Q3-2012 Earnings Call

November 8, 2012

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Operational Update

Company Overview

Overview

- Etrion is an independent power producer (IPP) that owns and operates renewable assets with 60 MWp of operating ground-based solar photovoltaic (PV) power plants
- Current operations in Europe with new growth expected in the Americas
- Focus is on power purchase agreements (PPAs) with industrial clients in the Americas complemented by high quality Feed-in-Tariff (FiT) environments like Italy
- Future growth driven by:
  - Addressing energy solutions provided to the mining sector
  - Markets with a strong mandate to diversify energy mix

Corporate Information

- Stock exchange listings: Toronto Stock Exchange in Canada and NASDAQ OMX Stockholm exchange in Sweden (ticker symbol, “ETX”)
- Shares outstanding: 205.7 million
- Market capitalization: CAD$70 million

  Net debt: CAD$342 million

  Enterprise value: CAD$412 million
- Major shareholder: Lundin family (22%)
- Corporate bond listing (€60 million): Oslo Alternative Bond Market

Downstream Player

Raw material (poly) → Parts (modules, inverters) → Services (EPC, Engineering) → Development → Finance → IPP (build, own, operate)

EPC = engineering, procurement and construction

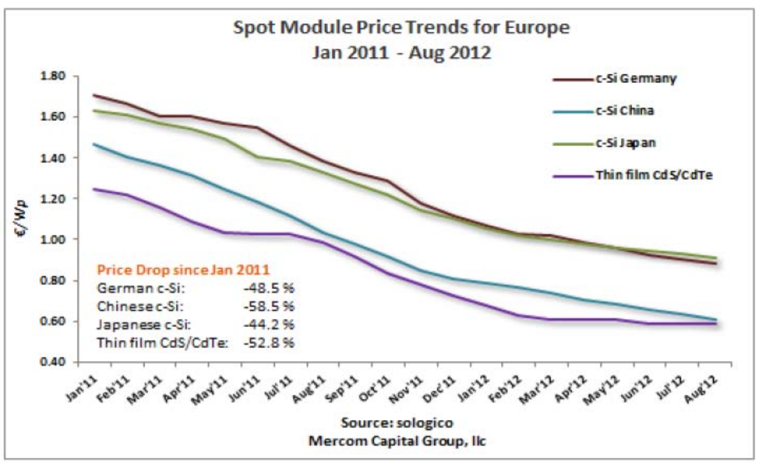
- Raw material (e.g., polysilicon) required to make wafers and ingots, which in turn are utilized for the construction of solar cells

- Solar cells are then assembled and packaged in order to form solar panels, which are used in the construction of the solar plant

- Third parties provide different services to the project sponsor such as EPC

- Solar facilities are developed in new markets
- Financing is secured with third parties
- EPC and operations and maintenance (O&M) contracts are negotiated and managed
- Renewable assets are owned and operated by the independent power producer (IPP)

