

Etrion Corporation
(formerly PetroFalcon Corporation)

Amended and Restated
Annual Information Form

For the Year Ended December 31, 2009

Amended and Restated: May 10, 2010*

* *The Corporation's Annual Information Form dated March 15, 2010 has been amended and restated to incorporate by reference certain oil and gas disclosure contained in the Corporation's Statement of Other Oil and Gas Information. See "General Development of the Business - Narrative Description of the Business of the Corporation".*

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CURRENCY

In this Annual Information Form and the audited financial statements of the Corporation, unless otherwise noted, all dollar amounts are expressed in United States dollars (“**US\$**”).

In 2007, the Corporation reviewed the accounting for foreign currency transactions in Venezuela due to the increasing spread between the official rate and the implied market rate in Venezuela. It was 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 Bolivars to US dollars using the official rate was no longer appropriate. In addition, effective January 1, 2008, the currency unit of the monetary system of Venezuela dropped three zeros, and all amounts are now denominated in a new smaller scale of Bolivars. For the years ended December 31, 2009, and 2008, the Bolivar balances were translated at implied market rates of 5.97 Bs/USD and 5.70 Bs/USD, respectively.

In this AIF, CDN and CDN\$ means Canadian dollars; \$, USD and US\$ means US dollars; € or EUR refer to the euro, the official currency of the European Union; and Bolivars and Bs are used interchangeably herein to refer to the Venezuelan currency, as adjusted January 1, 2008.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Certain information and statements contained in this AIF and in certain documents incorporated by reference herein, constitute forward-looking information within the meaning of applicable Canadian securities legislation. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

Forward-looking information and statements are included throughout this AIF (and the documents incorporated by reference herein), including under the headings "*General Development of the Business*" and "*Risk Factors*" and include, but are not limited to, statements pertaining to the following:

- the financing and development of the Corporation's initial solar projects in Italy;
- the timing of the expected sales of electricity from the solar projects in Italy;
- possible changes in the regulatory regimes of the jurisdictions in which the Corporation operates or proposes to develop renewable energy projects;
- capital expenditure programs;
- projections of market prices and costs;
- expectations regarding the Corporation's ability to raise capital and to expand its business through acquisitions and development;
- expectations regarding the ability of the Corporation to receive dividends from the Mixed Companies (as defined herein) in respect of its oil and gas assets;
- treatment under government regulatory and taxation regimes; and
- accounting policies and treatment.

These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in, or incorporated by reference into, this AIF should not be unduly relied upon. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking information and statements, and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information and statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors are set out below and elsewhere in this AIF and include, among others:

- risks associated with operating exclusively in foreign jurisdictions;
- uncertainties with respect to the receipt and timing of required permits to secure and contract renewable energy projects and to begin selling electricity therefrom;
- uncertainties with respect to the availability of suitable additional renewable energy projects;
- the possibility of renewable energy project cost overruns or unauthorized costs and expenses;
- uncertainties relating to the availability and costs of finance needed in the future to develop additional renewable energy projects;
- the reduction or loss of government subsidies, such as feed-in-tariffs, for the sale of electricity;
- being a minority partner in the Mixed Companies and the ability to receive dividends therefrom;
- changes to existing agreements with government bodies;
- volatility in market prices for electricity and oil and natural gas;

- liabilities and risks inherent in oil and natural gas operations;
- uncertainties associated with estimating reserves of PetroCumarebo and Baripetrol;
- geological, technical, drilling and processing problems;
- 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 Corporation operates;
- risks inherent in generating sufficient cash flow from operations to meet current and future obligations as it relates to the Mixed Companies;
- interest rates; and
- other factors, many of which are beyond our control.

The forward-looking statements and information contained herein, speak only as of the date of this AIF or as of the date specified in the documents incorporated by reference herein, as the case may be. Except as required by law, Etrion does not intend, and does not assume any obligation, to update forward-looking information or statements contained herein. In the event subsequent events prove past statements about current trends to be materially different, we may issue a news release explaining the key reasons for the difference but are under no obligation to do so.

The forward-looking information and statements contained in this AIF (or the documents incorporated by reference herein) are expressly qualified by this cautionary statement.

GLOSSARY

In addition to any terms that are defined in this Annual Information Form, unless otherwise stated or unless there is something in the subject matter or context inconsistent therewith:

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000 c.B-9, as amended, including all regulations promulgated thereunder;

“**AIF**” means this Annual Information Form as at March 15, 2010;

“**Baripetrol**” means Baripetrol, S.A., a style of corporate entity known as a mixed company, created by the arrangement between CVP, Tecpetrol, Perenco and Lundin Venezuela;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002 Chapter 57, as amended, including all regulations promulgated thereunder;

“**Cardon III Block**” means the area covering approximately 218,000 offshore acres in the Gulf of Venezuela under a gas license to Chevron;

“**Cardon IV Block**” means the area covering approximately 228,000 offshore acres in the Gulf of Venezuela under a gas license to Repsol and Eni;

“**Chevron**” means Chevron Corporation, an American integrated oil and gas company with a gas license for the Cardon III Block;

“**Colon Block**” means the area covering approximately 297,000 acres in western Venezuela operated by Baripetrol;

“**Conversion Contracts**” means the following contracts: (i) contract signed on September 29, 2006, among Vinccler Venezuela, West Falcon Samson Hydrocarbons, S.R.L. and CVP, which identified PetroCumarebo and confirmed the ownership structure as 40% held by Vinccler Venezuela and 60% held by CVP; and (ii) contract signed on July 11, 2006, among Lundin Venezuela, Tecpetrol, Perenco and CVP, which identified Baripetrol and confirmed the ownership structure as 5% held by Lundin Venezuela, 17.5% held by Tecpetrol, 17.5% held by Perenco and 60% held by CVP;

“**Corporation**”, “**Company**” or “**Etrion**” means Etrion Corporation (formerly PetroFalcon Corporation), a corporation continued under the laws of British Columbia and unless the context otherwise requires, references herein to the Corporation, the Company or Etrion include Etrion Corporation, SRH and PFC Venezuela on a consolidated basis;

“**CVP**” means Corporacion Venezolana del Petroleo, an affiliated entity of PDVSA and the 60% partner in each of PetroCumarebo and Baripetrol;

“**East Falcon Block**” means the area covering approximately 400,000 acres in Venezuela that was previously operated by Vinccler Venezuela pursuant to the terms of the East Falcon OSA and is now controlled by PetroCumarebo;

“**East Falcon OSA**” means the operating service agreement dated July 3, 1995, as amended, between Vinccler Venezuela and PDVSA, relating to the East Falcon Block in Venezuela and when referred to herein includes the Gas Addendum;

“**Eni**” means Eni SpA, an Italian integrated oil and gas company with a 50% interest in the Cardon IV Block;

“**Gas Addendum**” means the addendum to the East Falcon OSA entered into between Vinccler Venezuela and PDVSA, on May 27, 2005;

“**ICO**” means PDVSA’s Interconexion Centro Occidente, a natural gas pipeline connecting Venezuela’s east and west gas pipeline networks to the PRC;

“**Lundin BV**” means Lundin Petroleum BV, the holding company incorporated in the Netherlands that is a direct, wholly-owned subsidiary of Lundin Petroleum;

“**Lundin Petroleum**” means Lundin Petroleum AB, the Swedish independent oil and gas exploration and production company that is indirectly the major shareholder of Etrion;

“**Lundin Transaction**” means the acquisition by the Company of 100% of the issued and outstanding shares of Lundin Venezuela and the simultaneous private placement of units of the Company to Lundin BV, which closed on February 1, 2008 and is further described under “*General Development of the Business-Three Year History - 2008, and - 2007*”;

“**Lundin Venezuela**” means Lundin Latina de Petroleos, S.A., a former wholly-owned subsidiary of the Company incorporated pursuant to the laws of Venezuela which merged into Vinccler Venezuela effective December 31, 2008, and thereafter ceased to exist;

“**MEP**” means the Ministry of Energy and Petroleum of the Bolivarian Republic of Venezuela, formerly the Ministry of Energy and Mines;

“**Mixed Company**” means PetroCumarebo or Baripetrol (and collectively, the “**Mixed Companies**”);

“**PDVSA**” means Petroleos de Venezuela, S.A., the state-owned oil and gas company of the Bolivarian Republic of Venezuela;

“**Perenco**” means Perenco Oil and Gas International Limited, the subsidiary of a French oil and gas company holding 17.5% of Baripetrol;

“**PetroCumarebo**” means PetroCumarebo, S.A., a style of corporate entity known as a mixed company, created by the arrangement between Vinccler Venezuela and CVP;

“**PFC Venezuela**” means PFC Oil and Gas, C.A. (formerly Vinccler Oil and Gas, C.A.), a wholly-owned subsidiary of Etrion incorporated pursuant to the laws of Venezuela;

