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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2015

UNAUDITED

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2015

UNAUDITED

Expressed in US$'000

	Note	March 31 2015 $'000	March 31 2014 $'000
Revenue	5	10,387	8,367
Operating expenses	6	(8,008)	(7,499)
Gross profit		**2,379**	**868**
General and administrative expenses	7	(2,424)	(2,367)
Other expenses		(23)	-
Operating loss		**(68)**	**(1,499)**
Finance income	8	6,411	148
Finance costs	8	(9,017)	(9,234)
Net finance costs		**(2,606)**	**(9,086)**
Loss before income tax		**(2,674)**	**(10,585)**
Income tax recovery	9	191	2,377
Loss for the period		**(2,483)**	**(8,208)**
Other comprehensive loss:			
Items that may be subsequently reclassified to profit and loss			
(Loss)/ gain on currency translation		(179)	931
Loss on cash flow hedges (net of tax)		(903)	(3,676)
Total other comprehensive loss		**(1,082)**	**(2,745)**
Total comprehensive loss for the period		**(3,565)**	**(10,953)**
Loss attributable to:			
Owners of the Company		(1,614)	(8,204)
Non-controlling interest	11	(869)	(4)
Total comprehensive loss attributable to:			
Owners of the Company		(2,735)	(10,949)
Non-controlling interest	11	(830)	(4)
Basic and diluted loss per share	10	**$(0.00)**	**$(0.03)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT MARCH 31, 2015

UNAUDITED

Expressed in US$'000

	Note	March 31 2015 $'000	December 31 2014 $'000
Assets			
Non-current assets			
Property, plant and equipment	12	456,798	477,655
Intangible assets	13	29,577	30,942
Deferred income tax assets		12,334	14,426
Trade and other receivables		2,506	2,822
Total non-current assets		**501,215**	**525,845**
Current assets			
Trade and other receivables		47,989	46,918
Cash and cash equivalents (including restricted cash)	14	70,604	95,349
Total current assets		**118,593**	**142,267**
Total assets		**619,808**	**668,112**
Equity			
Attributable to owners of the Company			
Share capital	15	111,300	111,300
Contributed surplus		11,272	11,048
Other reserves		(30,810)	(29,837)
Accumulated deficit		(64,082)	(62,468)
Total attributable to owners of the Company		**27,680**	**30,043**
Non-controlling interest	11	**2,057**	**2,887**
Total equity		**29,737**	**32,930**
Liabilities			
Non-current liabilities			
Borrowings	17	451,019	454,969
Derivative financial instruments	18	42,592	47,192
Deferred income tax liabilities		418	480
Provisions		5,756	5,221
Other liabilities		21,573	21,503
Total non-current liabilities		**521,358**	**529,365**
Current liabilities			
Trade and other payables		16,058	24,110
Current tax liabilities		142	458
Borrowings	17	42,464	70,282
Derivative financial instruments	18	7,638	8,203
Provisions		695	784
Other liabilities		1,716	1,930
Total current liabilities		**68,713**	**105,817**
Total liabilities		**590,071**	**635,182**
Total equity and liabilities		**619,808**	**668,112**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2015

