

Etrion Corporation
March 2020

etrion

Powered by the Sun

Developing, building and operating solar
power generation plants

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Explorers | Builders | Producers



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LUNDINGOLD

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Copper and Gold Exploration and Development
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AFRICA ENERGY

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Denison Mines

Uranium Development and Exploration
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SHAMARAN
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Japan
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MINING



Lundin Mining Corporation
\$4.74 billion

Lundin Gold Inc.
\$1.12 billion

Lucara Diamond Corp.
\$591.10 million

Filo Mining Corp.
\$204.50 million

Denison Mines Corp.
\$406.50 million

Africa Energy Corp.
\$147.00 million

Africa Oil Corp.
\$565.50 million

International Petroleum Corp.
\$1.01 billion

Lundin Petroleum
\$14.10 billion

Shamaran Petroleum Corp.
\$172.90 million

Etrion Corporation
\$70.20 million

OIL & GAS SOLAR



330,000
carats
DIAMONDS
per year

263,000
tonnes
COPPER
per year

157,000
tonnes
ZINC
per year

155,000
boepd
OIL
per year

330,000
tonnes
NICKEL
per year

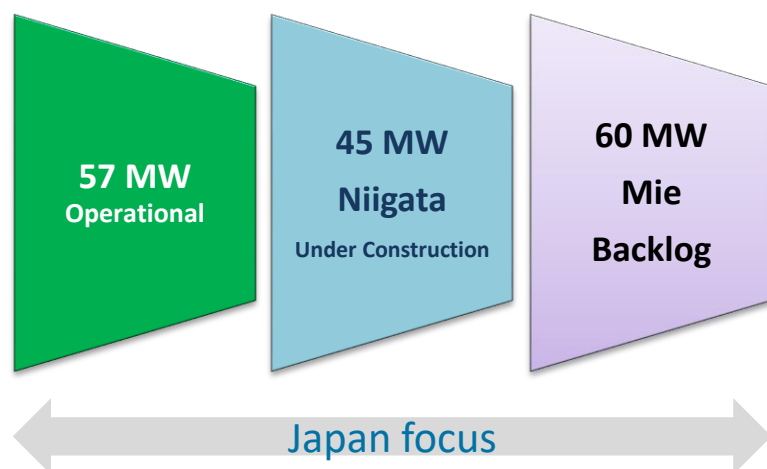
330,000
GWh
SOLAR
ELECTRICITY
per year

Etrion Corporation

Company Overview

- Solar development platform focused in Japan, among the top 5 largest energy markets in the world
- 11 solar plants operational and 1 under construction with aggregate capacity of 102 MWs in Japan
- 60 MW backlog in Japan
- Company fully funded
- 70 MW Operational Chile, being divested

Japan Asset / Pipeline Highlights



Financial Summary

Recent Share Price (TSX/OMX: ETX) ⁽¹⁾⁽²⁾	C\$0.185 / SEK 1.86
Shares Outstanding ⁽³⁾	334.1MM
Lundin Family Ownership	36.0%
Other Director/Management Ownership	5.7%
Revenues 2019	US\$21.9 MM
Project-level EBITDA 2019	US\$16.5 MM
Restricted / Unrestricted Cash as of December 31, 2019	US\$112.8 MM / \$10.6 MM
Market Capitalization ⁽²⁾	US\$35 MM
Number of Employees	17

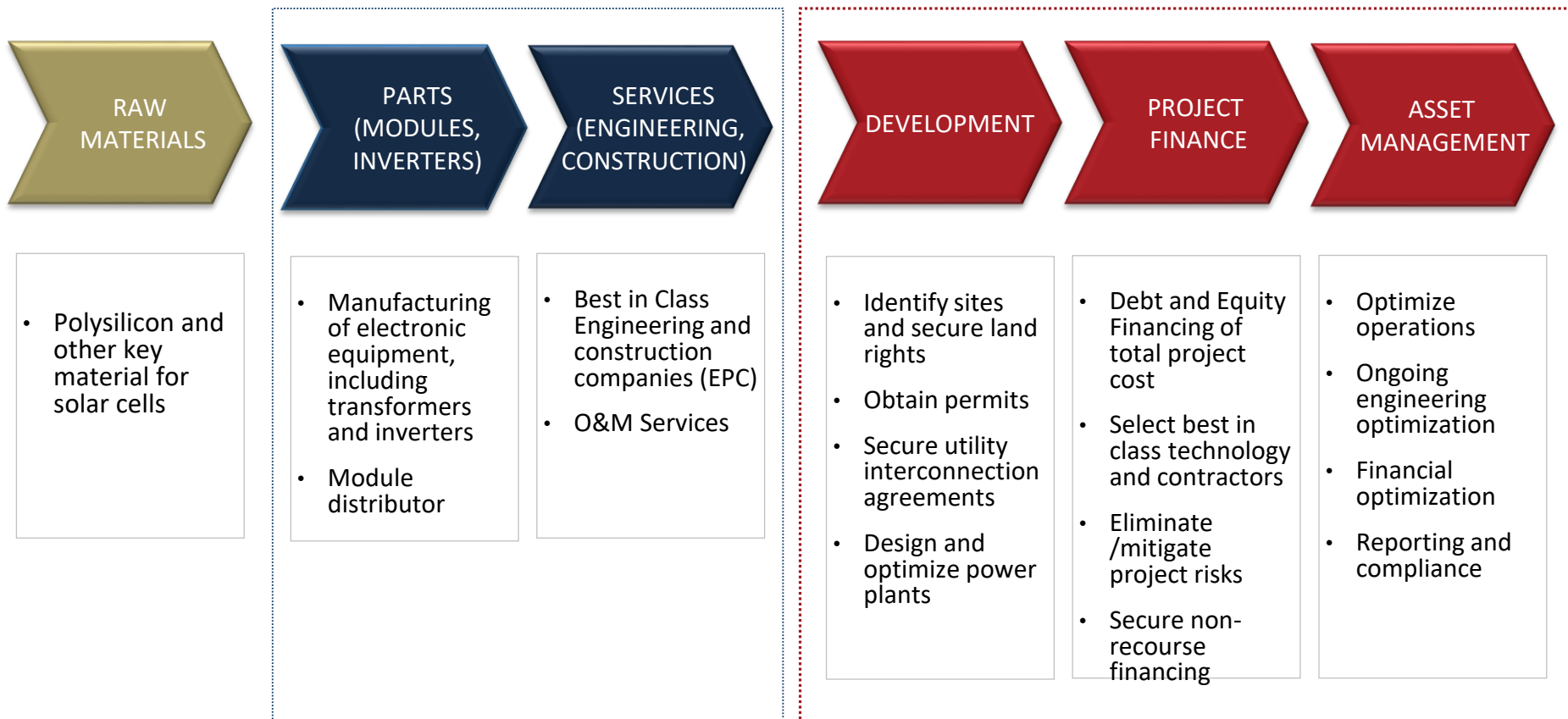
Notes:

(1) US\$ refers to US dollars; C\$ refers to Canadian dollars; SEK refers to Swedish krona

(2) ETX share price at closing on March 20, 2020

(3) ETX shares outstanding as of December 31, 2019

Downstream solar developer



Our focus is Japan

1 Among top 5 largest energy markets in the world

2 Solar supported by a Feed-in-Tariff program

3 Among highest electricity prices in OECD

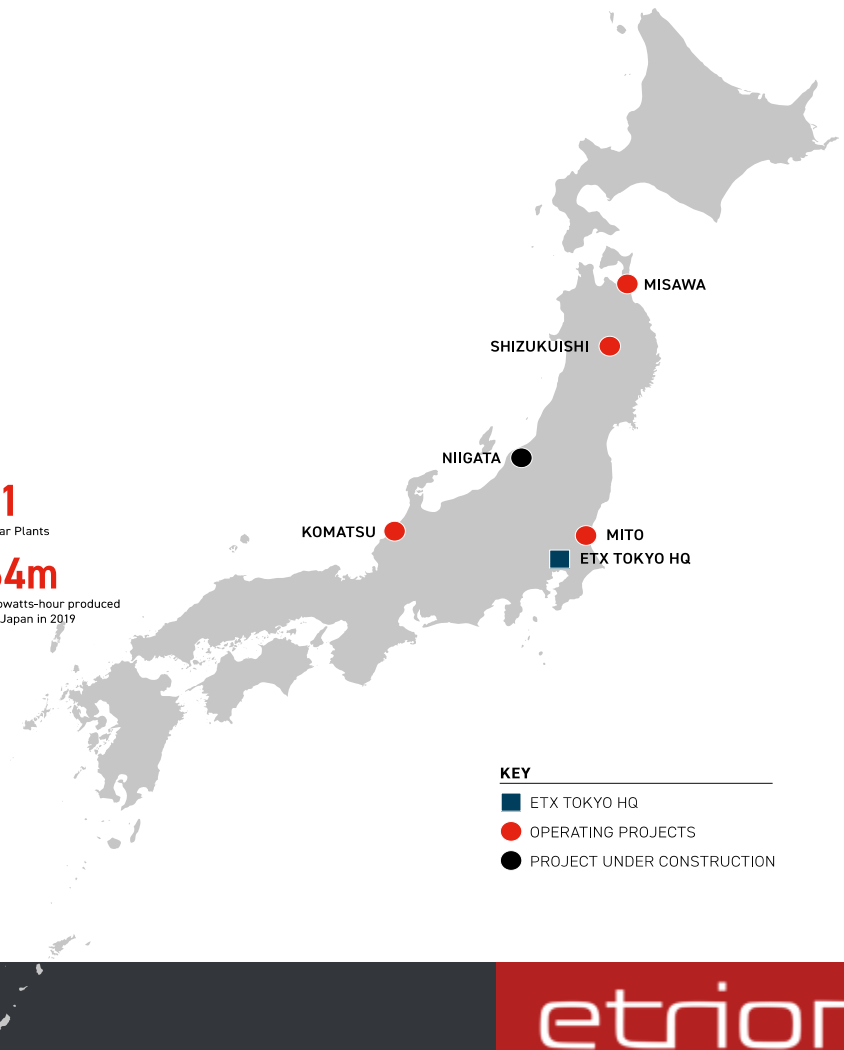
4 Strategic partnerships

5 Low cost financing

6 Energy sector deregulated in 2016

7 Strong institutional demand for yield

11
Solar Plants
64m
Kilowatts-hour produced
for Japan in 2019



Etrion's commitment to the environment

Respecting host country's history and nature

- Honoring wildlife – plan construction around the “garuma gull” bird nesting cycle
- Respecting local history - use geophysical survey techniques for the early detection of archaeological sites prior to the construction of solar plants
- Successful landscape integration of solar farms with surroundings