“**PRC**” means PDVSA’s Paraguana Refinery Complex located on the Paraguana Peninsula in western Venezuela;

“**Repsol**” means Repsol YPF, S.A., a Spanish integrated oil and gas company with a 50% interest in the Cardon IV Block;

“**SRH**” means Solar Resources Holding, Sarl, a company incorporated pursuant to the laws of Luxembourg;

“**SVE**” means SVE, Srl, a company incorporated under the laws of Italy;

“**Tecpetrol**” means Tecpetrol de Venezuela, S.A., the subsidiary of an Argentine oil and gas company holding 17.5% of Baripetrol;

“**Venezuela**” means the Bolivarian Republic of Venezuela;

“**Vinccler Venezuela**” means PFC Venezuela, a wholly-owned subsidiary of Etrion incorporated pursuant to the laws of Venezuela;

“**West Falcon**” means West Falcon Samson Hydrocarbons, S.R.L., a subsidiary of Samson International LLC, which owned a separate operating service agreement for the West Falcon Block and was acquired by Vinccler Venezuela on March 21, 2006. Effective October 30, 2006, West Falcon Samson Hydrocarbons, S.R.L., was merged into Vinccler Venezuela and West Falcon Samson Hydrocarbons, S.R.L. ceased to exist;

“**West Falcon Block**” means the area covering approximately 438,000 acres in Venezuela that was previously operated by West Falcon pursuant to the terms of the West Falcon OSA, which is now controlled by PetroCumarebo; and

“**West Falcon OSA**” means the operating service agreement dated November 17, 1994, between West Falcon Hydrocarbons, S.R.L. and Maraven, S.A. (an affiliated entity of PDVSA), relating to the West Falcon Block in Venezuela.

THE CORPORATION

Name, Address and Incorporation

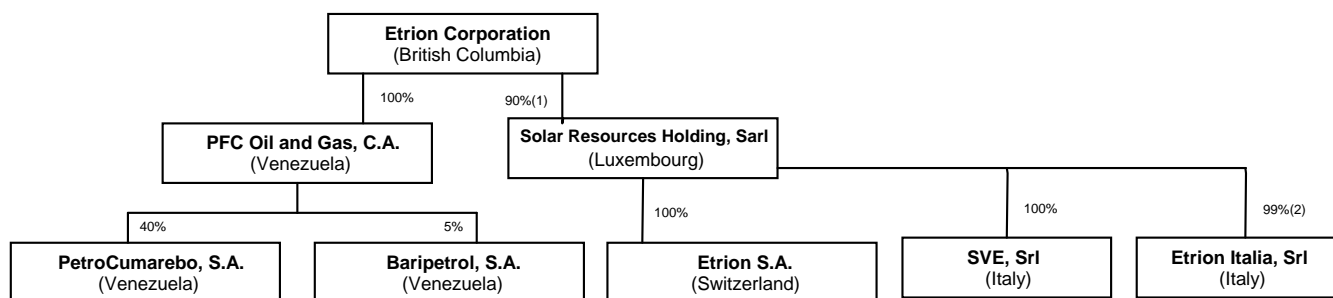
Etrion (formerly PetroFalcon Corporation) was incorporated pursuant to the laws of the Province of Ontario on July 27, 1993, under the name of Agents of Change Inc. Pursuant to Articles of Continuance dated February 28, 1996, the Corporation was continued under the ABCA, its name was changed to VisuaLabs Inc., and it effected a stock split issuing 90,141 common shares for each 100 common shares outstanding as of that date. On November 28, 2002, the name of the Corporation was changed to Pretium Industries Inc., and on June 24, 2003, the name of the Corporation was changed to PetroFalcon Corporation. Effective October 30, 2007, the Corporation and its wholly-owned Canadian subsidiary, Vinccler Oil and Gas Corporation, completed a vertical amalgamation and continued as one corporation under the name PetroFalcon Corporation. On September 10, 2009, the Corporation was continued from the province of Alberta into the province of British Columbia under the BCBCA (the “Continuance”). Effective September 11, 2009, the Corporation changed its name to Etrion Corporation.

The Corporation is authorized to issue an unlimited number of common shares and preferred shares, issuable in series. In connection with the Continuance on September 10, 2009, Notice of Articles and Articles were adopted in substitution for the then existing Articles of Incorporation and By-laws of the Corporation, as amended, and on September 11, 2009, the Corporation filed a Notice of Alteration to change its name from PetroFalcon Corporation to Etrion Corporation, all of which were approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on September 10, 2009. A copy of each of the Notice of Articles and Articles is available through the internet on SEDAR under the Corporation’s profile, which may be accessed at www.sedar.com.

Etrion’s head office is located at 5 chemin de la Pallanterie, CH - 1222 Vésenaz, Switzerland, and its registered office is located at 1600 - 925 West Georgia Street, Vancouver, BC, V6C 3L2.

Intercorporate Relationships

As at the date of this AIF, the Corporation had the following subsidiaries as shown in the chart below:



Notes:

- (1) Mr. Marco Northland, the Corporation’s Chief Executive Officer, owns the remaining 10% of the shares of Solar Resources Holding, Sarl
- (2) Etrion S.A. owns the remaining 1% of the shares of Etrion Italia, Srl.

Following the acquisition of SRH on September 11, 2009, Etrion changed its business focus from being an oil and gas company to enter the renewable energy sector. As at the date hereof, Etrion’s primary business focuses on the building, owning and operating of electrical power plants based on renewable sources of energy. Etrion continues to own its oil and gas investments in Venezuela through its wholly-owned subsidiary, PFC Venezuela, which holds a 40% and 5% interest in PetroCumarebo and Baripetrol, respectively (see also “*General Development of the Business - Three Year History - 2009*”).

All of Etrion's revenues are currently generated pursuant to the ownership structure of PetroCumarebo and Baripetrol. Etrion accounts for PetroCumarebo and Baripetrol using the cost method of accounting. Under the cost method, Etrion does not recognize its respective shares of revenues, expenses, assets or liabilities from PetroCumarebo and Baripetrol and instead only recognizes income from these investments to the extent that dividends are received from PetroCumarebo or Baripetrol. As a result, Etrion had no revenues for the years ended December 31, 2009 and 2008. On August 14, 2009, Etrion received \$1.1 million from Baripetrol as an advance of dividends for operations during 2008. Based on information by PDVSA, Etrion believes that it is entitled to receive an additional \$2.1 million in dividends from Baripetrol in respect of 2008 operations, although the timing of such payments is uncertain.

On February 1, 2008, the Corporation acquired 100% of the outstanding shares of Lundin Venezuela, which merged into PFC Venezuela (then Vinccler Oil and Gas, C.A.) effective December 31, 2008, and ceased to exist.

Effective July 22, 2009, PFC Venezuela, formerly named Vinccler Oil and Gas, C.A., was renamed PFC Oil and Gas, C.A.

On September 11, 2009, Etrion acquired 90% of the outstanding shares of SRH, which is the owner of Etrion S.A., Etrion Italia, Srl and SVE, Srl.

GENERAL DEVELOPMENT OF THE BUSINESS

Business of the Corporation

Etrion is focused on developing, building, owning and operating electrical power plants based on renewal sources of energy, including solar photovoltaic, solar thermal and wind. Etrion has moved its operational base from Venezuela to Switzerland to seek new opportunities in the renewal energy sector, while maintaining its existing oil and natural gas investments through its wholly-owned subsidiary, PFC Venezuela, which holds a 40% and 5% interest in PetroCumarebo and Baripetrol, respectively.

Three Year History

(See also "*Business of the Corporation*" and "*Narrative Description of the Business*")

2010 Developments

NASDAQ OMX Sweden

On January 19, 2010, the Corporation announced that it was exploring a dual listing of its common shares on the NASDAQ OMX exchange in Stockholm, Sweden in order to access additional European investors that are familiar with the downstream renewable power generation sector and to increase the liquidity of the Corporation's common shares. The Corporation also intends, subject to the approval of the TSX, to change its TSX listing category from that of an oil and gas issuer to an industrial issuer as a result of Etrion's recent change of business focus to the renewable energy sector.

SVE Tax Credit

On February 15, 2010, SVE obtained approval for the "Visco Sud" tax credit from the Italian tax authorities. According to local Italian income tax law, companies that own solar energy projects with installed capacity of up to one megawatt ("MW") may apply for a tax credit equal to 20% of the project cost. SVE's Visco Sud tax credit is €4.1 million and may be credited against income taxes arising from future taxable income following connection of the solar power plants to the Italian electricity grid. The tax credit does not expire.

On March 5, 2010, following the Visco Sud tax credit approval, SRH paid an additional €240,000 according to the SVE share purchase agreement.