UNAUDITED

Expressed in US$'000

		Attributable to owners of the Company						
	Note	Share capital $'000	Contributed surplus $'000	Other reserves $'000	Accumulated deficit $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
Balance at January 1, 2014		**34,879**	**10,573**	**(11,981)**	**(45,765)**	**(12,294)**	**956**	**(11,338)**
Comprehensive loss:								
- Loss for the period		-	-	-	(8,204)	(8,204)	(4)	(8,208)
- Other comprehensive loss:								
Cash flow hedges (net of tax)	8	-	-	(3,617)	-	(3,617)	-	(3,617)
Currency translation		-	-	931	-	931	-	931
Total comprehensive loss		**-**	**-**	**(2,686)**	**(8,204)**	**(10,890)**	**(4)**	**(10,894)**
Transactions with owners in their capacity as owners:								
- Share issuance	15	76,280	-	-	-	76,280	-	76,280
- Stock options exercised	16	62	(24)	-	-	38	-	38
- Share-based payments		-	79	-	-	79	-	79
- Written call option		-	-	173	-	173	-	173
Balance at March 31, 2014		**111,221**	**10,628**	**(14,494)**	**(53,969)**	**53,386**	**952**	**54,338**
Balance at January 1, 2015		**111,300**	**11,048**	**(29,837)**	**(62,468)**	**30,043**	**2,887**	**32,930**
Comprehensive loss:								
- Loss for the period					(1,614)	(1,614)	(869)	(2,483)
- Other comprehensive gain/(loss):								
Cash flow hedges (net of tax)	8	-	-	(889)	-	(889)	39	(850)
Currency translation		-	-	(188)	-	(188)	-	(188)
Total comprehensive loss		**-**	**-**	**(1,077)**	**(1,614)**	**(2,691)**	**(830)**	**(3,521)**
Transactions with owners in their capacity as owners:								
- Share-based payments		-	224	-	-	224	-	224
- Written call option		-	-	104	-	104	-	104
Balance at March 31, 2015		**111,300**	**11,272**	**(30,810)**	**(64,082)**	**27,680**	**2,057**	**29,737**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

FOR THE THREE MONTHS ENDED MARCH 31, 2015

UNAUDITED

Expressed in US$'000

	Note	March 31 2015 $'000	March 31 2014 $'000
Cash flow used in operating activities:			
Loss for the period		**(2,483)**	**(8,208)**
Adjustments for:			
Depreciation and amortization	6/7	5,572	5,272
Current income tax recovery	9	(1,190)	(3,075)
Deferred income tax expense	9	999	698
Share-based payment expense	7/16	224	67
Interest expense	8	6,328	4,095
Interest expense relating to interest rate swap contracts	8	2,016	2,440
Amortization of transaction costs	8	331	230
Foreign exchange (gain)/loss	8	(6,302)	970
Fair value changes associated with derivative financial instruments	8	77	1,184
Other expenses		23	-
Sub-total		**5,595**	**3,673**
Changes in working capital:			
Increase in trade and other receivables		(4,942)	(16,976)
Decrease in trade and other payables		(8,394)	(1,104)
Income tax paid		(334)	-
Total cash flow used in operating activities		**(8,075)**	**(14,407)**
Cash flow from investing activities:			
Purchases of property, plant and equipment		(9,882)	(2,198)
Purchases of intangible assets		(335)	(1,568)
Total cash flow used in investing activities		**(10,217)**	**(3,766)**
Cash flow used in financing activities:			
Interest paid	17	(4,907)	(2,719)
Interest paid relating to interest rate swap contracts		(2,367)	(3,039)
Repayment of borrowings	17	(2,922)	(7,340)
Proceeds from borrowings	17	9,329	2,343
Repayment of Lundin loan facility	19	-	(18,394)
Proceeds from stock-options exercised	16	-	38
Proceeds from the issuance of shares		-	76,280
Total cash flow from financing activities		**(867)**	**47,169**
Net (decrease)/increase in cash and cash equivalents		**(19,159)**	**28,996**
Effect of foreign exchange rate differences		(5,586)	150
Cash and cash equivalents (including restricted cash) at the beginning of the year		95,349	94,914
Cash and cash equivalents (including restricted cash) at the end of the year		**70,604**	**124,060**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 1600-925 West Georgia St, Vancouver, British Columbia V62 3L2, Canada. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under the same ticker symbol, "ETX".

Etrion is an independent power producer that develops, builds, owns and operates solar power generation plants. The Company owns 130 megawatt ("MW") of installed solar capacity in Italy and Chile. The Company has 34 MW of solar projects under construction in Japan and is also actively developing greenfield solar power projects in Japan and Chile.

These condensed consolidated interim financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's functional currency is the Euro. However, since the Group operates in Europe, the Americas and Asia and is listed in both Canada (Primary) and Sweden (Secondary), certain financial information within the notes to these consolidated financial statements has been presented in Euros ("€"), Canadian dollars ("CAD$"), Japanese yen ("¥") and Swedish Krona ("SEK").

The Company's Board of Directors approved these consolidated interim financial statements on May 5, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with *IAS 34, Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2014. Certain reclassifications have been made to information from the prior year in order to conform to the current presentation.

