Company at 9% annual interest with a 4-year maturity. In April and May of 2011, Lundin Services BV sold $1.7 million (€1.3 million) of the corporate bonds, reducing their position to $10.5 million (€7.6 million) at March 31, 2012 (December 31, 2011: $9.8 million). During the three months ended March 31, 2012, the Group recognized $0.2 million (2011: $nil) of interest expense and $5,000 (2011: $nil) of transaction costs associated with the portion of the corporate bonds held by Lundin Services BV.

In April 2010, the Company entered into a loan agreement with Lundin Services BV to draw up to $80.4 million. This loan was fully repaid in May 2011. During the three months ended March 31, 2011, the Group recognized $0.9 million of interest expense and $33,000 of transaction costs associated with this loan.

Lundin family

In April 2011, investment companies associated with the Lundin family subscribed for $20.7 million (€15 million) of the corporate bonds issued by the Company at 9% annual interest with a 4-year maturity. During the three months ended March 31, 2012, the Group recognized $0.4 million (2011: $nil) of interest expense and $11,000 (2011: $nil) of transaction costs associated with the portion of the corporate bonds held by investment companies associated with the Lundin family.

Lundin Petroleum SA

The Group receives professional services (i.e., administrative support) from Lundin Petroleum SA, a wholly-owned subsidiary of Lundin Petroleum AB. During the three months ended March 31, 2012, the Group incurred no general and administrative expenses (2011: $31,000) from Lundin Petroleum SA and at March 31, 2012 and December 31, 2011, the Group had no amounts outstanding to Lundin Petroleum SA.

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 and the Chief Financial Officer.

During the three months ended March 31, 2012, the Group recognized $0.3 million (2011: $0.4 million) within general and administrative expenses associated with the remuneration of key management personnel, related to salaries and benefits of $0.2 million (2011: $0.2 million), pension costs of $37,000 (2011: $32,000), fees paid to the Board of Directors of $0.1 million (2011: $0.1 million) and share-based payment expenses of $37,000 (2011: $0.1 million). At March 31, 2012, the Group had $0.1 million (December 31, 2011: $0.1 million) outstanding to key management personnel, related to fees payable to the Board of Directors. In addition, at December 31, 2011, the Group had $0.2 million outstanding to key management personnel for 2011 bonus compensation and a financial liability of $5.2 million associated with Mr. Northland's exchange right (refer to "Mr. Northland's exchange right" on page 16).

RELATED PARTIES (CONTINUED)

KEY MANAGEMENT PERSONNEL (CONTINUED)

Mr. Northland's exchange right

Upon the acquisition of SRH in September 2009, the Company entered into a shareholders' agreement with Mr. Northland, who previously held the remaining 10% equity interest in SRH. The agreement provided Mr. Northland with the right to exchange his previously held 10% equity interest in SRH for an equivalent fair value of shares in the Company with a guaranteed floor on the transaction of €4 million. On March 30, 2012, Mr. Northland exercised his right to exchange his previously held 10% equity interest in SRH, and, as a result, 18,210,299 common shares of the Company were issued to Mr. Northland. Following the conversion, the Company now owns 100% of SRH. The value of SRH for the purpose of the conversion was based on the market capitalization of the Company less the value of its legacy oil and gas investments and subject to certain other adjustments related to the Company's corporate debt and cash on hand. The number of shares issued was calculated by reference to the weighted average share price of the Company's common shares over the three month period prior to March 30, 2012.

Following the conversion, an adjustment was made to release the previously recognized financial liability and contributed surplus of $5.3 million and $4.7 million, respectively, increasing the Group's share capital at March 31, 2012, by $10 million. In addition, during the three months ended March 31, 2012, the Group recognized other income of $1.4 million related to Mr. Northland's previously held 10% equity interest in the Company's subsidiary, SRH, to adjust the share-based payment expense previously recognized by the Group for the portion of the performance condition not met at conversion in accordance with IFRS 2. During the three months ended March 31, 2011, the Group recognized a share-based payment expense of $0.1 million related to the carried interest associated with this arrangement and at December 31, 2011, the Group recognized a financial liability of $5.2 million, included within current liabilities associated with the guaranteed floor.

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, vendor 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 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 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.

FINANCIAL RISKS (CONTINUED)

Market risks

The Group is exposed to financial risks such as interest rate risk, foreign currency risk, price risk and credit risk. The Company's management seeks to minimize the effects of these risks 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 Company will be able to obtain all necessary licenses and permits required to develop future renewable energy projects. At the date of this report, to the best of the Company's knowledge, all necessary licenses and permits have been obtained, 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 or 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 to 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 future solar power projects. Refer to "Market Overview" on page 6.

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. Etrion 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

Although the Group focuses on acquiring, developing, building, owning and operating renewable energy projects in jurisdictions that provide a long-term FiT, a portion of the Company's revenues is derived from the spot market rate for electricity. Pricing for the sale of electricity may be subject to change based on economical and political conditions.

International operations

Etrion acquires, develops, builds, owns and operates renewable energy projects, with a current focus in Italy. 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 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 litigations within the jurisdiction in which it operates.

RISKS AND UNCERTAINTIES (CONTINUED)

NON-FINANCIAL RISKS (CONTINUED)

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 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 Chief Executive Officer and Chief Financial Officer are required to carry out an evaluation of the following:

- the design and effectiveness of the Group's disclosure controls and procedures ("DC&P"); and
- the design and 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: Etrion's plans for future growth and development activities, expectations relating to cash flow in 2012 and 2013, the need for additional capital to fund the construction or acquisition of new projects and the expected sources of such capital and expectations relating to grid parity. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties, assumptions 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; uncertainties with respect to the availability of suitable additional renewable energy projects; uncertainties and assumptions relating to the availability and costs of financing needed in the future; assumptions related to the applicability of the Italian FiT regime until December 31, 2016 and the new Italian energy law expected to be implemented in the second half of 2012; 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 Company operates; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; stock market volatility; opportunities available to or pursued by the Company; and other factors, many of which are beyond the Company'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. 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**.