2009

Chevron-Cardon III Block

On January 5, 2009, the Company announced the termination of the agreement to acquire a 30% interest from Chevron in the offshore natural gas license for the Cardon III Block due to tightening global capital markets and the uncertain oil and gas price environment. On January 19, 2009, Chevron returned \$5.8 million to Vincler Venezuela, which included all amounts paid to Chevron plus accrued interest (see also “*General Development of the Business – Three Year History – 2008 and – 2007*”).

SRH Transaction

On September 11, 2009, the Corporation completed the acquisition of 90% of the outstanding shares of SRH, a private company developing a pipeline of renewable energy projects, at cost for €2.3 million (approximately \$3.4 million), with the remaining 10% of SRH held by Mr. Northland, the Corporation’s current Chief Executive Officer. The Corporation also advanced a loan to SRH in the amount of €1.35 million (approximately \$2.0 million) in order to repay an equivalent amount advanced to SRH by a former shareholder of SRH.

Upon closing of the SRH acquisition, Etrion and Northland entered into a shareholders’ agreement (the “**Shareholders Agreement**”) to govern their rights and obligations as the shareholders of SRH. Under the Shareholders Agreement, Northland will maintain his 10% equity ownership of SRH without putting up additional capital until such time as Etrion has advanced an aggregate of €17,690,310 (approximately \$25,903,921) to SRH. Northland also has the right to maintain his 10% equity ownership through purchases of shares financed by loans from Etrion (“**Loan Shares**”) or by way of “phantom shares” that do not require Northland to invest additional capital but are offset by notional loans from Etrion (“**Carry Shares**”) until such time as Etrion has invested an additional €80,000,000 (approximately \$117,144,000) in SRH.

Northland also has the right under the Shareholders Agreement, for a period of five years, to exchange some or all of his shares of SRH, including Loan Shares and Carry Shares, for Etrion shares with a value based on the increase in value of SRH from the date of the Shareholders Agreement to the date of exchange and net of amounts owed by Mr. Northland in respect of the Loan Shares and Carry Shares. The value of SRH for this purpose will be based on the market capitalization of the Company less the value of its oil and gas operations and subject to certain other adjustments related to the Company’s non-SRH debt and cash on hand. Any SRH shares held by Northland that have not been exchanged for Etrion shares at the end of the five-year period will automatically be exchanged on the same basis.

SVE Transaction

On October 20, 2009, Etrion purchased the outstanding shares of an Italian company, SVE, Srl (“**SVE**”), which owns the required permits for the construction of four solar power plants in southern Italy with a total generating capacity of four MW. During the fourth quarter of 2009, the Company secured project finance debt and engaged an engineering, procurement and construction (“EPC”) contractor to begin construction of the solar plants. The estimated project cost is €20.7 million (approximately \$30.3 million), including financing cost. Of this amount, Etrion’s total equity contribution to the project was €3.5 million (approximately \$5.1 million), which accounts for approximately 17% of the total cost.

Impairment of Oil and Gas Investments

The Corporation's management performed impairment tests for its investments in oil and gas companies as at September 30, 2009, and identified an impairment loss of \$44.0 million from the investments in PetroCumarebo and Baripetrol when comparing carrying value to the fair value.

Baripetrol Dividends

During the year ended December 31, 2009, Etrion received \$1.1 million from Baripetrol as an advance dividend for operations during 2008.

2008

Anadarko Transaction

On April 7, 2008, the Company announced the signing of a binding sale and purchase agreement for the acquisition of 100% of the issued and outstanding shares of Anadarko Venezuela Company ("**Anadarko Venezuela**") from an affiliate of Anadarko Petroleum Corporation ("**Anadarko Petroleum**") for \$200 million in cash (the "**Anadarko Transaction**"). Anadarko Venezuela indirectly owns 18% of Petroritupano, S.A. ("**Petroritupano**"), a mixed company with PDVSA and Petrobras Energia, S.A. ("**Petrobras**"). The agreement was subject to the approval of the MEP. Upon executing the sale and purchase agreement with Anadarko Petroleum, the Company delivered \$5 million (or 2.5% of the base purchase price) in cash to Anadarko Petroleum as a guarantee for the transaction.

On October 8, 2008, the Company announced in a press release that it had been advised that MEP denied approval for the acquisition of Anadarko Venezuela because PDVSA intended to acquire Anadarko Petroleum's interest in Petroritupano. Anadarko Petroleum subsequently terminated the sale and purchase agreement and returned the Company's \$5 million cash deposit with interest.

At the Company's request, Lundin Petroleum provided a guarantee to Anadarko Petroleum for the full purchase price in the Anadarko Transaction. In consideration for the guarantee, the Company had agreed to issue 17,100,000 common shares of the Company to Lundin Petroleum or one of its subsidiaries, subject to regulatory approval. On April 11, 2008, the Company issued 7,100,000 common shares to Lundin Petroleum. The initial 7,100,000 common shares were expensed by the Company as stock-based financing fees over the effective period of the sale and purchase agreement. As a result of the termination of the Anadarko Transaction and in accordance with the agreement with Lundin Petroleum, the remaining 10,000,000 common shares of the Corporation that would have been due at closing were not issued.

Lundin Transaction

The Company closed the Lundin Transaction on February 1, 2008 (see "*General Development of the Business - Three Year History – 2007*" for a full description of the Lundin Transaction). As a result of the Lundin Transaction, all of the Company's outstanding stock options vested immediately on February 1, 2008, due to provisions contained in each of the stock option agreements. Additionally, concurrent with the Lundin Transaction, Ashley Heppenstall and John Craig were appointed to the Company's Board of Directors.

During the year ended December 31, 2008, Lundin Venezuela received \$2.9 million of dividends from Baripetrol for operations between January and December 2007. The dividends were credited against the historical cost of the investment instead of being recognized as income during the year ended December 31, 2008, because the dividends were related to pre-acquisition earnings.

Chevron - Cardon III Block

On April 9, 2008, the Company paid Chevron \$3.2 million for its 30% share of costs related to the Cardon III Block in 2007 (for additional details, see “*General Development of the Business – Three Year History – 2007*”).

Repsol - Cardon IV Block

On March 12, 2008, the Company announced the signing of a letter of intent with Repsol, whereby Vinccler Venezuela intended to acquire 25% of the Cardon IV Block. The transaction was subject to the approval of MEP, as well as the negotiation and execution of a sale and purchase agreement. The Company subsequently terminated the negotiation of the sale and purchase agreement with Repsol. The Company did not pay anything to Repsol in connection with the termination of negotiations and has no ongoing capital commitment in connection with the Cardon IV Block.

Debt Repayments

On March 27, 2008, the Company repaid \$350,000 plus interest to a related party, Vinccler, C.A., in respect of a loan made to the Corporation on August 25, 2006, to purchase the data package for the Delta Caribe offshore natural gas license bid process.

PetroCumarebo Drilling

During 2008, PetroCumarebo drilled seven wells: three development wells and two appraisal wells in the Cumarebo Field and two development wells in the La Vela Field. This drilling campaign resulted in two successful oil wells in the southern part of the La Vela Field, one successful gas well, one non-commercial gas well, two wells that failed to meet their main objective but that will be tested in other sands, and one dry hole in the Cumarebo Field.

Baripetrol Drilling

No drilling was done by Baripetrol in 2008 due to the delay in securing a drilling rig. A rig was finally mobilized in December 2008 to the La Palma Field in order to drill the first of a series of four development wells in this field.

2007

Lundin Transaction

On August 22, 2007, the Company entered into a share purchase agreement with Lundin BV in connection with the Lundin Transaction. Prior to its merger into Vinccler Venezuela, Lundin Venezuela owned 5% of Baripetrol, a mixed company created by the arrangement with CVP, Tecpetrol and Perenco. Baripetrol operates the Colon Block in western Venezuela and has onshore production of oil and natural gas. The Lundin Transaction closed on February 1, 2008.

The consideration for the acquisition of Lundin Venezuela was the issuance of 57,254,505 common shares of the Company at a price of CDN\$0.80 per share.

Concurrent with the acquisition, Lundin BV subscribed for 6,665,995 units of the Company at a purchase price of CDN\$0.80 per unit, resulting in additional proceeds to the Corporation of approximately \$5.1 million. Each unit consisted of one common share and approximately 0.75 warrants, such that Lundin BV received an aggregate of 5,000,000 warrants. Each whole warrant is exercisable for common shares of the Corporation at an exercise price of CDN\$1.20 per common share and expires two years from February 1, 2008. All of the warrants expired unexercised on February 1, 2010.

In total, Lundin BV acquired 63,920,500 common shares, representing approximately 42% of the then issued and outstanding common shares of the Company on an undiluted, post-closing basis, plus 5,000,000 warrants of the Corporation.

In connection with the Lundin Transaction, the Company paid a cash finder's fee of \$543,600 and issued 569,284 common shares of the Corporation to Nanes Delorme Capital Management, LLC, a boutique investment bank in New York City that is arm's length to the Corporation.

