

RAM POWER, CORP.



ANNUAL INFORMATION FORM

For Fiscal Year Ended December 31, 2014

March 30, 2015

FORWARD LOOKING STATEMENTS

This Annual Information Form contains certain “forward-looking information” within the meaning of applicable Canadian Securities laws, which may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management’s expectations regarding our growth, results of operations, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal energy “resources” or energy generation capacities are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that electricity can be profitably generated from the described geothermal resources in the future. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “plan”, “expect”, “is expected”, “budget”, “estimates”, “goals”, “intend”, “targets”, “aims”, “likely”, “typically”, “potential”, “probable”, “projects”, “continue”, “strategy”, “proposed”, or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would” or “shall” be taken, occur or be achieved.

A number of known and unknown risks, uncertainties and other factors may cause our actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others: failure to discover and establish economically recoverable and sustainable geothermal resources through our exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective geothermal resources or energy generation capacities; variations in project parameters and production rates; defects and adverse claims in the title to our properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of change in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labor standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal resources, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support our properties; inability to successfully integrate acquired companies; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of our Common Shares; impact of issuance of additional equity securities on the trading price of our Common Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; uncertainty of political stability in Nicaragua; uncertainty of the ability of Nicaragua to sell power to neighboring countries; economic insecurity in Nicaragua; and other development and operating risks. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. Additional risk factors are discussed in the section entitled “Risk Factors” in this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on forward-looking information.

The forward-looking information contained in this Annual Information Form is based upon what management believes to be reasonable assumptions, including, but not limited to, assumptions about: the success and timely completion of planned exploration and expansion programs, including our ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; our ability to negotiate and obtain power purchase agreements on favorable terms; our ability to obtain necessary regulatory

approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; our ability to solicit competitive bids for drilling operations and obtain access to critical resources; the growth rate in net electricity consumption; support and demand for non-hydroelectric renewables; government initiatives to support the development of renewable energy generation; the accuracy of volumetric reserve estimation methodology and probabilistic analysis used to estimate the quantity of potentially recoverable energy; environmental, administrative or regulatory barriers to the exploration and development of geothermal resources on our properties; geological, geophysical, geochemical and other conditions at our properties; the reliability of technical data, including extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; capital expenditure estimates; availability of capital to fund exploration, development and expansion programs; our competitive position; the ability of the Company to continue as a going concern and general economic conditions. Forward-looking information is also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the forward-looking information will occur.

There can be no assurance that the forward-looking information included in this Annual Information Form will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this Annual Information Form and, other than as required by applicable securities laws, we assume no obligation to update or revise such forward-looking information to reflect new events or circumstances.

GLOSSARY OF TERMS

(The following acronyms and terms appear throughout the document)

“**availability**” means the ratio of the time a power plant is ready to be in service, to the total time interval under consideration expressed as a percentage.

“**capacity**” means the maximum load that a power plant can carry under existing conditions, less auxiliary power.

“**GWh**” means gigawatt hour(s), which is equivalent to 1,000 MWh.

“**KGRA**” means Known Geothermal Resources Areas.

“**kV**” means kilowatt, which is equivalent to 1,000 volts.

“**kWh**” means kilowatt hour(s), a measure of power produced.

“**MW**” means megawatt, which is equivalent to one million watts.

“**MWe**” means megawatt electrical.

“**MWh**” means megawatt hour(s), which is equivalent to 1,000 kWh.

“**PPA**” means Power Purchase Agreement.

“**psig**” means pound-force per square inch gauge.

“**RPS**” means Renewable Portfolio Standards.

“**tons/hr**” means tons per hour.

METRIC CONVERSION TABLE

<u>Metric Unit</u>	<u>U.S. Measure</u>	<u>U.S. Measure</u>	<u>Metric Unit</u>
1 meter (m)	3.2808 feet	1 foot	0.3048 meters
1 kilometer (km)	0.6214 miles	1 mile	1.6093 kilometers
1 hectare (ha)	2.4711 acres	1 acre	0.4047 hectares
1 sq. kilometer (km ²)	247.1054 acres		

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1. INTRODUCTION

1.1 Currency and Other Information

All references to “dollars” or “\$” are to United States dollars unless otherwise indicated and references to “Cdn\$” are to Canadian dollars. The information contained herein is accurate only as of December 31, 2014, unless otherwise indicated.

1.2 Scientific and Technical Information

Certain disclosure in this AIF for the Company’s geothermal project at Casita San Cristobal – Nicaragua (the “Casita Project”) are based on the technical report entitled “Casita San Cristobal Geothermal Projected-Updated Resource Assessment” dated February 10, 2012, prepared by Sinclair Knight Merz (“SKM”). SKM, is a New Zealand projects firm, in business since 1964, specializing in strategic consulting, engineering and project delivery.

Geothermal properties and operations differ from mining or oil and gas properties, and Canadian securities regulators have not prescribed a form of technical report for geothermal properties. Accordingly, the foregoing technical report has not been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”) or National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Furthermore, the author of this technical report are not qualified persons for the purposes of NI 43-101 or qualified reserves evaluators or auditors for the purposes of NI 51-101. Instead, the foregoing technical report has been prepared in accordance with accepted practices within the geothermal energy industry. Reference should be made to the full text of the technical reports, available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com or upon request and without charge from the Corporate Secretary of Ram Power at 401 Ryland Street, Suite 112, Reno, NV 98502.

2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

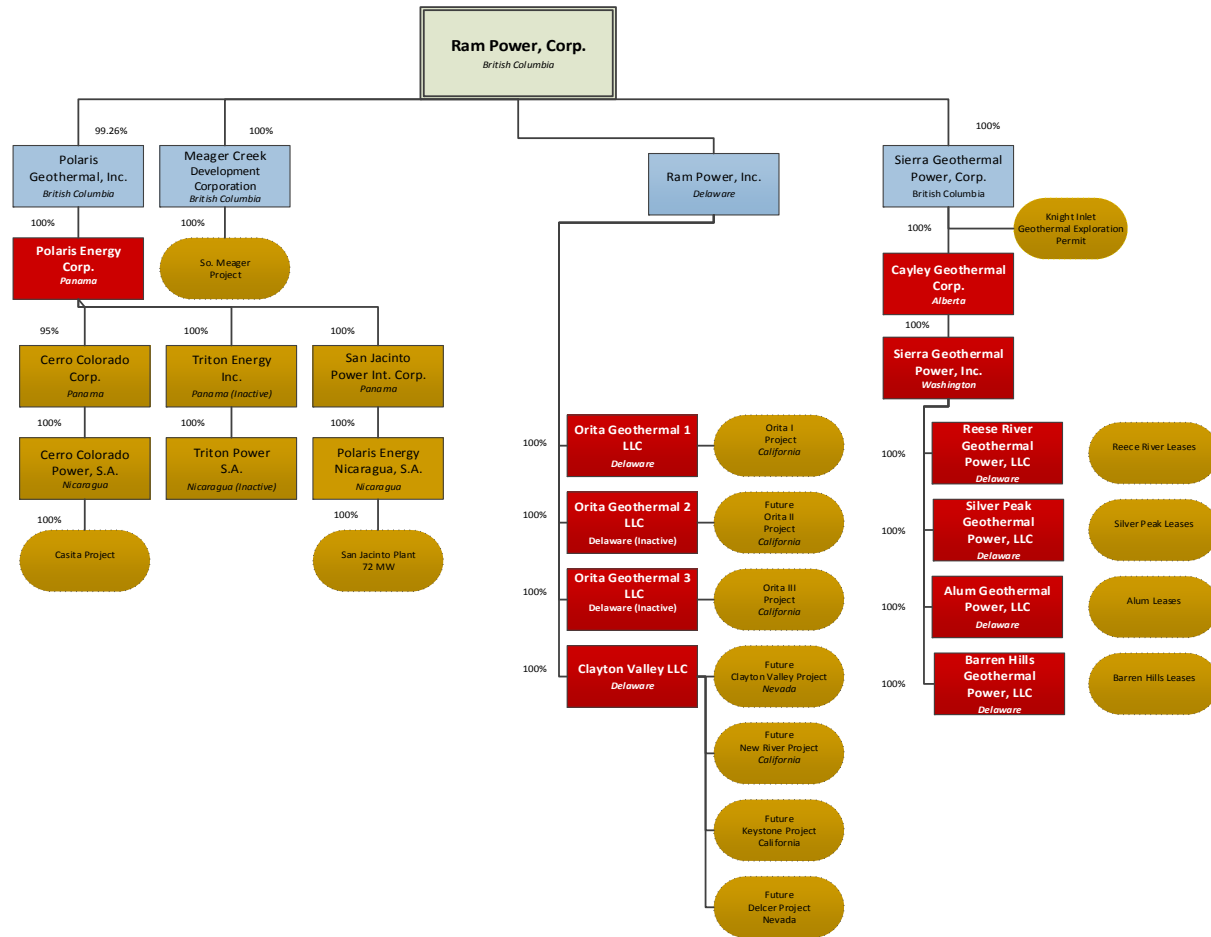
Ram Power, Corp. (the “Company” or “Ram Power”) is a corporation existing under the Business Corporations Act (British Columbia) (“BCBCA”). The registered office of the Company is located at Suite 1700, 666 Burrard Street, Vancouver, British Columbia V6C 2X8 and the administrative office of the Company is located at 401 Ryland Street, Suite 112, Reno, NV 89502.

The Company was incorporated under the laws of British Columbia on April 26, 1984 under the name “Chablis Resources Ltd.”. Effective September 6, 1988, the Company’s name was changed to “Westhill Resources Ltd.”. Effective March 3, 1992, the Company underwent reorganization and changed its name to “Breckenridge Resources Ltd.”. On September 25, 2003, the Company underwent reorganization and changed its name to “GTO Resources Inc.” (“GTO”). Effective October 20, 2009, GTO, Polaris Geothermal Inc. (“Polaris”) and Western GeoPower Corp. (“Western”) completed a plan of arrangement under the BCBCA (the “Arrangement”) and GTO changed its name to “Ram Power, Corp.”. Concurrent with the closing of the Arrangement, the Company completed the acquisition of 99.9% of the issued and

outstanding shares of Ram Power, Inc. (“RPI”) a private Delaware corporation (together with the Arrangement, the “Business Combination”). Effective January 1, 2010, Western was amalgamated with Ram Power under the BCBCA.

2.2 Intercorporate Relationships

The following chart sets out the Company’s wholly owned material subsidiaries and their respective jurisdictions of incorporation:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Overview

The Company is a renewable energy company engaged in the acquisition, exploration, development, production and operation of geothermal energy with an operating geothermal project in Nicaragua, and development projects in Nicaragua, the United States and Canada.

3.2 Three Year History

The following is a summary of the general development of Ram Power’s business over its last three financial years.

Fiscal Year ended December 31, 2012

On January 9, 2012, the Phase I expansion of the Company's San Jacinto Tizate geothermal project located in the Northwest of Nicaragua, near the city of Leon (the "San Jacinto Project") was placed in commercial operation.

On February 21, 2012, as required under the Phase I Credit Facility, the Company successfully completed a 30-day performance test on the Phase I 36 MW Fuji unit. The Phase I 36 MW Fuji unit performed at 99.997% availability at the required 36 MW output level. In addition, the Company announced that the Phase I expansion of the San Jacinto Project was running at 39 MW (net), slightly lower than expectations due to the temporary steamfield piping construction activities of the Phase II 36 MW expansion, which prevented the proper manifolding of all of the available steam at the site. As part of the scheduled Phase II construction, the Company was currently completing the full integration of the steamfield gathering and injection systems required for both Phase I and Phase II operations, which was expected to result in the full 72 MW (net) output once Phase II was completed.

On February 27, 2012, SKM completed its review of the slim hole completed in the fourth quarter of 2011, at the Casita San Cristobal development project in Northwest Nicaragua, in the department of Chinandega (the "Casita Project"). Based on the SKM probabilistic stored heat estimate, the well sampling results and the direct measurements of the slim hole well the indicated resource within the concession for Casita is estimated at 85 MWe (gross), for 20 years at a P90 probability. As a result, the Company decided to approach the Ministry of Energy and Mines ("MEM") to seek the grant of an immediate exploitation (i.e. production) concession for Casita in this first quarter of 2012 and is still in discussions with the government as to future development

Effective July 26, 2012, Ram Power received an initial equity distribution of approximately \$1 million from the San Jacinto Project. The San Jacinto Project, which began commercial operation of its Phase I 36 MW expansion in January 2012, had produced approximately 157,000 MWh of energy.

On October 10, 2012, the Company reached an agreement with the Offtaker and the Nicaraguan Government to increase the power sales tariff for the San Jacinto Project. The approved increase allowed the Company to recover unanticipated project costs associated with both the development of the resource and plant construction. The power sales tariff increase of approximately 17% was effective October 1, 2012, with annual escalation of 3% through and including 2022 and 1.5% thereafter through the remaining term of the PPA.

Effective November 5, 2012, Ram Power's amended power sales tariff for the San Jacinto Project was registered by the Nicaraguan Energy Institute and the Nicaraguan electricity grid operator, Centro Nacional de Despacho de Cargo, effective for power sold on or after October 1, 2012.

On December 12, 2012, the Company terminated its PPA with NV Energy (a Nevada public utility) for the sale of power from its Clayton Valley geothermal power project located in west central Nevada. The PPA termination allowed the Company to refocus its capital resources on its operating project in the San Jacinto Project.

Effective December 19, 2012, the Phase II expansion at San Jacinto Project was successfully synchronized to the Nicaraguan national integrated electrical grid.

On December 27, 2012, Ram Power amended its \$50 million Corporate Credit Facility with Sprott Resource Lending Group, Newberry International Holdings Ltd. and Exploration Capital Partners 2008 Limited Partnership (“Exploration Capital”) (the “Corporate Credit Facility”) to provide for the payment-in-kind of interest and fees thereunder for six months through the issuance of the Company’s common shares (the “Common Shares”). The six-month period began on December 2012 and ran through May 2013. The total amount of interest and fees payable under the Corporate Credit Facility during the six-month period was \$4 million.

The Phase II expansion of the San Jacinto Project was placed in commercial operation on December 29, 2012.

Fiscal Year ended December 31, 2013

On January 28, 2013, the Company began a reorganization of staff at its corporate office in Reno, Nevada, to better align the organization to focus primarily on its Nicaragua operations including the continued operation of the San Jacinto Project resource, the development of a binary unit at San Jacinto, and the exploitation of its Casita Project resource. In addition to the reduction in general staff at the Company’s head office, the Company’s Chief Executive Officer and Director Shuman Moore resigned from the Company and the Board effective February 15, 2013 and Acting Chief Financial Officer Selby “Bud” Little’s contract service agreement with the Company was not renewed following its expiration on March 31, 2013.

On February 7, 2013, the Company completed the 30-day performance test on the Phase II unit at the San Jacinto Project and verified that the unit met its minimum generation capacity. The Phase II expansion produced a total of 25,676 MWh versus the required 23,688 MWh in order to achieve certification. During the performance test, the plant maintained 99.94% availability, operating at the required 36 MW (net) output from the Phase II Fuji turbine and exceeding the requirements of the performance test. The plant incurred an 8-day outage starting February 10, 2013, to install an updated distributed control system and modified injection piping were installed to allow for more flexible operation of brine injection.

On March 27, 2013, the Company completed a senior debenture private placement (the “Private Placement”), and issued a total of 50,855 units (“Units”) at a price of Cdn.\$1,000 per Unit for gross proceeds of Cdn.\$50,855,000. Each Unit consisted of (i) a Cdn.\$1,000 secured debenture of the Company (the “Debentures”) at an interest rate of 8.5% per annum payable semi-annually, maturing five years from the closing date on March 27, 2018; and (ii) 1,000 share purchase warrants that entitles the holder to acquire one Common Share per warrant at a price of Cdn.\$0.30 for a period of five years following the closing date. Proceeds were used to pay off the Corporate Credit Facility.

On June 4, 2013, the Company executed a drilling contract with ThermaSource Inc., for the remediation drilling program at the San Jacinto Project. The remediation program called for the refurbishment of

two existing production wells with a targeted increase in steam availability of approximately 70-110 tonnes/hour, or approximately 9 to 14 MW of additional net capacity.

Additionally, the Company reached an agreement with its Lenders to amend its Phase II Credit Agreement for San Jacinto Project, among other things, allowed for the funding of the remediation drilling program from the Project's major maintenance reserves established under the Phase I and II Credit Facilities.

On July 18, 2013, the Company, through its subsidiary PENSA, began drilling operations at the San Jacinto Project.

On August 1, 2013, the Company reached an agreement with its Lenders to convert its Phase II Credit Facility for the San Jacinto Project to a term loan. The Lenders agreed to waive the minimum steam requirement set forth in the original agreement and permitted the Company to complete its resource remediation program over the next five months. Per the agreement, the Company will not be permitted to receive distributions until the completion of the resource remediation program.

Further, the Company funded \$3 million in June 2013 to the Major Maintenance Reserve Account from San Jacinto Project equity. The Company also funded from Project equity an additional \$2.95 million to the Major Maintenance Reserve Account by December 15, 2013 for other potential resource remediation efforts if necessary. In conjunction with the conversion from the Phase II loan from a project loan to a term loan in August of 2013, the Company from Project equity funded \$2.4 million to a reserve account to satisfy certain power purchase agreement obligations not currently met by the Offtaker (as defined below). Once the Offtaker fulfills its guarantee requirements under the terms of the power purchase agreement, the \$2.4 million will be released from the reserve account and be eligible for distribution to the Company under the San Jacinto Project distribution conditions.

When Thermasource Inc. completed the resource remediation drilling program mentioned above, the Company conducted a plant capacity test. The test included a 30-day stabilization period of the resource field followed by a 7-day performance test to determine the net operating output of the plant. During the 7-day performance test, the San Jacinto Project produced an average of 57.8 MW (gross) / 52.7 MW (net). The results of the performance test put the Company into default under the Credit Facilities. As rested output failed to achieve a minimum MW output the Company was unable to meet certain debt service coverage ratios and therefore remained ineligible for distributions under the loan agreements.