Photovoltaic Module Price Curve In 2011/2012



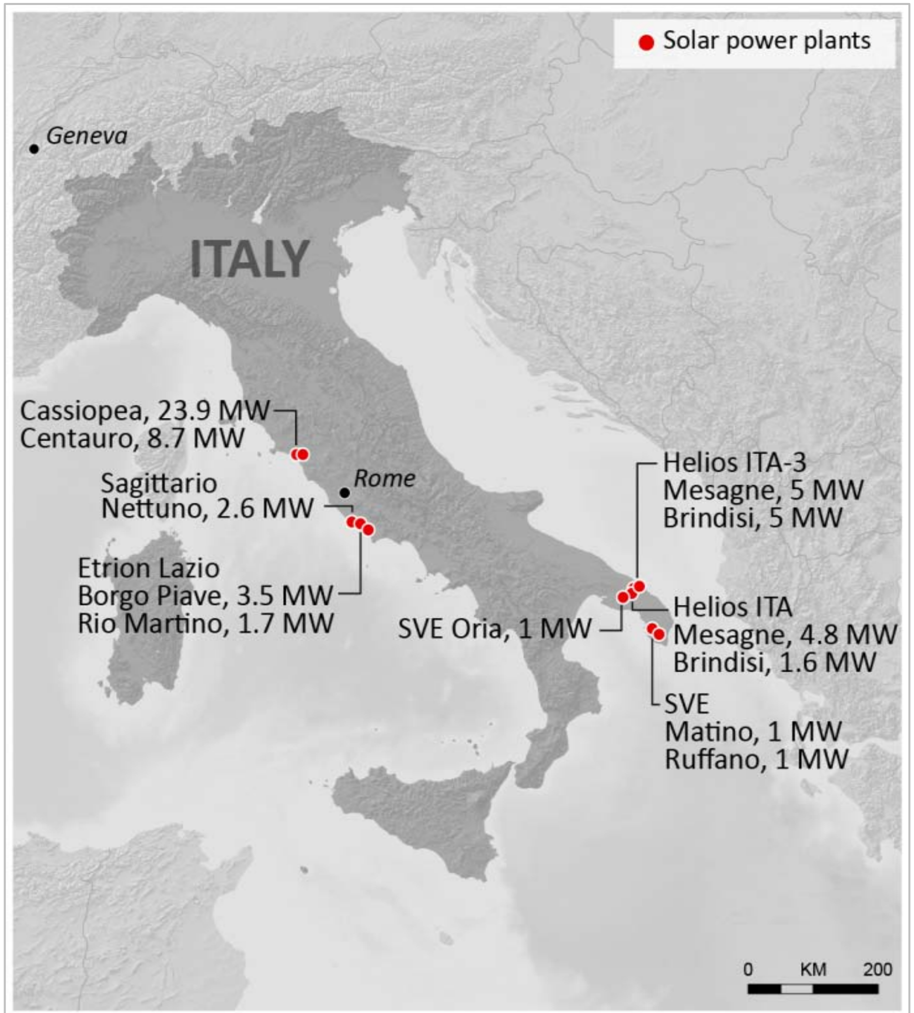
Value chain characteristics:

- Accelerated cost reductions upstream resulting in new markets reaching grid parity
- Predictable returns downstream

Strategic Direction and Growth Drivers

1. Enter new geographical region
2. Complement FiT revenues with PPA revenues
3. Develop vertical market to serve large industrial clients
4. Diversify technology
5. Prepare platform for dividend distributions

Current Platform - Italy



(Currency: EUR million)

Project	MWp	Revenue	EBITDA
Cassiopea (Montalto, Lazio)	23.9	18.3	16.4
Centauro (Montalto, Lazio)	8.7	6.3	5.8
Helios ITA (Mesagne/Brindisi, Puglia)	6.4	4.8	4.1
SVE (Oria/Matino/Ruffano, Puglia)	3.0	2.2	1.9
Borgo Piave, Lazio	3.5	2.0	1.8
Rio Martino, Lazio	1.7	1.0	0.9
Helios ITA-3 (Brindisi, Puglia)	5.0	2.7	2.4
Helios ITA-3 (Mesagne, Puglia)	5.0	2.7	2.4
Sagittario (Nettuno, Lazio)	2.6	1.2	1.0
Total Operational	**59.8**	**41.3**	**36.8**

Notes:

1. All projects owned 100% by Etrion.

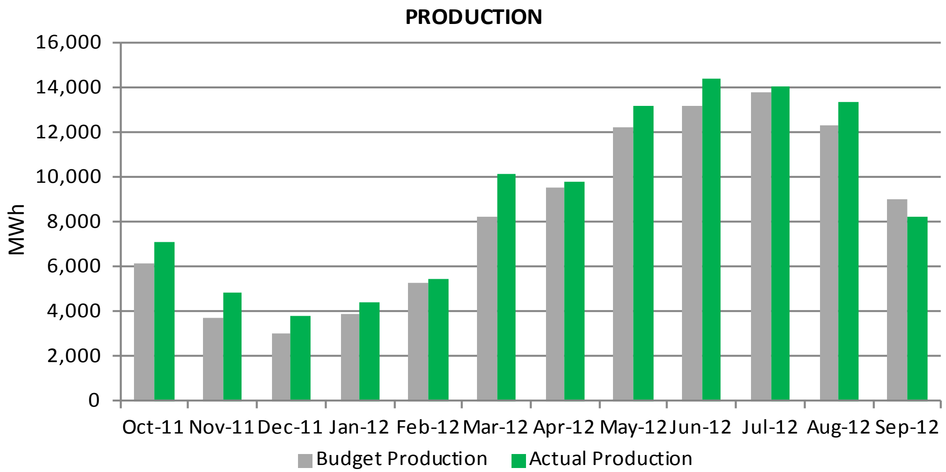
2. EBITDA = earnings before interest, taxes, depreciation and amortization (excluding internal management fees of approximately €1 million per year).

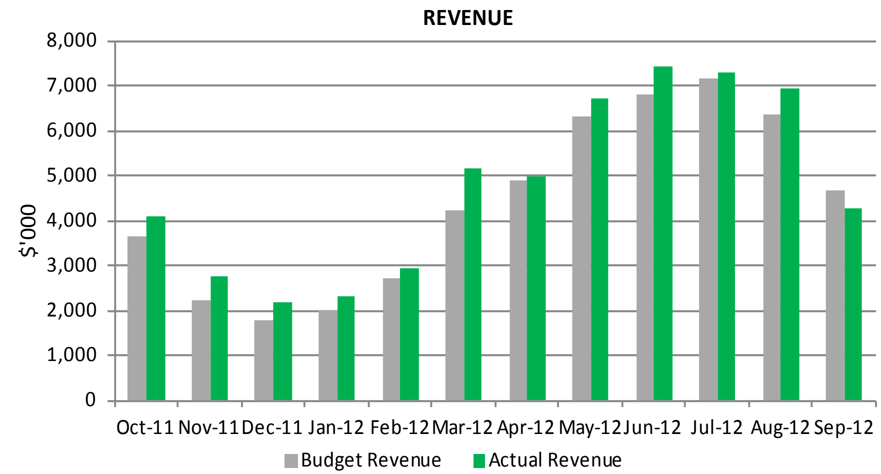
3. Revenues and EBITDA are annual estimates.

4. Power plant capacity is referred to as megawatt-peak (MWp) on a direct current (DC) basis.

Operating Performance

Revenue and Production over Last 12 months





- Proven track record of operational excellence (17 plants consistently performing above plan and exceeding covenant obligations)
- Predictable revenues enabling long term forecasting
- Over 88 million kWh produced in 2011 and on target to produce over 100 million kilowatt-hours (kWh) in 2012

Notes:

1. *Production fluctuation month to month is due primarily to solar irradiation seasonality. However, on an annual basis, solar irradiation in Italy varies less than 10%.*