Chevron - Cardon III Block

On February 26, 2007, Vinccler Venezuela and Chevron announced the signing of a "heads of terms" agreement whereby Vinccler Venezuela would acquire a 30% interest from Chevron in the offshore natural gas license for the Cardon III Block in the Gulf of Venezuela. Under the terms of the agreement effective January 1, 2007, Chevron would remain the operator and majority partner with a 70% interest. PDVSA retained the right to acquire up to 35% of the project after declaration of commerciality, and the transaction was subject to the approval of MEP.

On March 9, 2007, Vinccler Venezuela paid Chevron \$2.2 million, which included 30% of all Chevron's costs related to the Cardon III Block before the effective date of the transaction. Under the farm-in agreement, all funds paid by Vinccler Venezuela to Chevron were to be returned with interest if MEP approval was denied.

The acquisition of 530 square kilometres of three-dimensional seismic data over the Cardon III Block was completed in April 2007.

Interconexion Centro Occidente Pipeline

PetroCumarebo delivers natural gas into PDVSA's ICO natural gas pipeline, which then transports the natural gas to the nearby PRC. On December 6, 2006, the ICO pipeline experienced a joint rupture, and PDVSA closed the pipeline section leading to PetroCumarebo's production in the La Vela and Cumarebo fields. As a result, most of PetroCumarebo's natural gas production was temporarily shut-in, but its wells and facilities were unaffected. PetroCumarebo resumed natural gas deliveries from the La Vela Field in August 2007 and from the Cumarebo Field in February 2008.

Colombia Caribbean Round

On July 30, 2007, the Company paid \$150,000 to Colombia's Agencia Nacional de Hidrocarburos ("ANH") to purchase the data package for Caribbean Round 2007, Colombia's first offshore exploration bidding round. Colombia offered 13 blocks off the Caribbean coastline with an average size of approximately 720,000 acres. The properties stretch from offshore Guajira at the northern tip of Colombia to the northern end of the Uraba Gulf, including almost all of Colombia's Caribbean coastline. The properties offered were both deepwater and shallow blocks, some of which are both onshore and offshore with similar geology to the Gulf of Venezuela. The Company did not participate in the final bid round.

Narrative Description of the Business of the Corporation

As at the date hereof, Etrion is focused on developing, building, owning and operating electrical power plants based on renewable sources of energy, including solar photovoltaic, solar thermal and wind.

In the short-term, the Corporation is focused on the development of solar power plants in European countries with specific government incentives for the development of renewable energy, such as direct capital subsidies, attractive feed-in-tariffs ("FIT") or tax incentives. While the Corporation today operates primarily in southern Europe's attractive FIT environment, the Corporation intends to diversify its operations in the long-term and enter

markets without FIT subsidies to sell electricity under long term power purchase agreements with large industrial consumers.

The development of a solar power plant can be divided into four different phases: (1) site development, (2) financing, (3) construction and (4) operations.

In phase one, site development, which generally requires twelve to twenty-four months, the Corporation either directly engages in green-field development or enters into co-development agreements with local developers. The activities in this phase include site surveys to locate the most favourable sites for the planned solar power plant, taking into account such factors as solar irradiation and the levels of FITs, among others. Once the location has been established, the Corporation negotiates and executes lease agreements and commences various reviews in relation to, among others, environmental issues, if any, and grid connection feasibility. In addition, the Corporation pursues the approval of various permits, such as building permits, and evaluates the requirements for applicable governmental subsidies and FITs. In phase one, the Corporation also assesses costs related to the project and analyzes the timing and planning of the project.

In phase two, financing, which generally requires four to six months, the Corporation assesses and selects various partners, including EPCs (e.g., contractors responsible for the engineering, procurement and construction of the solar power plant) to be involved in the project. The Corporation also analyzes the financial aspects of the project, assessing pre-financing, debt/equity structuring, vendor financing and the selection of lenders. Furthermore, in phase two, the Corporation evaluates potential revenue levels and the appropriateness of the special purpose entity which will function as the local operational subsidiary. This process may be shortened when the projects are financed directly by the Corporation and then refinanced once construction and grid connection is complete.

Phase three, construction, generally requires six to nine months. During this phase, the Corporation enters into an EPC contract, and the projects are built, ensuring that the local operational subsidiary complies with the FIT requirements.

During a minimum period of 20 years constituting phase four, operations, it is intended that the Corporation's local operational subsidiary be mainly engaged in the operation of the solar power plant and the repayment of existing debt facilities established in connection with the project.

As per phase one above, the Corporation may enter into a co-development agreement structured as a share purchase agreement with local developers. Under this agreement, the local developer would carry, at its own cost and risk, all the activities related to phase one. The developer is paid certain success fees if all the necessary permits required to build and operate a power plant are obtained. Once such permits are obtained, the Corporation, after satisfactory legal and technical due diligence of the projects, acquires the project rights under the terms pre-negotiated in the share purchase agreement.

Etrion also continues to manage its oil and natural gas properties through its wholly-owned subsidiary, PFC Venezuela, which holds a 40% and 5% interest in each of PetroCumarebo and Baripetrol, respectively. Since all of Etrion's oil and natural gas exploration and production activities are in Venezuela, South America, its earnings are entirely dependant on foreign operations conducted through PetroCumarebo and Baripetrol.

PetroCumarebo holds all of the operating rights to the East Falcon Block and the West Falcon Block, a total of approximately 838,000 acres in north-western Venezuela with current onshore production of oil and natural gas. The Falcon area is strategically located in close proximity to the PRC.

Baripetrol holds all of the operating rights to the Colon Block, an area of approximately 297,000 acres in western Venezuela with current onshore production of oil and natural gas.

The price per barrel of crude oil delivered is derived from detailed formulas outlined in the Conversion Contracts for each of the Mixed Companies. The formulas are specific to quality and gravity of crude oil delivered, and are

based on different weightings of several global benchmark oil prices. Using historical oil price data, management estimates these formulas to equate on average to a price that will be approximately 100% of West Texas Intermediate ("WTI") for oil from PetroCumarebo's East and West Falcon blocks and 92% of WTI for oil from Baripetrol's Colon Block. The East Falcon, West Falcon and Colon blocks produce light sweet crude that sells at a premium to most of the oil produced in Venezuela.

Due to the natural gas liquids contained in the Mixed Companies' natural gas production, PetroCumarebo and Baripetrol realize on average 7% and 10%, respectively, of the WTI price for their natural gas production.

Payment from PDVSA to PetroCumarebo and Baripetrol is 100% in US dollars for crude oil and natural gas liquids and 100% in Bolivars for methane gas. Potential dividends from PetroCumarebo and Baripetrol will be paid 100% in US dollars and are at the discretion of the shareholders of the Mixed Companies, depending on net and available profits.

Certain information with respect to the oil and gas properties of the Mixed Companies are described in the Corporation's Statement of Other Oil and Gas Information dated [●], 2010 available on SEDAR, which may be accessed at www.sedar.com, and which is incorporated by reference herein.

Principal Markets and Distribution Methods

The Corporation will initially focus on solar energy projects in Europe utilizing government guaranteed premium electricity rates and non-recourse bank financing. The Corporation is currently developing four ground-based solar photovoltaic power plants in Italy with an aggregate capacity of four MW. The initial Italian solar projects were funded more than 80% by a non-recourse project loan from an Italian bank, with the balance coming from the Company. The first solar power plants in southern Italy are anticipated to begin operations in 2010.

All crude oil and natural gas produced by PetroCumarebo and Baripetrol is sold and delivered to PDVSA. Oil produced by PetroCumarebo is delivered by truck or pipeline to the PRC, and natural gas produced by PetroCumarebo is delivered into the ICO natural gas pipeline for transportation to the PRC. Oil and gas produced by Baripetrol is delivered by pipelines to PDVSA's western pipeline network.

Specialized Skill and Knowledge

The senior and middle management of Etrion is comprised of technical and financial managers with a combined experience of over fifty years of renewable industry experience. Almost all of Etrion senior and middle managers were trained at major solar and wind companies, including Vestas, SunPower, 9Ren and Deutsche Bank's renewable group.

Environmental Matters

The oil and gas industry is subject to environmental regulation pursuant to applicable legislation. Such legislation provides for restrictions and prohibitions on release or emission of various substances produced in association with certain oil and gas industry operations, and requires that well and facility sites be abandoned and reclaimed to the satisfaction of environmental authorities. The Mixed Companies maintain an insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blow-outs, pollution and other operating accidents or disruptions. PetroCumarebo and Baripetrol have operational and emergency response procedures and safety and environmental programs in place to reduce potential loss exposure.

With respect to the renewable energy sector, Etrion pre-screens all of its sites for any environmental restrictions and works with local and regional authorities to address all environmental matters.

Competition Conditions

The renewable energy industry is intensely competitive, and the Corporation will compete with a substantial number of other companies, many of which have greater financial resources. See “*Risk Factors-Competition*”.

