

## MANAGEMENT DISCUSSION & ANALYSIS

### THIRD QUARTER 2010

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The following management discussion and analysis (“MD&A”) is prepared as of November 15, 2010. This MD&A, as provided by the management of Etrion Corporation (“Etrion”, the “Company” or “we”), should be read in conjunction with the Company’s unaudited consolidated interim financial statements for the three and nine months ended September 30, 2010.

Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates; see “Cautionary Statement Regarding Forward-Looking Information”. Unless otherwise stated herein, all dollar amounts are expressed in US dollars (“\$”).

#### ***Management Highlights***

The Company’s major accomplishments in the third quarter of 2010 included the following:

- Closing the acquisition of the 24 megawatt (“MW”) first tranche of the 33 MW Montalto solar park, the largest in Italy, from SunPower Corp. (“SunPower”), a US-based solar panel manufacturer and installer.
- Recognizing solar revenues of \$7.0 million.
- Contracting Phoenix Solar AG (“Phoenix Solar”), a German solar photovoltaic system integrator, to begin construction of the 3.5 MW solar park in Borgo Piave, Lazio, Italy.
- Closing a \$15.1 million private placement of shares to meet Toronto Stock Exchange (“TSX”) listing requirements.
- Appointing Aksel Azrac as a new Board member with significant capital markets expertise.
- Extending the maturity of the €60 million credit facility from Etrion’s former major shareholder, Lundin Petroleum AB (“Lundin Petroleum”), through November 15, 2011.

The Company’s accomplishments subsequent to the third quarter included the following:

- Closing the acquisition of the 9 MW second tranche of the 33 MW Montalto solar park from SunPower.
- Contracting Phoenix Solar to begin construction of the 1.7 MW solar park in Rio Martino, Lazio, Italy.
- Receiving the first cash distribution from the Montalto 24 MW park of \$3.2 million.
- Securing shareholder approval at the October 20, 2010, extraordinary general meeting (“EGM”) for the reduction of the Company’s accumulated deficit at December 31, 2010.
- Obtaining a secondary listing on the NASDAQ OMX Stockholm exchange (“NASDAQ OMX”) in Sweden.

## **ETRION'S BUSINESS ENVIRONMENT**

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### ***Description of Business and Recent Developments***

Etrion develops, builds, owns and operates solar power plants in Italy. Etrion currently owns 40 MW of operational, ground-based solar photovoltaic (PV) power plants, has 8 MW of solar parks under construction and has more than 200 MW of solar development pipeline in Italy.

#### *Acquisition of Montalto 33*

On August 5, 2010, the Company signed a definitive sale and purchase agreement with SunPower and acquired 100% of the share capital of SunRay Italy Holding, S.r.l., an Italian company that owns an operating 24 MW solar park (the "Montalto 24 Project") in Lazio, Italy, for an aggregate cash consideration of €34 million (\$44.2 million) plus the assumption of the related non-recourse loan facility. On the same date, the Company also signed a definitive sale and purchase agreement with SunPower for the acquisition of SunRay Italy Holding 2, S.r.l., an Italian company that owns a 9 MW solar power project (the "Montalto 9 Project") on the same site as the Montalto 24 Project, for cash consideration of €13.9 million (\$16.9 million) plus the assumption of the related non-recourse loan facility. For the Montalto 9 Project, 20% of the purchase price or €2.8 million (\$3.4 million) was paid at signing, and the balance of €11.1million (\$14.4 million) was paid at closing on October 1, 2010, following completion of construction and connection of the project to the Italian electricity grid.

The Montalto 24 Project has an existing facility agreement with Societe Generale, Banca Infrastrutture Innovazione e Sviluppo (Intesa Sanpaolo Group) and WestLB for €120 million (\$130.5 million). Societe Generale's participation in the financing is partially guaranteed by SACE, the Italian export credit agency. The Montalto 9 Project has an existing facility agreement with Barclays for up to €40 million (\$48.8 million).

The Montalto 9 Project has not been included in the Company's third quarter financials as the transaction closed after September 30, 2010.

#### *Oil and Gas Investments*

Etrion continues to own oil and gas investments in Venezuela through its wholly-owned Venezuelan subsidiary, PFC Oil and Gas, C.A. ("PFC Venezuela"), which owns 40% of PetroCumarebo, S.A. ("PetroCumarebo") and 5% of Baripetrol, S.A. ("Baripetrol" and, together with PetroCumarebo, the "Mixed Companies").

PetroCumarebo holds all of the operating rights to the East and West Falcon blocks in north-western Venezuela. The oil and gas produced from the East and West Falcon blocks is sold to the state-owned oil and gas company, Petróleos de Venezuela, S.A. ("PDVSA"), and is either trucked or shipped by pipelines to the Paraguana Refinery Complex. Baripetrol holds all of the operating rights to the Colon Block in western Venezuela. The oil and gas produced from the Colon Block is sold to PDVSA and shipped by pipelines to PDVSA's distribution network.

The Company's investments in oil and gas companies are passive investments acquired by the predecessor company, PetroFalcon. Etrion is currently reviewing strategic alternatives for these investments and does not expect cash calls from PetroCumarebo or Baripetrol for the Mixed Companies' capital expenditures.

#### *Primary Listing – TSX*

On February 23, 2010, the TSX announced a review of Etrion's listing status as a result of the Company's change of business focus from oil and gas activities to renewable energy. The TSX review arose in connection with the Company's proposed application for a secondary listing on NASDAQ OMX.

As a result of the September 2009 acquisition of its solar power generation business in Europe, the Company was no longer considered by the TSX to be an oil and gas company and had 90 days to demonstrate compliance with the TSX original listing requirements for an industrial issuer. On May 21, 2010, the TSX conditionally approved the

listing of the Company's common shares in the industrial category. The Company's continued listing in the industrial category was subject to certain conditions, including the completion of an equity financing resulting in net proceeds to the Company of at least \$15 million. The Company completed the required financing on August 23, 2010, and has satisfied the remaining continued listing conditions.