On August 14, 2013, the Company successfully completed its SJ 6-1 remediation program. The drilling operation successfully replaced 367 meters of damaged liner and perforated a 60 meter section of liner which had demonstrated increased temperature and permeability. On October 2, 2013, the Company announced that steamflow from SJ 6-1 was estimated at 9.8 tonnes / hour or 1.3 MW (gross), and the well was connected to the plant on September 26, 2013. Remediation of well SJ 6-2 was also undertaken and, after a brief recovery period, was placed back in service and steam-flow was estimated at 58 tonnes / hour per hour or 8 MW (net).

The remediation program for well SJ 9-3 began on August 25, 2013 and was remediated in three phases. First, the Company successfully retrieved the K10 survey tool and 1,600 meters of wire line which were left in the well bore following a mechanical problem during the 2011 drilling campaign. Second, the Company successfully deepened the initial leg of the well from 1,682 meters to 1,980 meters and perforated approximately 78 meters of blank liner. Lastly, the Company successfully drilled a fork leg to a total depth of 1,900 meters during which the drilling operation experienced a total loss of circulation at 1,200 meters and 70 to 80% circulation losses for the remainder of the drilling.

Further, as required under the San Jacinto Project PPA, the Company decommissioned the 2 x 5 MW (net) existing backpressure steam turbo generators and associated equipment (“Back Pressure Equipment”). All cash proceeds, net of expenses, associated with the sale of the Back Pressure Equipment funded the Major Maintenance Reserve Account for use in the remediation drilling program.

Additionally, the Company funded \$4.8 million to a reserve account to satisfy certain San Jacinto Project PPA obligations which were not met by the Offtaker. The Offtaker, along with the Government of Nicaragua, came to an agreement on the funding of the guarantees, and as a result, the \$4.8 million was released from the reserve account following the completion of certain procedures. The funds were used to fund the Major Maintenance Reserve Account for use in the remediation drilling program.

November 15, 2013, the Company announced a rights offering (the “Rights Offering”) to holders of its Common Shares. Pursuant to the Rights Offering, each holder of Common Shares that they received one transferable right (a “Right”) for each Common Share held. Every 4.5 Rights entitled a holder to purchase one Common Share at a price of \$0.08.

Additionally, Ram Power entered into standby purchase agreements (each a, “Standby Agreement”) with Dundee Securities, Newberry International Holdings Ltd. and Exploration Capital (“Exploration Capital”). At the time of the Rights Offering, affiliates of Sprott Inc., including Exploration Capital, owned or exercised control over more than 10% of the outstanding Common Shares of the Company.

The Rights Offering raised gross proceeds of approximately \$5.3 million. The net proceeds from the Rights Offering were used by Ram Power to fulfill December interest payment obligations to the holders of Ram Power’s outstanding Debentures in the aggregate amount of approximately \$2,180,000 due December 31, 2013.

Additionally, the Company appointed Fraser Buchan to the Board of Directors of the Company.

Fiscal Year ended December 31, 2014

On January 22, 2014, the Company announced that it completed the late 2013 Remediation Drilling Program designed to increase the steam resource of the San Jacinto Project. The Remediation Drilling Program called for the refurbishment of four existing production wells as well as the replacement and perforation of specified well casings along with the deepening and forking of two wells.

On April 22, the Company sold to US Geothermal Inc. its geothermal field in the Mayacamas Mountains of Sonoma County, California (the “Geysers Project”) for \$6,400,000. The Company’s subsidiaries

included in the transaction include Western Geopower, Inc., Skyline Geothermal Holdings, Inc., and Etoile Holdings, Inc., which, in turn, includes all membership interests in Mayacamas Energy LLC and Skyline Geothermal LLC.

On April 28, 2014, the Company began the 30-day stabilization period for the San Jacinto Project. Following the conclusion of the 30-day stabilization on May 18th, the Company conducted a 7-day performance test to determine the net operating output of the San Jacinto Project, which concluded on May 25th. During the 7-day performance test, the San Jacinto Project produced an average of 57.8 MW (gross) / 52.7 MW (net).

The results of the performance test put the Company into default under the Credit Facilities. As rested output failed to achieve a minimum MW output the Company was unable to meet certain debt service coverage ratios and therefore remained ineligible for distributions under the loan agreements.

In November of 2014, the Board of Directors of the Company formed a Mergers and Acquisitions Committee (the "M&A Committee") to explore and evaluate strategic alternatives to enhance shareholder value. The M&A Committee was tasked with exploring, among other things, opportunities to increase operational efficiencies, strategic partnerships, asset sale opportunities and asset purchase opportunities. The Company has received a number of proposals from interested third parties and continues to work with its stakeholders and potential investors to bring a transaction to conclusion. The M&A Committee of the Board is comprised of Daryl Clark, Fraser Buchan and Chaired by Murray Sinclair.

Pursuant to the terms of the debenture indenture between Ram Power and Equity Financial Trust Company (the "Trustee"), beneficial holders of 66 2/3% of the currently outstanding principal amount of the debentures have authorized the addition of Cdn\$2,161,338 (the "Debenture Interest Payment Amount") to the principal amount of the outstanding debentures in lieu of making a semi-annual interest payment on the debentures. As a result, the Debenture Interest Payment Amount shall accrue interest as principal for the remaining term of the debentures and shall be due and payable on the maturity date or as otherwise provided under the debenture indenture.

The Company did not made the aggregate US\$1,277,774 principal and interest payments required to be made on September 15th and December 15th, 2014 in respect of its Credit Facilities. As a result of the fact that the subordinated debt payments were not made, the amounts outstanding under these agreements have been classified by the Company as short-term liabilities.

Current Fiscal Year

On January 26, 2015, the Company was notified by the TSX that it is being placed under delisting review in respect of its common shares and common share purchase warrants.

The TSX has advised the Company that it is reviewing whether the Company meets the TSX's continued listing criteria in the following areas: (i) the Company's financial condition and operating results; (ii) whether the Company has adequate working capital and an appropriate capital structure; (iii) whether the Company's common shares have an appropriate trading price and minimum public float; and (iv) the

fact that the Company has an interim chief executive officer (i.e. its Executive Chairman) and interim chief financial officer.

The Company is being reviewed under the TSX's Remedial Review Process and has been granted an initial period of 120 days to comply with all requirements of the TSX for continued listing. If the Company is unable to demonstrate on or before May 25, 2015 that it meets the requirements for continued listing on the TSX, its securities will be delisted 30 days from such date.

The Company will be working with the TSX throughout the review process to satisfy the continued listing requirements. In the event the Company is unable to continue with the listing of its securities on the TSX, other listing alternatives exist for reporting issuers in Canada.

4. DESCRIPTION OF BUSINESS

4.1 General Description of the Business

The Company is a renewable energy company focused on the development, production and sale of electricity from geothermal energy. The Company is currently operating the 72 MW (net) Phase I and Phase II expansion of the San Jacinto Project. In addition to the San Jacinto Project, the Company also has a portfolio of exploration and development projects.

Overview of Geothermal Energy

Geothermal energy is a clean, renewable energy source that, because it does not utilize combustion in the production of electricity, typically releases significantly lower levels of emissions than result from energy generation based on the burning of fossil fuels. Geothermal energy is derived from the natural heat of the earth when water comes sufficiently close to hot molten rock to heat the water to temperatures of 150°C or more. The heated water then ascends toward the surface of the earth where, if geological conditions are suitable for its commercial extraction, it can be extracted by drilling geothermal wells. The energy necessary to operate a geothermal power plant is typically obtained from several such wells, which are drilled using established technology that is, in some respects, similar to that employed in the oil and gas industry. Geothermal production wells are normally located within approximately one to two miles of a power plant, as geothermal fluids generally cannot be transported economically over longer distances due to redistributive costs. As long as the well field is properly operated, the geothermal reservoir is a renewable source of energy if natural ground water sources and the re-injection of extracted geothermal fluids are adequate over the long term to replenish the geothermal reservoir after the withdrawal of geothermal fluids.

Geothermal energy projects typically have relatively high capital costs (primarily as a result of well field development) but tend to have relatively lower variable costs, principally consisting of maintenance expenditures, than fossil fuel-fired power plants that require ongoing fuel expenses.

Employees

At the date of this AIF, the Company has approximately 118 full time employees, of whom 2 are employed by Ram Power, Corp., 97 are employed at PENSA's San Jacinto Project and 17 at PENSA's office in Managua, Nicaragua, and 2 are employed in Nicaragua by Cerro Colorado Power, S.A. As operations require, the Company also retains geoscientists, engineers and other consultants on an independent contract basis.

Specialized Skill and Knowledge

The success of a geothermal company is largely dependent on the skills, experience and efforts of the senior management team and other key personnel. Ram Power's core management team includes individuals with extensive project development experience in the renewable energy industry, including in land acquisition, permitting, geothermal exploration and drilling, power plant construction, PPAs, transmission, project operation and maintenance, asset management, and financing.

Distribution Methods

The Company currently sells all geothermal electric energy produced pursuant to the terms of a PPA.

Competitive Conditions

The green power industry, in which the Company operates, is currently characterized by intense competition from other renewable power developers, as well as from electric utilities that purchase green power but wish to own renewable generation facilities. However, some 33 U.S. states have instituted Renewable Portfolio Standard mandates which require load serving utilities to include an ever growing percentage of renewable energy in their electric supply. Among the most ambitious are California's 33% by 2020 and Nevada's 25% by 2025.

These state mandates have created a demand for renewable projects, which need to be successfully executed by experienced teams with adequate capital. The net effect is that favorable market conditions currently exist in the United States for the green power industry. However, the low price of natural gas in the United States due to expanding domestic supplies, the number of new renewable energy companies who have become entrants in the competitive bidding process (which utilities are increasingly using to acquire renewable energy) and the oversupply of low capacity factor solar panels and wind turbines have created pressure to lower renewable energy prices. Geothermal is a reliable base load technology, which makes efficient use of transmission capacity, and which also has a low cost of energy when compared to other renewable technologies. Therefore, for the near term, despite lower natural gas prices, the RPS mandates are expected to continue to spur the market for geothermal power, and load serving utilities are expected to continue to execute long-term PPAs for geothermal electricity at prices which support attractive levels of profitability.

Geothermal energy production in Latin American countries, and particularly Central America, is both an abundant resource and cost-competitive. Currently, the energy matrix primarily consists of generators run by internal combustion engines burning bunker fuel or diesel which is imported from other countries. These generators are approximately 2-3 MW (net) in size, making the marginal cost of

generation higher in comparison with the cost of geothermal. An additional benefit of geothermal is its independence from seasonal variations in the weather. Both wind and hydropower generation are not available for extensive periods each year, and require large backup capacity or cold reserves, which contribute to higher marginal cost for electricity throughout the region.

Economic Dependence

The Company's only operating geothermal power plant is the San Jacinto Project. Substantially all revenues expected to be realized from the operation of the San Jacinto Project will come from the sale of energy and capacity under a PPA between PENSA and Disnorte-Dissur, the owner and operator of Nicaragua's electrical distribution system (the "Offtaker"). Under the PPA, the Offtaker is required to purchase all of the electricity and capacity from PENSA's 72 MW (net) expansion of the San Jacinto Project through January 2026, the date the concession terminates for the distributor. The contemplated bottoming unit expansion of the San Jacinto Project is not currently covered by the PPA. The Nicaraguan Government holds a 16% ownership interest in the Offtaker. The balance of the shares in the Offtaker was owned by Unión Fenosa, a subsidiary of Gas Natural, a Spanish utility company. In February 2013, it was announced that TSK-Melfosur International ("TMI"), a consortium made up of Spanish companies TSK and Melfosur, purchased controlling interest in the Offtaker from Gas Natural Fenosa.

Foreign Operations

The Company's primary activities are carried out in Nicaragua and, as such, the Company's operations may be affected by possible political or economic instability and government regulations relating to the mining industry and foreign investors therein. Geothermal energy production may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted.

Revenue Generation

During the year ended December 31, 2014 the Company generated approximately \$48.2 million dollars in revenue primarily as a result of the operations of the San Jacinto Project.

Social and Environmental Programs, Nicaragua

The Company has implemented social policies to benefit communities that are influenced by the San Jacinto Project. The Company has taken an active role in contributing to schools in the Tizate district, Department of Leon. The Company has also provided materials for school uniforms and maintenance equipment for school facilities. For several years, the Company has hosted a yearly music festival for children, where the Company provides funds to repair broken and damaged instruments for children and also purchases musical instruments for children. The Company provides hands on field experience for students in environmental awareness and reforestation. In addition, the Company has entered into an agreement with a Nicaraguan engineering university to provide seminars and conferences to its

students, with the goal of raising an understanding of the uses, benefits and importance of geothermal power.

Additionally, the Company promotes actions to protect water sources, implemented together with the community in order to enhance sanitation conditions. In this regard, the Company has gained a grant to finance a water and sanitation project targeting five communities in the San Jacinto District. Funds for this project were negotiated with the IDB Water Fund, OeEB and Catholic Relief Services (“CRS”) to supply quality water in sufficient quantities in a sustainable way to dwellers and schools, as well to rehabilitate the health post of San Jacinto. CRS is the on-field implementing party of the project, which is set for a three year timeframe.

4.2 Operating Project

San Jacinto Project– San Jacinto, Nicaragua

Project Description and Location

The San Jacinto Project is located in the northwest of Nicaragua, near the city of Leon, approximately 90 km northwest of Managua. The San Jacinto Project exploitation agreement covers an area of 40 km².

The San Jacinto Project is being developed under an exploitation agreement (the “San Jacinto Exploitation Agreement”) between PENSA and MEM signed in 2001. The term of the San Jacinto Exploitation Agreement is for 25 years, extendable for an additional 10-year term. The San Jacinto Exploitation Agreement has an investment schedule outlining the various milestones that the Company must meet in its development of the San Jacinto Project. Non-compliance with these milestones may cause the San Jacinto Exploitation Agreement to be terminated by MEM. As of the date of this AIF, the Company is currently in compliance with all of the milestones under the agreement. The generation license held by PENSA allows for generation of 72 MW (net) from the San Jacinto Project for a 30-year term that commenced in December 2003.

Nicaraguan legislation requires that electrical generation projects obtain an environmental permit from the Ministry of the Environment and Natural Resources (“MARENA”). Issuance of the permit requires an Environmental Impact Assessment (“EIA”) demonstrating that the plant’s activities will not cause significant environmental impacts.

An EIA for the San Jacinto Project (the “San Jacinto Project EIA”) was submitted to MARENA in July 2003. The San Jacinto Project EIA covered the range of potential environmental and socio-economic impacts during the San Jacinto Project’s plant construction and operational phases, and evaluated their possible impact. It also covered potential risks to the plant from extreme natural events and presented a contingency plan in the event such events occur. The San Jacinto Project EIA concluded that the main environmental impacts of the project are on air quality and noise, which can easily be mitigated through chimneys, silencers, forestry, sound barriers and the use of personal protection by staff. The project was viewed as generating significant positive socio-economic impact in the form of employment and electricity generation, and also positive environmental impact in the form of mitigating climate change.

MARENA issued its final environmental permit for the San Jacinto Project on September 18, 2003. Subsequently, MARENA issued an environmental permit to PENSA for the expansion of the San Jacinto Project to 72 MW (net). The EIA for the Technological Reconversion Project in San Jacinto-Tizate for the generation of 72 MW (net) using Fuji turbines was finalized in November of 2009.

The Company believes that the necessary permits and approvals for the San Jacinto Project have been obtained to operate the plant and the steam field at the designed 72 MW (net) of net generation capacity.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The San Jacinto Project site is located near the village of San Jacinto, a small settlement adjacent to the established base camp. The San Jacinto Project is accessible by the Pan-American Highway and has internal roads to access work sites. Paved road access passes through San Jacinto and provides access to the base camp, which is north of the village of San Jacinto. A gravel road turns off from the southern edge of the village of San Jacinto, and provides access to the site while bypassing the village. The work sites are located in rolling hills not visible from the village of San Jacinto. Leon, the second largest city in Nicaragua, is located 20 km to the west and provides the main pool of labor. Labor is also sourced from Managua which is 90 km to the southeast. The San Jacinto Project is connected to the high voltage electrical grid through a dedicated 13 km power line that connects both the Leon and Santa Barbara substations. Water for plant operation is available from local wells. The climate in the area is generally hot and dry, but with seasonal heavy rainfall.

History of the Property

The first geoscientific studies in the area of the San Jacinto Project concession were conducted in 1953 and consisted of measurements of heat flow from the surface manifestations at San Jacinto and Tizate. Steam was also observed to be flowing from shallow wells in the area. From 1969 to 1971, the United States Agency for International Development implemented a geothermal exploration program over the western part of Nicaragua, managed by Texas Instruments Inc. Based on the results of this program, the San Jacinto-Tizate area was identified as having a high priority for development. The program included a range of surface exploration surveys and the drilling of four shallow temperature gradient wells, one of which encountered a temperature of 105°C at shallow depth. The United Nations Development Program (the "UNDP") carried out further surface exploration in the area during 1973 and a potential resource area of 6 km² was delineated based on resistivity measurements. Based on this area, the UNDP estimated the field development potential to be on the order of 100 MW. Through the late 1970's and early 1980's further geophysical surveys and surface studies were undertaken by a number of agencies. This work indicated that a high temperature (250°C to 300°C) resource existed in the San Jacinto-Tizate area, with an apparent high resistivity zone at 1,500 to 1,600 m, which was interpreted to correspond to the bottom of the productive reservoir.