Corporate responsibility and sustainable investments

Our approach

- Understanding community and regional needs
- Master the local dynamics
- Demonstrate cultural sensitivity
- Leverage our international expertise complementing local partner's know-how



Examples of community benefits

- We organize tours and educational activities on environmental matters for schools
- Sponsor local sport events for the communities
- Provided financial assistance to rebuild a school destroyed by a natural disaster in north of Chile



Japan Market

Japan – Solar position in the world and growth perspectives

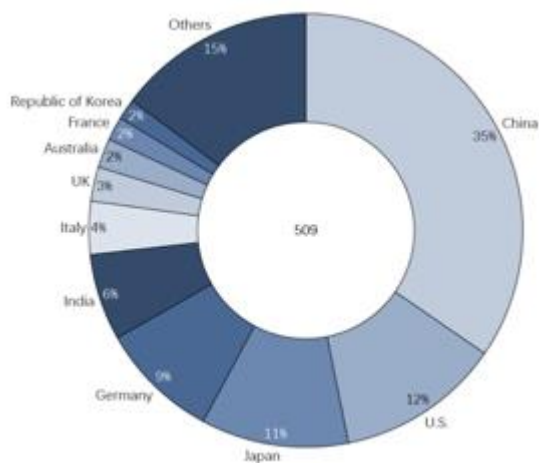


Figure 1: Cumulative solar PV Capacity Globally as of 2018
Source: REN21

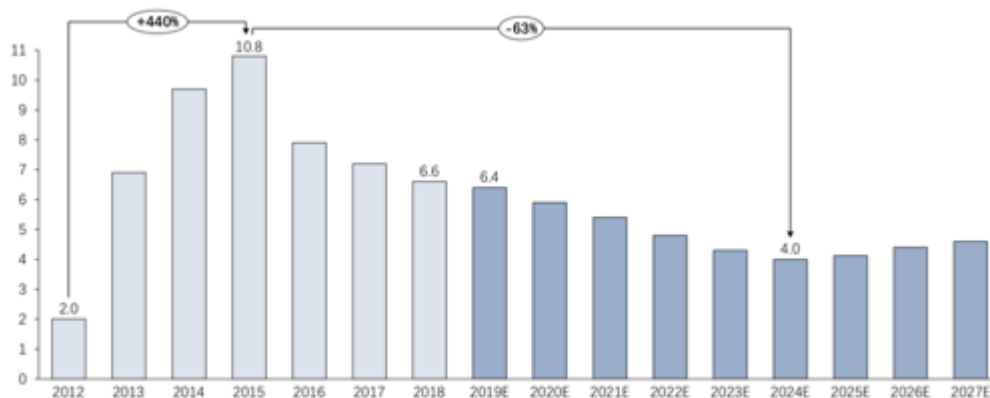


Figure 2: Japan solar PV market growth scenario 2019-2026 (GW)
Source: JPEA

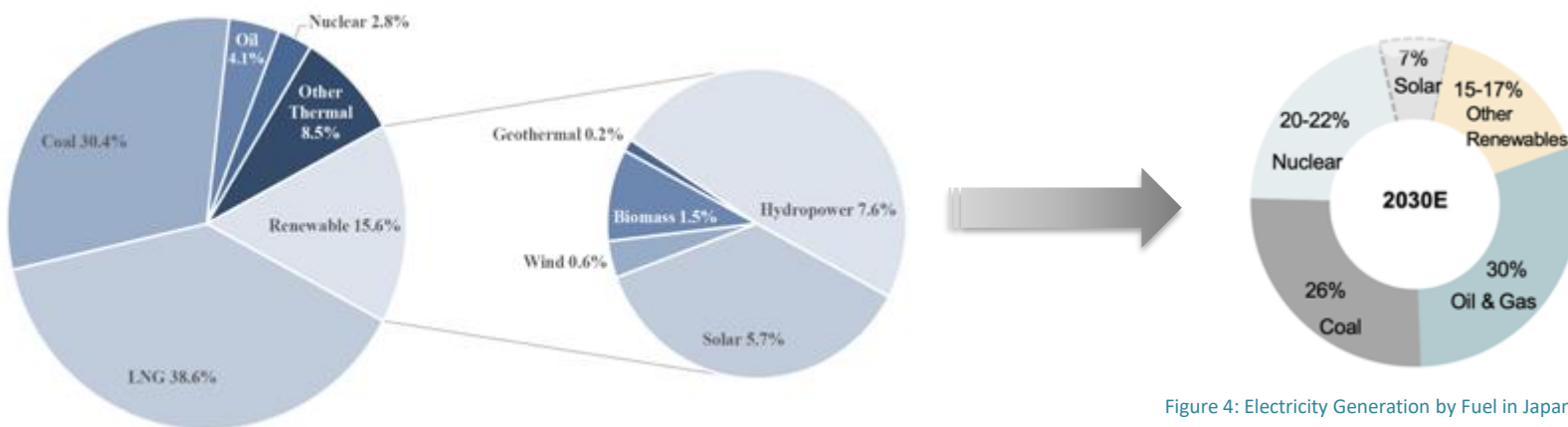
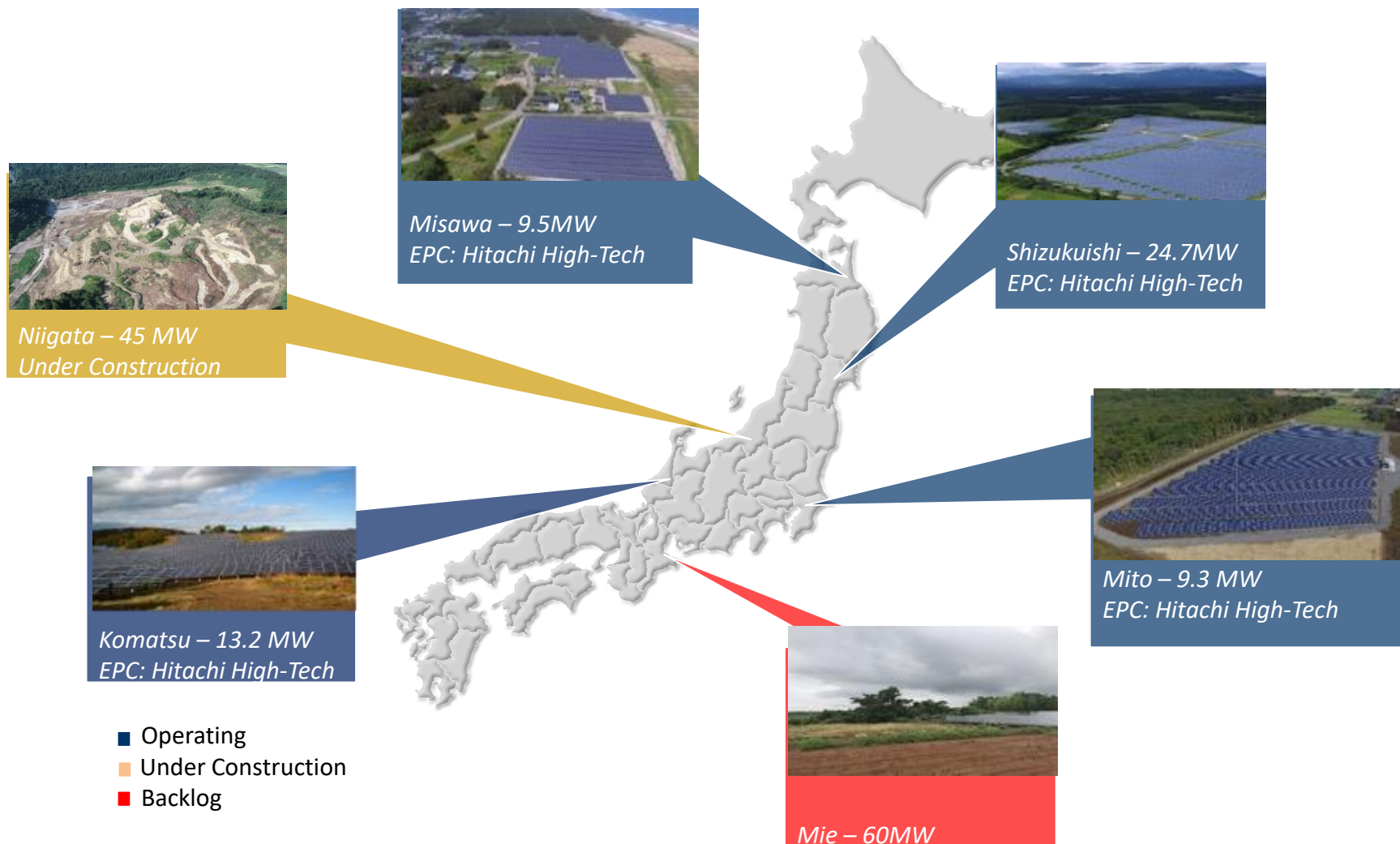