#### *Secondary Listing – NASDAQ OMX*

On November 12, 2010, the Company obtained a secondary listing on the NASDAQ OMX Stockholm exchange in Sweden. At the same time, Lundin Petroleum (OMX: LUPE), Etrion's former major shareholder, distributed its 40% ownership in Etrion to Lundin Petroleum shareholders. As a result of the distribution, the Lundin family trusts increased their beneficial ownership in Etrion from approximately 12% to 25%.

The secondary listing in Stockholm and the distribution of Lundin Petroleum's ownership in Etrion significantly expands the Company's shareholder base and increases its visibility among European investors. Management believes that the NASDAQ OMX listing will enhance the trading liquidity of the Company's shares and improve the Company's access to the European capital markets. Stock market liquidity on a major European exchange may also improve the attractiveness of the Company to potential European merger candidates.

Etrion's shares trade on the TSX and NASDAQ OMX under the same ticker symbol, "ETX". The shares trade on the TSX in Canadian dollars ("CAD\$") and on NASDAQ OMX in Swedish kronor ("SEK").

#### *IFRS Early Adoption*

For financial statement reporting purposes, all publicly accountable profit-oriented enterprises in Canada will be required to convert from Canadian generally accepted accounting principles ("Canadian GAAP") to International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. In December 2009, the Company submitted an application to the applicable Canadian provincial securities regulators to allow the Company to adopt IFRS for financial periods beginning on or after January 1, 2010. On June 22, 2010, the Company received the requested decision and based on that decision, the Company has adopted IFRS for Canadian reporting purposes for interim and annual financial statements for the fiscal year beginning January 1, 2010. The Company's first reporting period under IFRS was the three and six month periods ended June 30, 2010.

#### *EGM – Reduction of Accumulated Deficit*

At an extraordinary meeting of shareholders of the Company held on October 20, 2010, the shareholders approved a resolution to reduce, effective December 31, 2010, the stated capital of the Company's common shares by an amount equal to the accumulated deficit of the Company as at December 31, 2010.

As a result of various factors including the Company's write-down of its oil and gas interests in Venezuela in the third quarter of 2009, losses associated with certain stock based compensation and losses from operations in previous years, the Company has incurred a substantial accumulated deficit. Such deficit is projected to continue to increase for the balance of the year. As at September 30, 2010, the Company's accumulated deficit was \$101,992,042 (approximately CAD\$99 million), its share capital was \$123,865,220 (approximately CAD\$120 million) and its contributed surplus was \$12,858,464 (approximately CAD\$12 million), resulting in shareholders' equity of \$31,525,635 (approximately CAD\$32 million).

In order to better reflect the Company's actual and expected capitalization and shareholders' equity, the Board of Directors determined that it would be advisable to reduce, effective December 31, 2010, the stated capital of the Company by an amount equal to the Company's accumulated deficit as at December 31, 2010, which is estimated to be approximately \$93 million (approximately CAD\$90 million). After giving effect to the reduction of capital, it is estimated that on January 1, 2011, the Company's share capital will be approximately \$29.4 million (approximately CAD\$28.8 million).

## FINANCIAL REVIEW

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### *Etrion's financial results*

For the three months ended September 30, 2010, the Company reported a net loss of \$6.4 million (loss per share of \$0.04) compared to a net loss of \$50.9 million (loss per share of \$0.32) for the three months ended September 30, 2009. For the nine months ended September 30, 2010, the Company reported a net loss of \$14.1 million (loss per share of \$0.09) compared to a net loss of \$54.1 million (loss per share of \$0.34) for the nine months ended September 30, 2009.

The results for the first nine months of 2010 are not comparable to the prior year due to the addition of the renewable energy segment in September 2009 and the Company's subsequent change of business focus. In addition, revenues from the Montalto 24 MW solar park are only recognized since the date of acquisition, August 5, 2010. The acquisition of the Montalto 9 MW solar park has not been included in the Company's financials for the third quarter as it is a subsequent event.

The net results for the three and nine months ended September 30, 2010, were adversely affected by the following non-cash items that had no impact on cash flow: (a) the recognition of \$2.0 million and \$3.7 million, respectively, related to losses on derivative instruments; and (b) the recognition of \$0.7 million and \$2.0 million, respectively, in compensation expense related to the CEO's right to exchange his 10% equity interest in the Company's European subsidiary, Solar Resources Holding, Sarl ("SRH"), for an equivalent fair value of shares in Etrion. See "Related Party Transactions".

### *Etrion's financial position*

As at September 30, 2010, Etrion had \$47.2 million in cash and short-term deposits and positive working capital of \$47.8 million. In April 2010, the Company entered into a loan agreement with Lundin Services BV whereby it may draw funds up to \$24.5 million (€20.0 million) to finance capital and operating expenditures (the "Bridge Loan"). The Bridge Loan was due September 30, 2010, and interest was payable on the principal balance of the loan outstanding at Euribor plus 3%. On June 25, 2010, the Bridge Loan was amended to increase the amount of the credit facility to \$73.5 million (€60.0 million). On July 16, 2010, the Company made an additional drawdown under the Bridge Loan in the amount of \$39.2 million (€32.0 million), and on August 9, 2010, the Bridge Loan was further amended to extend the maturity date to October 31, 2011, and to amend the interest rate applicable after March 31, 2011, to Euribor plus 5%. On September 2, 2010, the Company made a partial repayment of the Bridge Loan in the amount of \$15.1 million (€11.6 million). On September 15, 2010, the Company made an additional drawdown under the Bridge Loan in the amount of \$10.4 million (€8.0 million). On October 15, 2010, the Bridge Loan was further amended to extend the maturity date to November 15, 2011.

Etrion plans to finance the acquisition and/or construction of its projects with a combination of cash on hand, additional equity or debt financing, vendor financing, non-recourse loans and shareholder loans as required. The Company does not expect cash calls from its oil and gas investments for 2010 capital expenditures.