These condensed consolidated interim financial statements have been drawn up on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2014.

(b) GOING CONCERN

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2015 have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future.

At March 31, 2015, the Group had cash and cash equivalents of $70.6 million, $31.2 million of which was unrestricted and held at the parent level (December 31, 2014: $95.3 million and $33.9 million) and working capital of $49.8 million (December 31, 2014: $36.5 million). During the three months ended March 31, 2015, the Group incurred a net loss of $2.5 million (2014: $8.2 million). However, the Company's management is confident that the Group will be able to fund its working capital requirements for at least twelve months from the date of these consolidated financial statements.

These condensed consolidated interim financial statements for the three months ended March 31, 2015 do not include the adjustments that would result if the Group were unable to continue as a going concern.

(c) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

4. SEGMENT REPORTING

The Company's management has determined the operating segments based on reports reviewed by the Board of Directors used to make strategic decisions. The Board of Directors considers reportable segments from a products and services perspective and measures performance based on earnings before interest, tax, depreciation and amortization ("EBITDA"). The Company's management has identified one reportable segment, the renewable energy segment, which includes the Group's solar power projects. While the Company's management has determined that the Company has only one reportable segment, the Company has decided to disclose the additional information below as it believes that this information is useful for readers of the consolidated financial statements.

The Group's electricity is sold to the Italian state-owned company Gestore Servizi Energetici ("GSE") and also in the Chilean electricity market.

The Group's revenues, EBITDA and results can be presented as follows:

	Three months ended March 31, 2015			Three months ended March 31, 2014		
	Renewable energy $'000	Corporate $'000	Total $'000	Renewable energy $'000	Corporate $'000	Total $'000
Revenue	**10,387**	**-**	**10,387**	**8,367**	**-**	**8,367**
Operating expenses	(2,518)	-	(2,518)	(2,316)	-	(2,316)
General and administrative expenses	(304)	(2,038)	(2,342)	(311)	(1,967)	(2,278)
Other expenses	(59)	36	(23)	-	-	-
EBITDA	**7,506**	**(2,002)**	**5,504**	**5,740**	**(1,967)**	**3,773**
Depreciation and amortization	(5,490)	(82)	(5,572)	(5,183)	(89)	(5,272)
Finance income	(39)	6,450	6,411	143	5	148
Finance costs	(7,036)	(1,981)	(9,017)	(6,180)	(3,054)	(9,234)
(Loss)/gain before income tax	**(5,059)**	**2,385**	**(2,674)**	**(5,480)**	**(5,105)**	**(10,585)**
Income tax recovery (expense)	256	(65)	191	2,440	(63)	2,377
Net loss for the period	**(4,803)**	**2,320**	**(2,483)**	**(3,040)**	**(5,168)**	**(8,208)**

4. SEGMENT REPORTING (CONTINUED)

The Group's assets and liabilities can be presented as follows:

	March 31, 2015			December 31, 2014		
	Renewable energy $'000	Corporate $'000	Total $'000	Renewable energy $'000	Corporate $'000	Total $'000
Property, plant and equipment	456,584	214	456,798	477,414	241	477,655
Intangible assets	25,315	4,262	29,577	25,168	5,774	30,942
Cash and cash equivalents	39,384	31,220	70,604	61,463	33,886	95,349
Other assets	60,950	1,879	62,829	61,771	2,395	64,166
Total assets	**582,233**	**37,575**	**619,808**	**625,816**	**42,296**	**668,112**
Borrowings	405,999	87,484	493,483	428,542	96,709	525,251
Trade and other payables	14,449	1,609	16,058	19,885	4,225	24,110
Other liabilities	79,136	1,394	80,530	83,836	1,985	85,821
Total liabilities	**499,584**	**90,487**	**590,071**	**532,263**	**102,919**	**635,182**

5. REVENUE

	March 31 2015 $'000	March 31 2014 $'000
Feed-in tariff ("FiT") revenue	5,804	7,409
Spot market price revenue	4,583	958
Total revenue	**10,387**	**8,367**

The Group's operating revenues arise from the sale of electricity in Italy and Chile.

