Management's Discussion and Analysis
For the year ended December 31, 2022

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Renewable Energy Inc. (formerly Polaris Infrastructure Inc., "Polaris Renewable" or the "Company") for the year ended December 31, 2022, and reflects all material events up to February 22, 2023 the date on which this MD&A was approved by the board of directors of the Company (the "Board"). This MD&A should be read in conjunction with the Company's consolidated financial statements for the twelve months ended December 31, 2022. This MD&A supplements, but does not form part of, the Company's annual financial statements. All amounts in this MD&A, unless specifically identified as otherwise, are expressed in U.S. dollars.

This MD&A contains forward-looking information or future-oriented financial information and, as such, is based on an assumed set of economic condition and courses of action. Please refer to the cautionary note at the end of this MD&A regarding the risks associated with the forward-looking information and the risk factors set out under the headings "RISKS AND UNCERTAINTIES" in this MD&A, and "Forward-Looking Statements" and "Risk Factors" in the Company's annual information form ("AIF") for the year ended December 31, 2022 available on SEDAR at www.sedar.com.

In this MD&A and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). Certain financial measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. The Company uses non-GAAP financial measures, which the Company believes, that together with measures in accordance with IFRS, provide investors with a wholesome ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have a standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures used by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-GAAP financial measures in this MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA per share. Reconciliations and definitions associated with the above-noted non-GAAP financial measures can be found in Section 13: Non-GAAP Performance Measures in this MD&A.

Contents

1. 2022 HIGHLIGHTS

- The Company closed an acquisition of a solar facility in the Dominican Republic on June 28,2022 and a hydroelectric facility in Ecuador on September 7, 2022. All consolidated results and highlights below include production metrics, revenues and costs from such acquisitions since the respective closing dates.

- Annual consolidated energy production was 649,756 MWh (net) for the year ended December 31, 2022, of which 439,090 MWh (net) was contributed by the Company's geothermal facility in Nicaragua ("San Jacinto") and: an aggregate of 172,847 MWh (net) was contributed by the Company's hydroelectric facilities in Peru. A total of 28,401 MWh (net) was contributed by the Company's solar facility in Dominican Republic ("Canoa 1"), and 9,418 MWh (net) was contributed by the Company's hydroelectric facility in Ecuador ("San Jose de Minas or HSJM").

- The Company generated $62.6 million in revenue from energy sales for the year ended December 31, 2022, compared to $59.5 million in the same period in 2021. The increase was the net result of additional revenue from the two new facilities located in Dominican Republic and Ecuador, acquired during 2022, coupled with the increased prices with respect to the inflation adjustments in the power purchase agreement's ("PPA") for the Peruvian facilities, partly offset by the decrease in revenue from San Jacinto.

- Net earnings attributable to owners was $2.5 million or $0.12 per share – basic for the year ended December 31, 2022, compared to net earnings of $0.5 million or $0.03 per share – basic in 2021.

- Adjusted EBITDA[(1)] was $44.9 million for the year ended December 31, 2022, compared to Adjusted EBITDA[(1)] of $43.8 million in the same period in 2021, principally as a result of revenue increases, as described above.

- For year ended December 31, 2022, the Company generated $33.5 million in net cash flow from operating activities, ending with a cash position of $40.0 million, including restricted cash.

- Construction, testing and initial operation of a 10.0 MW (net) geothermal binary power plant was completed on December 30, 2022, with full capacity achieved on December 31, 2022. The total investment incurred by the Company was $25.6 million, which was in line with original expectations.

- The Company continues to progress the construction of the newly named Vista Hermosa Solar Park, located in Panama. During the year ended December 31, 2022 the Company spent $9.1 million. Construction is expected to be completed by March 2023.

- The Company remains focused on maintaining a quarterly dividend. For the year ended December 31, 2022, the Company declared and paid $12.1 million in dividends. The Company has declared and will pay a quarterly dividend of $0.15 per outstanding common share on February 24, 2023.

- The Company continued to advance its environmental, social and governance ("ESG") initiatives as part of its core strategy while continuing to maintain an excellent health and safety record. For additional details, readers are encouraged to refer to the Company's annual sustainability report, which is available on the Company's website.

- The Company's operations in Peru have remained fully operational and have not been affected by any of the recent protests across the Country that have taken place due to the political changes and challenges that have arisen as a result of the impeachment of the ex-President.

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(1) A Non-GAAP measure used by the Company. Refer to Section 13: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure.

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Energy production				
Consolidated Power MWh (net)	**174,220**	162,542	**649,756**	643,523
Financials				
Total revenue	**$ 16,870**	$ 14,871	**$ 62,600**	$ 59,517
Net earnings (loss) attributable to owners	**$ 3,001**	$ (921)	**$ 2,499**	$ 501
Adjusted EBITDA	**$ 11,658**	$ 11,067	**$ 44,921**	$ 43,766
Net cash flow from operating activities			**$ 33,506**	$ 41,129
Per share				
Net earnings (loss) attributable to owners - *basic*	**$ 0.14**	$ (0.05)	**$ 0.12**	$ 0.03
Net earnings (loss) attributable to owners - *diluted*	**$ 0.14**	$ (0.05)	**$ 0.12**	$ 0.03
Adjusted EBITDA - *basic*	**$ 0.55**	$ 0.57	**$ 2.23**	$ 2.33

Balance Sheet	As at December 31, 2022	As at December 31, 2021
Cash	**$ 35,325**	$ 97,930
Restricted cash - non-current	**$ 4,640**	$ 3,835
Total current assets	**$ 50,609**	$ 110,143
Total assets	**$ 535,102**	$ 502,700
Current and Long-term debt *(i)*	**$ 184,408**	$ 169,686
Total liabilities	**$ 264,890**	$ 241,876