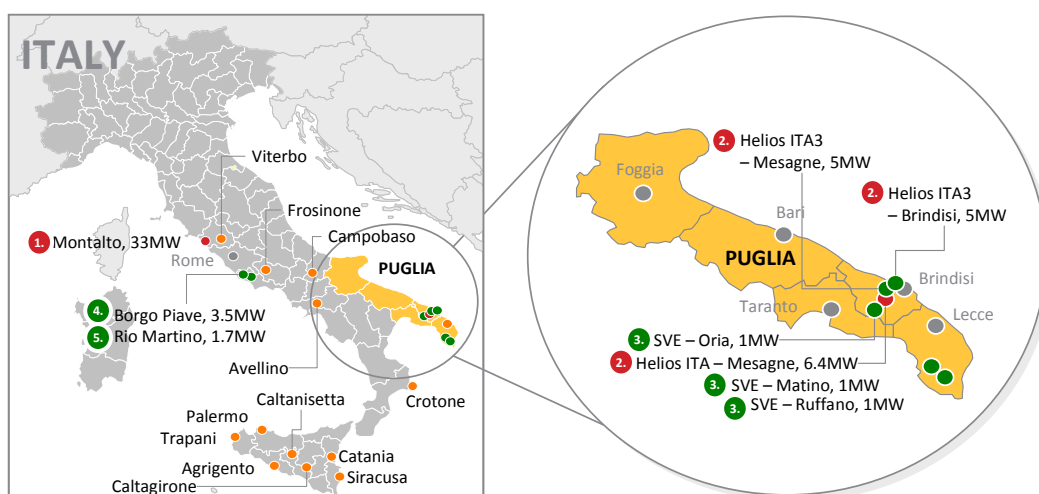
## SUMMARY OF QUARTERLY RESULTS

The following table contains selected consolidated financial information for Etrion over the last eight quarters:

(\$000s, except per share amounts)	2010			In accordance with IFRS 2009				In accordance with CANGAAP 2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	6,833	127	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(6,376)	(4,190)	(3,536)	(4,897)	(50,926)	(1,579)	(1,578)	(9,982)
Loss per share basic and diluted	(0.04)	(0.02)	(0.02)	(0.03)	(0.32)	(0.01)	(0.01)	(0.07)

## OPERATIONS REVIEW

The Company has 40 MW of operational solar PV power plants, 8 MW of solar parks under construction, 10 MW permitted to begin construction in 2010 and a large development pipeline in Italy.



- Solar power plants
- Projects under construction
- Projects under development

### Operational:

#### *Montalto 33*

The Montalto 33 MW solar park consists of two projects located on the same site in the Lazio region of Italy near Rome. The first project is 24 MW and was connected to the grid in November 2009. The second project is approximately 9 MW and was connected to the grid in August 2010. Both projects are ground-based solar PV power plants using SunPower's high-efficiency PV modules and single-axis tracker technology.

### *Helios ITA*

The 6.4 MW Helios ITA solar project in Puglia, Italy consists of seven different sites, of which six have already been built and connected to the grid and have been producing power since January 1, 2010. The remaining 0.5 MW has been built and approval and certificate of the connection line has been requested to the local utility, Enel. The plant is expected to be connected to the Italian electricity grid by December 2010. All Helios ITA sites were built by Solon based on single-axis trackers with Solon poly-crystalline PV modules. Power conversion is completed through Santerno inverters.

The six sites connected to the grid and producing power are operated and maintained by the EPC contractor, Solon Italia, under an operations and maintenance (“O&M”) contract, including preventive and corrective maintenance. The surveillance system is connected to a local security company. The control system allows remote monitoring of the plants from Solon Italia headquarters.

### **Under Construction:**

#### *SVE*

The 3 MW SVE solar project in Puglia, Italy consists of three different sites in various stages of construction as detailed below.

The Oria park (1 MW), the Ruffano park (1 MW) and the Matino park (1 MW) have been completed, including installation of the connection lines to the electrical grid. All mechanical and electrical systems, trackers, PV modules, inverters, transformers and medium voltage switchgear have been installed. All parks have SunPower high-efficiency mono-crystalline SP305 modules mounted on SunPower single-axis T0 trackers, and power conversion is completed through Siemens inverters. Surveillance and control systems have been installed, and the process of “cold commissioning” has been completed for all parks. The approval and certificate for the connection line has been requested to the local utility, Enel. Production is expected to begin from all parks by December 2010.

Originally, the SVE project included an additional 1 MW park called Spinazzola. This park encountered certain delays related to the original authorization for construction granted in 2009. Management decided not to proceed with the construction of this site and to reallocate resources to other projects with larger capacity.

As at September 30, 2010, total construction costs for the SVE projects amounted to \$15.4 million.

#### *Borgo Piave*

The 3.5 MW Borgo Piave solar project is located in Lazio, Italy and is in an advanced stage of construction. The preparation works have been completed, including the installation of a fence, the mitigation works and ground preparation. The mechanical installation of structures and PV modules has been completed, and the low voltage electrical works have also been completed. The inverters and transformers have been delivered to the site. The utility’s approval for the construction of the 500 meter evacuation line is expected in November 2010.

The Borgo Piave park will include Trina poly-crystalline PV modules installed on fixed-tilt structures. The power conversion will be completed through SMA inverters. The EPC contractor is Phoenix Solar, and the scope of works includes the solar modules, inverters, transformers, surveillance and control systems and the interconnection line. Grid connection is expected before the end of 2010.

As at September 30, 2010, total construction costs for Borgo Piave amounted to \$2.2 million.

### *Rio Martino*

The 1.7 MW Rio Martino solar project is located in Lazio, Italy and is in the early stage of construction. The preparation works have been completed, including the installation of a fence, the mitigation works and ground preparation. The mechanical installation of structures and PV modules is expected in November 2010.

The Rio Martino park will include Trina poly-crystalline PV modules installed on fixed-tilt structures. The power conversion will be completed through SMA inverters. The EPC contractor is Phoenix Solar, and the scope of works includes the solar modules, inverters, transformers, surveillance and control systems and the interconnection line. The completion of Rio Martino is expected by December 2010, including the construction of the 100 meter connection line.