In 1992, Dal SpA reviewed all available information and performed additional geological work on behalf of Instituto Nicaraguense de Energia ("INE"). This led to the conclusion that the upflow for the field was probably located in the area of Tizate, with an outflow towards San Jacinto. In late 1992, Intergeoterm, a

joint venture company owned by ENEL (77.0%) and Burgazgeoterm (23.0%), a wholly-owned subsidiary of Gazprom (a Russian gas company), began work on a feasibility study for development of the San Jacinto Project concession for power generation. This work included further surface exploration and the drilling of seven commercial diameter wells. The wells ranged in depth from 728 to 2,339 m and were completed between 1993 and 1995, although the last well, SJ-7, was suspended before it reached the proposed target depth. The drilling of these wells provided significant additional data on the sub-surface conditions, including geological information and downhole temperature and pressure profiles, and confirmed that the highest temperatures were present in the vicinity of Tizate. Five of the wells were tested, by production and/or injection, and three (SJ-4, 5 and 6) were considered to be commercial producers. Interference tests were also conducted during 1995 to provide additional information on the degree of interconnection between the various wells.

Geological Setting

The San Jacinto-Tizate field is located in the vicinity of several young to active volcanoes that make up part of the Maribios range, a chain of volcanic mountains in northwestern Nicaragua. The volcanoes, like essentially all of the principal volcanoes of Central America, are created by the subduction of one tectonic plate (the Cocos plate) under another (the Caribbean plate) near the Pacific coast of Central America. The volcanoes of western Nicaragua differ from the majority of the other Central American volcanoes in an important respect: they occur within the Nicaraguan Depression, a major topographic and tectonic feature that extends the length of western Nicaragua and is evidenced by Lake Managua, Lake Nicaragua and other low-lying areas. The depression has been interpreted as a half-graben (a zone of structural subsidence) that is bounded on its southwest side by steeply dipping faults.

The rocks exposed at the surface in the vicinity of the San Jacinto-Tizate field consist of deposits from the volcanoes in the area (principally from the El Chorro-La Bolsa, Telica, San Jacinto, Santa Clara and Lomas de Apante complexes). Interpretation of subsurface rocks from drill cuttings in the wells at San Jacinto-Tizate indicate that subsurface rock units (to a depth of about 2,000 m, the level explored to date by drilling, are also predominantly volcanic in origin (mainly of andesitic and basaltic composition), pyroclastic rocks (tuffs and breccias of varying texture and composition), and sediments that are presumably volcanogenic in origin (that is, reworked volcanic material deposited either sub aerially or in lakes). These rock units have been interpreted to range in age from very recent to early Miocene age (that is, up to somewhere in the range of about 10 to 20 million years). The older sedimentary and volcanogenic units that are inferred from regional mapping to compose the basement beneath the volcanic deposits in the Nicaraguan Depression have not been identified in any of the wells.

Exploration

In the past several years, work has been undertaken to increase the production and injection capacity of the field in order to accommodate the planned expansion of generation capacity for development of the Phase I and Phase II expansions of the San Jacinto Project and beyond. This work has included a comprehensive geoelectrical survey of the concession area using magnetotelluric resistivity methods,

additional integrated evaluation of the resource (including conceptual and numerical modeling of the reservoir), and beginning in 2007, the drilling of additional deep, commercial-diameter wells.

Downhole surveys and discharge tests were conducted as part of the technical due diligence study undertaken by Comisión Federal de Electricidad in 2001 and SKM for Tarma and Investment and Technical Management Limited ("ITM") in 2001. These included pressure and temperature runs in wells SJ-3, 4, 5 and 6 and discharge tests with chemical sampling on wells SJ-5 and SJ-6. The collected data were then used in conjunction with the earlier data to verify the resource characteristics.

Drilling

To enhance steamfield production, the Company executed a production enhancement plan with expected completion by the third quarter of 2013. The 2012 Plan included, among other things, the conversion of well SJ 6-1 from an injection well to a production well and use of well SJ 12-1 as an injection well.

2013 / 2014 Remediation Plan

Once Phase II was placed in commercial operation in late December 2012, the Company began a detailed assessment of the San Jacinto Project Resource. During this period, additional geo-scientific and reservoir data collection and analysis were conducted in order to allow the Company to make decisions regarding further production enhancement activities in order to optimize long term reservoir management and utilization. As a result, the Company and SKM, determined that the remediation of four production wells was going to be the most cost effective alternative to drilling new production wells.

A description of the remediation efforts is as follows:

Well SJ 6-1

During August 2013, the Remediation Team successfully replaced 367 meters of damaged liner and perforated a 60 meter section of liner which had demonstrated increased temperature and permeability.

Well SJ 6-2

During September 2013, the Remediation Team successfully perforated 60 meters of blank liner to recover production at an upper major zone that may have been affected by prior mineral deposition.

Well SJ 9-3

The remediation program for well SJ 9-3 began on August 25, 2013 and was completed in late February, 2014. Well SJ 9-3 was remediated in three phases:

- Initial work resulted in the Company successfully retrieving the K10 survey tool and 1,600 meters of wire line which were left in the well bore following a mechanical problem during the 2011 drilling campaign;
- Secondly, the Company successfully deepened the initial leg of the well from 1,682 meters to 1,980 meters and perforating approximately 78 meters of blank liner; and
- Finally, the Company successfully drilled a fork leg to a total depth of 1,900 meters during which the drilling operation experienced a total loss of circulation at 1,200 meters and 70 to 80% circulation losses for the remainder of the drilling. Such losses of circulation provide a strong indication of high permeability.

Well SJ 9-3 continues to be in thermal recovery. The Company made four attempts to tie in the well to the plant after nine weeks of thermal recovery. The well has demonstrated a production output between 7-10 MW when achieving a wellhead pressure necessary for the operating pressure of the plant. The well continues to show improved thermal recovery of temperature and pressure but will continue to be shut in for periods of time to allow for full stabilization.

Well SJ 12-3

The remediation program for well SJ 12-3 began in late October 2013 and was completed in January 2014. The remediation plan included the perforation, deepening and forking of the well. Well head temperature and pressures continue to oscillate since being placed into production, but will stabilize over time and the well is expected to produce between 7-10 MW.

Remediation Drilling Program

The Remediation Drilling Program was completed in May 2014 and contributed to a total gross increase of 8 MW/day. This increase was offset by declines in the steamfield of 5 MW/day, mainly attributable to well SJ 12-2, which resulted in average net production of 52.7 MW (net)/day during the performance test required by the Company's Credit Facilities. Towards the end of 2013, and into early 2014, the degradation of the resource stabilized, and current decline is estimated to be roughly 3-4% per year which is in line with standard trends in geothermal steam field management. The Company continues to engage in active dialogue with SKM regarding improvements to the steamfield to increase production.

The Company technically defaulted under the Credit Facilities when the performance test output failed to achieve a minimum MW output. Also, certain debt service coverage ratios were not met and, as a result, the Company is not currently eligible for distributions from the San Jacinto Project pursuant to terms of the Credit Facilities. The Company is in active discussions with its lending syndicate, led by the IFC, to obtain conditional waivers for these covenant breaches under the Credit Facilities.

Resource Estimates

The resource potential of the eastern sector in the San Jacinto Project was initially estimated by SKM (2008, Definitive Feasibility Study) using a Monte Carlo “stored heat” approach (the “Monte Carlo Approach”), where probability distributions for some of the resource parameters were defined, resulting in a probabilistic resource estimate.

The basic principle of the stored heat method is to estimate the heat stored within a defined reservoir volume (including both the heat stored in the rock and the heat stored in the reservoir fluid) and then to estimate how much of that can reasonably be extracted and converted to useful power using typical technologies. A stored heat assessment is an educated “best guess” at the amount of accessible energy that is stored within a geothermal system and how much electricity that heat could be turned into, making various assumptions.

Using various input assumptions, the Monte Carlo Approach model was run 2,000 times to obtain frequency distribution and cumulative probability distributions. The calculated parameters indicated that the estimated capacity of the entire San Jacinto Project resource had a mean value of 277 MWe. The cumulative probability distribution showed there is a 90% probability that the resource capacity will be greater than 203 MWe and a 50% probability that it will be greater than 274 MWe. This value does not mean that there is a 50% probability that a 270 MWe development will be economic, nor even that there is a 50% probability that sufficient fluid for a 270 MWe development can be extracted for 20 years. There are numerous factors not considered in a stored heat assessment which could down-rate the available steam. There are also positive factors which can mean that a stored heat estimate can, in some cases, significantly under-estimate the long term resource capacity, most notably the fact that it does not include any allowance for heat or fluid recharge from depth. The eastern sector of the San Jacinto Project was estimated to supply 686 tonnes per hour steam capacity (89 MW) for 20 years.

A further update was provided by SKM (2012, Update of San Jacinto Reservoir Model) with the conclusion that the Eastern San Jacinto Field, prior to the completion of the medium term production enhancement plan, should support 60-64 MW (net).

Operations

Management believes that the Company will be able to sell energy and capacity under the PENSA PPA for the San Jacinto Project which runs until June 2031 (with the ability to apply for a further extension until the year 2061). The Offtaker, the power purchaser under PENSA’s PPA holds the license to operate Nicaragua’s electrical distribution system. The Nicaraguan Government holds a 16% ownership interest in the Offtaker. The balance of shares in Offtaker are owned by TMI, a Spanish consortium formed by TSK and MELFASOUR, both Spanish companies, who purchased controlling interest in the Offtaker from Gas Natural Fenosa.

There is minimal dispatch or price risk to the Company under PENSA’s PPA. Full dispatch of the San Jacinto Project plant is assured by regulation and by merit order. PENSA’s PPA price of \$107.50/MWh is lower than current average Nicaraguan wholesale market price of \$170 /MWh and regional long-run marginal costs. The Company believes that the resource is competitive not just in Nicaragua, but throughout Central America, which is expected to become a regional market of greater than 10,000 MW

by late 2012. In 2010, Nicaragua's energy regulator, INE, approved a price cap for renewable energy projects that sell energy in the spot market between a range of \$86-95 /MWh. The Company's current and future PPA prices are not limited by the spot market price cap for renewable energy projects.

The Company has continued to verify and sell its Certified Emission Reductions ("CERs") under the United Nations Framework Convention on Climate Change ("UNFCCC") Clean Development Mechanism. CERs generated by the project were certified via a UNFCCC Project Development Document ("PDD") in the first six months of 2009, verified by TÜV SÜD Industrie Service GmbH in 2011, and sold in early 2012.

Asociación Española de Normalización y Certificación ("AENOR"), the Company's new Designated Operational Entity, is reviewing a PDD for the new plant design that will be submitted to the UNFCCC to re-certify the project and enable the Company to verify and sell CERs that were generated after June 2009. Concurrently, AENOR is verifying the monitoring report from July 2009 to December 2010 to enable the sale of CERs generated during that period. Pending approval of the new PDD, Management expects to generate CERs at a rate of between 0.7102 and 0.754 (tCO₂ or CER)/MWh. Market prices for CERs under UNFCCC's program have fallen and were trading between €0.32-0.38 per CER during early 2013. Management is exploring alternatives to sell future CERs.

Exploration and Development

Pursuant to the terms of the San Jacinto Exploitation Agreement, the San Jacinto Project was developed in two phases, Phase I and Phase II. Both Phases I and II of the San Jacinto Project are concentrated in the eastern sector of the San Jacinto Project concession. Phase I originally called for the development of 20 MW (net) of production in two stages, with each stage comprised of 10 MW (net). Phase II called for the production of an additional 46 MW (net). Pursuant to Addendum # 5 to the San Jacinto Exploitation Agreement, Phase I was expanded to 46 MW (net) and Phase II is planned to be expanded to 36 MW of capacity, bringing the total planned capacity of the backpressure units, Phase I and Phase II to 82 MW (gross).

The San Jacinto Exploitation Agreement previously provided that the deadline for the commercial operation date ("COD") of Phase I was April 26, 2011. On April 29, 2011, MEM agreed to further extend the COD deadline of Phase I to October 28, 2011. Effective October 2011, MEM agreed to further extend the COD deadline of Phase I to December 31, 2011 and the Company formalized the extension with MEM and the Offtaker in January 2012. The deadline for COD of Phase II was extended to December 31, 2012 and the Company formalized the extension with MEM in January 2012. The San Jacinto Exploitation Agreement and Nicaraguan law provide for grace periods and cure periods if these deadlines to reach COD were not met.

In addition, there is a requirement in the San Jacinto Project exploitation agreement that the amount of electricity generated by the plant be at least above a minimum prescribed amount. Until November 10, 2014, that minimum prescribed amount was 90% of the 72 MW (net)/day capacity of the plant. The Company has been experiencing resource declines in certain of its wells at the San Jacinto pProject, and as a result has not been operating above the minimum capacity required by the exploitation agreement. On April 18, 2014, the Nicaragua government agreed that the failure to meet the minimum capacity was

a result of a force majeure and accordingly the Company has been relieved until May 31, 2016 from any penalties that would otherwise be applicable on account of the failure to meet the minimum electricity production.

A description of Phase I, Phase II and Binary Unit development follows:

Phase I Development

The selected technology for Phase I of the San Jacinto Project development was back-pressure steam turbines for initial development. These are relatively inefficient units, but were able to be installed very quickly and at a low cost. They represent a level of technology which has been successfully applied to geothermal developments worldwide, and especially in Latin America.

Phase I: Back Pressure Development

As the first stage of the project development of Phase I, 2 x 5 MW (net) existing backpressure steam turbo generators and associated equipment were purchased from LaGeo and placed into commercial operation in 2005. This equipment was originally supplied by ACEC of Belgium (now part of Alstom) and was installed in LaGeo's geothermal power plant at Berlin, Departamento de Usulután, El Salvador. Backpressure turbine power plants are comparatively simple and economical to install. Using readily available equipment provided advantages for the San Jacinto Project budget and implementation schedule.

Phase I: Single Flash Condensing Turbine Development

Single flash technology, which is the most commonly used technology for geothermal projects worldwide, provides for the most efficient extraction of energy from the steam supply. Fuji has been building steam turbines for geothermal applications since 1977 and currently has 57 machines operating worldwide. Fuji has the necessary expertise in geothermal turbine design to meet the performance and reliability required by the San Jacinto Project.

The San Jacinto Project Phase I power plant and steamfield was originally to be constructed via a procurement and construct contract with Constructora Queiroz Galvao S.A. ("CQG") of Brazil. Due to contractual issues between PENSA and CQG, PENSA took over the construction management of the project in March 2011.

The San Jacinto Project Phase I power plant was mechanically completed in October 2011. Subsequent to mechanical completion, commissioning activities for the expansion commenced which included the coordinated turnover of all plant subsystems between the Phase I expansion sub-contractor Dymel and the commissioning staff, including Fuji. In December 2011, the Phase I expansion was successfully synchronized to the Nicaraguan national integrated electrical grid, and the plant was declared in commercial operation on January 9, 2012.

Phase II: Single Flash Condensing Turbine Development

The completion of the San Jacinto Phase II power plant brings the total San Jacinto Project capacity to 72 MW (net). Concurrent with the Phase I expansion, the Company engaged TIC as the Phase II contractor and gave FNTP in August of 2011. The Phase II expansion sub-contractor Prinel and the commissioning staff, including Fuji, completed the commissioning activities for the Phase II expansion in early to mid-December 2012. On December 19, 2012, the Phase II expansion was successfully synchronized to the Nicaraguan national integrated electrical grid, and the plant was declared in commercial operation on December 29, 2012.

The Phase II project is located on the existing prepared platform adjacent to Phase I. The 138 kV switchyard was expanded during Phase I construction to allow for a further transformer bay for the new unit. In the fourth quarter of 2011, the Company transferred all of its rights, title and interests in the transmission and substation assets for the San Jacinto Project to Empresa Nacional de Transmisión Eléctrica (“ENATREL”), the owner and operator of the national transmission system in Nicaragua, in accordance with applicable Nicaraguan law and the terms of the Phase I and Phase II Credit Facilities. ENATREL assumed sole responsibility for the operation and maintenance of the transmission assets and the interconnection of the plant to the Nicaraguan national transmission system.

Phase III: Binary Unit

In March 2012, the Company executed a mandate letter with IFC for the financing of a binary unit bottoming cycle power generation plant (the “Binary Unit”) at the San Jacinto Project site. The Binary Unit is expected to add approximately 10 MW (net) of additional capacity to the 72 MW (net) expansion of the San Jacinto Project. Binary Unit construction is planned to begin construction after the available brine flow from the Phase I and Phase II expansions is confirmed. Because the Binary Unit will use the geothermal fluids separated from the geothermal steam used to power the San Jacinto Phase I and II units as its source of heat for power generation, no additional production or injection wells are required to construct and operate the Binary Unit at its full capacity.

4.3 Current Development Properties

Casita Project - Nicaragua

Project Description and Location

The Casita Project is located in northwest Nicaragua in the Department of Chinandega. The Casita Project currently consists of an exploration concession (the “Casita Project Exploration Concession”) with an area of 100 km². In 2008, through an international bid, Cerro Colorado Power, S.A., a subsidiary of the Company, was awarded the Casita Project Exploration Concession. The Company has certain investment obligations under the Casita Project Exploration Concession. Non-compliance with these obligations may cause the Casita Project Exploration Agreement to be terminated prior to the issuance of an exploitation concession. The Company is in compliance with these obligations.

MARENA has granted the required environmental permit for the Casita Project and the Company believes that it has all the required permits to conduct exploration of the Casita Project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Department of Chinandega has a population of 470,000 inhabitants, of which 38% live in rural areas and the rest in the municipalities of Posoltega, Chichigalpa, and Chinandega. The access to the Casita Project is through the Chinandega main highway. The nearby cities of Leon and Chinandega are in close proximity to the project site. The temperatures at the Casita Project range from 22°C to 38°C during the year. The estimated precipitation is above 1800 mm annually. The potential resource at the Casita Project is accessible along roads that are currently being constructed by the Company. Water for drilling will need to be sourced from special purpose water wells. Potential locations for these wells include the lower slopes of the Casita Mountain or within La Pelona Caldera.

History of the Property

The geothermal potential of the Casita Project was initially recognized following regional geothermal surveys undertaken by Texas Instruments Inc., GeothermEx and Unocal Corporation, a subsidiary of Chevron Corporation (“Unocal”).

MEM commissioned GeothermEx to review the Casita Project as part of the development of the Plan Maestro Geotérmico de Nicaragua.