(i) *Net of transaction costs.*

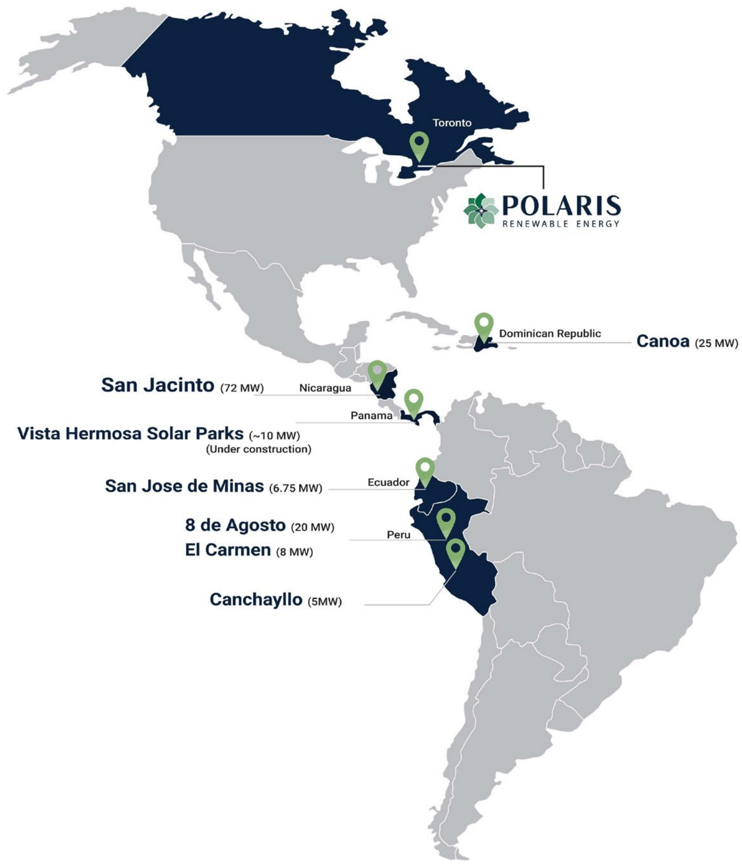
3. BUSINESS OVERVIEW AND STRATEGY

Polaris Renewable is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in the Americas. The Company operates a 72 MW (net) geothermal facility in Nicaragua, three run-of-river hydroelectric facilities in Peru, with combined capacity of approximately 33 MW (net), a 25 MW (net) solar plant facility in Dominican Republic, and a 6 MW (net) run-on-river hydroelectric facility in Ecuador. The Company also owns two solar projects in Panama which are currently under construction and expected to be completed during the first quarter of 2023. The estimated construction costs of these solar projects is $10.0 million and their expected total capacity is approximately 10 MW (net).

The Company's mission is to be a Latin America-focused renewable power leader, while providing superior shareholder returns.

Senior management has extensive experience in critical areas of renewable energy, finance, development, governance and sustainable operations. The Board is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic direction to the Company and who, as a group, have deep knowledge and extensive experience operating in Latin America.

The Company currently operates in Nicaragua, Peru, Dominican Republic, and Ecuador, and has solar projects under construction in Panama, which are Latin American nations with rapidly growing energy needs and governments that have stated mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. Polaris Renewable is committed to its strategic goals of continued growth, both organically and through acquisitions, and diversification of its renewable energy portfolio.



Additionally, the Company is committed to investing in the local communities surrounding its facilities through social programs aimed at improving the quality of education, sustainability of the environment, health of individuals, access to sports and agricultural processes.

While continuing to pursue opportunities to enhance its current operations, the Company also has the following key near-term goals:

- continued progress on corporate development, acquisition initiatives and related integration;
- pursue optimization initiatives such as the conduction channel from the Perlabi river in Ecuador;
- finalize carbon credit certification at all operating facilities;
- balancing sustainable or increased dividends with deploying excess cash flow into growth and diversification;
- amplification and deployment of the Company's sustainability strategy in all jurisdictions;
- maintenance of an excellent health and safety record at all operating facilities; and
- continued back-office IT related enhancements.

The Company’s long-term goals are to continue to grow and diversify its operations in the Latin American region through renewable energy projects with attractive return profiles. Latin America hosts some of the world’s most dynamic renewable energy markets. The Company firmly believes there is significant potential for renewable energy projects in various Latin American countries that have not been developed. Furthermore, the emphasis on renewable energy is growing and provides attractive, long-term return profiles and renewable energy credit options.

Events, transactions and activities relating to Polaris Renewable's properties which occurred during the year ended December 31, 2022 and to the date of this MD&A are discussed below.

4. OPERATING SEGMENT PERFORMANCE

CONSOLIDATED RESULTS

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Power production in MWh[(i)]				
Nicaragua (Geothermal)	**113,189**	113,395	**439,090**	465,935
Peru (Hydroelectric)	**39,923**	49,147	**172,847**	177,588
Dominican Republic (Solar)	**14,139**	-	**28,401**	-
Ecuador (Hydroelectric)	**6,969**	-	**9,418**	-
Total consolidated power production in MWh	**174,220**	162,542	**649,756**	643,523

(i) Production is net of plant use and plant downtime both planned and unplanned.

During the three months ended December 31, 2022, quarterly consolidated power production was higher than the same period in 2021, as a net result of additional production from the Dominican Republic and Ecuador facilities acquired in the year, partly offset by lower production in Peru.

For Nicaragua, in the fourth quarter of 2022 production was comparable to the production in 2021. It is management's view that this is a result of implementation of a limited in-field injection strategy which had the effect of improving stability in several of the high enthalpy wells, namely 9-3 and 6-2. In addition, the remainder of the field showed a high level of stability.

Consolidated production in Peru for the three months ended December 31, 2022 was lower than the comparative period in 2021 due to lower water availability at both El Carmen and 8 de Agosto. It is management's understanding that the start of the rainy season, which is typically in October, was delayed in most regions of Peru in 2022. These decreases were partly offset by the increase in production at Canchayllo.

For Dominican Republic, the Canoa 1 facility, acquired on June 28, 2022, produced 14,139 MWh in the three months ended December 31, 2022. This is in line with the third quarter of 2022, historical results and our expectations.

For Ecuador, in the fourth quarter of 2022, HSJM's average production of 6,969 MWh represents the first full quarter of production. Overall, and similar to Peru, production in Ecuador is driven by the dry and wet season, with the rainy season generally starting in November and running until May-June. However, similar to Peru, the rainy season started later in Ecuador which resulted in lower production than expected. Our expectations were in the range of 8,000-9,000 MWh for the quarter.

During the twelve months ended December 31, 2022, power production was 649,756 MWh (net) compared to 643,523 MWh (net) in the twelve months ended December 31, 2021, due to added production from the facilities acquired in the second and third quarter of 2022, partly offset by a decrease in production of the facilities in Peru and Nicaragua.

During the twelve months ended December 31, 2022 and in line with strategy, the Company continued to progress on its sustainability initiatives at each of the operating sites while continuing to maintain an excellent health and safety record.

NICARAGUA – Geothermal Energy Production

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Power production(i)				
San Jacinto - MWh	**113,189**	113,395	**439,090**	465,935
Financial				
Revenue	**$ 12,603**	$ 12,610	**$ 48,843**	$ 51,812

(ii) Production is net of plant use and plant downtime both planned and unplanned.

San Jacinto - Tizate – San Jacinto, Nicaragua

Through its subsidiary, Polaris Energy Nicaragua S.A. ("PENSA"), the Company owns and operates a 72 MW (net) capacity geothermal facility. San Jacinto is located in northwest Nicaragua, near the city of Leon which is approximately 90 km northwest of Managua. PENSA has the San Jacinto PPA in place with Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. and Distribuidora De Electricidad del Sur, S.A. PENSA entered into the San Jacinto exploitation agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate San Jacinto. The current effective price of the PPA is $111.20 per MWh.

During the twelve months ended December 31, 2022, power production was lower compared to the twelve months ended December 31, 2021, due to the lower steam production given the expected natural decline of the field which resulted in marginally lower revenues for the twelve months period of 2022.

Currently, the Company is working with technical consultants to assess alternatives to enhance outfield injection capacity over the long run with the goal of increasing actual steam production from current levels without the need for significant capital investment. Management is also working with such technical consultants to assess the possibility of enhancing production from specific wells through low capex well intervention such as acid injections.