### **Permitted for Construction:**

### *Helios ITA 3*

Helios ITA 3 is a special purpose vehicle ("SPV") that incorporates two 5 MW projects, Brindisi and Mesagne, each of which is permitted and ready for construction. The Helios ITA 3 projects are planned to be financed in a portfolio with another SPV that incorporates two additional projects, Borgo Piave (3.5 MW) and Rio Martino (1.7 MW), which, when combined with the ITA 3 projects, would increase the total financing portfolio to approximately 15 MW. The construction start of the ITA 3 projects is planned immediately following financial close, which is currently expected to occur by the end of 2010, with the aim of having both projects connected to the grid and operational by the end of June 2011.

## **CAPITAL INVESTMENTS RELATED TO RENEWABLE ENERGY PROJECTS**

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The Company plans to make capital investments in 2010 to acquire and/or build ground-based solar photovoltaic power plants in Italy. The following table summarizes the maximum total budgeted 2010 capital expenditures in millions of Euros for the current projects in operation or under construction. The capital expenditures shown for operational projects have been mostly spent already.

Project Name	MW	Status	Total Capex (€ million)
<b>Already financed:</b>			
SVE	3.0	Construction	16.5
Helios ITA	6.4	Operational	38.6
Cassiopea, Montalto 24	23.9	Operational	141.2
Centauro, Montalto 9	8.8	Operational	51.8
<b>Sub-total</b>	<b>42.1</b>		<b>€248.1</b>
<b>To be financed:</b>			
Helios ITA 3 - Brindisi	5.0	Permitted	24.6
Helios ITA 3 - Mesagne	5.0	Permitted	23.6
Borgo Piave	3.5	Construction	12.3
Rio Martino	1.7	Construction	6.3
<b>Sub-total</b>	<b>15.2</b>		<b>€66.8</b>
<b>Total</b>	<b>57.3</b>		<b>€314.9</b>

*Note: Etrion plans to finance the acquisition and/or construction of its projects with a combination of cash on hand, additional equity or debt financing, vendor financing, non-recourse loans and shareholder loans 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 Company. For those projects with financing already secured through non-recourse loans, no additional capital contributions are expected.*

The Company typically finances its solar projects with long-term non-recourse bank loans for 80-85% of total projects costs. The projects to be financed in the table above are expected to be financed at a minimum debt-to-equity ratio of 80:20.

### **Construction Costs**

The Company enters into EPC agreements with large international contractors in Europe that supply, design, build, operate and maintain utility-scale solar power plants. The Company has entered into three agreements with EPC contractors for the design, construction and operation of the permitted projects as detailed below.

#### *3 MW project in Puglia, Italy (SVE)*

Pursuant to the EPC contract dated November 19, 2009, between SVE and SunPower, SVE is paying €4.2 million per megawatt for full turn-key construction of the 3 MW project in Puglia, Italy. Payments are due upon reaching specified milestones in the construction program. The project is scheduled to be finished by the end of 2010. If construction is delayed or the solar plants are not performing up to the specified standard, SVE will receive pre-specified liquidated damage payments. Furthermore, SVE is protected by a “performance bank guarantee” worth a portion of the contract price as a credit line with SunPower’s bank.

#### *3.5 MW project in Lazio, Italy (Borgo Piave)*

On July 19, 2010, the Company signed an EPC contract with Phoenix Solar to build the 3.5 MW Borgo Piave project in the Lazio region of Italy. Phoenix Solar will design and construct the plant, and provide operations and maintenance services. Construction began in August 2010, and grid connection is expected by the end of 2010. The Phoenix Solar contract price is approximately €10 million. Etrion funded the initial project construction through the existing shareholder loan. Etrion expects to re-finance 80-85% of project costs with a long-term non-recourse bank loan before the end of the year.

#### *1.7 MW project in Lazio, Italy (Rio Martino)*

On October 5, 2010, the Company signed an EPC contract with Phoenix Solar to build the 1.7 MW Rio Martino project in the Lazio region of Italy. Phoenix Solar will design and construct the plant, and provide operations and maintenance services. Construction has begun and grid connection is expected by the end of 2010. The Phoenix Solar contract price is approximately €4.7 million. Etrion funded the initial project construction through the existing shareholder loan. Etrion expects to re-finance 80-85% of project costs with a long-term non-recourse bank loan before the end of the year.

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## GENERAL AND ADMINISTRATIVE EXPENSE (G&A)

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	September 30, 2010 3 months	September 30, 2009 3 months	September 30, 2010 9 months	September 30, 2009 9 months
Salary and compensation expense	794,234	412,972	3,243,906	1,600,125
Corporate and professional fees	1,368,700	272,102	2,473,311	1,306,102
Office, listing and filing expenses	1,731,217	542,951	2,497,448	1,204,095
<b>Total</b>	<b>3,894,151</b>	<b>1,228,025</b>	<b>8,214,665</b>	<b>4,110,322</b>

Etrion's G&A expenses (excluding non-cash items - share based payments and depreciation) were \$3.9 million during the three month period ended September 30, 2010, compared to \$1.2 million during the three month period ended September 30, 2009. Etrion's G&A expenses were \$8.2 million during the nine month period ended September 30, 2010, compared to \$4.1 million during the nine month period ended September 30, 2009. The net increase is primarily due to the acquisition of the European subsidiaries effective September 30, 2009, and the subsequent higher level of activity in the renewable energy segment. In addition, the Company paid contractual termination benefits of \$408,720 related to the oil and gas employees dismissed on June 30, 2010.

Etrion does not capitalize general and administrative expenses.