Employees

At December 31, 2009, Etrion and its subsidiaries had 23 full-time employees.

Trends and Cycles

There are a number of trends developing in the renewable energy sector and the oil and gas industry that may have both short and long term effects on Etrion. There is a continuing trend relating to the level and volatility of oil and natural gas prices. In the oil and gas sector, prices for both commodities increased and decreased dramatically in 2008. The cyclical nature of the oil and gas industry is tending to shorter cycles, primarily as a result of increased commodity price volatility. There is also a continuing trend in the Venezuelan energy sector towards majority state ownership, similar to the structure of the Mixed Companies.

In the solar sector, prices have been consistently dropping from year to year as a result of further improvements in the supply chain, an increase in manufacturing capacity of raw materials, cells and modules and further improvement in construction methods, resulting in continued decrease in overall total cost of ownership. This trend of decreasing costs offsets the trend of government subsidies being reduced on an annual basis.

Potential Consolidation of Mixed Companies by PDVSA

PDVSA has announced its intention to decrease the number of mixed companies by merging individual mixed companies that have common characteristics, such as location and the types of crude oil produced, into new, larger mixed companies. PDVSA will maintain a 60% participation in these new mixed companies, and the private parties will negotiate their pro forma interest based on each private party’s estimated fair value derived from the potential future dividends from the mixed companies. It is not yet known whether this consolidation will affect PetroCumarebo or Baripetrol. See “*Risk Factors - Dividends from the Mixed Companies*”.

RISK FACTORS

An investment in the common shares of Etrion is speculative and involves a high degree of risk that should be considered by potential investors. An investment in the common shares of Etrion is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investments. An investor should carefully consider the following risk factors in addition to the other information contained in this AIF before purchasing common shares of Etrion. The risks and uncertainties below are not the only ones Etrion is facing. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. In addition, there are additional risks and uncertainties of which Etrion is not presently aware or that the Corporation currently considers immaterial but which may also impair Etrion’s business operations and cause the price of the common shares of Etrion to decline. If any of the following risks actually occur, the Corporation’s business may be harmed and the Corporation’s financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares of Etrion could decline, and an investor may lose all or part of his or her investment.

Global Capital Market Environment

In the fall of 2008, the world's industrial nations entered into a severe economic and liquidity crisis. This crisis is still having a broad impact on the world's economy, with unspecified results, and heightens the risks outlined below. Due to the speed, size, scope, volatility and severity of the crisis, management is unable to accurately

predict the impact it will have on the Corporation. For example, the significant volatility in foreign currency exchange rates, commodity prices and interest rates experienced in 2008 and 2009 could continue in future periods. This could materially impact Etrion's revenues, margins and earnings in certain markets. The current economic conditions could also significantly impact governments' willingness to continue to subsidise the development of the renewable energy sector.

Limited Operating History

Etrion recently changed its business focus to the renewable energy sector and therefore has a limited operating history as a renewable energy company. Etrion may experience significant fluctuations in its operating results and rate of growth. The Corporation's limited operating history, its evolving business model and unpredictability of regulatory actions in its industry make it difficult to accurately forecast the level or source of Etrion's revenues and rate of growth.

Operations

Etrion participates in oil and gas projects located in Venezuela and in renewable energy projects located in Europe. Oil and gas exploration, development and production activities, including joint ventures in emerging markets, are subject to significant political and economic uncertainties that may adversely affect the Company's performance. Uncertainties relating to the Corporation's oil and gas assets include, but are not limited to, the possibility of expropriation, nationalization, renegotiation or nullification of existing or future oil and gas concessions and contracts, a change in crude oil, natural gas or 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 oil and gas concession in which Etrion has or acquires an interest.

In the renewable area, the Company depends on the continued application of subsidies for the projects it operates. While these subsidies are supported by national laws with long-term contracts, there is no assurance that such subsidies will not be revoked or decreased in the future.

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 and oil and gas industries are 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 such projects on economic terms or at all. Etrion and the Mixed Companies also compete with other companies in attempting to secure equipment necessary for construction of solar energy projects and drilling and completion of oil and gas wells. 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 or the Mixed Companies will be able to successfully compete against their competitors.

Cost Uncertainty

The renewable energy and oil and gas 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, Oil and Natural Gas

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. Oil and natural gas are commodities whose prices are determined based on global demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and condensate have fluctuated widely in recent years. Future price fluctuations in world oil prices will have a significant impact upon the revenue of the Mixed Companies and the return from and the financial viability of the Mixed Companies' existing and future reserves.

Substantial Capital Requirements, Liquidity

Until such time, if any, as the Company is able to generate profits from its renewable energy projects, dividends received by the Company from the Mixed Companies may not be sufficient to fund 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. If the Mixed Companies' earnings or reserves decline or the Company cannot receive funds from PetroCumarebo and/or Baripetrol, or if the Company fails to raise additional capital in the equity or debt markets, the Company may have limited ability to expend the capital necessary to undertake or complete future projects. Failure to obtain such capital funding 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 properties. 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 their assets.

Governmental Regulation

The renewable energy and oil and gas industries are 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.

Reliance on Contractors and Key Employees

The ability of the Company and the Mixed Companies to conduct their operations is highly dependent on the availability of skilled workers. The labour force in certain countries in Europe is unionized. 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.

Dividends from the Mixed Companies

Etrion's only current source of revenue is potential dividends from its 40% interest in PetroCumarebo and its 5% interest in Baripetrol. Under Venezuelan law, dividends can only be declared to the extent a company has net and available profits as stated in its approved financial statements. Therefore, if there are sufficient net and available profits, subject to prior approval of shareholders, Etrion, through PFC Venezuela, may receive annual dividends in US dollars, or quarterly loans against those projected dividends. If the Mixed Companies' boards of directors do not propose dividends, the Mixed Companies' shareholders do not approve dividends or the Mixed Companies do not have net and available profits to declare dividends, Etrion cannot expect to receive payment from the Mixed Companies. Dividends from the Mixed Companies must be proposed by four out of the five board members (80%), and each of PFC Venezuela and Baripetrol's private party consortium (which includes Tecpetrol, Perenco and PFC Venezuela) have two out of five board seats (40%) in the respective Mixed Companies. Dividends proposed by the board of the Mixed Companies must be approved by a qualified majority (75%) of its respective shareholders, and PFC Venezuela and Baripetrol's private party consortium each only account for 40% of the respective shareholders. Furthermore, given the current economic environment and its potential impact on the oil and gas business, PDVSA and the Venezuelan government, the timing and amount of dividends from the Mixed Companies is uncertain. In addition, PDVSA has announced its intention to decrease the number of mixed companies by merging individual mixed companies that have common characteristics, such as location and the types of crude oil produced, into new, larger mixed companies. It is expected that PDVSA will maintain a 60% participation in these new mixed companies, and that the private parties will negotiate their pro forma interest based on each private party's estimated fair value derived from the potential future dividends from the mixed companies. At this time, it is not yet known whether or how this consolidation would affect PetroCumarebo or Baripetrol, if at all. Consequently, the Corporation's interests in PetroCumarebo and Baripetrol could be substantially affected by such consolidation.

Financing Availability

The renewable energy industry is capital intensive and the Corporation may require financing in order to fund capital expenditures related to future renewable energy projects. The credit market has been and continues to be difficult to access. The Corporation's business plan and projected returns depend on the Corporation's ability to secure significant leverage for its renewable projects. Therefore, an inability of the Corporation to obtain satisfactory financing for its projects could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Execution Risk

The Corporation's renewable energy business relies on the approval of various permits, such as building permits. Any delays in obtaining permits may threaten time-sensitive FIT guarantees. This could in turn result in cost overruns and have an adverse effect on projected returns.

The Corporation may acquire, and has in the past acquired, complementary or strategic businesses. The process of integrating any future acquired business, technology, services or products, may result in unforeseen operating difficulties and expenditures. The integration of the Corporation's acquisitions, and the integration of any future acquisition, also requires significant management resources that would otherwise be available for the operation, ongoing development and expansion of the Corporation's business. In addition, the Corporation may not realize

the anticipated benefits of any acquisition. Although Etrion continues to seek acquisition opportunities, management may be unable to identify suitable acquisition opportunities or to negotiate and complete acquisitions on favourable terms, or at all. In addition, any future acquisitions may require substantial capital resources and the Corporation may need to obtain additional capital or financing from time to time to fund these activities. This could result in potentially dilutive issuances of the Corporation's securities or the incurrence of debt, contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could harm Etrion's business, financial condition and results of operation. Sufficient capital or financing for the Corporation's acquisition activities may not be available on satisfactory terms, or at all.