Geological Setting

As a whole, Volcan Casita (“V. Casita”) forms an east-west ridge of andesitic volcanic products. A set of prominent northeast-trending normal faults cut the summit area bounding the central crater at the top of the mountain. The central crater (Ollade crater) may be an eruption crater but, given its size and the degree of dissection of the mountain flanks, it is unlikely that the original crater morphology would be so well preserved. Hence, it is possible that this feature is a summit caldera. A further older crater is transected by one of the northeast trending structures.

Volcan San Cristobal (“V. San Cristobal”) is the most prominent part of the chain in the immediate vicinity and it has been more recently active than V. Casita. It forms a composite cone complex with four other eruptive centers, most notable in this case with V. Casita to the east-southeast, where V. San Cristobal has grown on its northwest flank. V. San Cristobal is historically active, with eruptions recorded from 1522 to 1997.

Both V. San Cristobal and V. Casita have asymmetric distributions of pyroclastics and lavas within their volcanic piles because the prevailing winds are northeasterlies (Van Wyk de Vries and Borgia, 1996). Pyroclastics have therefore been concentrated on the southwest slopes and lava flows predominate on the northeast slopes. This is likely to be a contributory factor in the slope instability on the southern side of Casita and would favor a predominance of groundwater flow down to the northeastern slopes. The latter is a result of a greater amount of precipitation on that side and the greater permeability of fresh lavas in comparison to pyroclastics

The tectonic environment in Nicaragua favors there being many potential heat sources for geothermal fields; however they may not necessarily be large fields. The importance of this is that a number of fields with deep central upflows may be present in close proximity.

Exploration

A geophysical survey was undertaken and has been supplemented by sampling and analysis of steam and gas from the Casita Project, along with mapping of geothermal surface activity. The combined assessment of geochemistry from the natural fumarole discharges, geophysical structures, and overall heat discharge distribution provided evidence that a geothermal resource potentially lies beneath the Casita Project.

As the system is centered on the relatively high mountain of Casita and its eastern ridge, the terrain and geological structures will present some challenges for access to drilling sites, however much of the resource may be accessible from lower elevations on the flank of the mountain. The geochemistry data present no indications of acid fluids or similar development constraints within this resource.

Resource Estimates

Estimates of energy potential for the Casita Project have been developed using indications of resource area derived from modeling the geophysics surveys and indications of resource temperature derived from the interpretation of the steam discharge at the Casita Project. Probabilistic modeling using estimated ranges of parameters indicates that the resource has a 50% probability of supporting over 132 MWe for 20 years and a 90% probability of supporting 85 MWe for 20 years. These estimates are for gross generation capacity of the indicated resource and were developed by SKM in an updated Casita San Cristobal Geothermal Projected-Updated Resource Assessment completed in February 2012. These estimates are subject to the useful productivity of the resource being proven by exploration drilling.

Exploration and Development

The Nicaragua National Expansion Plan for electricity generation contemplates up to 140 MW from the Casita Project, starting in 2014-2015. Under the development plan required by the Casita Project Exploration Concession, two deep exploration wells were planned to be drilled into a large low-resistivity anomaly detected using the magnetotelluric geophysical exploration method. The location of the exploration wells was further refined by an aeromagnetic survey of the concession area. In July 2011, the Company commenced drilling of its first slim hole at the Casita Project, which was drilled to a depth of 842 m with a total loss of circulation. A temperature survey conducted in the well has indicated temperature readings exceeding 230°C (446°F). The temperature results obtained and the permeability found indicate that the location has the characteristics of a commercial resource. The drilling of the slim hole and the interpretation of geoscientific data has been carried out with the technical support of SKM. As a result of the first slim hole testing, the Company has approached MEM to obtain an exploitation license for the Casita Project without drilling any further exploration wells and without making the full investment required by the Casita Project Exploration Concession.

The Company submitted an application for rights to obtain the exploitation concession in August 2012, and received formal notification from MEM that it met its obligations under the exploration license, and can exercise its preferential rights to obtain an exploitation concession license.

During the second quarter 2013, the Company began an environmental assessment to obtain environmental and municipal permits required to begin exploitation drilling, and the Company initiated work on impact studies to the Nicaraguan National and Regional Network required to obtain a generation license and begin negotiating a PPA. During the second quarter 2014, the Environmental permit was finalized and submitted to the government authority for its approval and the impact studies were submitted for review and approval to the Nicaraguan and Regional Authorities of the Energy Sector.

The Company has had, and continues to have productive discussions with MEM regarding the granting of an exploitation concession for the Casita Project. A comprehensive development plan for the Casita resource has been submitted by the Company to MEM as part of the requirements to obtain the exploitation concession license.

4.4 Exploration and Development Properties

Orita Project – Imperial Valley, California, USA

Project Description and Location

The Orita Project is planned to develop, construct and operate a geothermal electric generation facility, an electric switchyard with transmission interconnection, a geothermal wellfield, and related auxiliary systems at a location approximately 11 miles east of Brawley, California (the “Orita Project”). The Company estimates that the 3,552 acre leasehold may support a commercial size geothermal resource potential based upon its extensive proprietary database. The site is located within the East Brawley Known Geothermal Resource Area (“KGRA”).

The Company secured geothermal and surface leases at the Orita Project in 2009 (the “Orita Project Leases”). The Orita Project Leases provide for an initial term of five years and were extended as certain performance standards were met before the expiration of the performance term, and were extended another five years. Once production of electricity begins, the leases continue as long as electricity or other geothermal resources are being produced in commercial quantities. Reasonable outage periods are allowed under the leases for maintenance, equipment replacements, and force majeure events.

Annual rental payments are payable on each lease or have been prepaid. Royalties are payable on each geothermal lease based upon gross revenue derived from the sale of electricity. Royalties are also payable based upon the gross proceeds received by the Company from any sale of extractable minerals or from utilizing hot water, steam, or thermal energy for purposes other than power generation. The pertinent royalty to be paid to the geothermal interest owners are: Four percent (4%) of the proceeds from the sale of electric power, two percent (2%) of the proceeds from the sale of by-products, and (10%) of the proceeds from the sale of steam or other geothermal resources.

To the Company's knowledge, no environmental liabilities exist at the Orita Project site. Several significant permits have been secured for the initial exploration phase of the project including:

- An Imperial County Conditional Use Permit providing for drilling of six wells;
- A California Environmental Quality Act Initial Study/Negative Declaration;
- An Imperial County Air Pollution Control District Authority to Construct;
- A California Regional Water Quality Control Board Waste Discharge Requirement; and
- California Division of Oil, Gas, and Geothermal Resources Permits to Conduct Well Operations.

Additional significant permits and approvals are required to construct and operate a geothermal facility, including:

- An Imperial County Conditional Use Permit providing for construction of remaining wells, pipelines, generation facilities, and other associated structures;
- A California Environmental Quality Act Environmental Impact Report;
- An Imperial County Air Pollution Control District Authority to Construct;
- A California Regional Water Quality Control Board Waste Discharge Requirement;
- A California Division of Oil, Gas and Geothermal Resources Notice of Intent to Drill a Geothermal Well; and
- A California Division of Oil, Gas and Geothermal Resources Injection Project Permit.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Orita Project is accessible from paved and unpaved state and county roads and is approximately 11 miles east of Brawley, California. Brawley, the nearest population center, had a population of approximately 25,000 in the 2011 census. Rail, road, and sea transportation from the Los Angeles port is adequate for shipment of heavy equipment to the project site. The local county graded and paved roads are adequate to support construction of the project.

The Company would rely upon excess water generated by operation of the Orita Project to generate some of the water necessary for cooling. This water generated by operation of the Orita Project is a byproduct of the conversion of geothermal steam into energy. Additional makeup water is expected to be purchased by appropriation from the Imperial Irrigation District ("IID"). Sufficient surface rights are present in the existing Orita Project leases to construct and operate one or more geothermal generation

facilities. The net power production from the Orita Project plant will be delivered by a short radial line and interconnected to the IID 230 kV transmission line, which is along the East Highline Canal.

The topography of the Orita Project is characterized by flat terrain bisected by irrigation canals, drains, and other irrigation structures. The ambient temperatures range from 61°F to 122°F. The elevation of the proposed site is 26 ft. below sea level. Average annual precipitation is approximately 2.4 to 2.8 inches per year. The predominant vegetation is farmed crops.

History of the Property

Concurrent with the KGRA designation in 1981, a total of eight deep exploration wells were drilled by Unocal, Occidental and Phillips Petroleum in the area. These wells were completed at depths from 8,500 ft. to 13,600 ft. and all encountered high temperature geothermal resources with temperatures as high as 576°F. Testing of one well confirmed flow rates in excess of 500,000 lbs per hour at a well head pressure of 560 psig, demonstrating a 6 MW capacity from the seven inch diameter well. In addition, operators drilled shallow gradient and slim-hole wells that confirm the extent of the thermal system, and borehole geophysics and mud logs are available to quantify and characterize all sandstone units that may be potential production horizons.

Commercial diameter wells are expected to produce at levels of up to 12 MW or greater in this resource. The flow tests demonstrate that a deep high salinity reservoir is present. The temperature profiles within the 14 mi² area tested by the existing deep drilling are similar and all demonstrate temperatures of 400°F at a depth of 7,000 ft. The Orita Project property was leased from the owners of the surface and geothermal mineral interests. There are no override interests on these Orita Project leases.

Geological Setting

The Imperial Valley is a favorable area for geothermal development with high temperature geothermal resources identified in areas where the generated power can be relatively easily connected into the local grid. Imperial Valley geothermal systems occur within the Salton Trough, an area that marks the transition between two major geologic provinces. To the south, sea floor spreading characterizes the area that includes the Sea of Cortez in the Baja California Province. To the north, the San Andreas Fault system dominates the structural setting. Either process can produce local areas of extended crust that provide enhanced permeability for development of geothermal systems. The process of sea floor spreading adds the element of magma intrusion as an enhanced heat source within the already high regional heat flow of the thin crust within the Salton Trough. This later process is most evident within the Salton Sea geothermal properties where the resulting geothermal resource exceeds 600°F. The total estimated capacity of the Greater Salton Sea area in the Imperial Valley is over 22,000 MW.

The geology of the Salton Trough is dominated at drillable depths by Quaternary and Holocene deposits related to Colorado River delta processes. These sediments represent a range of sedimentary environments including true deltaic sediments, lacustrine units, eolian deposits and coarser clastics derived from uplifted units in mountain ranges bounding the trough.

Exploration

The Company conducted a magnetotelluric survey, a seismic survey, and a gravity survey at and in the vicinity of the Orita Project area. Results of these surveys are being utilized to support the Company's plans to develop one or more power plants at the Orita Project area.

Drilling

In April 2010, the Company commenced its drilling program starting with Orita No. 2 well, which was drilled targeting the successful production zone encountered in the Emanuelli #1 well drilled in 1982. The Emanuelli #1 well produced approximately 500,000 pounds per hour, which indicated commercial viability. Drilling on the Orita No. 2 well was suspended at a depth of 9,267 ft. due to mechanical problems, and the well was lined with perforated casing, cleaned and tested. A maximum temperature of 457°F was measured in the well still cooled by drilling mud. A flow test produced fluids that confirmed the desired low-salinity benign chemistry but only marginal permeability at this depth.

In July 2010 drilling commenced on the Orita No. 3 well. In September 2010, the well was completed to the targeted depth and showed significant hydrothermal alteration and had intercepted a major fault controlled low-resistivity zone with loss circulation. Bottom hole temperature of the well was in excess of 450°F. The well was successfully cased to 9,198 ft., however, the perforated liner was damaged during installation and productivity testing could not be successfully completed.

Following a number of mechanical drilling problems, consisting mainly of drilling tools and drill rig equipment failing, both above and below ground, the Orita No. 2 well was re-drilled from the bottom of its casing string at an approximate 5,400 ft. depth to a total depth 12,959 ft. On December 21, 2010, the Company successfully flow tested the Orita No. 2 well. The well was flow tested with a sustained flow rate of approximately 500,000 pounds per hour at 155 psig.

In the January 2011, the Company commenced drilling of the Orita No. 4 well at the previously drilled and proven Emanuelli #2 well location. The Orita No. 4 well was drilled to a depth of 14,325 ft. and initial flow testing shows fluid entries at 10,100 ft. and 11,500 ft. with 555°F measured at 12,430 ft. under flowing conditions. A long-term flow test was completed in late June 2011. The well exhibited erratic and surging flow behavior with an inability to achieve completely stable conditions. The final flow was estimated to be around 3 MW at a flowing pressure of 120 psig, but was inconsistent and unstable. The well test was terminated and the Company is assessing its viability as a commercial well.

The Company is assessing the feasibility of completing further analysis and evaluation of the Orita Project, together with independent parties including GeothermEx and SKM, including structural geology and geophysical examination of the field results from the drilling experiences of the three Orita wells drilled to date. The feasibility of completing brine chemistry analysis to aid in determining resource characteristics and compatibility with power plant parameters will also be evaluated. In conjunction with these studies and their results, the Company will determine whether completing the long term test of Orita 2 will be necessary in evaluating the resource and the viability of further project development.

The testing of Orita 2 would involve injection into Orita No. 4, which may cause positive changes or improvements to the flow potential and behavior of Orita No. 4.

Resource Estimates

The Company estimates that the reservoir may have the potential to support as much as 300 MW within the current leasehold of about 5 mi². Additional leasing in the Orita Project area could increase the MW potential. This estimate is based upon known geologic information from the wells that were drilled and geophysical information that was gathered by UnoCal, Occidental, Phillips, and others. Additional information about the size and quality of the reservoir will be available when the Company obtains additional information from its geophysics and drilling program.

Planned Operations

In 2009, the Company entered into a 20 year PPA for the Orita Project with SCE. The contract was for an initial facility between 40 and 100 MW with two expansion options of equal capacity. In addition, to transmit power from the Orita Project, the Company had a transmission reservation on the Path 42 line that consists of a thirty-five mile long, double circuit 230kV transmission line segment between the IID Coachella Valley Substation and SCE Devers Substation.

On August 31, 2011, the Company terminated the PPA with the SCE because it was not able to meet the critical milestone schedule as outlined in the PPA for development of the Orita Project. As a result of the termination of the Orita PPA, the Company also assigned its rights associated with the Path 42 line to unrelated third parties.

Clayton Valley Project – Clayton Valley, Nevada, USA

Project Description and Location

The Clayton Valley geothermal power project (the “Clayton Valley Project”) is a planned project to develop, construct and operate a minimum of one geothermal electric generation facility, one electric switchyard with transmission interconnection, one geothermal wellfield, and related auxiliary systems at a location approximately 25 miles southwest of Tonopah, Nevada.

The project consists of approximately 82,496 acres of land in seven individual lease blocks (the Alkali Hot Springs Lease Block, the Alum Lease Block, the Montezuma Lease Block, the Pearl Hot Springs Lease Block, the Silver Peak Lease Block, the Weepah North Lease Block, and the Weepah South Lease Block; collectively the “Clayton Valley Lease Blocks”). Thirty-three (33) federal Bureau of Land Management (“BLM”) geothermal resource leases are held for the Clayton Valley Project. All leases were acquired by competitive bid between 2008 and 2010 or through the acquisition of Sierra in September 2010. All leases are subject to the terms and conditions within the Federal Code of Regulations.

The royalties paid to the Federal Government are 1.75% of electrical revenues received from the purchaser of the electricity generated by the Clayton Valley Project for the initial 10 years of operation. From the 11th year onward, the royalty rate increases to 3.5%.

The Company is evaluating plans to develop the resource with an anticipated temperature in the 299°F to 320°F range, pending resource exploration and confirmation, and ultimately to then construct an air cooled binary type power plant, which does not consume any cooling water, has near zero air emissions and has the lowest environmental impact on the surrounding area.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Clayton Valley Project is located in Esmeralda County in west central Nevada approximately mid-way between Reno and Las Vegas along US highway 95, approximately 25 miles southwest of the town of Tonopah, Nevada. Numerous paved and unpaved roads connect the several individual properties contained by the Clayton Valley Project. Existing roads are largely adequate to support future development. Transportation via road from ports in California is adequate for shipment of heavy equipment to the Clayton Valley Project.

Tonopah, Nevada is the nearest population center with 2,478 residents recorded at the 2011 census. The nearby community of Silver Peak, Nevada lies within the project area and had a 2011 census population of 107 but contains no services. Silver Peak is home to the local office of the Chemetall Foote Corporation, which owns and operates a lithium brine extraction and processing facility within Clayton Valley.

Properties included in the Clayton Valley Project extend into the adjacent Big Smokey Valley to the north and Montezuma Valley to the east. The topography of the area ranges from flat playa to rolling, low relief hills and steep bedrock highlands. The majority of geothermal targets lie below easily accessible, low relief terrain. The valley floor lies at approximately 4,265 ft. above sea level. The Clayton Valley basin receives between 3.5 and 4.9 inches of precipitation annually and temperatures vary from -4°F to 108°F.

The Clayton Valley area lies within the NV Energy transmission service territory, and the project is based on a system impact study performed by NV Energy. The Clayton Valley Project may be interconnected to NV Energy's Millers Substation with an 11 mile generator tie line from the Clayton Valley Project to a substation built by the Company.

History of the Property

Over 70 shallow (130-900 ft.) temperature gradient wells have been drilled throughout the Clayton Valley Project area since 1974. These holes have identified several broad thermal anomalies; some of which remain untested by deep drill holes.

Three exploration slim wells were drilled within the Clayton Valley Project (ranging in depth from 3,313 ft. to 5,410 ft.) by a third party between 2009 and 2010. Several zones of high permeability were identified. These wells also confirmed the presence of temperatures (up to 298°F) potentially capable of sustaining production in a binary power plant. The wells were never flowed and, although they were completed with perforated casing, injection tests have not yet been carried out.