## DEPRECIATION AND AMORTIZATION (D&A)

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	September 30, 2010 3 months	September 30, 2009 3 months	September 30, 2010 9 months	September 30, 2009 9 months
Depreciation and amortization	2,075,614	51,724	2,179,080	167,354
<b>Total</b>	<b>2,075,614</b>	<b>51,724</b>	<b>2,179,080</b>	<b>167,354</b>

For the three month period ended September 30, 2010, Etrion's D&A expense was \$2.1 million compared to \$0.05 million for the three month period ended September 30, 2009. For the nine month period ended September 30, 2010, Etrion's D&A expense was \$2.2 million compared to \$0.2 million for the nine month period ended September 30, 2009. The increase in the three and nine month period ended September 30, 2010, was due to the acquisition of the operating companies, Helios ITA and SunRay Italy, and additional purchases of furniture and equipment.

## STOCK-BASED COMPENSATION

	September 30, 2010 3 months	September 30, 2009 3 months	September 30, 2010 9 months	September 30, 2009 9 months
Compensation from option plan	270,892	278,669	736,184	451,748
Compensation for CEO's interest	667,053	-	2,001,159	-
<b>Total</b>	<b>937,945</b>	<b>278,669</b>	<b>2,737,343</b>	<b>451,748</b>

During the three month period ended September 30, 2010, the Company recorded \$0.9 million in stock-based compensation expense compared to \$0.3 million during the three month period ended September 30, 2009. During the nine month period ended September 30, 2010, the Company recorded \$2.7 million in stock-based compensation expense compared to \$0.5 million during the nine month period ended September 30, 2009.

As at September 30, 2010, the number of outstanding stock options was 8,060,300 compared to 12,213,640 outstanding stock options as of September 30, 2009. The net decrease in stock options outstanding was due to options forfeited in 2010 by former employees and directors.

Stock-based compensation expense during the three and nine month period ended September 30, 2010, also includes the recognition of \$0.7 million and \$2.0 million, respectively, in compensation expense related to the CEO's right to have his interest carried in the additional investments in SRH. See "Related Party Transactions".

## INTEREST INCOME (EXPENSE)

	September 30, 2010 3 months	September 30, 2009 3 months	September 30, 2010 9 months	September 30, 2009 9 months
Interest income (expense)	(5,421,025)	224,577	(7,248,252)	238,253
<b>Total</b>	<b>(5,421,025)</b>	<b>224,577</b>	<b>(7,248,252)</b>	<b>238,253</b>

During the three and nine month period ended September 30, 2010, the Company recorded interest expense (excluding movements on derivatives) in the amount of \$3.4 million and \$3.5 million, respectively, compared to interest income of \$0.2 million and \$0.2 million during the three and nine month period ended September 30, 2009, respectively.

The Company accrued and paid interest due on non-recourse loans held by the Italian subsidiaries, SVE, Helios ITA and SunRay Italy, bearing interest at 6-month Euribor plus a variable margin, payable on September 30 and December 31 each year until maturity. Transaction costs related to these non-recourse loans were amortized using the straight-line method over the period of the loan.

The interest expense on the Bridge Loan for the three month period ended September 30, 2010, was \$0.8 million, at an average interest rate of 3.9%. See "Financial Review" and "Liquidity and Capital Resources".

At September 30, 2010, Etrion had \$47.2 million in cash and short-term deposits compared to \$29.8 million at September 30, 2009. There was a significant decrease in interest rates during 2009 that remained at low levels during the first nine months of 2010, reducing the interest income received from the Company's short-term investments. In addition, following the acquisition of SRH, the Company made investments in the renewable energy sector that reduced the average monthly short-term deposits bearing interest.

## INCOME TAXES

	September 30, 2010 3 months	September 30, 2009 3 months	September 30, 2010 9 months	September 30, 2009 9 months
Current income tax	(884,957)	-	(886,356)	-
Deferred tax	715,497	-	715,497	-
Tax recovery	16,869	-	255,067	-
<b>Total</b>	<b>(112,591)</b>	<b>-</b>	<b>84,208</b>	<b>-</b>

During the three and nine months ended September 30, 2010, Etrion recorded income tax expense and tax recovery of \$0.1 million and \$0.08 million, respectively, related to taxable income in the Swiss subsidiary for the period then ended and also related to the taxable income of the operating subsidiaries, Helios ITA and SunRay Italy. During the three and nine month periods ended September 30, 2009, the Company did not record a current income tax expense.

On February 1, 2010, Lundin Services' 5,000,000 Etrion warrants expired unexercised. According to the Canadian Income Tax Act (subsection 49(2)), the Company is deemed to have a capital gain equal to the proceeds received by it for issuing the warrants. The capital gain is taxed at 50% of the corporate income tax rate of 28%. The tax cost of the expiry has been recorded in contributed surplus, following the original treatment of this equity transaction. As the Company used previously unrecognized capital losses to reduce the current tax liability associated with the warrant expiry, a tax recovery of \$255,067 (at the exchange rate of expiration) has been recorded in the net tax expense for the nine month period ended September 30, 2010. The Company will recognize this tax credit once SVE has been connected to the Italian grid.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2010, Etrion had \$47.2 million in cash and short-term deposits and positive working capital of \$47.8 million. As of September 30, 2009, Etrion had \$29.8 million in cash and short-term deposits, \$30.0 million of working capital and no debt.

The non-recourse loans held by the Italian subsidiaries mature at various dates beyond 2011. Counterparties to the non-recourse debt do not have unconditional or unilateral discretionary rights to accelerate repayment at earlier dates. Therefore, the Company is protected from short-term liquidity fluctuations.

As part of the acquisition of Helios ITA, the Company assumed the loan payable to Societe Generale and Dexia related to the credit facility agreement from December 2008. The Company also assumed pledges on 100% of the receivables and assets, including trade and VAT receivables, plant, land and bank accounts. The purpose of the credit facility agreement was to finance the construction of solar power plants in Italy. The Company can draw funds up to a total of \$55.2 million (€45.0 million). The loan is due in 2024 and repayable in 28 instalments plus a balloon payment at maturity. Interest on the loan is payable at Euribor plus a margin, ranging from 1.35% for the first two years, 2.25% between the second and the fifth year and 2.5% thereafter. As at September 30, 2010, the cash sweep account balance was \$1.2 million (€0.9 million). Total transaction costs related to this facility amounted to \$1.36 million (€1.0 million).