Failure to Meet International Regulatory Requirements

The Corporation's business is subject to numerous health, safety and environmental ("**HSE**") requirements under the laws and regulations in the various jurisdictions in which the Corporation conducts its business. Many HSE laws and regulations are becoming increasingly stringent (and may contain "strict liability"), and the cost of compliance with these requirements can be expected to increase over time. The failure by the Corporation to comply with HSE laws and regulations could result in the Corporation incurring costs and/or liabilities including as a result of regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events, which could adversely effect the Corporation's results of operation and financial conditions.

Changes in the Legal Environment

Given the extensive regulation which governs the Corporation's business, any changes or enforcements in this regulatory regime could have a material adverse effect on the Corporation's business, financial condition and results of operations. The Corporation seeks to ensure that it remains in compliance with all legislation and regulations that impact its business, but there can be no assurance that the Corporation will respond in a timely manner to all such changes or that such responses will satisfy new requirements.

Foreign Currency Risks

The Corporation's functional currency is the USD. Annual dividends, if any, from the Corporation's oil and gas investments are in USD and major purchases are transacted in USD. However, the Corporation funds its European subsidiaries' operating and administrative expenses in EUR and Swiss Francs from its USD and CDN bank accounts. This means that the Corporation has exposure to the volatility of the exchange rates to the USD, CDN, EUR and Swiss Franc that may result in significant foreign exchange gains or losses.

Ability to Secure Appropriate Land

There is competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and secure given the geographical features, legal restrictions and ownership rights, which limit the area available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular site in the future.

Interruption in the Supply Chain

The Corporation is operating as an independent power producer and is therefore located at the top of the solar market value chain. Interruptions at the bottom of the value chain (e.g., a shortage of raw materials, parts, modules, lack of competition, etc.) could have a material adverse impact on the Corporation's business, financial condition and results of operations. For instance, a shortage of solar modules and lack of competition between businesses at the bottom of the value chain could result in lower margins at the top of the value chain as a result of price increases for solar modules, which would have an adverse effect on the Corporation.

Risks Related to the Development of the Photovoltaic Market

The photovoltaic market is at a relatively early stage of development and the extent to which photovoltaic products will be widely adopted is uncertain. If photovoltaic technology proves unsuitable for widespread adoption or if demand for photovoltaic products fails to develop sufficiently, the Corporation may not be able to grow its business, or generate sufficient revenues. Demand for photovoltaic products in the Corporation's target markets may not develop or may develop to a lesser extent than anticipated. Many factors may affect the viability of photovoltaic technology and the widespread adoption and demand for photovoltaic products. There can be no assurance that such technology will succeed as an alternative to conventional or other new energy products.

Enforceability of Actions

Certain of the Corporation's directors and officers reside outside of Canada. All of the Corporation's assets and most of those of the directors and officers are located outside of Canada. As a result, it may not be possible for investors to effect service of process within Canada upon the Corporation, its directors or officers or to enforce, in the courts of Canada, judgments against such persons or assets.

Conflicts of Interest

Certain of the directors of the Corporation may have associations with other oil and gas companies and renewable energy companies or with other industry participants with whom the Corporation does business. The directors of the Corporation are required by applicable corporate law to act honestly and in good faith with a view to the Corporation's best interests and to disclose any interest which they may have in any project or opportunity to the Corporation. However, their interests in the other companies may affect their judgment and cause such directors to act in a manner that is not necessarily in the best interests of the Corporation.

DIVIDENDS OR DISTRIBUTIONS

Since incorporation, Etrion has not paid any cash dividends or distributions on any of its securities. Dividends on its securities will be paid solely at the discretion of Etrion's board of directors after taking into account the financial condition of Etrion and the economic environment in which it is operating. No dividends are expected to be paid in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Etrion is authorized to issue an unlimited number of common shares, of which 158,501,120 are issued and outstanding as of the date of this AIF, and an unlimited number of preferred shares, in series, of which none have been issued as of the date of this AIF. The following is a general description of the material rights, privileges, restrictions and conditions attached to each class of shares.

Common Shares

The holders of common shares are entitled to receive notice of, to attend and vote at any meetings of the shareholders, to receive such dividends declared by the board of directors and to receive the remaining property of the Corporation on dissolution after creditors and holders of the preferred shares outstanding at the time have been satisfied.

Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares issuable in one or more series. The directors of the Corporation may fix from time to time and before issue of a particular series of preferred shares the number of shares which are to comprise the series (which may be a limited or unlimited number) and the designation, special rights and restrictions and conditions to be attached to such series of preferred shares,

including, without limitation, the rate or amount of dividends or the method of calculating dividends, the dates of payment of dividends, the redemption, purchase and/or conversion prices, and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions.

The preferred shares of each series shall with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, or any other return of capital or distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and over any other shares of the Corporation ranking junior to the preferred shares. The preferred shares of any series may also be given other preferences, not inconsistent with the Articles of the Corporation, over the Common Shares and any other shares of the Corporation ranking junior to the preferred shares.

Unless otherwise provided by the provisions of the BCBCA, the holders of each series of preferred shares will not as such be entitled to receive notice of or vote at any meeting of shareholders of the Corporation.

There are no constraints imposed on the ownership of the securities of the Corporation. To the best of the Corporation's knowledge, no ratings have been received from any rating organization regarding the securities of the Corporation.

MARKET FOR SECURITIES

The common shares of the Corporation are listed for trading on the Toronto Stock Exchange under the symbol "ETX". As at the date of this AIF, Etrion's outstanding securities consisted of 158,501,120 common shares and 11,763,640 stock options.

The following table sets out the price range for, and trading volume of, the common shares of the corporation on the Toronto Stock Exchange as reported by the Toronto Stock Exchange for the periods indicated:

		TSX		
		Price Range		Volume
		High	Low	
(in Canadian Dollars)				
2010				
	March ⁽¹⁾	0.67	0.56	133,800
	February	0.76	0.55	1,211,729
	January	0.85	0.58	1,483,074
2009				
	December	0.69	0.53	524,567
	November	0.75	0.52	1,031,315
	October	0.70	0.50	1,603,197
	September	0.60	0.42	315,190
	August	0.69	0.43	4,760,829
	July	0.59	0.39	349,983
	June	0.43	0.34	666,016
	May	0.42	0.30	1,096,983
	April	0.36	0.26	2,471,528
	March	0.30	0.16	12,537,365
	February	0.54	0.27	280,695
	January	0.44	0.22	428,257

Note:

(1) Partial month from March 1, 2010 to March 12, 2010.

PRIOR SALES

During the financial year ended December 31, 2009, the following securities of the Corporation that are not listed or quoted on a marketplace were issued as follows:

Date of Issue	Number and Type of Securities Issued
May 13, 2009	1,670,000 Options ⁽¹⁾
September 10, 2009	200,000 Options ⁽²⁾
September 11, 2009	2,340,000 Options ⁽³⁾
October 20, 2009	300,000 Options ⁽⁴⁾

Notes:

- (1) On May 13, 2009, the Corporation granted to certain directors, officers and employees of the Corporation options (“Options”) to purchase an aggregate of 1,670,000 common shares of the Corporation. The Options are exercisable at CDN\$0.35 per share and expire on May 13, 2014.
- (2) On September 10, 2009, the Corporation granted to a director and a director/officer of the Corporation Options to purchase an aggregate of 200,000 common shares of the Corporation. The Options are exercisable at CDN\$0.55 per share and expire on September 10, 2014.
- (3) On September 11, 2009, the Corporation granted to a director/officer, an officer and certain employees of the Corporation Options to purchase an aggregate of 2,340,000 common shares of the Corporation. The Options are exercisable at CDN\$0.55 per share and expire on September 11, 2014.
- (4) On October 20, 2009, the Corporation granted to an employee of the Corporation Options to purchase an aggregate of 300,000 common shares of the Corporation. The Options are exercisable at CDN\$0.60 per share and expire on October 20, 2014.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this AIF, no securities of the Corporation are subject to escrow or contractual restrictions on transfer.

DIRECTORS AND OFFICERS

The following table sets forth, for each director and executive officer of Etrion, his name, municipality, province or state and country of residence, all positions and offices held by him, the month and year in which he was first elected a director and his principal occupations during the preceding five (5) years.

Name and Municipality of Residence ⁽¹⁾	Offices Held	Director Since	Principal Occupation During the Last Five Years
Ian H. Lundin ⁽²⁾⁽⁴⁾ Coppet, Switzerland	Director	September 10, 2009	Chairman of Lundin Petroleum AB, an oil and gas company since 2002.
Marco A. Northland Cologny, Switzerland	Chief Executive Officer and Director	September 10, 2009	Chief Executive Officer of the Corporation since September 2009. Previously, Chief Executive Officer and Vice Chairman of Etrion S.A., a private renewable energy company, from October 2008 to September 2009. General Manager (Europe Systems) of SunPower Systems S.A., a solar energy company, from September 2005 to September 2008. Vice President (Projects) of PowerLight System, a solar energy systems provider (merged into SunPower Corporation), from July 2005 to September 2005. Chief Operating Officer and Executive Vice President of AT&T Latin America, a telecommunication company, from June 2000 to February 2004.