In Italy, the Group receives revenues from 1) the FIT system, which is a 20-year commitment from the government to purchase 100% of the solar production at a constant premium rate, received directly from the Italian government through the state-owned company GSE and 2) the spot market price that is received in addition to the FiT based on evacuated production.

In Chile, the electricity produced is sold in the country's electricity market and the Group receives revenues at spot market prices.

Solar-related revenues experience seasonality over the year due to the variability of daily sun hours in the summer versus winter months. However, the impact of seasonality on the Group's business is expected to decrease over time as the Group secures additional projects in Chile, which give the Company production in both the northern and southern hemispheres

6. OPERATING EXPENSES

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

O&M costs of $1.1 million for the three months ended March 31, 2015 (2014: $0.9 million) relate to fees and expenses incurred in connection with the operation and maintenance activities of the Group's solar power projects in Italy and Chile. The Group outsources these O&M services to third parties.

7. GENERAL AND ADMINISTRATIVE EXPENSES

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

General and administrative expenses of $0.3 million (2014: $1.6), representing internally-generated costs ($0.1 million) and third-party costs ($0.2 million), were capitalized during the period within intangible assets, as they directly related to the Group's business development activities. Note 13

8. FINANCE INCOME AND COSTS

	March 31 2015 $'000	March 31 2014 $'000
Finance income:		
Changes in fair values of derivative financial instruments:		
- Ineffective portion reclassified from other comprehensive income	101	113
Foreign exchange gain	6,302	-
Other finance income	8	35
Total finance income	**6,411**	**148**
Finance costs:		
Interest expense:		
- Credit facilities and non-recourse loans Note 17	4,574	3,231
- Interest rate swap contracts associated with non-recourse loans	2,016	2,440
- Corporate bond Note 17/19	1,783	1,828
- Credit facility with related party (Lundin family) Note 19	-	181
- Credit facilities with non-controlling interests	424	137
- Amortization of transaction costs	360	262
Changes in fair values of derivative financial instruments:		
- Ineffective portion reclassified from other comprehensive income	-	1,034
- De-designated portion reclassified from other comprehensive income	74	90
Written call option over shares in subsidiary	104	173
Foreign exchange loss	-	970
Other finance costs	164	201
Total finance costs before deducting amounts capitalized	**9,499**	**10,547**
Amounts capitalized on qualifying assets	(482)	(1,313)
Total finance costs	**9,017**	**9,234**
Net finance costs	**2,606**	**9,086**

The Group has seven credit facilities outstanding that are hedged using interest rate swap contracts and were used to finance the construction of its operating solar power projects in Italy and Japan. Refer to Note 17 and Note 18 for further details on the Group's credit facilities and derivative financial instruments.

In addition, the Group has also entered into fixed-rate credit facilities in order to finance the construction of its solar power plants in Chile. Applicable borrowings costs have been capitalized as assets under construction within property, plant and equipment. Note 12

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

9. INCOME TAXES

(a) INCOME TAX EXPENSE

	March 31 2015 $'000	March 31 2014 $'000
Current income tax recovery:		
Corporate income tax	952	2,415
Provincial income tax	238	660
Total current income tax recovery	**1,190**	**3,075**
Deferred income tax expense:		
Current period	(692)	349
Tax benefits	(307)	(1,047)
Total deferred income tax expense	**(999)**	**(698)**
Total income tax recovery	**191**	**2,377**

During the three months ended March 31, 2015, the Group recognized current income tax recovery of $1.2 million (2014: $3.1 million) associated with its Chilean and Italian solar power projects based on the forecasted effective tax rate expected during the year. Due to the seasonality of revenues generated from solar electricity in Italy and spot price volatility in Chile, the operating subsidiaries recognized taxable losses during the period.

During the three months ended March 31, 2015, the Group recognized a deferred income tax expense of $1.0 million (2014: $0.7 million) in relation to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

(b) CURRENT INCOME TAX LIABILITIES

	March 31 2015 $'000	December 31 2014 $'000
Corporate income tax	-	251
Provincial income tax	142	207
Total current income tax liabilities	**142**	**458**

10. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of shares outstanding during the period as follows:

	March 31 2015 $'000	March 31 2014 $'000
Loss attributable to owners of the Company	(1,614)	(8,204)
	Number of shares	
Weighted average number of shares outstanding	334,082,657	293,692,951
Basic and diluted loss per share[(1)]	**$(0.00)**	**$(0.03)**

Note:

(1) Diluted loss per share is equal to basic loss per share, as, due to the losses recognized during the periods, the stock options outstanding have an anti-dilutive effect.