As part of the acquisition of SunRay Italy, the Company assumed the loan payable to Societe Generale, Banca Infrastrutture Innovazione e Sviluppo S.p.A. (Intesa Sanpaolo Group) and WestLB AG for €120 million, with Societe Generale's participation in the financing partially guaranteed by SACE, the Italian export credit agency. The loan includes two separate facilities: facility A of €107 million matures on June 30, 2028, and facility B of €13 million matures on September 30, 2013. The Company also assumed pledges on 100% of the receivables and assets, including trade and VAT receivables and bank accounts. Total transaction costs related to this facility amounted to \$5.2 million (€3.8 million).

On November 4, 2009, SVE signed a credit facility agreement with Centrobanca, an Italian bank owned by UBI Group, for the construction of solar power plants in Italy. The non-recourse loan provided is for €17.2 million (\$23.5 million). The debt facility has a term of 17.5 years and bears a hedged fixed interest rate of 3.9% on 90% of the principal and a floating rate of 6-month Euribor on the remaining 10% of principal, plus a margin of 250 basis points during the first five years, 270 basis points during the second five years and 300 basis points thereafter.

In April 2010, the Company entered into a loan agreement with Lundin Services BV, see “Financial Review”.

As at September 30, 2010, the minimum principal repayment obligations are as follows:

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6 months or less	1,501,912
6 - 12 months	8,189,061
1-5 years	98,654,101
Over 5 years	174,258,282
<b>Total</b>	<b>282,603,356</b>

These credit facilities are denominated in Euros.

Etrion has substantial cash on hand and expects to generate positive operating cash flows in 2010 through its renewable energy operations and potentially by receiving dividends from its oil and gas investments. The Company estimates that it is entitled to receive a total of approximately \$7.7 million in dividends (including an advance already received of \$1.1 million) from Baripetrol and PetroCumarebo for 2007, 2008 and 2009 operations, but the payment of these dividends is uncertain. Based on prior experience and current oil prices, Etrion does not expect cash calls from PetroCumarebo or Baripetrol for 2010 capital expenditures.

The planned growth and development activities for the next twelve months will require additional funds. Management anticipates that these funds will be obtained from a combination of additional debt or equity financing, vendor financing, non-recourse loans and shareholder loans. The Company cannot be certain that capital will be available when needed.

## SHARE DATA

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As at November 15, 2010, the Company has 179,766,120 common shares issued and outstanding and 8,060,300 stock options outstanding. The stock options expire at various dates between June 12, 2013, and April 28, 2018, and are exercisable at various prices between CAD\$0.25 and CAD\$2.39 per share. In addition, the CEO has the right until September 11, 2014, to exchange his equity interest in SRH for the equivalent fair value of shares of the Company. See “Related Party Transactions -- Marco Northland’s exchange right and the Shareholders Agreement.”

## RISK FACTORS

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The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign currency and commodity price risk) and other risks. Risk management is carried out by the Company’s management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### ***Credit risk***

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to accounts receivable from PetroCumarebo, value-added tax receivable and other tax credits of the wholly-owned Venezuelan subsidiary with the Venezuelan tax authorities and third party credits. The Company has no concentration of credit risk. Value added tax receivables are collectable from the Venezuelan government as of September 30, 2010, excluding amounts already provided for.

Management believes that the credit risk with respect to financial instruments attributable to value added tax receivables is moderate.

In addition, the majority of the Company's cash and cash equivalents are on deposit with highly-rated banks in Canada and Europe. A lesser amount is held in banks in Curacao and Venezuela.

### ***Liquidity risk***

At September 30, 2010, the Company had sufficient funds to settle current liabilities, excluding the Bridge Loan. All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days, except for severance employee benefits, an advance from Baripetrol and an exchange obligation, and are subject to normal trade terms. The Italian subsidiaries, SVE, Helios ITA and SunRay Italy, have non-recourse credit facilities that relate to solar power projects in Italy.

### ***Market risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and oil prices.

#### *(i) Interest rate risk*

The Company's exposure to interest rate risk arises both from the interest rate impact on its cash and cash equivalents as well as on its debt facilities. Etrion has significant cash balances and short-term investments, with the latter having a variable annual interest rate from 0.10% to 0.15% in 2010. The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has floating rate debt instruments but the exposure to interest risk has been mitigated by an interest hedge pursuant to the Centrobanca, Societe Generale and Intesa loan agreements.

#### *(ii) Foreign currency risk*

Prior to April 1, 2010, Etrion's functional currency was the US Dollar. Etrion's functional currency changed from the US Dollar to the Euro effective April 1, 2010, due to the acquisition of new subsidiaries in Europe that will be generating Euro revenues in 2010 and thereafter, as well as the Euro loan received from Lundin Services BV.

The Company has investments in Venezuela. These investments are in oil and gas companies and have the US dollar as their functional currency. During 2007, the Company's management determined that as a consequence of the rapid decline in the valuation of the Venezuelan Bolivar ("Bs") as reflected in the implied market for foreign currencies in Venezuela that the method of translation from Bs to USD using the official rate was no longer appropriate. In June 2010, the Venezuelan Central Bank released the Transaction System for Foreign Currency Denominated Securities (SITME), as the new mechanism to be used by the Central Bank for trades involving foreign-currency denominated bonds payable in bolivars issued by government entities. The Company maintains US dollar bank accounts in Canada and Curacao. The Company funds some of its subsidiary's operating and administrative expenses in Venezuelan Bolivars from its US Dollar bank accounts. The Company has exposure to the volatility of the implied market rate in Venezuela that may result in significant foreign exchange gains or losses from its Venezuelan subsidiary.

The Company also funds its European subsidiaries' capital, operating and administrative expenses in Euros and Swiss Francs from its USD and Euro accounts. The Company has exposure to the volatility of the exchange rates of the Euro and Swiss Franc that may result in significant foreign exchange gains or losses from its European subsidiaries.