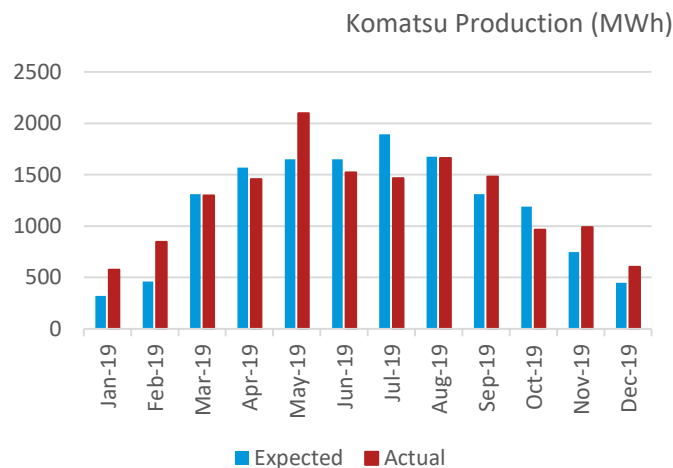
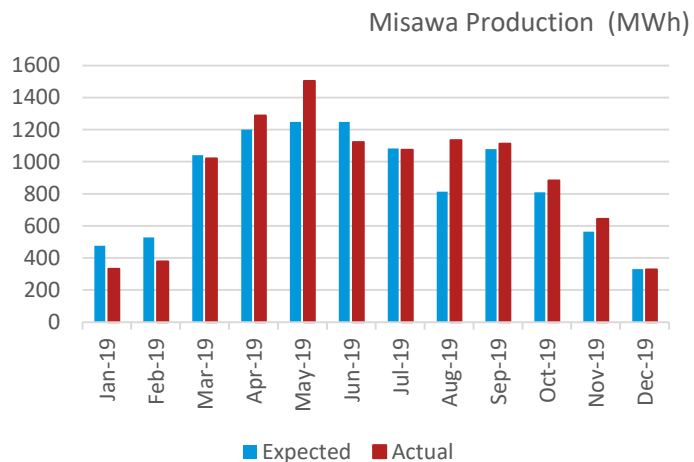
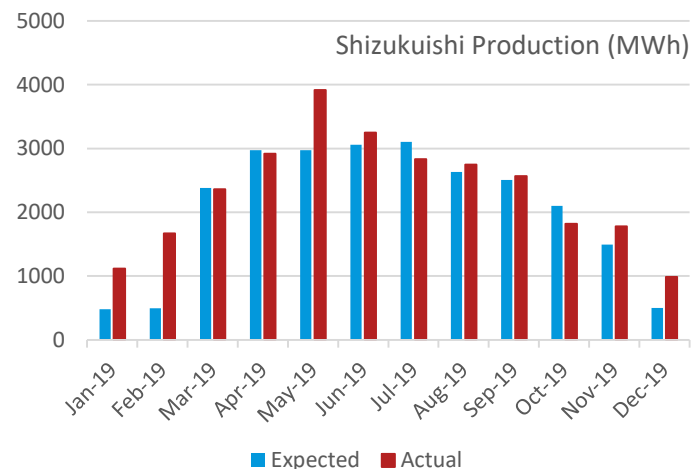
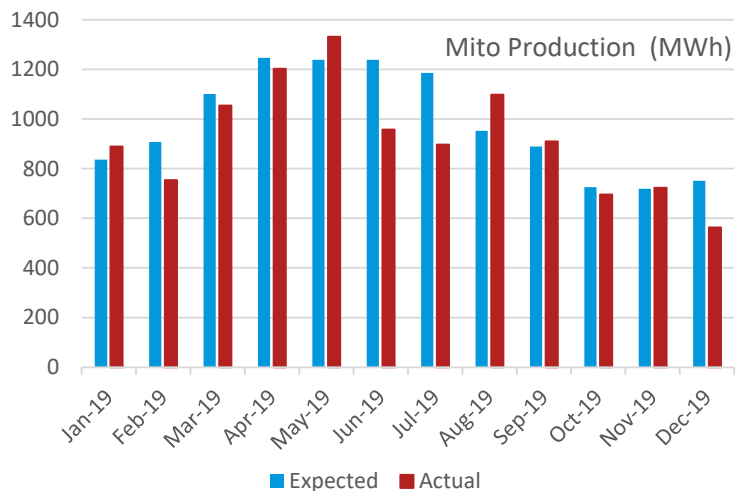
Figure 4: Electricity Generation by Fuel in Japan in 2030

Figure 3: Electricity Generation by Fuel in Japan in 2017
Source: METI

Our presence



2019 performance delivered above high end of the guidance



2019 Portfolio optimization highlights

- Etrion acquired minority interest in all existing operating projects
- All O&M contracts were renegotiated and ETX also took full control of the Asset Management Services (AMS) across all plants
- All the SPVs were restructured into a more efficient corporate structure called TK-GK. It eliminates capital gain tax at Japan level in the event a solar plant is sold
- After restructuring the average five-year key metrics were improved as follows:

	Before Transaction	After Transaction	Nominal Increase	Percentage Increase
Net Capacity	46.5 MWp	56.8 MWp	+ 10.2 MWp	+22%
Annual production	48.8 GWh	62.4 GWh	+ 13.6 GWh	+28%
Annual revenue	\$16.5 m	\$21.7m	+ \$5.2m	+31%
Annual EBITDA	\$11.2 m	\$15.7m	+ \$4.5m	+40%
Annual FCF	\$2.5m	\$4.9m	+ \$2.5m	+100%