Expressed in US$'000 unless otherwise stated

11. NON-CONTROLLING INTERESTS

Below is a summary of the financial information relating to PV Salvador SpA ("Salvador"), Shizukuishi Solar GK ("Shizukuishi") and Etrion Energy 1 GK ("Mito"), the Group's subsidiaries in which there is a non-controlling interest ("NCI").

Salvador is a Chilean entity that owns the licenses and permits to build and operate a 70 MW solar power plant in northern Chile ("Project Salvador"). Salvador is initially owned 70% by Etrion, 20% by Total Energie Developpement ("Total") and 10% by Solventus Chile SpA ("Solventus").

Mito and Shizukuishi are Japanese entities that own the licenses and permits to build and operate solar parks in Japan totaling 34 MW ("the Mito and Shizukuishi Projects"). Mito and Shizukuishi are owned approximately 87% by Etrion and 13% by Hitachi High-Tech ("HHT"). The Mito and Shizukuishi Projects are under construction and are expected to be fully operational by the end of 2015 and 2016, respectively. The summarized current and non-current assets/(liabilities) of the entities in which there is a non-controlling interest are as follows:

	March 31, 2015			December 31, 2014		
	Current	Non-current	Net	Current	Non-current	Net
Salvador	12,064	(6,157)	5,907	13,087	(4,286)	8,801
Mito	(3,420)	4,043	623	6,820	(6,270)	550
Shizukuishi	8,101	(6,548)	1,553	6,845	(5,502)	1,343
Total net assets/(liabilities)	**16,745**	**(8,662)**	**8,083**	**26,752**	**(16,058)**	**10,694**

The non-controlling interest at March 31, 2015, of $2.1 million (December 31, 2014: $2.8 million) represents the 30% minority interest in Salvador held by Total and Solventus and the 13% minority interest of Mito and Shizukuishi held by HHT. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of Salvador, other than those imposed by the lending bank related to cash distributions.

The summarized income statement for Salvador, Mito and Shizukuishi, including the portion allocated to NCI during the three months ended March 31, 2015, is as follows:

	Loss for the period	Comprehensive loss for the period	Comprehensive loss allocated to NCI
Salvador	(2,894)	(2,894)	(869)
Mito	(3)	82	11
Shizukuishi	(1)	215	28
Total	**(2,898)**	**(2,597)**	**(830)**

12. PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Solar power projects $'000	Assets under construction $'000	Equipment and furniture $'000	Total $'000
Cost:					
At December 31, 2014	**11,886**	**350,665**	**185,698**	**1,437**	**549,686**
Additions	-	-	17,722	976	18,698
Reclassification to solar power plants		175,809	(175,809)	-	-
Exchange differences	(1,135)	(37,559)	(3,735)	(186)	(42,615)
At March 31, 2015	**10,751**	**488,915**	**23,876**	**2,227**	**525,769**
Accumulated depreciation:					
At December 31, 2014	**-**	**70,722**	**-**	**1,309**	**72,031**
Charge for the period	-	5,131	-	121	5,252
Exchange differences	-	(7,714)	-	(598)	(8,312)
At March 31, 2015	**-**	**68,139**	**-**	**832**	**68,971**
Net book value:					
At December 31, 2014	11,886	279,943	185,698	128	477,655
At March 31, 2015	10,751	420,776	23,876	1,395	456,798

During the three months ended March 31, 2015, the Group capitalized as assets under construction $17.0 million of incurred capital expenditures associated with the 34 MW solar power projects in Japan.

On January 10, 2015, Project Salvador achieved 100% production capacity with no restrictions or incidents, and, the Company reclassified total construction costs to solar power projects, in accordance with the Group's accounting policies.

In addition, during the three months ended March 31, 2015, the Group capitalized $0.5 million (2014: $1.3 million) of borrowing costs associated with credit facilities obtained to finance the construction of Mito and Shizukuishi.