## ***Other risks***

### *Licenses and Permits*

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it presently holds all necessary licenses and permits required to carry out the activities that it is currently conducting under applicable laws and regulations, and the Company believes it is presently complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various 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 and to begin selling electricity.

### *Competition*

The renewable energy industry is intensely competitive, and the Company will compete with a substantial number of other companies, many of which have greater financial and operational resources. There is no assurance that the Company will be able to acquire any energy projects on economic terms or at all. Etrion also competes with other companies in attempting to secure equipment necessary for the construction of solar energy projects. Such equipment may be in short supply from time to time. In addition, equipment and other materials necessary to construct production and transmission facilities may be in short supply from time to time. There is no assurance that the Company will be able to successfully compete against its competitors.

### *Cost Uncertainty*

The renewable energy projects in which the Company is currently involved or in which it may be involved in the future are subject to the risk of cost overruns or other unanticipated costs and expenses that could have a material adverse impact on the Company's financial performance.

### *Prices and Markets for Electricity*

Although the Company will focus on developing renewable energy projects in jurisdictions that provide long-term feed-in-tariffs to provide pricing certainty, pricing for the sale of electricity may be subject to change based on economic, political and other conditions.

### *Substantial Capital Requirements, Liquidity*

Until such time, if any, as the Company is able to generate profits from its renewable energy projects, it will require external funding for its ongoing activities. From time to time, the Company may require additional financing in order to carry out its investment, acquisition and development activities. The Company anticipates that it will make substantial capital expenditures related to renewable energy projects in the future. Failure to obtain such financing on a timely basis could cause the Company 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 by 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 Company. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's business, financial condition and results of operations.

### *Issuance of Debt*

The Company anticipates financing a significant portion of the capital costs associated with the construction and development of its renewable energy projects by way of debt. The level of the Company's indebtedness from time to time could impair its ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise. Breaches of debt obligations by the Company or any of its subsidiaries could also subject the Company or its subsidiaries to the risk of seizure or forced sale of some or all of its assets.

### *Governmental Regulation*

The renewable energy industry is subject to extensive government regulation. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the industries in which the Company operates could impair the ability of the Company to acquire and develop economic projects, increase the Company's costs and have a material adverse effect on the Company.

### *International Operations*

Etrion participates in renewable energy projects located in Europe. Renewable energy development and production activities are subject to significant political and economic uncertainties that may adversely affect the Company's performance. Uncertainties include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future power purchase agreements, a change in renewable energy pricing policies, changes in taxation policies and/or the regulatory environment in the jurisdictions and industries in which the Company operates and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on Etrion's business prospects and results of operations. In addition, if legal disputes arise related to any of the Company's operations, Etrion could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing an energy project in which Etrion has or acquires an interest.

### *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 labour force in Europe is unionized and politicized, and the Company'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. The Company does not have any key man insurance policies, and there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company.

## **RELATED PARTY TRANSACTIONS**

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### ***Lundin Services BV***

The Company receives technical services from Lundin Services BV, a wholly owned subsidiary of Lundin Petroleum. Lundin Petroleum formerly owned 40% of the Company, and Lundin Petroleum's CEO, Ashley Heppenstall, is a member of the Board of Directors of the Company.

In April 2010, the Company entered into a loan agreement with Lundin Services BV, see "Financial Review".

### ***Lundin Petroleum SA***

The Company also receives professional services from Lundin Petroleum SA, a wholly owned subsidiary of Lundin Services BV. These services include management and administrative services.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Marco Northland's exchange right and the Shareholders Agreement**

### *Guaranteed floor*

The SRH Shareholders Agreement between the Company and Northland as shareholders of SRH (the "Shareholders Agreement") provides Northland with a right to exchange his 10% equity interest in SRH for a period of five years beginning September 11, 2009, for an equivalent fair value of shares in Etrion with a guaranteed floor on the exchange value of his interest of €4.0 million. The Company will continue to recognize the fair value of the exchange right as a liability until such time as it is exercised or deemed to be exercised. As at September 30, 2010, the liability recognized related to this exchange right was €4.0 million (\$5.2 million).

### *Carried interest*

In addition, the Shareholders Agreement also provides for the additional issuance of in substance, in the money stock options on the date of future equity investments above the initial €17.7 million (\$25.7 million at acquisition date) by Etrion to SRH. During the three and nine months ended September 30, 2010, the Company recognized a non-cash compensation expense of \$667,053 and \$2,001,159, respectively, related to these in substance, in the money options.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

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### *Critical accounting estimates*

In connection with the preparation of the consolidated interim financial statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the consolidated interim financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the 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 our assumptions and estimates, and such differences could be material. Management believes the following critical accounting policies affect the more significant judgements and estimates used in the preparation of the consolidated interim financial statements:

- **Impairment of non-current assets:** Management estimates the future cash flows and the appropriate discount rates to calculate the value in use that is compared to the net carrying amount to determine if an impairment loss needs to be recognized in the consolidated financial statements. In management's judgment, PFC Venezuela does not exercise control or significant influence over the operating and financial decisions of Baripetrol or PetroCumarebo. The investments are therefore classified as available-for-sale. The Company monitors the value of the investments for impairment using a valuation model. Reasonable changes in the assumptions used in the model, specifically in relation to the probability of future dividends, result in highly significant variations in the fair value estimates. As the range of potential fair values is so significant and the probabilities of the various estimates cannot be reasonably assessed, the Company cannot accurately determine the respective fair values of Baripetrol or PetroCumarebo at September 30, 2010. Therefore the Company has recognized these investments at cost less impairment.
- **Non-controlling interest:** The non-controlling interest in SRH was initially measured as Northland's participation in SRH's net assets at the date of acquisition and subsequently measured as Etrion's maximum total commitment in respect of Northland's participation (guaranteed floor).