Name and Municipality of Residence⁽¹⁾	Offices Held	Director Since	Principal Occupation During the Last Five Years
Clarence Cottman III ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Ventura, California, USA	Director	June 2003	Chairman and Chief Executive Officer of NiMin Energy Corp., an oil and gas company, since January 2007. Previously Mr. Cottman was Vice Chairman of the Corporation from December 2006 to September 2009 and Chief Financial Officer of the Corporation from June 2003 to December 2006.
C. Ashley Heppenstall ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Cologny, Switzerland	Director	February 2008	President and Chief Executive Officer of Lundin Petroleum AB since 2001.
John Hunter Craig ⁽³⁾⁽⁵⁾ Toronto, Ontario, Canada	Director	February 2008	Currently, Barrister and Solicitor, and a Partner at the law firm of Cassels Brock & Blackwell LLP.
Garrett Soden Geneva, Switzerland	Chief Financial Officer	N/A	Chief Financial Officer of the Corporation since December 2006. Previously, Mr. Soden was Corporate Development Manager for the Corporation since March 2006 and prior to that an Equity Research Analyst for Lehman Brothers from 2005 to 2006. Mr. Soden was a Senior Policy Advisor at the US Department of Energy in 2002 and again in 2004-2005.
David Knight Toronto, Ontario, Canada	Corporate Secretary	N/A	Currently, Barrister and Solicitor, and a Partner at the law firm of Macleod Dixon LLP.

Notes:

- (1) The term of office of each director expires at the next annual meeting of shareholders.
- (2) Member of the Audit Committee.
- (3) Member of the Reserves Committee.
- (4) Member of the Corporate Governance and Nominating Committee.
- (5) Member of the Compensation Committee.

As at the date of this AIF, the directors and the executive officers of Etrion, as a group, beneficially owned, or controlled or directed, directly or indirectly, 3,605,000 common shares of the Corporation or approximately 2.3% of the issued and outstanding common shares. Further, Mr. Lundin is the Chairman of Lundin Petroleum, and Mr. Heppenstall is the President and Chief Executive Officer of Lundin Petroleum and is a managing director of Lundin BV, although he is not a significant shareholder thereof, which holds 71,020,500 common shares of the Corporation. Additionally certain Lundin family trusts hold, in the aggregate, approximately 31.7% of the shares of Lundin Petroleum, which indirectly holds 71,020,500 common shares of the Corporation. Certain Lundin family trusts also hold approximately 21,236,352 common shares of the Corporation. Furthermore, the directors and executive officers of Etrion hold options to acquire an additional 4,260,000 common shares of the Corporation.

The information as to common shares beneficially owned, or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the directors and executive officers individually.

Corporate Cease Trade Orders

No director or executive officer of the Corporation is, as at the date of this AIF, or was, within 10 years prior to the date of this AIF, a director, chief executive officer or chief financial officer of any Corporation (including Etrion) that:

- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive

- officer was acting in the capacity as director, chief executive officer or chief financial officer of the relevant corporation; or
- (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant corporation access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

No director or executive officer of the Corporation, nor any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Bankruptcies

Except for Mr. Northland who was the Chief Operating Officer of AT&T Latin America when it filed for bankruptcy protection in 2003, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (i) is, at the date of this AIF, or has been within 10 years prior to the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (ii) has, within 10 years prior to the date of the AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which the directors and officers of Etrion will be subject in connection with the operations of Etrion. In particular, certain of the directors and officers of Etrion are involved in managerial or director positions with other energy companies whose operations may, from time to time, be in direct competition with those of Etrion or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Etrion. See "*Directors and Officers*". Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, management of the Corporation is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any shareholder of the Corporation that beneficially owns, or controls or directs, directly or indirectly more than 10% of the voting securities of the Corporation or any associate or affiliate of such persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of the Corporation, there are no legal proceedings that involve a claim for damages, the amount of which, exclusive of interest and costs, exceeds 10% of Etrion's current assets, to which the Corporation is or was a party to or of which any of its properties is or was the subject of, during the financial year ended December 31, 2009, nor are there any such proceedings known to the Corporation to be contemplated.

To the knowledge of the Corporation, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the Corporation's last financial year; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a securities regulatory authority during the last financial year.

AUDIT COMMITTEE

Audit Committee Charter

The Corporation's Audit Committee Mandate is attached hereto as Appendix A.

Composition of the Audit Committee

Ashley Heppenstall (Chairman), Clancy Cottman and Ian Lundin serve as the Audit Committee of the board of Etrion.

Relevant Education and Experience

The following is a summary of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member including such education and experience that provides the member with an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements; and an understanding of internal controls and procedures for financial reporting.

Each of the members of the Audit Committee is independent of management, financially literate, and possessed of an understanding of the accounting principles, internal controls and procedures for financial reporting used by Etrion.

Name of Audit Committee Member	Relevant Education and Experience
C. Ashley Heppenstall	Currently, President and Chief Executive Officer of Lundin Petroleum AB since 2001. Mr Heppenstall is a graduate of the University of Durham where he obtained a degree in Mathematics. In his various roles at Lundin Petroleum, including as CFO, Mr. Heppenstall has extensive experience overseeing the preparation of financial statements.
Clancy Cottman	Currently, Chairman and Chief Executive Officer of NiMin Energy Corp. since January 2007. Mr. Cottman holds a BA from Rochester Institute of Technology and an MBA from the University of Rhode Island. In his various roles at the Corporation's predecessor company, PetroFalcon Corporation, including as Chief Financial Officer, Mr. Cottman has extensive experience overseeing the preparation of financial statements.
Ian Lundin	Currently, Chairman of Lundin Petroleum AB since 2002. Mr. Lundin graduated from the University of Tulsa with a Bachelor of Science in Petroleum Engineering. In his various roles with companies in The Lundin Group, including as Chief Executive Officer of Lundin Oil and its successor, Lundin Petroleum, Mr. Lundin has extensive experience overseeing the preparation of financial statements.

Pre-approval Policies and Procedures

The Audit Committee shall review and pre-approve any material engagement for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees and consider the effect on the independence of the external auditor.

External Auditor Service Fees (By Category)

Type of service provided	Year-ended December 31, 2009	Year-ended December 31, 2008
Audit fees (including quarterly reviews)	CDN\$188,677	CDN\$169,500
Audit-related fees	CDN\$19,029	CDN\$68,570
Tax fees	CDN\$155,954	CDN\$238,406
All other fees (including non-audit services relating to corporate restructuring assistance, CRA audits assistance and general tax consulting)	0	0
Total	CDN\$363,660	CDN\$476,476

REGISTRAR AND TRANSFER AGENT

Etrion's registrar and transfer agent is Computershare Trust Corporation of Canada at its primary office at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The only material contract, other than contracts entered into in the ordinary course of business, that were entered into during the Company's most recently completed financial year, or before the most recently completed financial year but are still in effect, is the Shareholders Agreement, the particulars of which are described under the heading "*General Development of the Business - Three Year History - 2009*".

INTERESTS OF EXPERTS

There is no person or Corporation who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under NI 51-102 by Etrion during, or related to, its most recently completed financial year and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or Corporation, other than PricewaterhouseCoopers LLP.

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 15, 2010 in respect of the Corporation's consolidated financial statements as at December 31, 2009 and 2008, and for each of the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Etrion.

ADDITIONAL INFORMATION

Additional information concerning Etrion is available through the internet on SEDAR under the Corporation's profile, which may be accessed at www.sedar.com.

Additional information, including information (to the extent applicable) regarding directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans and interests of insiders is contained in Etrion's Management Information Circular dated as of August 11, 2009, in respect of its September 10, 2009, annual and special meeting. Additional financial information is contained in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2009, and all such documents incorporated herein by reference or mentioned herein are available without charge on SEDAR under the Corporation's profile at www.sedar.com and by contacting the Corporation's offices at 5 chemin de la Pallanterie, CH - 1222 Vézenaz, Switzerland, telephone: +41 22 715 2090, facsimile: +41 22 715 2099.

APPENDIX A AUDIT COMMITTEE MANDATE

Purpose

1. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provided to shareholders of the Corporation and others, the systems of corporate financial controls that management and the Board have established and the audit process. More specifically, the purpose of the Audit Committee is to satisfy itself that:
 - (a) The Corporation's annual financial statements are fairly presented in accordance with generally accepted accounting principles and to recommend to the Board whether the annual financial statements should be approved.
 - (b) The information contained in the Corporation's quarterly financial statements, annual report to shareholders and other financial publications, such as management's discussion and analysis, is complete and accurate in all material respects and to approve these materials.
 - (c) The Corporation has appropriate systems of internal control over the safeguarding of assets and financial reporting to ensure compliance with legal and regulatory requirements.
 - (d) The internal and external audit functions have been effectively carried out and that any matter that the internal or the independent auditors wish to bring to the attention of the Board has been addressed. The Audit Committee will also recommend to the Board the re-appointment or appointment of auditors and their remuneration.