Geological Setting

Clayton Valley lies within a domain of elevated geothermal gradient in the Walker Lane geologic province. The Walker Lane is a broad zone of active deformation approximating the boundary between the dominantly eastwest extension in the Basin and Range province and the dominantly northwest directed transform motion along the Pacific-North American plate boundary to the west. Abnormally thin crust due to high extension rates and enhanced permeability due to complex interaction between northwest striking transform faults and northeast striking normal faults create favorable conditions for exploration and development of geothermal resources within Walker Lane. The Fish Lake Valley geothermal area, also in Walker Lane, is located approximately 12 miles west of the project area across the Silver Peak range. The two areas share many geologic characteristics. High angle, right lateral and normal faults are the likely hosts of the main geothermal resource in Clayton Valley. Low angle normal faults resulting from extreme Tertiary extension may also play an important role in the development of a geothermal resource.

The shallow thermal anomalies documented within the Clayton Valley area range from 100° C/km to over 800° C/km. Geothermometers from thermal fluid samples give resource temperature estimates of 302°F to 347°F. Permeability capable of sustaining production wells is expected to occur as fracture permeability within discrete structural zones.

No historic seismic events have been recorded in the immediate Clayton Valley area but numerous quaternary faults are observed cutting young alluvial fan deposits and pediment surfaces. Nearby Fish Lake Valley is seismically active and hosts the Furnace Creek fault zone which boasts one of the highest Quaternary slip rates in the western United States. The Coaldale Fault Zone, approximately nine miles to the northwest, is also seismically active.

The geology to drillable depths below the Clayton Valley project is dominated by Neoproterozoic and Cambrian sedimentary rocks, ranging from shale and quartzite to limestone and dolomite, and Mesozoic intrusive rocks. Volcaniclastic Tertiary sedimentary rocks are also abundant and vary considerably in thickness from 0-4,900 ft. All of these lithologies outcrop in the uplands of the nearby Silver Peak Range, Weepah Hills, Montezuma Range and Palmetto Range.

Resource Estimates

Based upon known geological and geophysical information, the Company estimates that the Clayton Valley Project has the potential to support up to 160 MW between several power plants. GeothermEx has estimated recoverable reserves at 73 MW and 15.1 MW (90% probability) for the Alum and Silver Peak Lease Blocks, respectively. Preliminary resource estimates by the Company for the Weepah North and South Lease Blocks, the Alkali Hot Springs Lease Block, the Montezuma Lease Block, and the Pearl Hot Springs Lease Block indicate that comparable reserves exist at these lease blocks as well.

Planned Operations

The Company entered into a 20-year PPA with Nevada Power Company to sell 32 MW to the utility, with the actual amount to be established at between 24 and 49 MW no later than 12 months after the date of commercial operation of the Clayton Valley Project. The Clayton Valley PPA was signed by NV Energy

on February 2, 2010 and approved by the Public Utility Commission of Nevada on July 28, 2010. The PPA includes a number of milestones, including that the Clayton Valley Project will be in commercial operation by July 30, 2014. The Company did not meet the milestones under the Clayton Valley PPA for resource delineation by May 30, 2012, completing construction financing and a resource feasibility study by December 30, 2012, and issuing a notice to proceed under an EPC contract for the Clayton Valley Project by January 31, 2013. As a result, on December 12, 2012, the Company terminated the Clayton PPA.

Exploration and Development

In December 2010, a two meter temperature survey consisting of 129 points was carried out over the Pearl Hot Springs Lease Block identifying a broad anomaly up to 97°F at 6 ft.

New River Project – South Brawley, California, USA

Project Description and Location

The New River Geothermal Project (the “New River Project”) is planned to develop, construct and operate a geothermal electric generation facility, an electric switchyard with transmission interconnection, a geothermal wellfield, and related auxiliary systems at a location approximately five miles southwest of Brawley, California. The Company estimates that the 2,300 acre target area has potential to support up to 49.9 MW (net) of geothermal power production based upon data in their records.

The Company secured 1,934 acres of geothermal leases in the New River Project area in 2009, 2010 and 2011 (the “New River Project Leases”). The New River Project Leases provide for an initial term of five years with provisions for extension. Once production of electricity begins, then the New River Project Leases continue as long as electricity or other geothermal resources are being produced in commercial quantities.

Annual rental payments are payable on each of the New River Project Leases or have been prepaid. In addition, royalties are payable on each geothermal lease based upon gross revenue derived from the power plant(s) or from the sale of electricity. Royalties are also payable based upon the gross proceeds received by the Company from any sale of extractable minerals or from utilizing hot water, steam, or thermal energy for purposes other than power generation. The royalty to be paid to the geothermal interest owners are: Four percent (4%) of the proceeds from the sale of electric power, two percent (2%) of the proceeds of the sale of by-products, and (10%) of the proceeds from the sale of steam or other geothermal resources.

To the Company’s knowledge no environmental liabilities exist at the New River Project site. Several significant permits have been secured for the initial exploration phase of the project including:

- An Imperial County Conditional Use Permit providing for drilling of five wells; and
- A California Environmental Quality Act Initial Study/Negative Declaration.

Additional permits and approvals required for initial exploration include the following:

- An Imperial County Air Pollution Control District Authority to Construct;
- A California Regional Water Quality Control Board Waste Discharge Requirement; and
- A California Division of Oil, Gas, and Geothermal Resources Notice of Intent to Drill a Geothermal Well.

Additional permits and approvals are required to construct and operate a geothermal facility, including:

- An Imperial County Conditional Use Permit providing for construction of remaining wells, pipelines, generation facilities, and other associated structures;
- A California Environmental Quality Act Environmental Impact Report;
- An Imperial County Air Pollution Control District Authority to Construct;
- A California Regional Water Quality Control Board Waste Discharge Requirement;
- A California Division of Oil, Gas and Geothermal Resources Notice of Intent to Drill a Geothermal Well; and
- A California Division of Oil, Gas and Geothermal Resources Injection Project Permit.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The New River Project is accessible from State Highway 86 and paved county roads and is approximately five miles southwest of Brawley, California. Brawley, the nearest population center, had a population of approximately 25,000 at the 2011 census. Rail, road, and sea transportation from the Los Angeles port is adequate for shipment of heavy equipment to the New River Project site. The local roads are adequate to support construction of the New River Project.

The Company would rely upon excess water generated by operation of the New River Project to generate some of the water necessary for cooling. This water generated by operation of the New River Project is a byproduct of the conversion of geothermal steam into energy. Additional makeup water is expected to be obtained from an IID appropriation. The Company believes sufficient surface rights are present in the existing New River Project Leases to construct and operate a geothermal generation facility. The net power production from the New River Project plant is planned to be delivered by a short radial line and interconnected to the IID 92 kV transmission line, which is located adjacent to the New River Project area.

The topography of the New River Project is characterized by flat terrain bisected by irrigation canals, drains, and other irrigation structures. The New River forms a natural boundary to the project area along

the northwest side. The ambient temperatures range from 61°F to 122°F. The elevation of the proposed site is 26 ft. below sea level. The average annual precipitation is approximately 2.4 to 3.6 in. per year. The predominant vegetation is farmed crops.

History of the Property

Four shallow and intermediate depth wells (varying in depth from 8,000 ft. to 9,800 ft.) were drilled and flow tested near the New River Project by a third party between 1978 and 1982. In addition, a prolonged (34 day) pressure interference test was run by a third party in this field during 1982-1983. Although these wells are now plugged and abandoned, they confirmed the existence of a high temperature reservoir of up to 532°F, and pressure interference testing has demonstrated the existence of high flow and storage capacities within the reservoir. A wellhead productivity of 700,000 pounds per hour (equivalent to approximately 7 MW) had been demonstrated by well testing. However, these wells had a narrower diameter than is conventional for geothermal wells used today and the wells showed major formation damage. New wells with a larger diameter may yield higher productivity.

The New River Project property has been leased from the owners of the surface and geothermal mineral interests. No leases have override interests.

Geological Setting

The New River Project leasehold is located adjacent to the Mesquite Lake basin which is defined as a local zone of subsidence within the Salton Trough. Resource delineation consists of a range of data including 40 shallow gradient holes and intermediate depth holes drilled up to 2,000 ft. and deep tests within the Mesquite Lake basin drilled to 13,000 ft. A thermal anomaly defines an area of shallow resource which covers an area of 11mi². The intermediate depth temperature profiles within this anomaly measure 200°F (94°C) at 2,000 ft. and predict 400°F (205°C) at 6,000 ft. Based on the size of the shallow heat anomaly, up to a 49.9 MW development may be planned for this area with additional leases to be acquired.

For further description of the geological setting, please see section 4.2, “Current Development Properties – Orita Project – Imperial Valley, California, USA - Geologic Setting”.

Resource Estimates

Based upon known geological and geophysical information, the Company estimates that the New River Project may support up to a minimum of 49.9 MW of net power generation.

South Meager Project – British Columbia, Canada

Under the terms of two licenses of occupation and one geothermal lease, all of which were granted by the British Columbia Ministry of Energy and Mines (expiring in 2017), the Company holds a 100% interest in approximately 4,267 hectares of land located approximately 170 km north of Vancouver, British Columbia (the “South Meager Project”). Between 2004 and 2005, the Meager Creek Development Corporation drilled three wells on the South Meager Project. The maximum measured

temperature for each of the wells was 260°C, 259°C and 237°C, but none of the wells were able to flow. In 2008, the Meager Creek Development Corporation conducted a testing program at the South Meager Project, under the direction of GeothermEx.

5. RISK FACTORS

5.1 *Risks Related to the Business and Industry of Ram Power*

Ram Power had insufficient operating cash flow for its financial year ended December 31, 2014, and may continue to have insufficient operating cash flow for the foreseeable future

For the year ended December 31, 2014, the Company had positive operating cash flow, but distributions of free cash after debt service and drilling remediation costs from Ram Power's San Jacinto Project are not sufficient to fund all of Ram Power's anticipated expansion, development and exploration programs, debt service on its Debentures, and general and administrative expenses. Ram Power's insufficient operating cash flow could have a material adverse effect on its financial condition and results of operations. Ram Power may be unable to obtain the financing it needs to pursue its growth strategy.

When Ram Power identifies a geothermal property that it may seek to acquire or to develop, a substantial capital investment often will be required. Ram Power's continued access to capital, through project financing, credit facilities or other arrangements with acceptable terms is necessary for the success of its growth strategy. Ram Power's attempts to secure the necessary capital may not be on favorable terms, or successful at all. Market conditions and other factors may not permit future project and acquisition financing, on terms favorable to Ram Power. Ram Power's ability to arrange for financing on favorable terms, and the costs of such financing, are dependent on numerous factors, including general economic and capital market conditions, investor confidence, the continued success of current projects, the credit quality of the project being financed, the political situation in the jurisdiction in which the project is located and the continued existence of tax laws which are conducive to raising capital. If Ram Power is unable to secure capital through credit facilities or other arrangements, it may have to finance its projects using equity financing which would have a dilutive effect on the Common Shares of Ram Power. Also, in the absence of favorable financing or other capital raising options, Ram Power may decide not to build new plants or acquire properties from third parties. Any of these factors could have a material adverse effect on Ram Power's growth prospects and financial condition.

Existing production wells at the San Jacinto Project may not define sufficient commercially viable geothermal resources to support Ram Power's possible expansion programs

Possible expansion programs for the production of increased power from the San Jacinto Project are not assured of success and depend on the successful drilling and discovery of additional geothermal resources to economically generate increased power. Increasing the level of production from the San Jacinto Project and sustaining it over the long term will require drilling to discover additional resources in the area. The viability of the planned expansion programs at the San Jacinto Project will depend upon a number of factors which are beyond Ram Power's control related to the nature of the geothermal resource defined through drilling these additional production wells, such as heat content (the relevant

composition of temperature and pressure), useful life, and operational factors relating to the extraction of fluids from the geothermal resource. If sufficient economically recoverable and sustainable geothermal resources are not defined through drilling, the planned expansion programs at the San Jacinto Project location may be scaled back or not proceed altogether, which would, in turn, materially and adversely affect Ram Power's business, financial conditions, future results and cash flow.

Geothermal exploration and development programs are highly speculative, are characterized by significant inherent risk and costs, and may not be successful

Ram Power's future performance depends on its ability to discover and establish economically recoverable and sustainable geothermal resources on its properties through its exploration and development programs. Geothermal exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into generating power plants. There is no assurance that Ram Power's exploration and development programs will be successful. Despite historical exploration work, Ram Power's properties, other than the San Jacinto Project and the Casita Project, are without a known geothermal resource. Substantial exploration and development work is required in order to determine if any economically recoverable and sustainable geothermal resources are located on these exploration properties. Successfully discovering geothermal resources is dependent on a number of factors, including the technical skill of exploration personnel involved. Even in the event commercial quantities of geothermal resources are discovered, it may not be commercially feasible to bring power generation facilities into a state of commercial production from such geothermal resources. The commercial viability of a geothermal resource once discovered is dependent on a number of factors, some of which are particular attributes of the resource, such as heat content (the relevant composition of temperature and flow rate/pressure), useful life, operational factors relating to the extraction of fluids from the geothermal resource, proximity to infrastructure, capital costs to construct a power plant and related infrastructure, and energy prices. Many of these factors are beyond Ram Power's control.

Geothermal exploration and development costs are high and are not fixed. A geothermal resource cannot be relied upon until substantial development, including drilling and testing, has taken place. The costs of development drilling are subject to numerous variables such as unforeseen geologic conditions underground that could result in substantial cost overruns. Drilling at Ram Power's properties may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

Ram Power's drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond Ram Power's control, including economic conditions, mechanical problems, title problems, weather conditions, compliance with governmental requirements and shortages or delays of equipment and services. If Ram Power's drilling activities are not successful, it could materially adversely affect its business, financial condition, future results and cash flow.

Ram Power's geothermal resources may decline over time and may not remain adequate to support the life of its power plants

The operation of geothermal power plants depends on the continued availability of adequate geothermal resources. Although Ram Power believes its geothermal resources will be sustainable if managed properly, it cannot be certain that any geothermal resource will remain adequate for the life of a geothermal power plant.

Any geothermal resource may suffer an unexpected decline in capacity to generate electricity. A number of events could cause such a decline or shorten the operational duration of a geothermal resource. These events include:

- degradation of resource quality due to premature return of the reinjected fluid to production wells before it is fully re-heated; and
- failure to properly maintain the hydrological balance of the applicable geothermal resource.

If the geothermal resources available to a power plant become inadequate for full production, Ram Power subsidiaries may be unable to fully perform their obligations under the PPA for the affected power plant, which in turn could reduce power plant revenues and materially and adversely affect the business, financial condition, future results and cash flow of Ram Power. If a significant decline in geothermal resources occurs, it may adversely impact the subsidiary's ability to comply with the covenants in any related projected financing documents that it has committed to repay. In such non-recourse financing, the underlying project assets and the shares in the relevant Ram Power subsidiary are pledged to the project lenders as security.

Ram Power's financial performance depends on its successful operation of geothermal power plants, which is subject to various operational risks

Ram Power's financial performance depends on its successful operation of geothermal power plants that are owned and operated by its subsidiaries. At present, Ram Power has only a single power plant in operation, which is the San Jacinto Project owned and operated by PENSA. The cost of operation and maintenance and the operating performance of a geothermal power plant may be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- regular and unexpected maintenance and replacement expenditures;
- shutdowns due to the breakdown or failure of the plant's equipment or the equipment of the transmission serving utility;
- labor disputes;
- catastrophic events such as fires, explosions, earthquakes, volcanic eruptions, landslides, floods, releases of hazardous materials, severe storms or similar occurrences affecting a power plant, any of the power purchasers from a power plant, or third parties providing services to a power plant; and

- the aging of power plants, which may reduce their operating performance and increase the cost of their maintenance.

Any of these events could significantly increase the expenses incurred by a power plant or reduce the overall generating capacity of a power plant, and could significantly reduce or entirely eliminate the revenues generated by a power plant, which in turn would reduce Ram Power's net income and could materially and adversely affect its business, financial condition, future results and cash flow.

It is very costly to place geothermal resources into commercial production

Before the sale of any power can occur, it is necessary to construct a gathering and disposal system, a power plant, and a transmission line, and considerable administrative costs are incurred, together with the drilling of production and injection wells. Future development and expansion of power production at Ram Power's properties may result in significantly increased capital costs related to increased production and injection well drilling and higher costs for labor and materials. To fund expenditures of this magnitude, Ram Power may have to seek additional financing and sources of capital. There can be no assurance that additional capital could be found and, if found, it may result in Ram Power having to substantially reduce its interest in the project.

Uncertainty in the calculation of geothermal resources and probabilistic estimates of gross MW capacity

There is a degree of uncertainty attributable to the calculation of geothermal resources and probabilistic estimates of gross MW capacity. Until a geothermal resource is actually accessed and tested by production and injection wells, the temperature and composition of underground fluids must be considered estimates only. In addition, estimates as to the percentage of the heat that can be expected to be recovered at the surface is subject to a number of assumptions including, but not limited to, resource base temperature, areal extent of the geothermal reservoir, thickness of the geothermal reservoir, percentage of resource recovery and the expected lifetime of the geothermal reservoir. If any of these assumptions prove to be materially incorrect, it may affect the gross MW capacity of a property.

Geological occurrences beyond Ram Power's control may compromise its operations and their capacity to generate power

In addition to the substantial risk that production wells that are drilled will not be productive or may decline in productivity after commencement of production, hazards such as unusual or unexpected geologic formations, downhole conditions, mechanical failures, blowouts, cratering, localized ground subsidence, eruptions, explosions, uncontrollable releases or flows of well fluids, pollution and other physical and environmental risks are inherent in geothermal exploration and production. These hazards could result in substantial losses to the Company due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, failure to find a proper injection zone, and suspension of operations.

Additionally, active geothermal and volcanic areas, such as the areas in which Ram Power's operations and properties are located, are subject to frequent low-level seismic disturbances. Serious seismic disturbances are possible and could result in damage to its projects or equipment or degrade the quality of its geothermal resources to such an extent that Ram Power could not perform under the PPA for the affected project, which in turn could reduce its net income and materially and adversely affect Ram Power's business, financial condition, future results and cash flow. If Ram Power suffers a serious seismic disturbance, its business interruption and property damage insurance may not be adequate to cover all losses sustained as a result thereof. In addition, insurance coverage may not continue to be available in the future in amounts adequate to insure against such seismic disturbances.