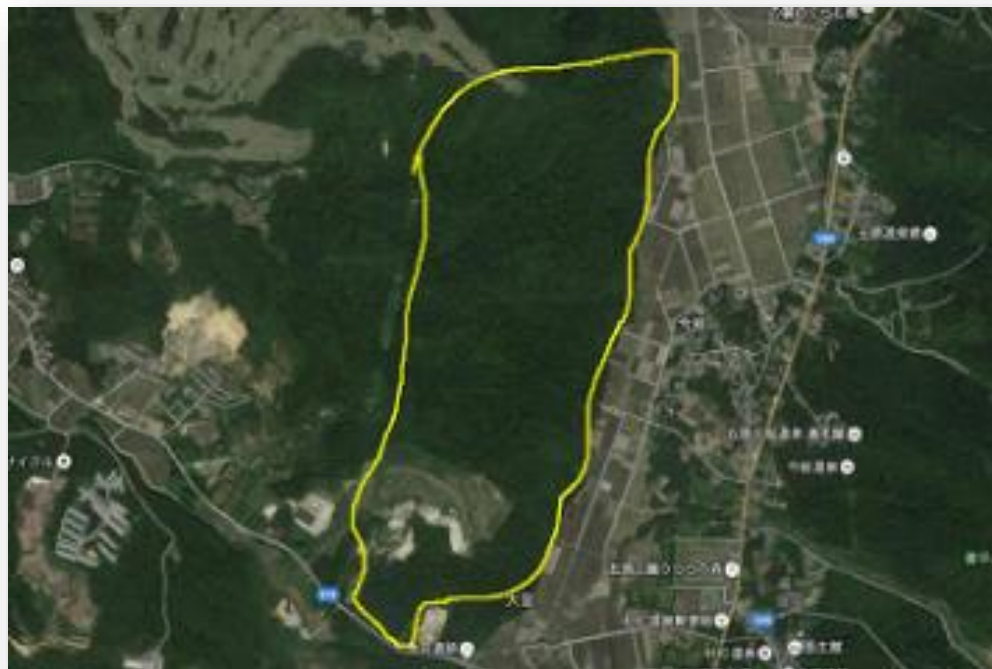
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Niigata – Under construction
45 MW solar park

Niigata – 45 MW

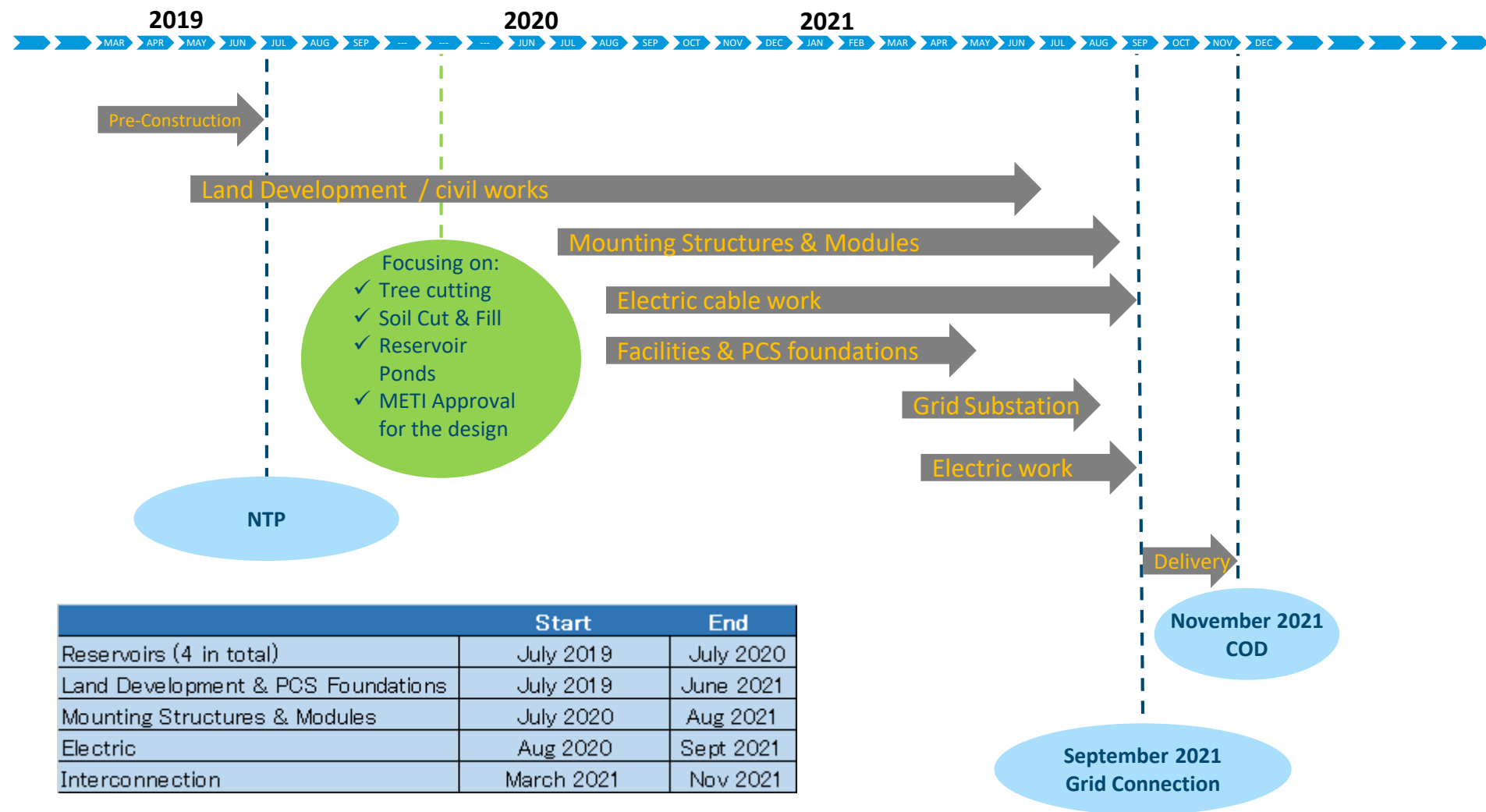
Key project metrics

Ownership	100% ETX
Capacity	45 MW
Region / Utility	Tohoku
PPA Price	¥36/kWh - FiT until March 2040
Irradiation	1,050 kWh/kWp
Total Capex	US\$ 154.2M
Finance Structure	BBB Green Project Bond, US\$ 146.5M (JPY 15.9 billion)
Debt tenor	Construction period plus 16.8 years.
Interest rate	All-in non-recourse project loan interest rate of 1.2%
Total Equity	US\$ 7.7M
EPC Contractor	Toyo Engineering
O&M Contractor	TMEIC / TAG
AMS Provider	Etrion
COD Target	Q4-2021
Average ⁽¹⁾ Revenue	US\$ 15.5 m/year
Average EBITDA	US\$ 13.7 m/year
Average free cash flow at project level	US\$ 3.6m/ year