During the three months ended March 31, 2015, the Group recognized an increase in the dismantling costs associated with Project Salvador, resulting in an increase in the asset of $0.9 million and a corresponding increase in the dismantling provision.

13. INTANGIBLE ASSETS

	Goodwill $'000	Licenses and permits $'000	Internally generated development costs and other $'000	Total $'000
Cost:				
At December 31, 2014	**1,595**	**30,393**	**2,540**	**34,528**
Additions	-	-	335	335
Exchange differences	(184)	(1,187)	(325)	(1,696)
At March 31, 2015	**1,411**	**29,206**	**2,550**	**33,167**
Accumulated amortization:				
At December 31, 2014	**-**	**3,213**	**373**	**3,586**
Charge of the period	-	378	86	464
Exchange differences	-	(413)	(47)	(460)
At March 31, 2015	**-**	**3,178**	**412**	**3,590**
Net book value:				
At December 31, 2014	1,595	27,180	2,167	30,942
At March 31, 2015	1,411	26,028	2,138	29,577

General and administrative expenses of $0.3 million (2014: $1.6), representing internally-generated costs ($0.1 million) and third-party costs ($0.2 million), were capitalized during the period within intangible assets, as they directly related to the Group's business development activities. Note 7

14. CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH)

The Group's cash and cash equivalents (including restricted cash) are held in banks with high and medium credit ratings assigned by international credit agencies in Canada, Luxembourg, Switzerland, Italy, United States of America, Japan and Chile. The fair value of cash and cash equivalents approximates their carrying value due to short maturities.

	March 31 2015 $'000	December 31 2014 $'000
Cash at banks	70,604	95,349
Total	**70,604**	**95,349**

Included within cash and cash equivalents is restricted cash related to the Group's solar power projects as follows:

	March 31 2015 $'000	December 31 2014 $'000
Unrestricted cash and cash equivalents	31,220	33,886
Cash and cash equivalents restricted to solar power projects	39,384	61,463
Total	**70,604**	**95,349**

Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks for future repayment of interest and principal and working capital requirements related to the specific project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions.

Expressed in US$'000 unless otherwise stated

15. SHARE CAPITAL

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,082,657 are issued and outstanding at March 31, 2015 (December 31, 2014: 334,082,657). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all of the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors. No dividends were declared during the three months ended March 31, 2015 and 2014.

16. SHARE-BASED PAYMENTS

The Company maintains an equity-settled stock option awards scheme for employees, consultants, directors and officers. All outstanding stock options have a contractual term ranging from five to ten years and generally vest over a period of three years with the exercise price set equal to the market price at the date of grant.

In addition, the Company maintains a Restricted Share Unit (RSU) awards plan for employees, consultants, directors and officers. RSUs have a contractual term of approximately four years and have time-based and performance-based vesting conditions that are market and non-market based.

During the three months ended March 31, 2015, the Group recognized share-based payment expenses of $0.2 million (2014: $0.1 million) related to its stock option and RSU award schemes. Note 8. Changes in the Company's outstanding stock options and RSUs are as follows:

	Number of share options	Weighted average exercise price CAD$
At December 31, 2014	**5,380,000**	**0.48**
Expired	(580,000)	0.61
At March 31, 2015	**4,800,000**	**0.47**
Stock options exercisable:		
At December 31, 2014	4,081,333	0.52
At March 31, 2015	3,689,334	0.51

The Company recognizes an expense within general and administrative expenses when stock options are granted to employees, consultants, directors and officers using the fair value method at the date of grant. Share-based compensation is calculated using the Black-Scholes option pricing model for stock options and the grant date share fair value for RSUs with service and non-market performance conditions. For RSUs with market-based performance conditions share-based compensation is calculated using an adjusted share fair value at the grant date calculated with a valuation model that incorporates all the variables included in the market vesting conditions.