San Jacinto - Binary Project – San Jacinto, Nicaragua

The Company thoroughly assessed the ability to extract waste heat from the brine that is currently produced from the production wells at San Jacinto, and then re-inject it into the field. Such brine is of a sufficient temperature that the Organic Rankine Cycle Power Plant ("Binary Unit" or "Binary Project") can be used, and the Company expects to produce approximately 10 MW of additional power. The brine therefore represents a usable energy source for which the costs of production and injection are already incurred as part of the San Jacinto current production and is economically attractive since direct costs are expected to be minimal. With the PPA amended in late 2020 in respect of San Jacinto, the Company received contractual confirmation to include the expected production of the Binary Unit of up to 10 MW. Construction of the Binary Unit was completed in December 2022. Initial start-up, tests and deliveries of energy commenced on December 30, 2022, and full capacity was achieved on December 31, 2022. Certain standard commissioning tests will continue to be performed with technical Commercial Operation expected to be declared by local authorities within the first quarter of 2023.

PERU – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Power production				
8 de Agosto - MWh	**23,482**	30,173	**105,010**	103,440
El Carmen - MWh	**9,041**	12,954	**40,983**	46,064
Canchayllo - MWh	**7,400**	6,020	**26,854**	28,084
Total Peru in MWh	**39,923**	49,147	**172,847**	177,588
Financial				
Revenue	**$ 1,911**	$ 2,254	**$ 8,470**	$ 7,666

(i) Production is net of plant use and plant downtime both planned and unplanned.

El Carmen and 8 de Agosto – Huanuco, Perú:

El Carmen (approximately 8 MW (net) capacity) and 8 de Agosto (approximately 20 MW (net) capacity) are two run-of-river hydroelectric facilities in the Huanuco region of Peru.

For the three months ended December 31, 2022, lower production at 8 de Agosto and El Carmen facilities was due to lower hydrology, compared to 2021. Typically, the dry season begins in May and ends in October, which impacts energy production levels to various degrees.

During the twelve months ended December 31, 2022, production at El Carmen was lower than in 2021, as a result of lower hydrology from a year drier than usual. The decrease in production was partly offset by an increase at the 8 de Agosto facility, compared to the twelve months ended December 31, 2021, when the facility had technical issues that resulted in unexpected and planned shutdowns.

Canchayllo – Canchayllo, Perú:

Canchayllo is a run-of-river hydroelectric facility with a rated capacity of approximately 5 MW (net) located in the Canchayllo district of Peru. Canchayllo has a US dollar denominated PPA effective until December 31, 2034.

Fourth quarter production at Canchayllo was higher than in 2021, mainly as a result of higher water volume compared to the three months ended December 31, 2021. During the twelve months ended December 31, 2022, power production was lower compared to the twelve months ended December 31, 2021, due to the lower water availability during the year, that was drier than usual.

Total revenue from the sale of energy by the Peruvian facilities increased in the twelve months ended December 31, 2022, due to the higher PPA prices effective in 2022, compared to the PPA prices effective in 2021 that were affected by price penalties resulting from deviations from the energy committed in 2020. Under the terms of the PPAs, the Company bills at the spot rate for current energy generation.

The increase in final effective price in place on December 31, 2022, reflects the adjustment to the PPA price due to the inflation factor applied as stated in the contract. The following tables summarize the final effective prices for our three hydro facilities in Peru:

Effective price $/MWh	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
8 de Agosto (Hydroelectric)	**$ 47.30**	**$ 47.30**	$ 47.30	**$ 41.90**
El Carmen (Hydroelectric)	**$ 62.50**	**$ 62.50**	$ 62.50	**$ 55.90**
Canchayllo (Hydroelectric)	**$ 58.20**	**$ 58.20**	$ 58.20	**$ 53.60**

Effective price $/MWh	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
8 de Agosto (Hydroelectric)	$ 41.90	$ 41.90	$ 39.00	$ 39.00
El Carmen (Hydroelectric)	$ 55.90	$ 55.90	$ 43.10	$ 43.10
Canchayllo (Hydroelectric)	$ 53.60	$ 53.60	$ 50.50	$ 50.50

Based on the terms of each PPA, the Company has the right to file a one-time request to reduce the committed energy by up to 15% to reduce the risk that penalties are applied and, as such, receive the defined PPA prices. In January 2022 the Company made the formal application to reduce the committed energy at 8 de Agosto, which was accepted by the authority. The change in committed energy as well as the adjusted PPA price is expected to be applied to the next RER year, which starts in May 2023.

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Power production(i)				
Canoa 1 - MWh	14,139	-	28,401	-
Financial				
Revenue	$ 1,811	$ -	$ 3,668	$ -

(i) Production is net of plant use and plant downtime both planned and unplanned.

Canoa 1 - Barahona, Dominican Republic

On June 28, 2022, the Company completed the acquisition of all of the issued and outstanding common shares of Emerald Solar Energy SRL ("Emerald"), which owns 100% of a 25 MW (net) operational solar project located in the Barahona Province, Dominican Republic, in exchange for $20.3 million consideration paid in cash.

Canoa 1 started commercial operations on March 7, 2020 and has a PPA in place with Edesur, denominated in US dollars, with an estimated price for 2022 of $128.10 per MWh. The PPA has an inflator of 1.22% per annum until the price reaches $142.80 per MWh at which point the price remains fixed until the end of the PPA in 2040. The PPA can be subsequently renewed for a five-year term, at a price 20% lower than the PPA price in place in 2040.

The 14,139 MWh (net) and 28,401 MWh (net) production for the three and twelve months ended December 31, 2022, reported by Canoa 1 are aligned with historical performance and within the Company's production expectations.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Power production(i)				
San Jose de Minas - MWh	6,969	-	9,418	-
Financial				
Revenue	$ 545	$ -	$ 736	$ -

(i) Production is net of plant use and plant downtime both planned and unplanned.

San Jose de Minas, Ecuador

On September 7, 2022, the Company acquired 83.16% of the issued and outstanding common shares of Hidroelectrica San Jose de Minas, an operational hydro project located along the river Cubi, in San Jose de Minas, Ecuador. HSJM represents approximately 6.0 MW (net) capacity and has been operating since July 1, 2020.

For Ecuador, fourth quarter 2022 average production of 6,969 MWh (net) represents the first full quarter of production contributed by HSJM. Overall, and similar to Peru, production in Ecuador is driven by the dry and wet season, with the rainy season generally starting in November and running until May-June. However, like in Peru, the rainy season started later than normal in Ecuador which resulted in lower results than expected. Our expectations were in the range of 8,000 to 9,000 MWh (net) for the quarter.

5. DEVELOPMENT PROPERTIES

PANAMA DEVELOPMENT, VISTA HERMOSA SOLAR PARK 1 AND 2

On March 17, 2022, the Company completed the acquisition of two solar projects, with expected total capacity of 10 MWh (net). The solar projects are in the village of Vista Hermosa, Corregimiento de Pueblos Unidos, Aguadulce district, Coclé Province, in Panama. The two solar sites are three and a half hours by car from Panama City and will connect to the national transmission network (National Interconnected System) at the ETESA Substation (Electric Transmission Company) of Llano Sánchez through an air-underground electric sub-transmission line of about 3 Km in length.

As part of the transaction, the Company purchased all the issued and outstanding common shares of the two entities holding the solar projects and the licenses and permits required to complete the construction and commence operations, in exchange for $0.6 million. The Company is funding 100% of the costs to build the two solar projects for approximately $10.0 million (including acquisition costs).