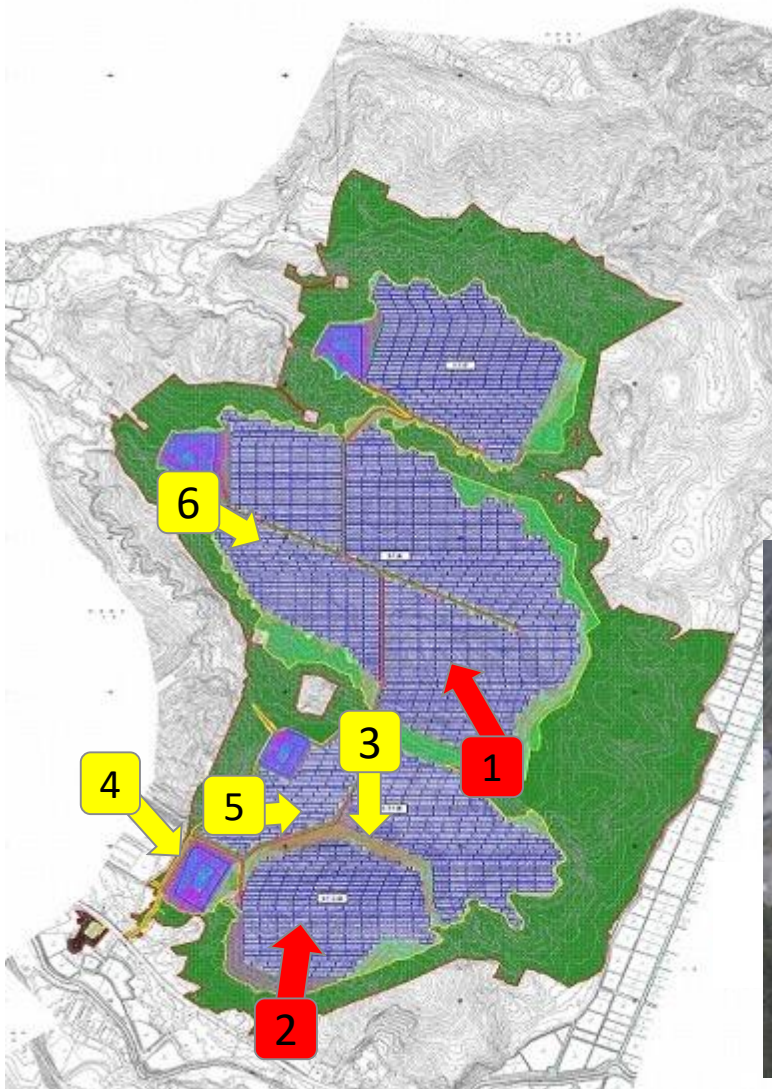


⁽¹⁾ Average refers to the first 5 years of operations based on historical weather forecast. Actual results will depend on actual weather conditions and other operational matters.

Niigata Project timeline



Sites construction status photo



Sites construction status photo

3



4



5



6



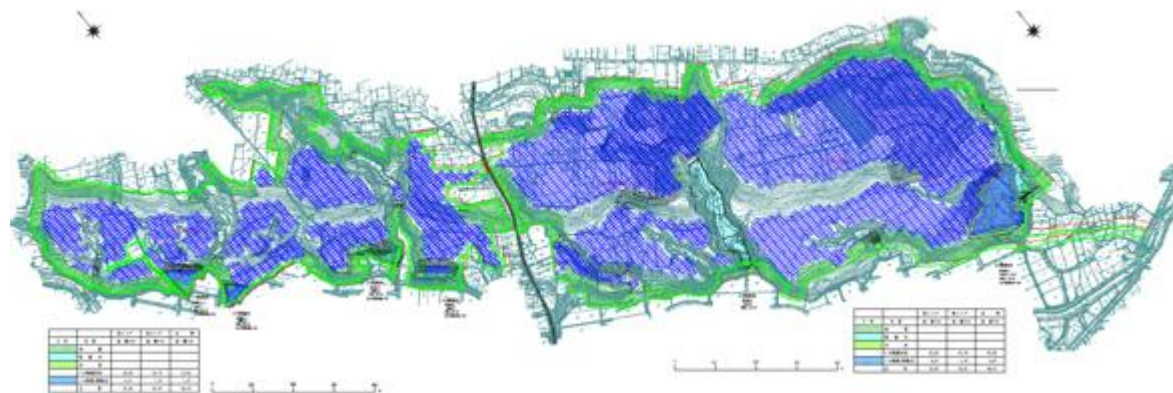


Business Development Update

Mie 60 MW - Backlog

- Project reached ready to build status by Q1-2019. EIA and forest development concluded. Land secured
- ETX is litigating with the local developer since Q4-18 who continue to refuse to release the PSV shares to ETX
- Management is cautiously optimistic to obtain positive judgement and regain full control of the project by summer of 2020
- Developer is involved in similar litigation with other investors