Ram Power has a limited operating history

Ram Power has a very limited history of operations and will be subject to many of the risks common to start up enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that Ram Power will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

As a result of Ram Power's planned exploration and plant expansion projects, over the near term, Ram Power does not expect that its operating revenues will be sufficient to cover its expenses. Ram Power's ability to generate greater revenues and become profitable will depend on a number of factors, including its ability to:

- advance planned and future development programs on Ram Power's properties to commercial operation;
- acquire interests in producing geothermal power companies or producing geothermal power plants that contribute to Ram Power's profitability;
- verify geothermal resources on Ram Power's properties that are sufficient to generate a favorable economic return from electricity sales;
- acquire electrical transmission and interconnection rights for Ram Power's geothermal power plant development projects;
- enter into PPAs for the sale of electricity from Ram Power's geothermal power plant development projects at prices that support its operating and financing costs;
- finance and complete the development and construction of geothermal power plants on Ram Power's properties;
- operate producing geothermal power plants on a profitable basis;

- secure adequate capital to support Ram Power’s expansion, exploration and development programs and finance its acquisitions;
- attract and retain qualified personnel; and
- arrange project financing on reasonable terms.

The cancellation or expiry of government initiatives to support renewable energy generation may adversely affect Ram Power’s business in the USA

Numerous government initiatives are currently in place, or have been or may be proposed, to support the development of renewable energy generation to meet increasing electricity demand. In the United States, current initiatives include: incentives within the United States Internal Revenue Code, such as the Investment Tax Credit (“ITC”) and accelerated depreciation allowances; RPS requirements or goals established in 33 states and the District of Columbia; and the U.S. Department of Energy’s Loan Guarantee Program. The cancellation or expiry of any one or more of these government initiatives, or the failure of federal or state governments to adopt similar initiatives in the future, may adversely affect Ram Power’s business by increasing the costs for financing or development of geothermal power plants and related transmission facilities, reducing demand for geothermal electricity or lowering energy prices in the U.S.

Energy prices are subject to dramatic and unpredictable fluctuations

The market price of energy is volatile. If the price of electricity should drop significantly, the economic prospects of the properties in which Ram Power has an interest, the power from which is not contracted for, could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of geothermal resources are discovered, a profitable market may exist for the sale of geothermal energy. Factors beyond Ram Power’s control may affect the marketability of any geothermal resources discovered. Prices have fluctuated widely, particularly in recent years. The marketability of geothermal energy is also affected by numerous other factors beyond Ram Power’s control, including government regulations relating to royalties, and allowable production and exporting of energy sources, the effects of which cannot be accurately predicted.

Dramatic and unpredictable fluctuations in the market price for energy may affect the ability of Ram Power to enter into new PPAs on favorable terms, or at all, which would have a negative impact on the revenue of Ram Power and its decisions regarding development of additional properties.

Industry competition may impede Ram Power’s ability to access suitable geothermal resources

Significant and increasing competition exists for the limited number of quality geothermal opportunities available. As a result of this competition, some of which is with large established companies with substantial capabilities and greater financial and technical resources than Ram Power, it may be unable to acquire additional geothermal operations or properties on terms it considers acceptable. There can

be no assurance that Ram Power's acquisition programs will yield new geothermal operations or properties.

Ram Power may be unable to enter into PPAs on terms favorable to Ram Power, or at all

The electrical power generation industry, of which geothermal power is a sub-component, is highly competitive, and Ram Power may not be able to compete successfully or grow its business. The industry is complex, as it is composed of public utility districts, cooperatives and investor-owned power companies. Many of the participants produce and distribute electricity. Their willingness to purchase electricity from an independent producer may be based on a number of factors and not solely on pricing and surety of supply. If Ram Power cannot enter into PPAs on favorable terms, or at all, it would negatively impact its revenue and its decisions regarding development of additional properties.

The power generation industry is characterized by intense competition, and Ram Power will encounter competition from electric utilities, other power producers, and power marketers that could materially and adversely affect the business, financial condition, future results and cash flow of Ram Power

The power generation industry is characterized by intense competition from electric utilities, other power producers and power marketers. In recent years, there has been increasing competition in the sale of electricity, in part due to excess capacity in a number of U.S. markets and an emphasis on short-term or "spot" markets, and competition has contributed to a reduction in electricity prices. For the most part, Ram Power expects that power purchasers interested in long-term arrangements will engage in "competitive bid" solicitations to satisfy new capacity demands. This competition could adversely affect Ram Power's ability to obtain PPAs and the price paid for electricity by the relevant power purchasers. There is also increasing competition between electric utilities. This competition has put pressure on electric utilities to lower their costs, including the cost of purchased electricity, and increasing competition in the future will put further pressure on power purchasers to reduce the prices at which they would purchase electricity from Ram Power.

Environmental and other regulatory requirements may add costs and uncertainty

Ram Power's current and future operations, including exploration and development activities and electricity generation from power plants, require licenses and permits from various governmental authorities, and such operations are and will be subject to laws and regulations governing exploration and development, geothermal resources, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters. Companies can experience increased costs, and delays in production and other schedules, as a result of the need to comply with applicable laws, regulations, licenses and permits. There is no assurance that all approvals or required licenses and permits will be obtained. Additional permits, licenses and studies, which may include environmental impact studies conducted before licenses and permits can be obtained, may be necessary prior to the exploration or development of properties, or the operation of power plants in which Ram Power has an interest, and there can be no assurance that Ram Power will be able to obtain or maintain all necessary licenses or permits that may be required on terms that enable operations to be conducted at economically justifiable costs. Failure to comply with

applicable laws, regulations, licensing or permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Ram Power may be required to compensate those suffering loss or damage by reason of its activities, and may have civil or criminal fines or penalties imposed upon it for violations of applicable laws or regulations.

Applicable laws and regulations, including environmental requirements and licensing and permitting processes, may require public disclosure and consultation. It is possible that a legal protest could be triggered through one of these requirements or processes that could delay, or require the suspension of, an exploration or development program or the operation of a power plant and increase Ram Power's costs. Because of these requirements, Ram Power could incur liability to governments or third parties for any unlawful discharge of pollutants into the air, soil or water, including responsibility for remediation costs. Ram Power could potentially discharge such materials into the environment: from a well or drilling equipment at a drill site; leakage of fluids or airborne pollutants from gathering systems, pipelines, power plants or storage tanks; damage to geothermal wells resulting from accidents during normal operations; and blowouts, cratering and explosions.

No assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be applied in a manner that could limit or curtail Ram Power's exploration and development programs or its operation of power plants. Amendments to current laws, regulations, licenses and permits governing operations and activities of geothermal companies, or more stringent implementation thereof, could have a material adverse impact on Ram Power and cause increases in capital expenditures or production costs, or reduction in levels of production, or abandonment or delays in development of the business.

The success of Ram Power's business relies on attracting and retaining key personnel

Ram Power is dependent upon the services of its senior management team. The loss of any of their services could have a material adverse effect upon Ram Power.

Ram Power's officers and directors may have conflicts of interests arising out of their relationships with other companies

Several of Ram Power's directors and officers serve (or may agree to serve) as directors or officers of other companies or have significant shareholdings in other companies. To the extent that such other companies may participate in ventures in which Ram Power participates, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. From time-to-time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Ram Power may face adverse claims to title

Although Ram Power has taken reasonable precautions to ensure that legal title to its properties is properly documented, there can be no assurance of title to any of its property interests, or that such title will ultimately be secured. Ram Power's property interests may be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

BLM leases may be terminated if Ram Power fails to comply with any of the provisions of the Geothermal Steam Act of 1970 or if Ram Power fails to comply with the terms or stipulations of such leases

Pursuant to the terms of its BLM leases, Ram Power is required to conduct its operations on BLM-leased land in a workmanlike manner and in accordance with all applicable laws and BLM directives, and to take all mitigating actions required by the BLM to protect the surface of and the environment surrounding the relevant land. Additionally, certain BLM leases contain additional requirements, some of which relate to the mitigation or avoidance of disturbance of any antiquities, cultural values or threatened or endangered plants or animals, the payment of royalties for timber, and the imposition of certain restrictions on residential development on the leased land. In the event of a default under any BLM lease, or the failure to comply with such requirements, or any non-compliance with any of the provisions of the Geothermal Steam Act of 1970 or regulations issued thereunder, the BLM may, 30 days after notice of default is provided to Ram Power's relevant project subsidiary, suspend its operations until the requested action is taken or terminate the lease, either of which could materially and adversely affect Ram Power's business, financial condition, future results and cash flow.

Geothermal leases with private parties may be terminated if Ram Power fails to comply with the terms or stipulations of such leases

Ram Power must remain compliant with the terms and conditions of individual leases entered into with the owners of private land and resources, or risk default and termination of the leases. All leases have provisions for notice and cure of conditions of default by either party. Failure to cure and termination of a lease could have a material adverse effect on Ram Power.

Fluctuation in foreign currency exchange rates may affect Ram Power's financial results

Ram Power maintains accounts in Canadian and U.S. dollars. Ram Power's operations in the United States and Nicaragua make it subject to foreign currency fluctuations. Foreign currency fluctuations are material to the extent that fluctuations between the Canadian and U.S. dollar and/or U.S. dollar balances are material. Ram Power does not at present, nor does it plan in the future, to engage in foreign currency transactions to hedge exchange rate risks, but it does convert Canadian funds to U.S. dollars anticipating U.S. expenditures.

Ram Power may not be able to successfully integrate businesses or projects that it acquires in the future

Ram Power's business strategy is to expand in the future, including through acquisitions. Integrating acquisition targets is often costly, and Ram Power may not be able to successfully integrate acquired companies with its existing operations without substantial costs, delays or other adverse operational or financial consequences. Integrating acquired companies involves a number of risks that could materially and adversely affect Ram Power's business, including:

- the failure of the acquired companies to achieve expected results;
- inability to retain key personnel of acquired companies;
- risks associated with unanticipated events or liabilities; and
- difficulties associated with establishing and maintaining uniform standards, controls, procedures and policies, including accounting and other financial controls and procedures.

Ram Power's insurance policies may be insufficient to cover losses

As protection against operating hazards, Ram Power intends to maintain insurance coverage against some, but not all, potential losses. Ram Power may not fully insure against all risks associated with its business either because such insurance is not available or because the cost of such coverage is considered prohibitive. The occurrence of an event that is not covered, or not fully covered, by insurance could have a material adverse effect on Ram Power's financial condition and results of operations.

Ram Power's projects may not be eligible for Qualifying Facility status under PURPA

The Public Utility Regulatory Policies Act ("PURPA") largely exempts a qualifying facilities (each a "Facility") from the Federal Power Act ("FPA") and certain state and local laws and regulation regarding rates and financial and organizational requirements for the electric power generation industry.

If any of Ram Power's U.S. projects were to lose their existing Qualifying Facility status or new projects failed to obtain Qualifying Facility status, such projects could become subject to the full scope of the FPA and applicable state regulation. The application of the FPA and other applicable state regulations could require Ram Power's operations to comply with an increasingly complex regulatory regime that may be costly and greatly reduce operational flexibility.

In addition, pursuant to the FPA, the Federal Energy Regulatory Commission ("FERC") has exclusive rate-making jurisdiction over wholesale sales of electricity and transmission of public utilities in interstate commerce. These rates may be based on a cost of service approach or may be determined on a market basis through competitive bidding or negotiation. If a U.S. project were to lose or be ineligible for Qualifying Facility status, it would become a public utility under the FPA, and the rates charged by such project pursuant to its PPAs would be subject to the review and approval of the FERC. A material and adverse change to the rates made by the FERC would likely result in a decrease in future revenues or in

an obligation to disgorge revenues previously received from the relevant project, either of which would have an adverse effect on the revenues of Ram Power.

Moreover, a loss of Qualifying Facility status also could permit the power purchaser, pursuant to the terms of the particular PPA, to cease taking and paying for electricity from the relevant project or, consistent with FERC precedent, to seek refunds of past amounts paid. This could cause the loss of some or all of Ram Power's revenue receivable pursuant to the related PPAs, result in significant liability for refunds of past amounts received, or otherwise impair the value of Ram Power's projects.

Pursuant to the Energy Policy Act of 2005, FERC was also given authority to prospectively lift the mandatory obligation of a utility under PURPA to offer to purchase electricity from a Qualifying Facility if the utility operates in a workably competitive market. If the utilities in the regions in which Ram Power's projects operate were to be relieved of the mandatory purchase obligation, they would not be required under Federal law to purchase energy from the project in the region upon termination of the existing PPA or with respect to new projects, which could have a material and adverse effect on Ram Power's business, financial condition, future results and cash flow.

Urbanizing activities and related developments may limit geothermal activities in the areas of Ram Power projects

Current and future urbanizing activities, and related residential, commercial and industrial development, may encroach on or limit geothermal activities in the areas of Ram Power's projects, thereby affecting Ram Power's ability to utilize access, inject, and/or transport geothermal resources on or underneath the affected surface areas.

Employee Recruitments, Retention and Human Error

Recruiting and retaining qualified personnel is critical to Ram Power's success. We are dependent on the services of key executives including the Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing Ram Power's interests. The number of persons skilled in acquisition, exploration, development, and operation of geothermal properties is limited and competition for such persons is intense. As business activities grow, we will require additional key financial, administrative and technical personnel as well as additional operations staff. There can be no assurance that we will be successful in attracting, training, and retaining qualified personnel as competition for persons with these skill sets increases. If we are not successful in attracting, training, and retaining qualified personnel, the efficiency of Ram Power's operations could be impaired, which could have an adverse impact on future cash flows, results of operations and financial condition.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage Ram Power's interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake, and legal claims for errors or mistakes by personnel.

Risks Relating to the Political and Economic Climates of Countries in which Ram Power Operates

There are risks associated with inter-regional transmission grids

The electrical power generated by Ram Power's operations may be used by consumers in the jurisdiction where such operations are located, such as Nicaragua in the case of the San Jacinto Project, or sold to other neighboring jurisdictions through an inter-regional transmission grid. Applicable laws, inter-regional agreements and the structure and functioning of the power markets between a host state or country and its neighboring states or countries are all critical to the success of Ram Power's geothermal projects.

Host country economic, social and political conditions can negatively affect Ram Power's operations

Some of Ram Power's properties are located in Nicaragua. As Ram Power conducts exploration, development and commercial operations in Nicaragua, it is exposed to a number of risks and uncertainties, including:

- difficulties enforcing judgments obtained in Canadian or United States courts against assets located outside of those jurisdictions;
- difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of geothermal properties and power plants;
- changes to royalty and tax regimes;
- expropriation or nationalization without adequate compensation;
- labor unrest;
- potential fluctuations in currency exchange rates;
- volatile local political and economic developments, which could affect, among other things, the availability of new project financing; and
- difficulty obtaining key equipment and components for equipment.

Host country economic, social and political uncertainty can arise as a result of lack of support for Ram Power's activities in local communities in the vicinity of its properties. Such uncertainties also arise as a result of the relatively new and evolving promotion of private-sector power development. Though the effects of competition will increase the likelihood of market efficiencies and benefit Ram Power's properties, elimination of energy cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives, and have an adverse impact on its properties and operations.

5.2 Risks Related to the Common Shares and Trading Market

If the share price of the Ram Power Common Shares fluctuates, investors could lose a significant part of their investment

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the Common Shares of Ram Power could similarly be subject to wide fluctuations in response to a number of factors, most of which Ram Power cannot control, including:

- delisting of Ram Power's Common Shares from the TSX as a result of Ram Power's failure to meet the requirements of the TSX's Remedial Review Program
- changes in securities analysts' recommendations and their estimates of Ram Power's financial performance;
- the public's reaction to Ram Power's press releases, announcements and filings with securities regulatory authorities, and those of its competitors;
- changes in market valuations of similar companies;
- investor perception of Ram Power's industry or prospects;
- additions or departures of key personnel;
- commencement of or involvement in litigation;
- changes in environmental and other governmental regulations;
- announcements by Ram Power or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in Ram Power's quarterly results of operations or cash flows or those of other companies;
- revenue and operating results failing to meet the expectations of securities analysts or investors;
- future issuances and sales of the Common Shares of Ram Power ; and

- changes in general conditions in the domestic and worldwide economies, financial markets or the mining industry.

The impact of any of these risks and other factors beyond Ram Power's control could cause the market price of the Common Shares of Ram Power to decline significantly. In particular, the market price for the Common Shares of Ram Power may be influenced by variations in electricity prices. This may cause the price of the Common Shares of Ram Power to fluctuate with these underlying commodity prices, which are highly volatile.

Under U.S. federal tax rules, Ram Power may be classified as a passive foreign investment company (a "PFIC"), which would result in special and generally unfavorable U.S. federal tax consequences to its U.S. shareholders

As a non-U.S. corporation, Ram Power may be a PFIC depending on the percentage of Ram Power's gross income which is "passive", within the meaning of the U.S. Internal Revenue Code, or the percentage of Ram Power's assets that produce or are held to produce passive income. Ram Power may be a PFIC in some or all subsequent taxable years. If Ram Power is a PFIC for any taxable year during a U.S. shareholder's holding period in the Common Shares, such U.S. shareholder may be subject to increased U.S. federal income tax liability on the sale of the Common Shares of Ram Power or on the receipt of dividends. The PFIC rules are complex and may be unfamiliar to U.S. shareholders. Accordingly, U.S. shareholders are urged to consult their own tax advisors concerning the application of the PFIC rules to their Common Shares of Ram Power.

Ram Power has no dividend payment policy and does not intend to pay any cash dividends in the foreseeable future

Ram Power has not declared or paid any dividends on its Common Shares and does not currently have a policy on the payment of dividends. For the foreseeable future, Ram Power anticipates that it will retain future earnings and other cash resources for the operation and developments of its business. The payment of any future dividends will depend upon earnings and Ram Power's financial condition, current and anticipated cash needs and such other factors as its Board considers appropriate.