Target commencement of operations date ("COD") has moved from late 2022 to the first quarter of 2023 due to some delays in deliveries of minor components and delays in the connection process and approvals from Government entities. As of December 31, 2022, the Company has spent $9.1 million on construction activities.

At the date of this report, the solar projects do not have contracts but will have the ability to sell into the spot market. The Company is assessing the benefits of securing long-term contracts versus selling into the spot market. The Company currently believes that a combination of both is a likely outcome, however it will commence operations purely selling on a spot basis, given the strength in the spot market.

DOMINICAN REPUBLIC DEVELOPMENT, CANOA 2 - BARAHONA

On December 10 2021, the Company’s wholly owned subsidiary Emerald obtained a preliminary concession that allowed for prospection and analysis related to the construction and installation of a solar plant expansion project, named Canoa 2.

On October 18, 2022, the National Energy Commission (“CNE”) issued the definitive concession for Canoa 2, which will allow for the capacity installed to be doubled from Canoa 1’s current operating capacity of 25 MWh to approximately 50 MWh, for which an additional PPA with the local distributor is required. Negotiations with the distributor are currently underway. To the extent that a PPA for Canoa 2 is finalized, the Company will look to commence construction shortly thereafter.

ECUADOR DEVELOPMENT, HSJM EXPANSION

HSJM has one expansion opportunity consisting of the introduction of a conduction channel from the adjacent Perlabi river that would increase the load factor of the existing plant from approximately 65% to approximately 85%. Such expansion does not require any amendments to the current PPA and is expected to take approximately 10 months to complete. In addition, the project has capacity to add a turbine which would enable increased production during the rainy season. With the additional turbine the Hydro Project is expected to increase its power capacity to 10 MWs. Such an expansion would require an amendment to the current PPA or a separate PPA.

6. SUSTAINABILITY STRATEGY

As the Company continues to grow, it remains committed the belief that long-term returns are bolstered by a healthy balance among all company stakeholders including equity and debtholders, employees, customers, the society our business operates in, and the environment. Our commitment to sustainability is rooted in our business strategy and our corporate values.

For Polaris, sustainability management has been an important pillar in our operations. In 2022, the Company updated its sustainability strategy by carrying out a materiality assessment. This process was an opportunity to progress from having sustainability initiatives, projects, and programs to having a comprehensive vision of our opportunities and risks in terms of sustainability and formulating a multi-year sustainability strategy aligned with our company's core business and values. For each of the material topics identified, the Company has defined a list of commitments, set measurable targets, and aligned them with the United Nations Sustainable Development Goals. The Company is targeting to contribute to fifteen (15) of the seventeen (17) sustainable Development Goals.

The Company's four (4) pillars of sustainability, by which our strategy will be governed, are "Our Practice", "Our People", "Our Partners", "Our Planet". The Company's sustainability strategy is divided in these four key areas, which address governance, social (internal and external), and environmental aspects that are relevant to the business as well as to internal and external stakeholders. The scope of Polaris' strategy encompasses all its project sites, technologies, and geographies.

Key highlights of the Company's initiatives in the jurisdictions in which it operates include:

- Environmental initiatives and promotion thereof, including reforestation campaigns, forest-fire prevention, recycling and related education. The Company also leads community awareness activities on Earth Day and International Environmental Day.
- Contributions to local educational organizations such as:
    - an early childhood education program for children ages three to six (Early Roots Projects),
    - donation of an Innovation Centre including all the technological equipment,
    - sponsorship of an educational robotics project, and
    - university grants for outstanding students.
- Community agricultural projects to assist in the improvement of the crop quality and yield for local farmers.
- Donations of medical and educational supplies to the communities, in addition to hosting Christmas celebrations and toy giveaways.
- Continued development of Stakeholder engagement and community grievance mechanisms.

Readers are encouraged to read the Company's Annual Sustainability Report available on the Company's website.

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue				
Power revenue	**$ 16,870**	$ 14,864	**$ 61,717**	$ 59,478
Carbon emission reduction credits revenue	**$ -**	$ 7	**883**	39
Direct costs				
Direct costs	**(3,437)**	(2,612)	**(11,658)**	(10,699)
Depreciation and amortization of plant assets	**(6,868)**	(6,427)	**(25,748)**	(26,068)
General and administrative expenses	**(1,853)**	(2,058)	**(6,797)**	(6,811)
Other operating costs	**12**	(1)	**(788)**	(20)
Operating income	**$ 4,724**	$ 3,773	**$ 17,609**	$ 15,919
Interest income	**272**	147	**677**	374
Finance costs	**(2,606)**	(4,154)	**(19,477)**	(16,962)
Other gains	**266**	247	**2,160**	5,087
Earnings (loss) and comprehensive earnings (loss) before income taxes	**$ 2,656**	$ 13	**$ 969**	$ 4,418
Current Income Tax (expense)	**(357)**	-	**(427)**	-
Deferred Income Tax recovery/(expense)	**616**	(893)	**1,891**	(3,876)
Total earnings (loss) and comprehensive earnings (loss)	**$ 2,915**	$ (880)	**$ 2,433**	$ 542
Total earnings (loss) and comprehensive earnings (loss) attributable to:				
Owners of the Company	**$ 3,001**	$ (921)	**$ 2,499**	$ 501
Non-controlling interests	**$ (86)**	$ 41	**$ (66)**	$ 41
Basic earnings (loss) per share	**$ 0.14**	$ (0.05)	**$ 0.12**	$ 0.03

Three months ended December 31, 2022 versus December 31, 2021

Revenue was $16.9 million during the three months ended December 31, 2022, compared to $14.9 million in the same period of 2021, higher mainly because of the additional revenue from the two facilities acquired in the year, coupled with higher revenue contributed by Peru, and partly offset by lower revenue due to the amended PPA price and lower production at San Jacinto.

Direct costs of energy production (other than depreciation and amortization) were $3.4 million for the three months ended December 31, 2022, compared to $2.6 million in the same period of 2021. The $1.0 million increase is mainly due to the additional direct costs from Canoa 1 and HSJM, acquired in second and third quarter of the year, respectively. The depreciation and amortization expense associated with energy production (included in direct costs) for the three months ended December 31, 2022 was $6.9 million, higher than the $6.4 million expense in the same period in 2021.

General and administrative expenses for the three months ended December 31, 2022 were $1.9 million, lower than the $2.1 million expense in the same period of 2021. The decrease was mainly driven by lower professional fees and stock-based compensation expense.

Interest income for the three months ended December 31, 2022 was $0.3 million, due to higher cash balances compared to the same period of 2021, due to better interest rates proposed by the banks during 2022.

For the three months ended December 31, 2022, finance costs were $2.6 million, compared to $4.2 million finance costs recorded in the same period of 2021. The decrease in finance costs reflects the capitalization of costs to the qualifying assets done in the fourth quarter of 2023. Actual cash interest paid during the three months ended December 31, 2022 was $4.7 million.

Other gains for three months ended December 31, 2022 were $0.3 million, compared to $0.2 million for the same period in 2021. The gain during the comparative period was mainly due to a revaluation of the dollar noted in the period.

Earnings attributable to owners was $3.0 million for the three months ended December 31, 2022, compared to loss of $0.9 million for the same period in 2021. Net earnings increased due to higher revenue partly offset by higher direct costs in the current period.

