POLARIS
RENEWABLE ENERGY

(formerly Polaris Infrastructure Inc.)

Consolidated Financial Statements as of

December 31, 2022 and 2021

Independent auditor's report

To the Shareholders of Polaris Renewable Energy Inc. (formerly Polaris Infrastructure Inc.)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Polaris Renewable Energy Inc. (formerly Polaris Infrastructure Inc.) and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2022 and 2021;
- the consolidated statements of operations and comprehensive earnings for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were

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addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Valuation of power purchase agreement intangible assets acquired in the business combinations of Emerald Solar Energy SRL and Hidroeléctrica San Jose de Minas

Refer to note 3 – Significant accounting policies, note 4 – Critical judgments and estimation uncertainties and note 5 – Business acquisitions to the consolidated financial statements.

The Company acquired Emerald Solar Energy SRL for a net cash consideration of $20.3 million and Hidroeléctrica San Jose de Minas for a total consideration of $16.3 million during 2022. The fair value of the identifiable intangible assets acquired included $14.7 million and $5.6 million for the acquisition of Emerald Solar Energy SRL and Hidroeléctrica San Jose de Minas respectively, which relates to the power purchase agreements (PPA). Management applied significant judgment in estimating the fair value of the intangible assets. To estimate the fair value of the power purchase agreement intangible assets, management used an acceptable valuation technique, which involved the use of discounted cash flow models. Management developed significant assumptions related to pricing (in relation to the PPA and spot price), discount rates and the potential extensions of the period of the power purchase agreements.

We considered this a key audit matter due to the significant judgment by management in estimating the fair value of the intangible assets, including the development of significant assumptions. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

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Our approach to addressing the matter included the following procedures, among others:

- Tested how management estimated the fair value of the intangible assets, which included the following:
  - Read the power purchase agreements.
  - Evaluated the appropriateness of management's valuation technique and discounted cash flow models and tested the mathematical accuracy thereof.
  - Tested the underlying data used by management in the discounted cash flow models.
  - Evaluated the reasonableness of significant assumptions used by management related to pricing (in relation to the PPA and spot price) and potential extensions of the period of the power purchase agreements considering economic and industry data and approved plans.
  - Professionals with specialized skill and knowledge in the field of valuation assisted us in evaluating the reasonableness of the discount rates assumptions.

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Key audit matter	How our audit addressed the key audit matter
Impairment assessments of the operating cash generating units (CGUs) *Refer to note 3 – Significant accounting policies, note 4 – Critical judgments and estimation uncertainties, note 15 – Property, plant and equipment, net, note 16 – Intangible assets and note 17 – Goodwill and impairment of assets to the consolidated financial statements.* The carrying value of property, plant and equipment, intangible assets and goodwill amounted to $389.1 million, $57.5 million and $12.4 million, respectively, as at December 31, 2022. The carrying values of the CGUs are reviewed quarterly for indicators of impairment. If indicators of impairment exist, the recoverable amount of the CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, an impairment loss is recognized. During the year ended December 31, 2022 management identified indicators of impairment due to external market conditions relating to the decline in market value of the Company's share price. As a result, management performed impairment assessments on the CGUs, and no impairment losses were required for these CGUs. The recoverable amounts of the CGUs were based on a fair value less cost of disposal (FVLCD) method using discounted cash flow models. Significant assumptions used by management in determining the recoverable amount of the CGUs included the following: • future production and pricing in connection to the power purchase agreements; • operating costs;	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of the CGUs, which included the following: – Evaluated the appropriateness of the method used by management, including the use of discounted cash flow models. – Tested the mathematical accuracy of the discounted cash flow models. – Tested underlying data used in the discounted cash flow models. – Evaluated the reasonableness of significant assumptions relating to future production and pricing, operating costs and capital and sustaining capital expenditures by (i) comparing the pricing to the relevant power purchase agreements; (ii) comparing future production, sustaining capital expenditures and operating costs to current and past performance; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the reasonableness of the discount rates. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessments.

- capital and sustaining capital expenditures; and
- discount rates.

We considered this a key audit matter due to the significant judgment by management in developing assumptions to determine the recoverable amounts. This in turn led to significant effort and subjectivity in performing procedures to test the recoverable amount determined by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threads or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2023

Polaris Renewable Energy Inc. *(formerly Polaris Infrastructure Inc.)*
Consolidated Balance Sheets
(expressed in thousands of United States dollars)