Composition and Process

2. Following each annual meeting of shareholders of the Corporation, the Board shall appoint not less than three directors to serve on the Audit Committee, each of whom shall:
 - (a) be independent as that term is defined in then current laws applicable to the Corporation; and
 - (b) be financially literate as such term is defined in then current laws applicable to the Corporation.
3. The Chairman of the Audit Committee shall be appointed by the Board and shall be independent as that term is defined in then current laws applicable to the Corporation.
4. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Corporation. Each member of the Audit Committee shall hold office until the close of the next annual meeting of shareholders of the Corporation or until the member resigns or is replaced, whichever first occurs.
5. The Audit Committee will meet at least four times per year. The meetings will be scheduled to permit timely review of the interim and annual financial statements. Additional meetings may be held as deemed necessary by the Chairman of the Audit Committee or as requested by any member of the Audit Committee or by the internal or external auditors.
6. If all members consent, and proper notice has been given or waived, a member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

7. The Chairman of the Audit Committee appointed by the Board will, in consultation with management, the members of the Audit Committee and the internal and external auditors, determine the schedule, time and place of meetings, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members and other attendees with sufficient time for study prior to the meeting.
8. A quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of the members of the Audit Committee. Questions arising at any meeting shall be determined by a majority of votes of the members of the Audit Committee present.
9. The Audit Committee may invite such directors, officers and employees of the Corporation as it may see fit from time to time to attend meetings of the Audit Committee and assist in the discussion and consideration of the business of the Audit Committee, but without voting rights.
10. The Audit Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require.
11. Supporting schedules and information reviewed by the Audit Committee will be available for examination by any director upon request to the Secretary of the Corporation.
12. The Audit Committee shall choose as its secretary such person as it deems appropriate.
13. The internal and external auditors shall be given notice of, and have the right to appear before and to be heard at, every regularly scheduled meeting of the Audit Committee, and shall appear before the Audit Committee when requested to do so by the Audit Committee.

Duties and Responsibilities

14. Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board:

- (a) Financial Reporting Control Systems

The Audit Committee shall:

- (i) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;
- (ii) review any letters from the external auditors to management with respect to internal controls and the Corporation's responses thereto;
- (iii) annually review the Audit Committee Mandate;
- (iv) review any new appointments to senior positions of the Corporation with financial reporting responsibilities; and
- (v) discuss with the external auditors the overall control environment and the adequacy of accounting system controls.

(b) Interim Financial Statements

The Audit Committee shall:

- (i) review the Corporation's interim financial statements and related management discussion and analysis ("MD&A") and provide to the Board a recommendation as to whether the interim financial statements and MD&A should be approved; and
- (ii) review any interim earnings press release before it is publicly disclosed.

(c) Annual Financial Statements and Other Financial Information

The Audit Committee shall:

- (i) review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements;
- (ii) obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration;
- (iii) obtain draft annual financial statements in advance of the Audit Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Corporation;
- (iv) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;
- (v) discuss the annual financial statements and the auditors' report thereon in detail with officers of the Corporation and the auditors;
- (vi) review the Corporation's annual MD&A;
- (vii) provide to the Board a recommendation as to whether the annual financial statements and MD&A should be approved;
- (viii) review any annual earnings press release before it is publicly disclosed; and
- (ix) review insurance coverage including directors' and officers' liability coverage.

(d) Public Disclosure of Financial Information

The Audit Committee shall:

- (i) ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in sections 14(b) and 14(c) above; and
- (ii) periodically assess the adequacy of such procedures.

(e) External Audit Terms of Reference, Reports, Planning and Appointment

To preserve the independence of the external auditor responsible for issuing an auditor's report or performing other audit review or attest services for the Corporation, the Audit Committee shall:

- (i) review the audit plan with the external auditors;
- (ii) discuss with the external auditors, without management present, matters affecting the conduct of their audit and other corporate matters;
- (iii) recommend to the Board each year the retention or replacement of the external auditors; if there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition; and evaluate the external auditor's qualifications, performance and independence;
- (iv) review the experience and qualifications of the senior members of the external auditors, ensure that the lead audit partner is replaced periodically in accordance with applicable law or audit practices, and that the audit firm continues to be independent;
- (v) review and pre-approve any engagements for non-audit services to be provided by the external auditor and its affiliates in light of the estimated fees and impact on the external auditor's independence, subject to any *de minimus* exception allowed by applicable law, provided that the Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve non-audit services and provided further that any non-audit services that have been pre-approved by any such delegate of the Audit Committee must be presented to the Audit Committee at its first scheduled meeting following such pre-approval;
- (vi) review with management and with the external auditor:
 - (1) any proposed changes in major accounting policies;
 - (2) the presentation and impact of significant risks and uncertainties; and
 - (3) key estimates and judgements of management that may be material to financial reporting;
- (vii) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation in compliance with the requirements set out in section 2.4 of National Instrument 52-110;
- (viii) ensure that the external auditor reports directly to the Audit Committee;
- (ix) be directly responsible for overseeing the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of

disagreements between management and the external auditor regarding financial reporting; and

- (x) annually review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor.
- (f) Procedure for Complaints regarding Accounting, Internal Controls or Auditing Matters

The Audit Committee shall:

- (i) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and
- (ii) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

Reporting and Authority

- 15. The Audit Committee shall report to the Board at its next regular meeting all such action it has taken since the previous report.
- 16. The Audit Committee is empowered to investigate any activity of the Corporation and all employees are to co-operate as requested by the Audit Committee. The Audit Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.
- 17. The Audit Committee is authorized to request the presence at any meeting, but without voting rights, of a representative from the external auditors, senior management, internal audit, legal counsel or anyone else who could contribute substantively to the subject of the meeting and assist in the discussion and consideration of the business of the Audit Committee, including directors, officers and employees of the Corporation.

Governance

- 18. The Audit Committee is responsible to review on a regular basis and at its discretion make recommendations to the Board regarding confirmation of or changes to be made to its Mandate and the position description of its Chairman.

Advisors

- 19. The Audit Committee has the power, at the expense of the Corporation, to retain, instruct, compensate and terminate independent advisors to assist the Audit Committee in the discharge of its duties.

Audit Committee Timetable

- 20. The timetable on the following page outlines the Audit Committee's schedule of activities during the year.

	<i>Meeting Timing</i>	March	May	August	November
Agenda Item					
A. Financial Reporting Control Systems					
(1) Review reports from senior officers outlining changes in financial risks.		X	X	X	X
(2) Review management letter of external auditors and Corporation's responses to suggestions made.		X			
(3) Review the Audit Committee Mandate		X			
(4) Review any new appointments to senior positions with financial reporting responsibilities		X	X	X	X
(5) Obtain assurance from both internal and external auditors regarding the overall control environment and the adequacy of account system controls.		X	X	X	X
B. Interim Financial Statements					
(1) Review Interim financial statements with officers of the Corporation and approve prior to their release.			X	X	X
(2) Review narrative comment accompanying interim financial statements.			X	X	X
(3) Review interim earnings press release, if any			X	X	X
C. Annual Financial Statements and Other Financial Information					
(1) Review any changes in accounting policies or financial reporting requirements that may affect the current year's financial statements		X	X	X	X
(2) Obtain summaries of significant transactions, and other potentially difficult matters whose treatment in the annual financial statements merits advance consideration.		X	X	X	X

<i>Meeting Timing</i>		March	May	August	November
(3)	Obtain draft annual financial statements in advance of the Audit Committee meeting and assess, on a preliminary basis, the reasonableness of the financial statements in light of the analyses provided by officers of the Corporation.	X			
(4)	Review a summary of the status of any material pending or threatened litigation, claims and assessments.	X	X	X	X
(5)	Discuss the annual financial statements and the auditors' report thereon in detail with officers of the Corporation and the auditors.	X			
(6)	Review the annual report and other annual financial reporting documents.	X			
(7)	Provide to the Board a recommendation as to whether the annual financial statements should be approved.	X			
(8)	Review annual earnings press release, if any	X			
(9)	Review insurance coverage.				X
D.	External Audit Terms of Reference, Reports, Planning and Appointment				
(1)	Review the audit plan with the external auditors.				X
(2)	Discuss in private with the external auditors matters affecting the conduct of their audit and other corporate matters.	X			
(3)	Recommend to the Board the retention or replacement of the external auditors. If there is a plan to change auditors, review all issues related to the change and the steps planned for an orderly transition.	X			
(4)	Review and recommend for approval to the Board the terms of engagement and the remuneration of the external auditor.		X		

Revised as of March 15, 2010.