Adjusted EBITDA was $11.7 million for the three months ended December 31, 2022, compared to $11.1 million for the same period in 2021, principally as a result of higher revenue, lower losses and as discussed above. *(Refer to Section 13: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure).*

Twelve months ended December 31, 2022 versus December 31, 2021

Revenue was $62.6 million during the twelve months ended December 31, 2022, compared to $59.5 million in the same period of 2021. The increase was the combined result of the additional revenue from the facilities in Dominican Republic and Ecuador, acquired in the year, coupled with higher effective PPA prices applied to our Peruvian facilities, and partly offset by lower production by the San Jacinto facility. In addition, the Company sold $0.9 million more in carbon credits in 2022, compared to 2021.

Direct costs of energy production (other than depreciation and amortization) were $11.7 million for the twelve months ended December 31, 2022, compared to $10.7 million in the same period of 2021. The increase in direct costs is the result of $0.9 million direct costs from our operation in Dominican Republic, acquired on June 28, 2022 and $0.4 million direct costs from our operation in Ecuador, acquired on September 7, 2022. Direct costs of energy production were largely consistent on a year-over-year basis for Nicaragua and Peru. The depreciation and amortization expense associated with energy production (included in direct costs) for the twelve months ended December 31, 2022 was $25.7 million, lower than the $26.1 million expense in the same period in 2021.

General and administrative expenses for the twelve months ended December 31, 2022 and 2021 were $6.8 million, as higher salaries and benefits and facilities and support were offset by lower professional costs and stock based compensation expenses.

Other operating costs of $0.8 million represent transaction costs incurred in the acquisitions closed during the year.

Interest income for the twelve months ended December 31, 2022 increased to $0.7 million, from $0.4 million in the same period of 2021, due to higher interest rate offered by the financial institutions in 2022.

For the twelve months ended December 31, 2022, finance costs were $19.5 million, compared to $17.0 million finance costs recorded in the same period of 2021 The increase was the net result of higher interest rates from San Jacinto's debt plus the new debt facilities assumed with the acquisitions of HSJM and Canoa 1, partly offset by $2.7 million of financing costs that were capitalized to Vista Hermosa Solar Park and the Binary Unit, both qualifying assets under construction in 2022. Actual cash interest paid during the year ended December 31, 2022 was $11.6 million (Note 9 of the Consolidated Financial Statements for the years ended December 31, 2022 and 2021).

Other gains for the twelve months ended December 31, 2022 were $2.2 million compared to $5.1 million gain during the 2021 period. The 2022 gain was lower due to larger foreign exchange losses recognized in Perú, and the gain in 2021 from the sale of a non-core North American asset early in that year.

Earnings attributable to owners was $2.5 million for the twelve months ended December 31, 2022, compared to a $0.5 million earnings for the same period in 2021. The increase was the combined result of higher operating margin and the deferred tax benefit driven by the foreign currency impact in our Peruvian assets, partly offset by higher finance costs and lower gains compared to year 2021.

Adjusted EBITDA was $44.9 million for the twelve months ended December 31, 2022, compared to a $43.8 million for the same period in 2021, principally as a result of higher operating margin discussed above. *(Refer to Section 13: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure).*

8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

The following is a summary and explanation of cash inflows and outflows for the following periods:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Net cash from (used in)		
Operating activities	**$ 33,506**	$ 41,129
Investing activities	**(65,994)**	(10,146)
Financing activities	**(30,125)**	6,891
Foreign exchange gain on cash held in foreign currency	**8**	(2)
Increase (decrease) in cash	**$ (62,605)**	$ 37,872

- Net cash from operating activities for the twelve months ended December 31, 2022 of $33.5 million, lower than the $41.1 million for the same period in 2021, mainly due to a unfavorable change in non-cash working capital due to larger accounts payable balance settled during the period and accounts receivable collection returning to normal levels compared to the same period in 2021.

- Net cash used in investing activities for the twelve months ended December 31, 2022 was $66.0 million, compared to $10.1 million in the same period of 2021, due to $32.4 million spent in the acquisitions closed in the year, combined with $29.1 million spent in the construction of the Binary unit in Nicaragua and the Vista Hermosa Solar Park, in Panama.

- Net cash used in financing activities for twelve months ended December 31, 2022 of $30.1 million, compared to $6.9 million net cash from financing activities reported in the same period in 2021. In 2022, the Company refinanced PENSA's senior debt and made higher dividend payments, whereas in 2021 received $39.4 million in proceeds from share issuance.

The following is a summary of key balance sheet items as at the following period ends:

	As at December 31, 2022	As at December 31, 2021
Cash[(i)]	**$ 35,325**	$ 97,930
Restricted cash - non-current	**$ 4,640**	$ 3,835
Total current assets	**$ 50,609**	$ 110,143
Total assets	**$ 535,102**	$ 502,700
Current and Long-term debt[(ii)]	**$ 184,408**	$ 169,686
Total liabilities	**$ 264,890**	$ 241,876

(i) Cash in the amount of $15.6 million and (December 31, 2021 - $33.1 million) held by the Company is restricted for use in the San Jacinto project and governed by the terms of the Trust and the Credit Agreements, where the process to withdraw funds is considered perfunctory to the agreement, as long as the required covenants and balances are met. The Credit Agreements require certain amounts to be held in reserve for future debt service as well as for future investment in the San Jacinto project through the major maintenance reserve account. Therefore, as these amounts are demand deposits that are held for the purpose of meeting short-term cash commitments of the San Jacinto project, the Company considers them as available cash, since they are available for current use.

(ii) Net of transaction costs.

Total assets were $535.1 million as at December 31, 2022 compared to total assets of $502.7 million as of December 31, 2021. The increase is mainly due to two operating facilities added to the portfolio in 2022, coupled with the development of the Binary Unit and Vista Hermosa Solar Park, partly offset by the decrease in cash used to finance these activities. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, the Generación Andina SAC facilities and Canchayllo, Canoa 1, HSJM and, the construction of the Vista Hermosa Solar Park, in Panama. The Company believes that its current working capital and future cash flows will be sufficient to allow it to fulfill current obligations (including those obligations and commitments noted below) and allow it to continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects to satisfy these requirements through financing or monetization of assets or undertake activities as appropriate under the specific circumstances. However, additional funding requirements or the outcome of these matters cannot be predicted with certainty at this time.

Total liabilities as at December 31, 2022 were $264.9 million, a $22.2 million increase from December 31, 2021, due to debt assumed from the acquisition of Emerald and HSJM, along with the increase in deferred tax liability from these transactions, partly offset by the settlement of the debenture through its conversion, coupled with debt repayment during the period and lower current portion of long-term debt balance carried over from the new debt. During the twelve months ended December 31, 2022, PENSA repaid $113.6 million of principal on its San Jacinto credit facilities and issued $110.0 million in new debt. As at December 31, 2022, PENSA had $107.1 million outstanding on those credit facilities.