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Growth Plan – Chile

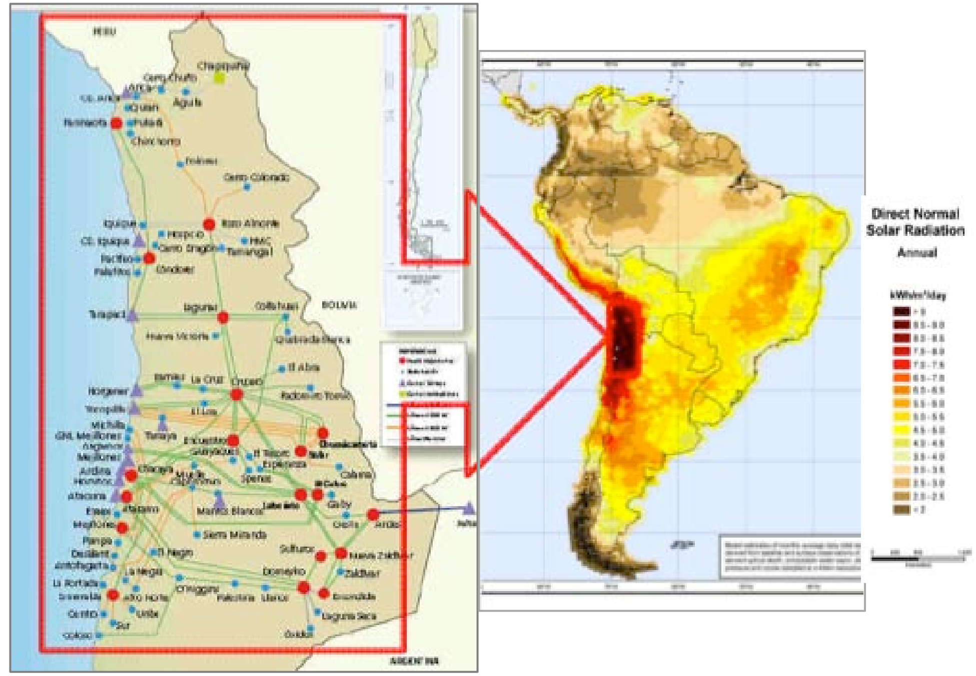
Overview

- Focus is on power purchase agreements (PPAs) with industrial clients in the Americas, initially Chile
- Leverage the Lundin Group (Mining and Natural Resources – to become a niche power generation player to the natural resources sector)
- Targeted several multinational mining companies to address off-grid and on-grid power generation solutions
- Explore mini-hydro to complement solar portfolio

Market Validation

- Key drivers for success:
  1. stable revenues
  2. abundant renewable resources (i.e., attractive solar irradiation)
  3. high wholesale electricity prices
  4. low equipment prices
  5. available long-term low cost financing
  6. Increasing energy demand

* ***Consistent with Etrion's business model and proven track record of success***



- North Chile among highest solar radiation in the world (25% above Nevada / 50% above Spain)
- Module prices at all time low, with continued drop in price due to technology improvements and scale
- Mining growth in Chile to double by 2020 with very limited sources of energy to meet demand

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Financial Review

Q3-2012 Highlights

Financial

- Generated solar electricity revenues of US$18.3 million (2011: US$18.2 million)
- Recognized EBITDA of US$14.4 million / 79% margin (2011: US$14.9 million / 82% margin)
- Generated positive cash flow of US$5.1 million (2011: negative cash flow of US$6.1 million)
- Results were negatively impacted by a 9% weakening of the Euro against the US dollar in the same period of 2011

Operations

- Produced 35.6 million kWh of solar electricity (2011: 30.9 million)
- Produced approximately 1% more electricity than planned and 15% more than the same period of 2011

Summary

	Three months ended		Nine months ended	
	September 30 2012	September 30 2011	September 30 2012	September 30 2011
Production[(1)] (MWh)	35,610	30,890	93,092	72,361
Revenue[(1)] (US$'000)	18,341	18,219	48,277	43,325
Gross profit (US$'000)	12,368	12,765	30,998	28,142
Net income/(loss) (US$'000)	379	(2,849)	(1,166)	(6,494)
Adjusted net income before non-cash items[(2)] (US$'000)	5,596	1,203	12,851	3,992
EBITDA[(2)] (US$'000)	14,409	14,891	39,555	32,832
EBITDA margin	79%	82%	82%	76%
Operating cash flow[(3)] (US$'000)	14,259	24,608	26,046	7,575
Cash flow (US$'000)	5,066	(6,074)	(3,338)	(5,874)
Working capital[(3)] (US$'000)	23,786	(27,992)	23,786	(27,992)

Notes:

(1) Production is based on megawatt-hours (MWh) of electricity produced. Revenues are received in Euros (€) and have been translated at the average €/$ exchange rate for the three and nine months ended September 30, 2012, of 1.28 (2011: 1.41). The average price per kWh produced dropped from US$0.59 in the third quarter of 2011 to US$0.52 in the third quarter of 2012, as a result of: (a) exchange rate variations; and (b) new projects being added in the third quarter of 2011 with a lower FiT.