The issuance of additional equity securities may negatively impact the trading price of Common Shares of Ram Power

Ram Power may issue equity securities to finance its activities in the future. In addition, outstanding options to purchase the Common Shares of Ram Power may be exercised, resulting in the issuance of additional Common Shares. The issuance of additional equity securities or a perception that such an issuance may occur could have a negative impact on the trading price of the Common Shares of Ram Power.

Current global financial conditions have been subject to increased volatility

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities.

Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact Ram Power's ability to obtain equity or debt financing in the future and, if obtained, on favorable terms to it. If these increased levels of volatility and market turmoil continue, Ram Power's operations could be adversely impacted and the trading price of its Common Shares could be adversely affected.

6. DIVIDENDS

Ram Power has not paid or declared any dividends since the date of its business combination and has no express or stated policy in respect of the declaration or payment of any such dividends. For the foreseeable future, Ram Power anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends by Ram Power in the future will be dependent upon Ram Power's earnings, financial condition and such other factors as the Board considers appropriate. Ram Power currently does not anticipate paying any dividends in the foreseeable future. There are no restrictions that would prevent the Company from paying dividends or distributions.

7. GENERAL DESCRIPTION OF CAPITAL STRUCTURE

7.1 General Description of Capital Structure

Common Shares

Ram Power is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, at the date hereof approximately 371 million Common Shares are issued and outstanding as fully paid and non-assessable. The holders of Common Shares are entitled to dividends at dates, if any, declared by the Board, to one vote per share at meetings of Ram Power Shareholders and, upon dissolution, to share equally in such assets of Ram Power as are distributable to the holders of Common Shares. The Common Shares are not exchangeable, convertible, redeemable or retractable.

Warrants

The Company also issued warrants in connection with the Company's offering of units in 2013 (the "2013 Warrants"). As of the date hereof, there are 50,855,000 2013 Warrants outstanding. Each 2013 Warrant entitles the holder thereof to purchase one Common Share at a price of Cdn\$0.30. The 2013 Warrants are exercisable at any time prior to 5:00 p.m. (Toronto time) on March 27, 2018, at which time the 2013 Warrants will expire and become null and void.

2013 Warrants

The 2013 Warrants are governed by the terms of a warrant indenture (the "2013 Indenture"). The following summary of certain provisions of the 2013 Indenture contains all of the material attributes and characteristics of the 2013 Warrants, but does not purport to be complete and is qualified in its entirety by reference to the provisions of the 2013 Indenture, which can be found under the Company's profile on SEDAR at www.sedar.com.

The 2013 Indenture provides that twenty days immediately prior to the time of expiry of the 2013 Warrants, CIBC Mellon Trust Company (the “Warrant Agent”) must provide notice to each registered holder of unexercised 2013 Warrants that the 2013 Warrants held by such holder will expire. The notice must indicate: (i) the time of expiry; (ii) the manner in which the 2013 Warrants may be exercised by the holder thereof; and (iii) the consequences of non-exercise of the 2013 Warrants by the holder prior to the time of expiry. The Company is required to provide notice of the time of expiry to the Warrant Agent thirty days immediately prior to such time of expiry.

The 2013 Indenture provides for adjustments in the number of Common Shares issuable upon the exercise of the 2013 Warrants and/or the exercise price per Common Share upon the occurrence of certain events including:

- a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all, or substantially all, of the holders of the Common Shares as a stock dividend or other distribution (other than a “dividend paid in the ordinary course”, as defined in the 2013 Indenture, or a distribution of Common Shares upon the exercise of the 2013 Warrants, broker warrants or pursuant to the exercise of director, officer, employee or consultant stock options granted under the Option Plan);
- b) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- c) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the “current market price,” as defined in the 2013 Indenture, for the Common Shares on such record date; and
- e) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares or other assets of the Company, or evidences of indebtedness or cash, securities or any property or other assets (other than a “dividend paid in the ordinary course”).

The 2013 Indenture also provides for an adjustment in the class and/or number of Common Shares issuable upon the exercise of the 2013 Warrants and/or exercise price per Common Share in the event of the following additional events: (1) a reclassification of the Common Shares; (2) a consolidation, amalgamation, plan of arrangement or merger of the Company with or into another entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (3) a

transfer (other than to one of the Company's subsidiaries) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No fractional Common Shares will be issuable upon the exercise of any 2013 Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of 2013 Warrants do not have any voting or pre-emptive rights or any other rights that a holder of Common Shares would have.

Debentures

The Company issued debentures (the "Debentures") in connection with the 2013 Private Placement. Each Debenture is a Cdn\$1,000 secured debenture of the Company at an interest rate of 8.5% per annum payable semi-annually maturing March 27, 2018. As of the date hereof there are an aggregate principal amount of Cdn\$53,016,338 Debentures outstanding.

The following summary of certain provisions of the Debenture indenture (the "Debenture Indenture") contains all of the material attributes and characteristics of the Debentures, but does not purport to be complete and is qualified in its entirety by reference to the provisions of the Debenture Indenture, which can be found under the Company's profile on SEDAR at www.sedar.com.

Security:

The Debentures are secured by certain collateral of the Company as specified in the Debenture Indenture, including liens on all of the existing and after acquired property of the Company, including any and all capital stock the Company holds in its subsidiaries and other investments.

Ranking:

Each Debenture is a direct senior obligation of the Company, that ranks pari passu with each other Debenture, ranks equally in right of payment with all of the Company's senior indebtedness, rank senior in right of payment and priority to any unsecured indebtedness of the Company and ranks senior in right of payment and priority to any subordinated indebtedness of the Company.

Optional Redemption:

The Debentures are redeemable at the Company's option, in whole or in part, at any time on or after March 27, 2015, on notice at a redemption price equal to: (i) 108.5% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the redemption date in the event the redemption date is prior to March 27, 2016; (ii) 104.25% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the redemption date in the event the Redemption Date is on or after March 27, 2016, but prior to March 27, 2017; or (iii) 101% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the redemption date in the event that the redemption date is on or after March 27, 2017.

Lastly, the Debentures are Redeemable at any time after a change of control has occurred, on notice at a redemption price equal to 101% of their principal amount plus accrued and unpaid interest thereon up

to (but excluding) the redemption date, provided that the redemption notice must be provided within 30 days following the change of control.

Change of Control:

Upon the occurrence of specific kinds of changes of control, and in the event the Company doesn't optionally redeem the Debentures, holders of Debentures will have the right to cause the Company to repurchase all of their Debentures at 101% of the principal amount of the Debentures, plus accrued and unpaid interest, if any, to the date of purchase.

Certain Covenants:

The Company issued the Debentures under the Debenture Indenture with Equity Financial Trust Company, as trustee. The Debenture Indenture, among other things, limits the Company's ability and the ability of its subsidiaries to: incur additional indebtedness; pay dividends or make other distributions; prepay, redeem or repurchase certain debt; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; enter into agreements restricting the Company's subsidiaries' ability to pay dividends; and consolidate, amalgamate, merge or sell all or substantially all of the Company's assets. These covenants are subject to a number of exceptions and qualifications as set forth in the Debenture Indenture.

Equity Incentives

At the Annual and Special Meeting of Shareholders held in June 2012, Ram Power replaced its 2009 Stock Option Plan with an omnibus long term incentive plan (the "Omnibus Plan") which is intended to furnish an incentive to directors, officers, senior executives and other employees of the Company, consultants and service providers providing ongoing services to the Company ("Eligible Participants", and when such Eligible Participants are granted Awards (as defined below), the "Participants") to continue their services for the Company and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company are necessary to its success. The Omnibus Plan permits the granting of options ("Options"), restricted shares ("Restricted Shares"), restricted share units ("RSUs"), deferred share units ("DSUs"), share appreciation rights ("SARs") and retention awards ("Retention Awards", and together with the Options, the Restricted Shares, the RSUs, the DSUs and the SARs, the "Awards"). The Omnibus Plan provides that the Board, or a committee appointed by a resolution of the Board (the "Incentive Plan Committee"), may from time to time, in its discretion, and in accordance with the requirements of the Toronto Stock Exchange (the "TSX"), grant Awards to Eligible Participants, provided that the number of Common Shares reserved for issuance does not exceed 10% of the issued and outstanding Common Shares.

Specific Terms Related to the Restricted Shares

The Board or the Incentive Plan Committee, as the case may be, will fix the number of Restricted Shares that will be granted to Eligible Participants and will determine the restrictions and conditions that will be applicable to such Restricted Shares. All Restricted Shares granted under the Omnibus Plan may be

certificated or uncertificated. Certificated Restricted Shares shall bear a legend outlining the restrictions thereto and such certificates shall remain in the possession of the Company until such Restricted Shares have vested.

Specific Terms Related to the Options

The Board or the Incentive Plan Committee will (i) set the term of the Options granted under the Omnibus Plan which term cannot exceed five (5) years and (ii) fix the vesting terms of Options as it deems appropriate at the time of the grant of such Options. Should the expiration date for an Option fall within a period during which designated persons cannot trade in any securities of the Company pursuant to the Company's policy respecting restrictions on insider trading which is in effect at that time (a "Black-Out Period") or within nine (9) business days following the expiration of a Black-Out Period, the expiry date of the Option shall be extended until that date which is the tenth business day following the end of the Black-Out Period.

The exercise price of any Options granted pursuant to the Omnibus Plan will be determined by the Board or the Incentive Plan Committee at the time of the grant, provided that the exercise price shall not be less than the closing price on the trading day prior to the date of grant on the principal stock exchange on which the Company's Shares are listed (the "Market Value")

With the consent of the Board or the Incentive Plan Committee, a Participant may, rather than exercise the Option which the Participant is entitled to exercise under the Omnibus Plan, elect to exercise such Option, in whole or in part and, in lieu of receiving the Common Shares to which the exercised Option relate, receive the number of Common Shares, disregarding fractions, which, when multiplied by the Market Value of the Common Shares to which the exercised Option relate, have a value equal to the product of the number of Common Shares to which the exercised Option relate multiplied by the difference between the Market Value of such Common Shares and the price of such Option, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Company.

Specific Terms Related to the DSUs

It is expected that DSUs will be made available by the Company as an alternative means of remunerating Directors of the Company. Eligible Participants may elect, once each calendar year, to be paid a percentage of their annual retainer in the form of DSUs, with the balance being paid in cash. The number of DSUs that an Eligible Participant is entitled to receive in a fiscal year is based upon the percentage that the Eligible Participant has elected to receive in DSUs multiplied by the Participant's annual retainer divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number. Participants will be entitled to redeem their DSUs during the period commencing on the business day immediately following the date that (i) in the event of a Participant's resignation, the Participant ceases to be an employee of the Company or a subsidiary, and (ii) in the event of the termination of the Participant's employment by the Company or a subsidiary, the effective date of the termination, as the case may be

(each a “Termination Date”), and ending on the 90th day following the Termination Date by providing a written notice to the Company.

Dividend equivalents will be awarded in respect of DSUs awarded to Participants on the same basis as dividends declared and paid on Common Shares as if the Participant was a shareholder of record of the Common Shares on the relevant record date. These dividend equivalents will be credited to the Participant as additional DSUs based on the (a) actual amount of dividends that would have been paid if the Participant held Common Shares on the applicable record date divided by (b) the Market Value per Common Shares on the date on which the dividends on the Common Shares are payable.

The Omnibus Plan will be unfunded in relation to the DSUs and to the extent that any Participant holds any rights by virtue of a grant of DSUs under the Omnibus Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

Specific Terms Related to the RSUs

The Board or the Incentive Plan Committee, as the case may be, fixes the period during which RSUs may vest, and that period shall not exceed three (3) years after the calendar year in which the RSU is granted (the “Restriction Period”). Each RSU grant will be subject to certain vesting conditions (including performance criteria, if any) which are determined by the Board or the Incentive Plan Committee, as the case may be, and must be provided to the Participant under a separate agreement. The vesting of the RSUs may be subject to the expiration of a performance period which corresponds to the period over that the performance criteria, if any, and other vesting conditions will be measured and which shall not end after the Restriction Period (the “Performance Period”).

The Participant will be entitled to receive, after the vesting determination date, which is the date on which, after the end of the Performance Period, if any, the Board or the Incentive Plan Committee, as the case may be, determines that the vesting conditions (including the performance criteria, if any) are met, but no later than the last day of the Restriction Period (the “RSU Vesting Determination Date”), payment for each awarded RSU in the form of the Common Shares of the Company.

Specific Terms Related to the SARs

The Board or the Incentive Plan Committee will (i) set the term of the SARs granted under the Omnibus Plan which term cannot exceed five (5) years and (ii) fix the vesting terms of SARs, (including performance criteria, if any) as it deems appropriate at the time of the grant of such SARs. Should the expiration date for a SAR fall within a Black- Out Period or within nine (9) business days following the expiration of a Black-Out Period, the expiry date of the SAR shall be extended until that date which is the tenth business day following the end of the Black-Out Period.

The exercise price of any SAR granted pursuant to the Omnibus Plan will be determined by the Board or the Incentive Plan Committee at the time of the grant, provided that the exercise price shall not be less than the Market Value of the Common Shares of the Company at the time of the grant. The exercise of a SAR with respect to any number of Common Shares of the Company shall entitle the Participant to

Common Shares equal to the excess of the Market Value of the Common Shares on the effective date of such exercise over the exercise price per SAR.

Specific Terms Related to the Retention Awards

The Board or the Incentive Plan Committee will (i) set the term of the Retention Awards granted under the Omnibus Plan and (ii) fix the vesting terms of Retention Awards (including performance criteria, if any) as it deems appropriate at the time of the grant of such Retention Awards.

Each Retention Award awarded to a Participant shall entitle the Participant to receive, on the vesting date of the Retention Award, such number of Common Shares of the Company which, when multiplied by the Market Value of the Common Shares on the vesting date of the Retention Award, to which the Retention Awards relate, have a value equal to the amount determined by the Board or the Incentive Plan Committee at the time of the grant (the “Retention Payment”), less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Company.

A complete summary of the Omnibus Plan is available in the management information circular of Ram Power dated May 16, 2014, which is available on SEDAR at www.sedar.com. A copy of the Option Plan is also available on SEDAR at www.sedar.com.

8. MARKET FOR SECURITIES

8.1 Trading Price and Volume

Since October 20, 2009, the Common Shares have been listed for trading on the TSX under the trading symbol RPG. The following chart sets out the monthly high and low trading prices and monthly volume of shares traded for the period January 1, 2014 through December 31, 2014:

Date	High	Low	Volume
January	0.1	0.07	525,100
February	0.09	0.07	300,300
March	0.09	0.07	599,600
April	0.08	0.06	642,700
June	0.07	0.03	686,000
June	0.04	0.03	457,500
July	0.04	0.02	376,900
August	0.03	0.01	1,840,400
September	0.02	0.01	656,400
October	0.02	0.01	1,181,300
November	0.02	0.01	366,600
December	0.01	0.01	683,000

Since July 29, 2013, the 2013 Warrants have been listed for trading on the TSX under the trading symbol RPG.WT.A. The following chart sets out the monthly high and low trading prices and monthly volume of the 2013 Warrants traded for the period January 1, 2014 through December 31, 2014:

Date	Monthly High	Monthly Low	Monthly Avg. Volume
January	\$0.000	\$0.000	-
February	\$0.020	\$0.015	2,000.00
March	\$0.010	\$0.005	62,801.00
April	\$0.010	\$0.010	17,000.00
May	\$0.000	\$0.000	-
June	\$0.000	\$0.000	-
July	\$0.000	\$0.000	-
August	\$0.020	\$0.020	30,000.00
September	\$0.000	\$0.000	-
October	\$0.010	\$0.005	2,000.00
November	\$0.005	\$0.005	120,000.00
December	\$0.005	\$0.005	-

8.2 Prior Sales

There have been no issuances in 2014.

9. DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holding

The following table and notes thereto disclose the name, municipality and country of residence of each director and executive officer of the Company, their current position and office with the Company, the date on which they were first elected or appointed as a director or officer of the Company, the approximate number of Common Shares of the Company beneficially owned, directly or indirectly, or over which they exercise control or direction at the date of this AIF:

Name, Province or State and Country of Residence	Current Office with the Company	Since	Principal Occupation During the Previous Five Years	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Antony Mitchell ⁽⁴⁾ Florida, United States	Chairman of the Board and Executive Chairman of Ram Power	April 26, 2010	Mr. Mitchell is currently the President of Warburg Investment Corp. since 1995 and Chief Executive Officer of Imperial Finance & Trading since 2007, and was previously Chief Operating Officer of Peach Holdings Inc. from February 2001 to January 2007.	2,149,827 Shares 0.58%

Name, Province or State and Country of Residence	Current Office with the Company	Since	Principal Occupation During the Previous Five Years	Number and Percentage of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
A. Murray Sinclair ^(2,3,5) British Columbia, Canada	Director	October 20, 2009	Mr. Sinclair has been Chairman of Sprott Resource Lending since 2010. From 2009 to 2010, Mr. Sinclair was Chairman of Quest Capital Corp., a mortgage investment corporation that trades on the Toronto Stock Exchange and the NYSE American Stock Exchange. Previously, Mr. Sinclair was Co-Chair of Quest Capital Corp. from 2008 to 2009 and was the Managing Director of Quest Capital Corp. from 2003 to 2008.	400,000 Shares .10%
Daryl S. Clark ^(1,2,4,5) Florida, United States	Director	October 20, 2009	Since 2007, Mr. Clark has been Vice President and Chief Financial Officer and Director of South Asia Management Systems. Mr. Clark is also a Director for Knoll Resources. From 2002 to 2007, Mr. Clark was Vice President and Chief Financial Officer of Peachtree Settlement Funding LLC.	990,327 Shares 0.27%
James V. Lawless Hillsborough, New Zealand ^(3,4)	Director	March 7, 2011	From 1999 through 2010, Mr. Lawless was a Geothermal Practice Leader with SKM. From 1993 to 1999, he was an Earth Science Manager with Kingston Morrison Limited, and from 1985 to 1993, was a Senior Geologist for KRTA Limited.	399,327 Shares 0.11%
Fraser Buchan Ontario, Canada ⁽⁵⁾	Director	November 15, 2013	Mr. Buchan currently serves as the Chief Executive Officer and President at Angus Mining (Namibia) Inc. Mr. Buchan is also the Vice President, Corporate Development and a director of Castle Mountain Mining Company, a TSX-V listed gold exploration company.	Nil
Ashlee R. Carter Nevada, United States	Controller,	September 10, 2010	Ms. Carter has eleven years of experience in accounting and finance at Deloitte, leaving as an Audit Senior Associate. Prior to Ram, Ms. Carter was an Accounting Solutions Manager at Denver-based accounting firm, EKS&H, working primarily with energy clients. Ms. Carter is a CPA, BS Accounting and Macc.	500,000 Shares .13%
Steven B. Scott Nevada, United States	Secretary, Director of Investor Relations	October 5, 2009	Mr. Scott has served as Director, Investor Relations and Corporate Secretary since 2010, and has been with the Company since 2009. From 2007 to 2009, Mr. Scott was with NV Energy where he worked both in taxation and financial reporting.	500,000 Shares .13%

Notes:

- (1) Member of the Nominating and Governance Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Resource Committee.
- (5) Member of the Mergers and Acquisition Committee.