As previously noted, the Company has a new financing agreement for a senior debt facility totaling $110.0 million for PENSA. This senior debt facility replaces the existing senior and subordinated project loans in Nicaragua. The settlement of the existing obligation and funding of the debt re-financing was completed February 11, 2022 with the following terms:

- 15-year term beginning in 2022 and ending in 2037.
- Initial rate of LIBOR or SOFR plus a 7.0% spread that is reduced to 6.75% once the Binary Unit has been completed, which occurred on December 30, 2022.
- The two main financial covenants are maintaining a debt service coverage ratio of greater than 1.40:1 and Debt to Assets less than 50%.

On June 28, 2022, the Company completed the acquisition of Emerald, and assumed an obligation with Fondo de Inversion Cerrado Libre para el Desarrollo de Infraestructuras Dominicanas and Corporación Interamericana para el Financiamiento de Infraestructura, S.A. for a $37.0 million credit facility entered on December 10, 2020. The loan has a term of 17 years, a 7% fixed interest rate, and requires quarterly payments of principal and interest. The terms and conditions of the loan were not modified upon the acquisition of Emerald. The final fair value assigned to the obligation assumed was $33.9

million (Note 5 of the Consolidated Financial Statements for the years ended December 31, 2022 and 2021).

With the acquisition of HSJM on September 7, 2022, the Company assumed obligations with Banco Pichincha for three credit facilities totaling $8.0 million, which are due between May 2023 and July 2028. These loans have fixed interest rates of 7.91% and 7.95% and require monthly payments of principal and interest. The terms and conditions of these loans were not modified upon the acquisition of HSJM. The final fair value assigned to the obligation assumed was $6.2 million (Note 5 of the Consolidated Financial Statements for the years ended December 31, 2022 and 2021).

As at December 31, 2022, the Company is in compliance with all of its covenants.

Remaining contractual maturities of the Company's financial liabilities as at December 31, 2022 are as follows:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 14,931	$ -	$ -	$ -	$ 14,931
Debt, current and long-term	14,923	31,973	30,467	133,882	211,245
Interest obligations	18,447	30,497	24,411	41,158	114,513
	$ 48,301	**$ 62,470**	**$ 54,878**	**$ 175,040**	**$ 340,689**

The following are the annual principal obligations on project credit facilities for the remaining terms of the loans including the new Senior Debt Facility and credit facilities from the new entities acquired in the year:

	Canoa 1 (Note 5)	*San Jose de Minas (Note 5)*	*San Jacinto (new credit agreement)*	*Generación Andina*	*APG Ltd. (BVI)*
2023	1,493	1,092	10,000	2,050	300
2024	1,621	1,185	10,000	2,071	950
2025	1,770	1,468	10,000	2,092	950
2026	1,924	1,021	10,000	2,113	1,300
2027	2,086	600	8,011	2,134	1,300
2028	2,256	400	7,421	2,155	20,200
2029	2,395	-	7,065	2,177	-
2030	2,423	-	6,846	2,198	-
2031	2,484	-	6,736	2,220	-
2032	2,531	-	6,703	2,243	-
2033	2,592	-	6,749	2,265	-
2034	2,662	-	6,854	2,288	-
2035	2,738	-	7,002	2,310	-
2036	2,807	-	3,714	2,334	-
2037	2,687	-	-	4,726	-
2038	-	-	-	3,553	-
2039	-	-	-	-	-
Total	***$ 34,469***	***$ 5,766***	***$ 107,101***	***$ 38,929***	***$ 25,000***

Interest on the APG Ltd. (BVI) credit facility is due and payable semi-annually and is currently estimated to be $1.3 million each period. The Company plans to make payments of interest on the San Jacinto, APG Ltd. (BVI), Canoa 1 and HSJM credit facilities out of current cash and cash generated by operations. The Generación Andina credit facility bears no interest.

Additional discussion relating to the above financial instruments are included in Note 28 to the Consolidated Financial Statements for the years ended December 31, 2022, and 2021. Readers are also encouraged to refer to discussion relating to the Company's Capital Management in Note 28 to the Consolidated Financial Statements for the years ended December 31, 2022, and 2021.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company enters into agreements for geothermal concessions. Below are the minimum annual payments required as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
No later than one year	**$ 30**	$ 30
For years 2 - 5	**120**	120
Thereafter	**300**	300
Total commitments for expenditures	**$ 450**	$ 450

OUTSTANDING SHARE INFORMATION

The following table summarizes the Company's common shares and securities potentially convertible into common shares as at the following dates:

As at	**February 22, 2023**	**December 31, 2022**
Common shares issued and outstanding	**21,025,775**	21,025,775
Share options outstanding *(i)*	**238,000**	238,000
Deferred share units (fully vested)	**17,248**	17,248
Restricted share units (ii)	**38,100**	-

(i) *The outstanding stock options have a weighted average exercise price of Cdn$15.87 and 2.91 year remaining contractual life. Exercise prices range from Cdn$9.93 to Cdn$18.44 and expire from December 2023 to June 2027. Of the outstanding stock options, 148,000 are exercisable at a weighted average exercise price of CAD$14.37.*

(ii) *Restricted share units were granted on January 5, 2023, and vest one third per year at the end of each period.*

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

The information provided below highlights unaudited quarterly results for the past two years:

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Production MWh	**174,220**	134,652	163,119	177,765
Total revenue	**$ 16,870**	$ 14,512	$ 15,184	$ 16,066
Direct cost of power production	**$ (10,305)**	$ (9,391)	$ (9,063)	$ (8,679)
Net earnings (loss) attributable to owners of the Company	**$ 3,001**	$ (1,491)	$ (1,542)	$ 2,531
Basic weighted average number of shares outstanding	**21,026**	20,254	19,626	19,589
Earnings per share attributed to owners of the Company - basic	**$ 0.14**	$ (0.07)	$ (0.08)	$ 0.13
Adjusted EBITDA	**$ 11,658**	$ 10,010	$ 11,188	$ 12,097
Cash	**$ 35,325**	$ 36,848	$ 59,512	$ 83,389
Restricted cash (current and non-current)	**$ 4,640**	$ 4,790	$ 4,780	$ 3,835
Total equity attributable to Owners of the Company	**$ 269,677**	$ 269,786	$ 258,038	$ 262,412

		December 31, 2021		September 30, 2021		June 30, 2021		March 31, 2021
Production MWh		**162,543**		149,320		150,676		180,984
Total revenue	**$**	**14,871**	$	14,806	$	14,161	$	15,679
Direct cost of power production	**$**	**(9,039)**	$	(9,219)	$	(9,111)	$	(9,398)
Net earnings (loss) attributable to owners of the Company	**$**	**(921)**	$	2,175	$	159	$	(912)
Basic weighted average number of shares outstanding		**19,489**		18,575		18,144		16,851
Earnings per share attributed to owners of the Company - basic	**$**	**(0.05)**	$	0.12	$	0.01	$	(0.05)
Adjusted EBITDA	**$**	**11,067**	$	10,857	$	9,978	$	11,851
Cash	**$**	**97,930**	$	99,858	$	104,690	$	107,962
Restricted cash (current and non-current)	**$**	**3,835**	$	4,780	$	1,780	$	1,782
Total equity attributable to Owners of the Company	**$**	**262,759**	$	265,306	$	265,743	$	268,492

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

RECENT PRONOUNCEMENTS ISSUED AND EARLY ADOPTION OF STANDARDS

The Company's consolidated financial statements are prepared in accordance with IFRS. The significant accounting policies applied and recent accounting pronouncements are described in Note 2 and Note 3 to the Company's consolidated financial statements for the year ended December 31, 2022.