(2) Adjusted net income before non-cash items and earnings, before interest, depreciation and amortization (EBITDA) are non-International Financial Reporting Standard measures.

(3) Operating cash flow refers to cash flows before investing and financing activities and effects for foreign exchange rate differences. Working capital refers to current assets less current liabilities.

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Financial Results

(US$'000)	Q3-2012 (Three months) 2012	2011	Variance	Q3-2012 (Nine months) 2012	2011	Variance
Revenue	18,341	18,219	122	48,277	43,325	4,952
Operating expenses	(1,185)	(667)	(518)	(2,638)	(1,696)	(942)
General and administrative expenses	(2,774)	(3,240)	466	(8,102)	(10,762)	2,660
Other income	27	579	(552)	2,018	1,965	53
EBITDA[(1)]	**14,409**	**14,891**	**(482)**	**39,555**	**32,832**	**6,723**
Depreciation and amortization	(4,850)	(4,883)	33	(14,839)	(13,734)	(1,105)
Net finance costs	(6,880)	(8,374)	1,494	(21,070)	(19,082)	(1,988)
Income tax expense	(2,300)	(4,483)	2,183	(4,812)	(6,510)	1,698
Net income/(loss)	**379**	**(2,849)**	**3,228**	**(1,166)**	**(6,494)**	**5,328**
Adjustments for non-cash item items:						
- Other income (exchange right)[(2)]	32	-	32	(1,371)	-	(1,371)
- Liquidation damages[(3)]	(54)	-	(54)	(54)	(2,194)	2,140
- EPC cancellation fee[(4)]	-	(394)	394	-	187	(187)
- Depreciation and amortization	4,850	4,883	(33)	14,839	13,734	1,105
- Fair value movements (derivatives)[(5)]	246	(682)	928	301	(2,129)	2,430
- Share-based payment	143	245	(102)	302	888	(586)
Adjusted net income before non-cash items[(1)]	**5,596**	**1,203**	**4,393**	**12,851**	**3,992**	**8,859**

EBITDA margin of 79%

Net income during Q3-2012

Non-recurring/ non-cash items

Recurring/ non-cash items

EBITDA margin of 82%

Non-recurring/ non-cash items

Recurring/ non-cash items

Notes:

(1) EBITDA and adjusted net income before non-cash items are non-IFRS measures.

(2) Other income recognized in 2012, related to the10% equity interest in the Company's subsidiary, Solar Resources Holding Sarl (SRH), previously held by Marco A. Northland, the Company's Chief Executive Officer and director (Mr. Northland), to adjust the previously recognized share-based payment expense for the portion of the performance condition not met at conversion (March 30, 2012).

(3) Liquidation damages were received in 2011, associated with delays encountered by the EPC contractors responsible for the construction of two solar power projects (Etrion Lazio and SVE).

(4) An expense of US$0.6 million was recognized during 2011, for the EPC contract cancellation fee related to the Helios ITA-3 solar power project. However, during the three months ended September 30, 2011, the Group received a credit note of US$0.4 million from the contractor associated with this cancellation fee, resulting in a total expense of US$0.2 million for the nine months ended September 30, 2011.

(5) At September 30, 2012, all of the Group's derivative financial instruments (i.e., interest rate swap contracts) qualified for hedge accounting with only the ineffective portion of fair value movements included within profit or loss (within finance costs/income).

Financial Position

(US$'000)	Q3-2012	YE-2011	Variance[1]
Non-current assets	**380,743**	**408,144**	**(27,401)**
Property, plant and equipment and intangible assets	363,002	377,778	(14,776)
Available for sale investments	2,061	2,061	-
Other (trade and other receivables and deferred tax)	15,680	28,305	(12,625)
Current assets	**81,370**	**59,432**	**21,938**
Trade and other receivables	45,052	19,776	25,276
Cash and cash equivalents (including restricted cash)	36,318	39,656	(3,338)
Total assets	**462,113**	**467,576**	**(5,463)**
Non-current liabilities	**409,495**	**425,696**	**(16,201)**
Borrowings	365,815	390,825	(25,010)
Other liabilities (derivatives, deferred income tax and provisions)	43,680	34,871	8,809
Current liabilities	**57,584**	**39,318**	**18,266**
Borrowings	32,650	16,030	16,620
Trade and other payables	4,729	12,791	(8,062)
Other (derivatives, income tax and provisions)	20,205	10,497	9,708
Total liabilities	**467,079**	**465,014**	**2,065**
Total equity[2]	**(4,966)**	**2,562**	**(7,528)**
Working capital (current assets less current liabilities)	**23,786**	**20,114**	**3,672**