- Stock-based compensation: Management estimates some of the inputs used to calculate the share purchase option expense recognized in the consolidated financial statements.
- Fair value of financial and derivative instruments: Management uses projections of cash flows and interest rates to calculate the fair value of the financial instruments and derivative instruments recognized in the consolidated financial statements.
- Purchase accounting: Management uses valuation models that include estimates regarding the value and timing of future cash flows to calculate the fair value of assets, contingent liabilities, etc., acquired in a business combination for the purposes of allocating the purchase price and calculating the resulting goodwill.

#### *Critical accounting policies*

The AcSB confirmed in February 2008 that IFRS will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities. On June 22, 2010, the Company received a decision of the British Columbia Securities Commission that permits the Company to prepare its financial statements in accordance with IFRS for financial periods beginning on or after January 1, 2010. Based on such decision, the Company has adopted IFRS for Canadian reporting purposes for interim and annual financial statements for the fiscal year beginning January 1, 2010, with the first reporting period under IFRS being the three and six month periods ending June 30, 2010.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standard Board ("IASB") and interpretations of the IFRS Interpretations Committee that are effective or available for early adoption on December 31, 2010.

These are the Company's first IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be prepared in accordance with IFRS for the year ending December 31, 2010. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP.

#### *Impact of IFRS on our organization*

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS did not change the actual cash flows of the Company, the adoption resulted in changes to the reported financial position and results of operations of the Company.

The conversion to IFRS impacts the way the Company presents its financial results. Management and directors have extensive experience preparing and reviewing IFRS statements given the Company's regular reporting to Lundin Petroleum under IFRS. Also, key personnel have been trained to ensure a smooth transition to IFRS. Given the relatively early stage of Etrion's renewable business segment and the relatively low complexity of the Company's operations, the impact of the conversion to IFRS on the Company's accounting systems has been moderate. In the mid-term, we plan to complete the incorporation of a consolidation and IFRS reconciliation software to improve the current reporting process. The Company's internal and disclosure control processes, as currently designed, have not required significant modifications as a result of its conversion to IFRS. The Company has assessed the impacts of adopting IFRS on our contractual agreements, including long-term agreements to build and operate solar energy plants, debt and hedging agreements and compensation agreements and have not identified significant compliance issues.

### *First time adoption of IFRS*

IFRS 1, "First Time Adoption of International Accounting Standards," sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to retained earnings unless certain exemptions are applied. The Company has chosen to apply only the business combination optional exemption, which allows the Company to avoid restating its business combinations to comply with IFRS 3R.

As stated in Note 2 of the condensed consolidated interim financial statements for the three months ended September 30, 2010, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the three and nine months ended September 30, 2010, the comparative information for the three and nine months ended September 30, 2009, the financial statements for the year ended December 31, 2009 and the preparation of an opening IFRS balance sheet on the Transition Date, January 1, 2009.

In preparing its opening IFRS balance sheet, comparative information for the three and nine months ended September 30, 2009 and financial statements for the year ended December 31, 2009, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

In order to allow the users of the financial statements to better understand these changes, we have provided qualitative and quantitative differences between Canadian GAAP and IFRS for the total current assets, total assets, total current liabilities, total liabilities, shareholders equity and net loss. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is disclosed in Note 5 of the condensed consolidated interim financial statements for the three months ended September 30, 2010.

### **DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

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During the three and nine months ended September 30, 2010, there were no changes to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. National Instrument 52-109 allows for a limitation on scope when the issuer acquired a business not more than 365 days before the end of the financial period. Consequently, SRH and its subsidiaries were excluded from the assessment of internal controls since it was acquired by Etrion during the year ended December 31, 2009, and its operations have not yet been integrated into the Etrion's controls, policies and procedures. Management is currently revising the group's internal control structure to incorporate the new subsidiaries. The following table contains summarized financial information for SRH that has been consolidated in Etrion's financial statements:

<b>Selected Financial Data</b>	<b>September 30, 2010</b>
	<b>\$</b>
<b>Total Assets</b>	<b>360,345,585</b>
<b>Total Liabilities</b>	<b>376,149,683</b>
<b>Net Equity</b>	<b>(15,804,098)</b>
<b>Net Loss (*)</b>	<b>(7,023,120)</b>

\* Net results for the nine month period ended September 30, 2010.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

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Forward-looking information and statements are included throughout this MD&A and include, but are not limited to, statements with respect to: the financing and development of Etrion's solar projects in Italy; the anticipated construction and development costs of such projects; the potential production capacity of such projects; the timing of the expected sales of electricity from such projects; various potential acquisitions currently being negotiated by Etrion; prospects for development of early stage projects that require additional permitting; the oil and natural gas production of the Mixed Companies; general and administrative expenses; planned growth and development; contractual obligations; future plans, objectives and results; expected trading liquidity of the Company's shares; and expected access to capital markets. The above constitute forward-looking information, within the meaning of applicable Canadian securities legislation, which involves risks, uncertainties and assumptions, including, without limitation: risks associated with operating exclusively in foreign jurisdictions; uncertainties with respect to the receipt or timing of required permits to obtain and construct renewable energy projects and to begin selling electricity therefrom; uncertainties with respect to the availability of suitable additional renewable energy projects; the possibility of project cost overruns or unanticipated costs and expenses or delays in construction, uncertainties relating to the availability and costs of financing needed in the future; the possibility that some or all of the acquisitions being negotiated by Etrion will not be completed; the possibility that certain early stage projects that Etrion currently expects to develop may prove to be uneconomic or otherwise unsuitable for development; possible changes in the regulatory regimes in the jurisdictions where the Company proposes to develop renewable energy projects; being a minority partner in the Mixed Companies; the uncertainty of timing and amount of dividends from the Mixed Companies; the possibility that Etrion may be subject to cash calls from the Mixed Companies to fund their operations; the possible imposition of higher royalties and income taxes; 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; volatility in electricity and oil and gas prices; interest rates; opportunities available to or pursued by the Company; and other factors, many of which are beyond our control.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe 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](http://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 from them. 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**

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Additional information regarding the Company, including its annual information form, may be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) or by visiting the Company's website at [www.etrion.com](http://www.etrion.com).