The Company reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2022. There are currently no pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

CRITICAL ACCOUNTING ESTIMATES

In preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates represent estimates that are uncertain, and for which changes in those estimates could materially impact the Company's consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Significant estimates and judgments made by management in the application of accounting policies are outlined in Note 4 to the consolidated financial statements and the notes thereto for the year ended December 31, 2022.

11. FINANCIAL RISKS

The acquisition, development and operation of renewable energy projects involves numerous risks due to the inherent nature of the business and influence by global economic trends. Additionally, there are also risks related to local social, political, environmental, and economic conditions, as well as currency and inflation-related risks in the emerging market of Latin America. As such, the Company is subject to several financial and operational risks that may significantly impact its production, profitability, financial instruments, and levels of cash flows from operations. The Company believes that it has undertaken prudent measures, policies, practices and procedures to manage such risks and uncertainties but there can be no assurance that such challenges will not impact the Company's financial condition in the future.

The risks and uncertainties discussed in our current AIF and other filings with Canadian provincial securities regulatory authorities should be read in conjunction with the risks and uncertainties discussed throughout this MD&A. The AIF and other filings with Canadian provincial securities regulatory authorities are available on SEDAR at www.sedar.com.

The following discussion summarizes the Company's principal financial risks and related uncertainties:

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by seeking to arrange to have sufficient cash, available credit facilities and other financial resources to meet obligations. The Company forecasts cash flows for a period of at least 12 months to identify financial requirements and ensure that these are met. To maintain or adjust its capital structure, the Company, upon approval by the Board, may issue shares, pay dividends, or undertake activities as appropriate under the specific circumstances. As part of its capital allocation strategy, the Company examines opportunities to divest non-core assets that fail to meet the Company's investment portfolio criteria.

CURRENCY RISK

Currency fluctuations may affect the Company's capital costs and the costs incurred as a result of the Company's operations. Although all of the Company's power purchase agreements are denominated in US dollars, a portion of the Company's operating and capital expenses are incurred in Nicaraguan Córdoba, Peruvian Nuevo Sol, Dominican Peso and Canadian dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production and administration, which could materially and adversely affect the Company's earnings and financial condition. The Company may enter into forward contracts or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of these foreign currencies.

CREDIT RISK

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash and short-term investments, companies/government entities that have payables to the Company, insurance providers and lenders. The Company seeks to limit counterparty risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure, and monitoring their financial condition.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flow or fair value of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Company will realize a loss due to a decline in the fair value of any short-term securities included in cash and cash equivalents and short-term investments is limited because these investments, although readily convertible into cash, are generally held to maturity. The Company's cash flow exposure to interest rate risk relates principally to its floating rate senior facilities and other debt. Management mitigates this risk by entering into fixed-rate financing agreements or, from time-to-time, may enter into hedging agreements.

HUMAN RESOURCE RISK

Human resource risk relates to the potential impact upon our business as a result of changes in the workplace. Human resource risk can occur in several ways:

- potential disruption as a result of labour action at our generating facilities;
- reduced productivity due to turnover in positions;
- inability to complete critical work due to vacant positions;
- failure to maintain fair compensation with respect to market rate changes; and
- reduced competencies due to insufficient training, failure to transfer knowledge from existing employees or insufficient expertise within current employees.

The Human Resources risk is managed by:

- potential disruption as a result of labour action at our generating facilities;
- monitoring industry compensation and aligning salaries with those benchmarks;
- using incentive pay to align employee goals with corporate goals;
- monitoring and managing target levels of employee turnover; and
- ensuring new employees have the appropriate training and qualifications to perform their job.

INCOME TAX RISK

Our operations are complex and located in several jurisdictions. The computation of the provision for income taxes involves tax interpretations, regulations and legislation that are continually changing. Our tax filings are subject to audit by taxation authorities. Management believes that it has adequately provided for income taxes as required by IFRS, based on all information currently available. The Company and the subsidiaries in which we hold economic interests are subject to changing laws, treaties and regulations in and between countries. Various tax proposals in the countries we operate in could result in changes to the basis on which deferred taxes are calculated or could result in changes to income or non-income tax expense. There has recently been an increased focus on issues related to the taxation of multinational corporations. A change in tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher income or non-income tax expense that could have a material adverse impact to the Company.

12. EXTERNAL RISKS

THE COVID-19 PANDEMIC

The health and safety of the Company's employees and contractors, and the communities in which it operates continues to be a top priority. COVID-19 protocols were maintained through the period ended December 31, 2022. As of February 22, 2023, none of our operations and related supply chain activities have been significantly impacted by the various restrictions that local governments have instituted to date. Vaccination efforts carried out by the local authorities continue to be effective. As a result, most of our employees are fully vaccinated. However, given the unpredictable nature of the situation, no guarantee can be made that COVID-19 will not impact the Company's operations in the future. The Company continues to closely monitor events and actions taken by local governments, including those affecting vendors, supply chain, customers and the collection of accounts receivable, to determine their potential impact and any additional actions required to ensure operations continue without major disruption.

ENVIRONMENTAL AND CLIMATE CHANGE RISKS

The Company is subject to various federal, provincial and municipal laws relating to environmental matters, and takes all the required steps, including capital and operating expenditures to ensure compliance with environmental laws and regulations in each of the jurisdictions where it operates. The failure to comply with existing environmental laws and regulations could limit the Company's ability to produce energy and carry normal operations in those countries. As of the date of this report, the Company is fully compliant with the current environmental legislation.

Climate change could pose significant environmental, social and operational risks . If environmental laws and regulations change, the Company could be subject to more stringent environmental laws and regulations in the future, including the reduction of the hydrology resources necessary to produce energy in Peru or Ecuador, which could have an adverse effect on the Company's business, financial condition or results of operation. Physical risks resulting from climate change may include natural disasters and severe weather, such as floods or drought, or changing weather patterns, which could have a negative impact to the Company's plants and facilities, or their inputs and processes required to produce geothermal, hydroelectric or solar power, disrupting the business or diminishing its financial condition or results of operations. The Company is committed to evaluating potential impacts to its business on an ongoing basis and to making investments to mitigate potential identified impacts.

VOLUME RISK

Volume risk relates to the variances from our expected production. The financial performance of our hydro, wind and solar operations is highly dependent upon the availability of their input resources in a given year. Shifts in weather or climate patterns, seasonal precipitation and the timing and rate of melting and runoff may impact the water flow to our facilities. The strength and consistency of the wind resource at our facilities impacts production. The operation of thermal facilities can also be impacted by ambient temperatures and the availability of water and fuel. Where we are unable to produce sufficient quantities of output in relation to contractually specified volumes we may be required to pay penalties or purchase replacement power in the market.

The volume risk is managed by the Company by:

- actively managing our assets and their condition in order to be proactive in facility maintenance so that our facilities are available to produce when required;
- placing our facilities in locations we believe to have adequate resources to generate electricity to meet the requirements of our contracts. However, we cannot guarantee that these resources will be available when we need them or in the quantities that we require; and
- diversifying our fuels and geography as one way of mitigating regional or fuel-specific events.