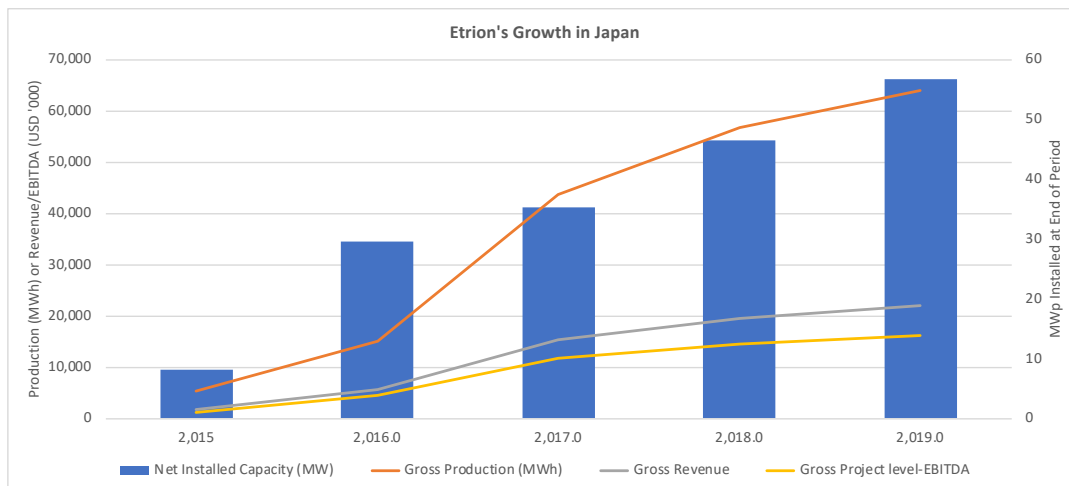
Size	54-64 MWp
Region / Utility	Chubu EPCO
PPA price	FIT: ¥36/kWh
Irradiation	1,204 kWh/kWp
Ownership share	100%
Expected: NTP / COD	Q3-2020 / Q4-2022
Land	100 Ha. Long term lease



Financial Results

Financial results

Etrion consolidated results



2019 Segment information			
US\$ millions	Japan	Corp	TOTAL
Revenues	21.9	-	21.9
Operating expenses	(5.3)	-	(5.3)
G&A expenses	(0.4)	(5.1)	(5.5)
Additional termination fee	-	-	-
Other income	0.3	2.8	3.1
EBITDA	16.5	(2.3)	14.2
Depreciation and amortization	(9.2)	(0.1)	(9.3)
Net finance costs	(4.7)	(2.5)	(7.2)
Income (loss) before taxes	2.6	(5.0)	(2.3)
Tax expense	(0.5)	(1.9)	(2.3)
Net income (loss)	2.1	(6.8)	(4.7)
EBITDA margin (%)	75%		

Revenues and consolidated EBITDA continues to increase driven by organic growth and good performance of the solar assets

Financial position

Consolidated Balance Sheet

December 31, 2019			
US\$ millions	Japan	Corp	TOTAL
Property, plant and equipment	191.7	0.1	191.8
Intangible assets	12.5	2.3	14.8
Cash and cash equivalents	112.8	10.6	123.4
Other assets	9.3	7.7	17.0
Total assets	326.4	20.6	347.0
Borrowings	271.5	37.6	309.1
Trade and other payables	9.6	3.3	12.9
Other liabilities	25.6	2.6	28.1
Total liabilities	306.7	43.4	350.1
Net equity	19.67	(22.8)	(3.1)

- Etrion has a working capital of \$109.7 million and a consolidated cash position of \$123.4 million, of which \$10.6 million is unrestricted at corporate level
- Etrion continues to expand in Japan and has increased its asset base in this country with positive results. As of December 31, 2019, the Japanese assets represent approximately 94% of consolidated assets of the Group

COVID-19 impact on the business

- All IT the systems in place enable the company to run the business remotely. Cloud based accounting, finance, email, file storage and video conference services, enable the company to experience minimum disruption and operate business-as-usual
- All employees have been advised to work from home as much as possible
- All travel are limited to essential travel only
- Operational assets do not require onsite operators except when a repair is required. O&M contractors are operating without disruption
- No impact on revenue stream since all power generation is paid on fixed price.
- Niigata project under construction is on track. Delivery of modules (from China) is currently not affected. Construction labor on site is currently not affected

Summary

Summary

- Etrion is well positioned for continued growth in one of the largest solar markets in the world
- Strong 2019 financial performance in all key operating metrics demonstrating excellent execution in all operational activities
- Japan portfolio optimization completed in Dec 2019 resulted in
 - Net increased capacity to 57MW or 22% increase
 - Project FCF distributions doubled
 - Simplified corporate structure
 - Elimination of capital gain tax in event of divestiture
- Niigata 45 MW project is on track to be connected by Q4-21
- Significant upside beyond Niigata with resolution of 60 MW Mie project litigation, Italian tax refund and potential realization of additional pipeline projects

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