The term of office of the directors will expire on the date of the next annual meeting of the shareholders of Ram Power expected to be held in June 2015.

The directors and executive officers of the Company, as a group, beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 4,939,481 Common Shares, representing 1.33% of the issued and outstanding Common Shares.

Board Committees

The Board has five standing committees: the Audit Committee, the Compensation Committee, the Resource Committee (which is a sub-committee of the Audit Committee), the Nominating and Governance Committee, and the Mergers and Acquisition Committee.

Compensation Committee

The Compensation Committee is comprised of A. Murray Sinclair, Fraser Buchan and Jim Lawless. The Compensation Committee is responsible for: establishing, administering and evaluating the compensation philosophy, policies and plans for non-employee directors and executive officers; and making recommendations to the Board regarding director and executive compensation, reviewing the performance and determining the compensation of the Chairman and Chief Executive Officer of the Company, based on criteria including the Company's performance and accomplishment of long-term strategic objectives.

Nominating and Governance Committee

The Nominating and Governance Committee is comprised of A. Murray Sinclair, Daryl Clark, and James Lawless. The Nominating and Governance Committee is responsible for: identifying individuals qualified to become members of the Board; recommending to the Board proposed nominees for membership; and recommending directors to the Board to serve on each standing committee.

Resource Committee

The Resource Committee (which is a sub-committee of the Audit Committee) is comprised of Daryl Clark, Antony Mitchell, and James Lawless. The Resource Committee is responsible for the review of the operations of the San Jacinto Project; reviews the status of the resource along with the Company's resource engineer SKM; and strategic recommendations on the long term maintenance plan for the resource.

Mergers and Acquisition Committee

The Mergers and Acquisition Committee is comprised of Murray Sinclair, Daryl Clark and Fraser Buchan. The Mergers and Acquisition Committee is charged to evaluate a broad range of strategic alternatives for the Company to enhance shareholder value. Options that may be considered include, without limitation, ways of maximizing operational efficiencies, examining potential strategic transactions and opportunities to raise capital.

Audit Committee

The Audit Committee is comprised of Daryl Clark, Murray Sinclair and Fraser Buchan, each of whom is financially literate and an independent director. The Audit Committee is charged with a mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal controls and financial management, and the audit process, including selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.

Attached at Appendix "A" is the Charter for the Company's Audit Committee.

Relevant Education and Experience of the Members of the Audit Committee

Daryl Clark

Mr. Clark is Vice President, Chief Financial Officer and member of the board of directors of South Asia Energy Management Systems, a California corporation involved in the development, ownership and operation of renewable energy projects in international markets. He currently serves on the board of directors of Renegade Petroleum Ltd., a publicly-traded oil and gas exploration and production company in Canada. He was Vice President and Chief Financial Officer for Peachtree Settlement Funding, a specialty factoring firm, where he was instrumental in leading revenue growth from \$20M to \$180M annually. He also was Chief Financial Officer for META Security Group, a start-up consulting firm in internet and network security. Mr. Clark has also held key leadership positions with DirecTV and Sensormatic Electronics. He has an MBA from the University of Miami and a BSChemE from the University of Florida.

Murray Sinclair

A. Murray Sinclair, Co-Chair of Quest Capital Corp. since January 1, 2008. Previously Managing Director of Quest Capital Corp. from 2003 to December 31, 2007. Directorship(s) held in other companies include Breakwater Resources Ltd., Buffalo Resources Corp. (formerly Choice Resources Corp.), Gabriel Resources Ltd., GTO Resources Inc., Lucara Diamond Corp. (formerly Bannockburn Resources Ltd.), Phoenix Coal Inc. (formerly Marimba, Capital Corp.) Premier Gold Mines Limited, Sprott Resources Corp. (formerly General Minerals Corporation).

Fraser Buchan

Mr. Fraser Alexander Buchan serves as the Chief Executive Officer and President at Angus Mining (Namibia) Inc. Mr. Buchan has been the Vice President of Corporate Development at Phoenix Coal Inc. since February 2009. He serves as the Vice President of Corporate Development at Castle Mountain Mining Company Limited. He served as the Chief Executive Officer and President at Foxpoint Capital Corp. Prior to that, he was in Institutional Sales with GMP Europe LLP, an investment dealer from October 2007 to February 2009 and with GMP Securities LLP from May 2006 to October 2007. He has been a Director of Angus Mining (Namibia) Inc., since April 2010. He has been a Director of Castle Mountain Mining Company Limited since December 16, 2009. He has been a Director of Ram Power Corp. since November 18, 2013. He served as an Executive Director of Touchstone Gold Limited from October 12, 2010 to April 2014. He served as a Director of Foxpoint Capital Corp. Mr. Buchan earned a BA in Economics from McGill University in 2006.

Reliance on Certain Exemptions

The Company's Audit Committee has not relied on any of the exemptions under National Instrument 52-110 since the commencement of the most recently completed financial year.

Audit Committee Oversight

The Board adopted all recommendations by the Audit Committee with respect to the nomination and compensation of the external auditors.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for overseeing the work of the external auditors, and considering whether the provision of non-audit services is consistent with the external auditor's independence. The Audit Committee must approve in advance all audited and permitted non-audit services with the independent auditors. This includes terms of engagement and all fees payable.

External Auditor Service Fees

The following table sets forth the services provided by Deloitte LLP ("Deloitte"), Ram Power's external auditor for the fiscal years ended December 31, 2014 and 2013, together with the fees billed for such services:

Fees	Year ended December 31, 2013	Year ended December 31, 2014	Description of Services
Audit Fees	\$641,176	\$399,010	The audit services related to professional services rendered for audits of the Company's annual financial statements.

Audit Related Fees	\$7,907	-	The Audit related services relate principally advice pertaining to accounting and matters in connection with acquisitions, financial accounting and reporting standards, and other regulatory audits and filings.
Tax-Related Fees	-	\$3,289	The Tax services related to services for tax compliance, tax planning and tax advice.
All Other Fees	\$45,268	\$7,409	IFRS implementation
Total	\$694,351	\$409,708	

9.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

Except as disclosed below, to the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, that was:

- a) subject to a cease trade or similar order or an order that denied the relevant company 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; or
- b) was subject to a cease trade or similar order or an order that denied the relevant company 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.

Bankruptcies

Other than as disclosed in the Annual Information Form, to the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company 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

- b) has, within the 10 years before the date of this 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.

Director A. Murray Sinclair was a director of Allied Nevada Gold Corp. when the company entered into a voluntary arrangement with its creditors on March 10, 2015 under Chapter 11 of the United States Bankruptcy Code.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- a) 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
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.3 Conflicts of Interest

Certain of the directors of the Company also serve as directors of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

10.1 Legal Proceedings

There are no outstanding legal proceedings material to Ram Power to which Ram Power is a party or in respect of which any of its assets or properties are subject, nor are there any such proceedings known to be contemplated.

10.2 Regulatory Actions

Ram Power has not had: (i) any penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority; (ii) any other penalties or sanctions imposed by a court or regulatory body against it that would likely be considered important to a reasonable investor in making an investment decision; or (iii) any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority.

11. INTEREST OF MANAGEMENT AND OTHER IN MATERIAL TRANSACTIONS

Except as described elsewhere herein, in the three most recently completed financial years or during the current financial year, no director, executive officer, insider, or associate or affiliate of any director, executive officer or insider of Ram Power, had or is expected to have any material direct or indirect transactions with the Company that materially affected or would materially affect the Company.

Insiders of Ram Power acquired an aggregate of 13,848 Units under the Private Placement, consisting of an aggregate amount of \$13,848,000 of Debentures and 13,848,000 Warrants.

Antony Mitchell and A. Murray Sinclair, directors of Ram Power, participated in the Private Placement for 250 and 6,000 Units, respectively. Accounts fully managed by entities controlled by Sprott Inc. (Sprott Inc. is the ultimate parent entity of Exploration Capital, a 10%+ shareholder of Ram Power), participated in the Private Placement for 7,598 Units. These insiders entered into subscription agreements in connection with their purchase of Units containing terms customary to a transaction of this nature.

As part of the Debenture Interest Payment Amount added to the principal amount of the outstanding debentures, which occurred on December 31, 2014, insiders of the Company added an aggregate amount of Cdn\$588,840 to their previous Debenture holdings of Cdn\$13,848,000. Antony Mitchell and A. Murray Sinclair, directors of Ram Power, added Cdn\$10,625 and Cdn\$255,000 to their previous debenture holdings of Cdn\$250,000 and Cdn\$6,000,000, respectively. Accounts fully managed by entities controlled by Sprott Inc. (Sprott Inc. is the ultimate parent entity of Exploration Capital, a 10%+ shareholder of Ram Power), added Cdn\$322,915 to their previous Debenture holdings of Cdn\$7,598,000.

12. TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is:

Canadian Stock Transfer Company Inc.
1600 – 1066 West Hastings St.
Vancouver, BC V6E 3X1
Tel: 604-891-3025
Fax: 604-891-3025

Transfers may be affected in Toronto, Ontario and registration facilities are maintained in Toronto, Ontario.

13. MATERIAL CONTRACTS

There are no contracts entered into by the Company within the last financial year which are material and not entered into in the ordinary course of business:

The Company's material contracts, related documentation, and related material change reports have been filed on SEDAR at www.sedar.com.

14. INTERESTS OF EXPERTS

14.1 Name of Experts

The Company's financial statements for the year ended December 31, 2014, have been audited by Deloitte.

Information of a technical nature regarding the Casita Project included in this AIF is based on the Casita Report prepared by SKM.

14.2 Interests of Experts

As of the date hereof, Deloitte is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

As of the date hereof, the partners, employees and consultants SKM owned, directly or indirectly, less than 1% of the outstanding Common Shares.

15. ADDITIONAL INFORMATION

Financial information about the Company is contained in its consolidated comparative financial statements and Management's Discussion and Analysis for fiscal years ended December 31, 2014, and December 31, 2013. Additional information relating to the Company is on SEDAR at www.sedar.com or the Company's website, www.ram-power.com.

Additional information, including directors' and officers' remuneration and indebtedness and information concerning the principal holders of the Company's securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's information circular expected to be filed on SEDAR at www.sedar.com in advance of the Company's annual shareholders' meeting to be held on or around June 16, 2015.

APPENDIX "A"

CHARTER OF THE AUDIT COMMITTEE

Ram Power, Corp.
(the "Company")

PURPOSE

The purpose of the Audit Committee (the "Committee") is to oversee that management of the Company (the "Management") has in place an effective system of internal financial controls for reviewing and reporting on the Company's financial statements; to monitor the independence and performance of the Company's external auditor (the "Auditor"); to oversee the integrity of the Company's financial disclosure and reporting and to monitor Management's compliance with legal and regulatory requirements; and to report on the Committee's activities on a regular and timely basis to the Board (the "Board").

CONSTITUTION AND MEMBERSHIP

1. The Board will appoint Directors to form the Committee annually at the Board Meeting following the Annual Shareholders Meeting;
2. The Board has determined that the Committee will be comprised of at least three Directors (the "Member" or "Members"). The Board may remove or replace a Member at any time. A Member will serve on the Committee until the termination of the appointment or until a successor is appointed;

3. All members of the Committee will meet the “independence and financial literacy” qualifications under applicable securities law, including National Instrument 52-110 under Canadian securities laws and Rule 10A-3 of the United States Securities and Exchange Act of 1934, as amended, and one Member shall meet the definition of a “financial expert” as defined by the United States Securities & Exchange Commission;
4. The Board will appoint the Chairman of the Committee. The Corporate Secretary of the Company will keep minutes of each meeting;
5. The Committee or a Committee Member is able to engage any outside advisors at the Company’s expense that it determines is necessary in order to assist in fulfilling its responsibilities. The engagement and payment by the Company for the services of an outside advisor is subject to approval by the Chairman of the Committee;
6. The Committee will be provided appropriate funding as determined by the Committee for payment of compensation to the Auditor engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation of advisors employed by the Committee and ordinary administrative expenses that are necessary and appropriate for the Committee carrying out its duties.

MEETINGS

1. Meetings of the Committee will be held at the request of a Member of the Committee, the Chief Executive Officer, the Corporate Secretary or the Auditor of the Company at such times and places as may be determined, but in any event at least to review the Company’s quarterly and annual financial disclosure. Twenty-four (24) hours advance notice of each meeting given orally, by telephone, or in writing delivered by facsimile or electronic mail together with an agenda will be given to each Member unless all Members are present and waive notice and any absent waive notice in writing;
2. A majority of members of the Committee will constitute a quorum. Decisions of the Committee will be by an affirmative vote of the majority of those Members voting at a meeting. Powers of the Committee may also be exercised by resolution in writing signed by all the Members of the Committee;
3. The Committee will have access to the Auditor and Management, exclusive of each other, for purposes of performing its duties. The Committee will meet with the Auditor independent of Management at least once a year;
4. The Auditor will be notified of meetings of the Committee and will attend if requested to do so by a Member or by Management.

RESPONSIBILITIES

The Committee will have the following duties and responsibilities:

1. Review with the Auditor and with the Management prior to the recommendation of the approval of the consolidated financial statements of the Company by the Board:

- (a) the audited annual and unaudited quarterly financial statements including the notes thereto;
 - (b) appropriateness of the Management's Discussion and Analysis ("MD&A") of operations contained in each audited annual and unaudited quarterly report and its consistency with the financial statements;
 - (c) any report or opinion proposed to be rendered in connection with the financial statements, including independent expert reports;
 - (d) any significant transactions which are not a normal part of the Company's business;
 - (e) the nature and substance of significant accruals, accounting reserves and other estimates having a material effect on the financial statements;
 - (f) carrying values of financial assets and liabilities, including key assumptions and practices used to determine fair value accounting and related mark-to-market adjustments;
 - (g) if applicable, any off balance sheet financing arrangement;
 - (h) if applicable, significant transactions with or involving an unconsolidated affiliate;
 - (i) issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls, including a discussion of the responsibilities of the Company's internal audit function;
 - (j) all significant adjustments proposed by Management or by the Auditor;
 - (k) the specifics of any unrecorded audit adjustments;
 - (l) if applicable, any impairment provisions based on ceiling test calculations and including the carrying value of Goodwill;
 - (m) independently and periodically, the adequacy of procedures in place for the review of public disclosure of financial information as stated or derived from the financial statements;
 - (n) financial statements and MD&A and annual and interim earning disclosure before they are released to the public; and
 - (o) with the Board proficient in the technical aspects of preparing a reserve and resource calculation, the mineral reserve calculation procedure and the credentials of the qualified person.
2. Quarterly, review compliance with the Company's investment policy governing investments of excess cash balances.

3. Review and approve the audit and review and pre-approve non-audit services, except those non-audit services permitted by applicable regulatory authorities or legislation; and related fees and expenses, and determine the independence of the Auditor.
4. Establish guidelines for the retention of the Auditor for any non-audit service.
5. Recommend to the Board the appointment of the Auditor to be proposed at the annual shareholders' meeting and the compensation of the Auditor. The Auditor is ultimately accountable to the Board and the Committee as representatives of the shareholders.
6. Require the Auditor to report to the Committee and:
 - (a) oversee the work of the Auditor;
 - (b) assess the audit team;
 - (c) assist in the resolution of disagreements between Management and the Auditor regarding financial reporting.
7. Review and approve hiring policies regarding present and former employees of the present and former Auditor.
8. Review with Management major financial risk exposures and the steps Management has taken to monitor and control such exposures.
9. Review all related party transactions prior to recommendation to the Board of the approval of such transactions.
10. Establish a complaint process and "whistle-blowing" procedures. Establish procedures for the receipt, retention, and treatment of any complaints regarding accounting, internal accounting controls, or auditing matters. Establish procedures for employees' confidential, anonymous submissions in accordance with the Company's "Whistle Blower Policy".
11. Advise the Board with respect to the Company's policies and procedures regarding compliance with new developments in generally accepted accounting principles, laws and regulations and their impact on the consolidated financial statements of the Company.
12. Review with Management and the Auditor, the Company's internal accounting and financial systems and controls to assess that the Company maintains and reports on:
 - (a) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's transactions;
 - (b) effective internal control systems; and
 - (c) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud.

13. Assist the Board with oversight of the performance of the Company's internal audit function.
14. Review the Auditor's Management Letter and Report. Such Report to be directed to the Committee.
15. Review Management's report on and the Auditor's assessment of Internal Controls and report all deficiencies and remedial actions to the Board.
16. Discuss the Company's earnings disclosure, as well as financial information and earnings guidance provided to analysts and rating agencies.
17. Direct and supervise the investigation into any matter brought to its attention within the scope of its duties.
18. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.
19. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
20. Assess the Committee's performance of the duties specified in this charter and report its finding to the Board.