13. NON-GAAP PERFORMANCE MEASURES

Certain measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered GAAP measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

This MD&A include references to the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA per share, which are non-GAAP measures. These measures should not be considered in isolation or as an alternative to net earnings (loss) attributable to the owners of the Company or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Polaris Renewable's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris Renewable's operating performance. Management's determination of the components of non-GAAP performance measures are evaluated on a periodic basis in accordance with its policy and are influenced by new transactions and circumstances, a review of stakeholder uses and new applicable regulations. When applicable, changes to the measures are noted and retrospectively applied.

The Company complies with National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure ("NI 52-112") and its companion policy (the "Companion Policy"). NI 52-112 and the Companion Policy sets out disclosure requirements for non-GAAP financial measures, non-GAAP ratios, and other financial measures and replaces the previous guidance in CSA Staff Notice 52-306 (Revised). Upon adoption of NI 52-112, the Company reviewed its related policies and use of non-GAAP measures by stakeholders and determined that it would no longer disclose Operating Cash Flow and Working Capital.

ADJUSTED EBITDA

The Company uses Adjusted EBITDA and Adjusted EBITDA per share to assess its operating performance without the effects of the following items (*as applicable in a given period*): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation, decommissioning liabilities adjustments and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature, items not related to or having a disproportionate effect on results for a particular period, and not reflective of operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the Company's performance. The presentation of Adjusted EBITDA and Adjusted EBITDA per share is not meant to be a substitute for Net Earnings/Loss and Net Earnings/Loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The following table reconciles net earnings and comprehensive earnings (loss) attributable to owners of the Company to Non-GAAP Performance Measures Adjusted EBITDA:

	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net earnings and comprehensive earning attributable to Owners of the Company	$ **3,001**	$ (921)	$ **2,499**	$ **501**
Add (deduct):				
Net earnings attributable to non-controlling interest	**(86)**	41	**(66)**	**41**
Current and deferred tax expense (recovery)	**(259)**	893	**(1,464)**	**3,876**
Finance costs	**2,606**	4,154	**19,477**	**16,962**
Interest income	**(272)**	(147)	**(677)**	**(374)**
Other losses (gains)	**(266)**	(247)	**(2,160)**	**(5,087)**
Costs incurred in business acquisition (Note 5)	**(12)**	567	**788**	**567**
Decommissioning liabilities adjustments	**1**	(8)	**22**	**9**
Depreciation and amortization	**6,953**	6,595	**26,119**	**26,396**
Share-based compensation	**(8)**	140	**383**	**875**
Adjusted EBITDA	$ **11,658**	$ 11,067	$ **44,921**	$ 43,766
Basic weighted average number of shares outstanding	**21,025,774**	19,488,938	**20,127,720**	18,805,465
Adjusted EBITDA per share	$ **0.55**	$ 0.57	$ **2.23**	$ 2.33

14. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators ("NI 52-109").

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the Company's annual filings, interim filings, or other reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed in such reports is then accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

The Company has filed certificates as required in Canada under NI 52-109, signed by its Chief Executive Officer and Chief Financial Officer certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting including as to the appropriateness of the financial disclosures in the Company's annual filings and the effectiveness of such disclosure controls and procedures as of December 31, 2022.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
Internal controls over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the annual or interim financial statements.

There has been no change in the internal controls over financial reporting during the period ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

Limitation on the scope and design of disclosure controls and procedures and internal controls over financial reporting

The limitation on the scope and design of the Company's disclosure of controls and procedures and internal controls over financial reporting as of December 31, 2022, did not cover the controls and procedures of the Canoa 1 solar project, acquired on June 28, 2022, and the HSJM hydroelectric facility, acquired on September 7, 2022, which were accounted for as a business acquisition in the December 31, 2022 consolidated financial statements. The Company has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows these acquisitions to be excluded from the evaluation of the design of controls and procedures and internal controls over financial reporting for a maximum of 365 days from their acquisition date, respectively.

The limitation on the scope is based primarily on the time required to assess design of controls and procedures and internal controls over financial reporting with respect to information relating to the Canoa 1 solar project and the HSJM hydroelectric facility. The following table summarizes the representation of the main items of both facilities as of December 31, 2022:

As of December 31, 2022	Canoa 1	HSJM
Current Assets	4.2%	2.6%
Current Liabilities	8.5%	5.9%
Non-current Assets	12.2%	5.1%
Non-current Liabilities	15.4%	1.9%

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "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 the Company's growth, results of operations, business prospects and opportunities, and the effects of the COVID-19 pandemic. In addition, statements relating to estimates of recoverable 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 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 "plans", "expects", "is expected", "budget", "estimates", "goals", "intends", "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, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information in this MD&A includes, but is not limited to: the future development of and costs related to the Binary Unit at San Jacinto,; the expected production capacity of the Binary Unit at San Jacinto; additional changes to the wells and steamfield to increase production; the ability to successfully capitalize on expansion opportunities in Dominican Republic and to increase the load factor on Canoa Solar Park in Dominican Republic; timing for completion of the Canoa 2 project expansion, timing for COD in relation to the Panama acquisitions; future dividends; expected annual energy production; sufficiency of cash flows from operations; the ability to satisfy capital requirements and the replacement of debt; the result of changes to the reinjection system over the long-term; and the verification process and timing regarding the sale of carbon emission credits ("CERs").

A number of known and unknown risks, uncertainties and other factors may cause the 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 resources through exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective resources or energy generation capacities; inability to complete hydro projects in the required time to meet COD; variations in project parameters and production rates; defects and adverse claims in the title to the Company's properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour 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; the ability to file adjustments in respect of applicable power purchase agreements; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal or hydroelectric resources, production, exports, taxes, labour 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 the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as a significant decline in general economic conditions; uncertainty of political stability in countries in which the Company operates; uncertainty of the ability of Nicaragua, Peru, Panama, Dominican Republic and Ecuador to sell power to neighbouring countries; economic insecurity in Nicaragua, Peru, Panama, Dominican Republic and Ecuador; and other development and operating risks, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A. 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. These factors should be carefully considered, and readers of this MD&A should not place undue reliance on forward-looking information.

Such forward-looking information is based on a number of material factors and assumptions, including: the Company's historical financial and operating performance; that contracted parties provide goods and/or services on the agreed timeframes; the success and timely completion of planned exploration and expansion programs, including the Company's ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; the Company's ability to negotiate and obtain PPAs on favourable terms; the Company's ability to obtain necessary regulatory approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; the Company's ability to solicit competitive bids for drilling operations and obtain access to critical resources; the growth rate in net electricity consumption; continuing support and demand for renewables; continuing availability of 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 or hydroelectric resources of the Company's properties; geological, geophysical, geochemical and other conditions at the Company's properties; the reliability of technical data, including *hydrological, extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; the accuracy of capital expenditure estimates; availability of all necessary capital to fund exploration, development and expansion programs; the Company's competitive position; the ability to continue as a going concern and general economic conditions.*

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is provided as at the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information due to the inherent uncertainty therein.

Additional information about the Company, including the Company's AIF for the year ended December 31, 2022 is available on SEDAR at www.sedar.com and on the Company's website at www.polarisREI.com.

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