Borrowings: US$398.5 million
- Corporate bond (US$80.1 million) at 9% with 4-year maturity
- Project loans (US$318.3 million)

Notes:

(1) Balance sheet movements are primarily attributable to: (a) depreciation of the Group's solar power projects; (b) an increase to current trade receivables associated with the higher revenue generating summer months; (c) net cash outflow during the period; (d) the conversion by the CEO of his previously held 10% equity interest in the Company's subsidiary, releasing the US$5.3 million (€4 million) liability to equity; (e) an increase to the net liability position of the Group's derivative financial instruments (interest rate swaps) due to a lower forecasted euribor curve; and (f) the net repayment of the Group's non-recourse project loans.

(2) Total equity includes share capital (US$33.3 million), contributed surplus (US$10.2 million), net losses associated with cash flow hedges (US$20.3 million) and net gains associated with currency translation adjustments (US$0.3 million) and accumulated deficit (US$28.5 million). Excluding the net losses associated with cash flow hedges, the Company's net equity would have been positive (US$15.4 million) at September 30, 2012.

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Net Debt Position

Net Debt Position (IFRS)

(US$'000)	Q3-2012	YE-2011
Borrowings		
Non-recourse loans		
Cassiopea (BIIS, Societe Generale and WestLB)	136,499	142,638
Etrion Lazio/Helios ITA-3/Sagittario (Natixis Portfolio)[(1)]	76,185	75,833
Centauro (Barclays)	49,373	52,402
Helios ITA (Societe Generale and Dexia)	40,140	41,216
SVE (Centrobanca)	16,123	16,374
Corporate debt		
Corporate bond	80,145	78,392
Total borrowings	**398,465**	**406,855**
Cash and cash equivalents (including restricted cash[(2)])	(36,318)	(39,656)
Net debt position	**362,147**	**367,199**

Net Debt Position (Cash-flow basis)

(US$'000)	Q3-2012	YE-2011
Borrowings		
Total borrowings (per consolidated financial statements)	398,465	406,855
VAT facilities[(3)]	(22,683)	(26,201)
Accrued interest[(4)]	(4,387)	(3,436)
Transaction costs[(4)]	10,694	11,586
Total borrowings (excluding non-cash items)	**382,089**	**388,804**
Cash and cash equivalents (including restricted cash[(2)])	(36,318)	(39,656)
Adjusted net debt position	**345,771**	**349,148**

Notes:

(1) Natxis portfolio includes Natixis, WestLB and Mediocreval.

(2) Restricted cash relates to cash and cash equivalents held at the project level that is restricted by the lending banks for future repayment of interest and principal and working capital requirements related to the specific project.

(3) Value added tax (VAT) is excluded from total borrowings as this is a cash-in/cash-out item (i.e., VAT facility will be repaid using proceeds from input VAT).

(4) Borrowings per the consolidated financial statements include accrued interest, net of transaction costs, in accordance with IFRS. These non-cash items are excluded from total borrowings to calculate the Group's net debt position on a cash flow basis.

Conclusion – Etrion Well Positioned for Growth

- **Transformation** of the business to a sustainable growth platform
- Credible plan to achieve **diversification**
  - Geography – Europe and the Americas
  - Contract regime – FiT complemented by PPAs
- Clear path to reach **critical mass** and option for **dividends**
- Business model evolving to **non-subsidy environment** resulting in sustainable long-term growth
- Vertical market focus to address the **mining sector**
- **Strong management** and **scalable platform** with proven track record for success

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