	Number of RSUs
At December 31, 2014	**6,660,440**
Cancelled	(18,324)
At March 31, 2015	**6,642,116**

17. BORROWINGS

	Corporate borrowings $'000	Non-recourse project loans $'000	Total $'000
At January 1, 2015	**96,709**	**428,542**	**525,251**
Proceeds from loans	-	9,329	9,329
Repayment of loans and interest	-	(7,828)	(7,828)
Accrued interest	1,783	4,576	6,359
Amortization of transaction costs	84	265	349
Exchange difference	(11,092)	(28,885)	(39,977)
At March 31, 2015	**87,484**	**405,999**	**493,483**
- Current portion	3,003	39,461	42,464
- Non-current portion	84,481	366,538	451,019

At March 31, 2015, the Group was not in breach of any of the imposed operational and financial covenants associated with its corporate borrowings and non-recourse project loans.

(a) CORPORATE BORROWINGS

At March 31, 2015, the Group had €80 million of corporate bonds outstanding in the Norwegian bond market issued by the Company in April 2014 at 8.0% annual interest with a 5-year maturity. The carrying amount of the corporate bond as at March 31, 2015, including accrued interest net of transaction costs, was $87.5 million (December 31, 2014: $96.7 million).

(b) NON-RECOURSE PROJECT LOANS

Group's Italian subsidiaries

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

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

Group's Chilean subsidiaries

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

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

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

17. BORROWINGS (CONTINUED)

(b) NON-RECOURSE PROJECT LOANS (CONTINUED)

Group's Japanese subsidiaries

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

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

During the three months ended March 31, 2015, the Group's Japanese subsidiaries drew down under the senior financing agreement the amount of ¥800 million ($6.7 million). As of March 31, 2015, the undrawn gross amount was ¥7,844 million ($65.9 million). In addition, the Group's Japanese subsidiaries also drew down under the VAT credit facility the amount of ¥100 million ($0.8 million). As of March 31, 2015, the undrawn gross amount was ¥501 million ($4.2 million).

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

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

18. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

19. RELATED PARTIES

For the purposes of preparing the Company's consolidated interim financial statements, parties are considered to be related if one party has the ability to control the other party, under ordinary control, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 24.3% of the Company's common shares (2014: 24.3%).

(a) RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2015 and 2014, the Group entered into the following transactions with related parties:

	March 31 2015 $'000	March 31 2014 $'000
General and administrative expenses:		
Lundin Services BV	23	-
Finance costs:		
Lundin Services BV:		
- Interest expense associated with corporate bond	-	232
- Transaction costs associated with corporate bond	-	7
Lundin family:		
- Interest expense associated with corporate bond	221	457
- Transaction costs associated with corporate bond	10	13
- Interest expense associated with Lundin bridge loan	-	132
Total transactions with related parties	**254**	**841**

At March 31, 2015, and December 31, 2014, the amounts outstanding to related parties were as follows:

	March 31 2015 $'000	December 31 2014 $'000
Current liabilities:		
Lundin Services BV:		
- General and administrative expenses	22	7
Lundin family (participation in corporate bond)	-	182
Total current liabilities	**22**	**189**
Non-current liabilities:		
Lundin family (participation in corporate bond)	10,455	11,786
Total non-current liabilities	**10,455**	**11,786**
Total amounts outstanding to related parties	**10,477**	**11,975**

There were no amounts outstanding from related parties at March 31, 2015, or December 31, 2014.

Lundin Services BV

The Group receives technical and legal services from Lundin Services BV ("Lundin Services"), a wholly-owned subsidiary of Lundin Petroleum AB. The Chairman and Chief Executive Officer of Lundin Petroleum AB are both Directors of the Company.

Lundin family

Corporate bond

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

19. RELATED PARTIES (CONTINUED)

(b) KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Remuneration of key management personnel is as follows:

	March 31 2015 $'000	**March 31 2014 $'000**
Salaries and short-term benefits	291	449
Pension costs	59	97
Board of Directors (non-executive directors)	75	31
Share-based payment	156	35
Total remuneration of key management personnel	**581**	**612**

The amounts outstanding to key management personnel were as follows:

	March 31 2015 $'000	**December 31 2014 $'000**
Board of Directors (non-executive directors)	-	-
Other (bonus payable and pension costs payable)	-	389
Total amounts outstanding to key management personnel	**-**	**389**

There were no amounts outstanding from key management personnel at March 31, 2015, or December 31, 2014.

20. COMMITMENTS

Contractual commitments

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