	Note Ref	As at December 31, 2022	As at December 31, 2021
Assets			
Current assets			
Cash		**$ 35,325**	$ 97,930
Accounts receivable	11	**11,239**	9,324
Prepaid expenses and other current assets	12	**4,045**	2,889
		50,609	$ 110,143
Restricted cash	13	**4,640**	3,835
Other assets, net	12	**7,021**	7,462
Construction in progress	14	**9,898**	8,779
Property, plant and equipment, net	5, 15	**389,138**	348,657
Intangible assets, net	5	**57,527**	22,968
Deferred tax asset	27	**3,914**	856
Goodwill	5	**12,355**	-
Total assets		**$ 535,102**	$ 502,700
Liabilities and Total Equity			
Current liabilities			
Accounts payable and accrued liabilities	18	**14,931**	$ 10,743
Current portion of long-term debt, net	19	**14,942**	23,115
Current portion of lease liabilities	26	**422**	299
Other liabilities	1	**303**	-
Deferred revenue		**-**	150
		30,598	$ 34,307
Non-current liabilities			
Long-term debt, net	5, 19	**169,466**	146,571
Conversion option liability	19	**-**	4,325
Lease liabilities	5, 26	**2,498**	1,000
Decommissioning liabilities	20	**-**	910
Deferred tax liability	5, 27	**62,328**	54,763
Total liabilities		**264,890**	$ 241,876
Non-controlling interests	23	**535**	(1,935)
Equity attributable to the owners of the Company			
Share capital	21	**666,041**	649,076
Contributed surplus		**13,836**	14,270
Accumulated deficit		**(410,200)**	(400,587)
Total equity attributable to the owners of the Company		**269,677**	262,759
Total equity		**270,212**	$ 260,824
Total liabilities and total equity		**$ 535,102**	$ 502,700

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

Approved by the Board of Directors

(signed) Marc Murnaghan
Chief Executive Officer

(signed) Jaime Guillen
Director

Polaris Renewable Energy Inc. *(formerly Polaris Infrastructure Inc.)*

Consolidated Statements of Operations and Comprehensive Earnings

(expressed in thousands of United States dollars, except for shares and per share amounts)

	Note Ref	Year Ended December 31, 2022	December 31, 2021
Revenue			
Power revenue	7	$ **61,717**	$ 59,478
Carbon emission reduction credits revenue	7	**883**	$ 39
Direct costs			
Direct costs	8	**(11,658)**	(10,699)
Depreciation and amortization of plant assets	8	**(25,748)**	(26,068)
General and administrative expenses	8	**(6,797)**	(6,811)
Other operating costs		**(788)**	(20)
Operating income		**17,609**	15,919
Interest income		**677**	374
Finance costs	9	**(19,477)**	(16,962)
Other gains	10	**2,160**	5,087
Earnings and comprehensive earnings before income taxes		**969**	4,418
Current Income Tax (expense)	27	**(427)**	-
Deferred Income Tax recovery/(expense)	27	**1,891**	(3,876)
Total earnings and comprehensive earnings		**$ 2,433**	$ 542
Total earnings and comprehensive earnings attributable to:			
Owners of the Company		$ **2,499**	$ 501
Non-controlling interests		$ **(66)**	$ 41
Basic earnings per share	22	$ **0.12**	$ 0.03
Diluted earnings per share	22	$ **0.12**	$ 0.03

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

Polaris Renewable Energy Inc. *(formerly Polaris Infrastructure Inc.)*

Consolidated Statements of Changes in Shareholders' Equity

(expressed in thousands of United States dollars, except for share information)

	Note Ref	Common Stock Shares	Common Stock Amount	Contributed Surplus	Accumulated Deficit	Total Attributable to the Owners of the Company	Non-Controlling Interests	Total Equity
Balance at January 1, 2021		**15,706,299**	**598,982**	**19,716**	**(389,953)**	**228,745**	**(1,976)**	**226,769**
Share-based compensation	21	-	-	(1)	-	(1)	-	(1)
Dividends paid		-	-	-	(11,135)	(11,135)	-	(11,135)
Shares issued	21	3,819,077	50,094	(5,445)	-	44,649	-	44,649
Total earnings and comprehensive earnings		-	-	-	501	501	41	542
Balance, December 31, 2021		**19,525,376**	**649,076**	**14,270**	**(400,587)**	**262,759**	**(1,935)**	**260,824**
Shares issued in connection UEG Acquisition	21	100,000	686	(686)	-	-	-	-
Dividends paid		-	-	-	(12,112)	(12,112)	-	(12,112)
Shares issued on conversion of Debentures	21	1,400,399	16,279		-	16,279	-	16,279
Share-based compensation		-	-	252	-	252	-	252
Total earnings and comprehensive earnings		-	-	-	2,499	2,499	2,470	4,969
Balance at December 31, 2022		**21,025,775**	**$ 666,041**	**$ 13,836**	**$ (410,200)**	**$ 269,677**	**$ 535**	**$ 270,212**

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

Polaris Renewable Energy Inc. *(formerly Polaris Infrastructure Inc.)*

Consolidated Statements of Cash Flows

(expressed in thousands of United States dollars)

	Note Ref	Year Ended December 31, 2022	December 31, 2021
Net inflow (outflow) of cash related to the following activities			
Operating			
Total earnings and comprehensive earnings attributable to owners of the Company		**$ 2,499**	$ 501
Add/(Deduct) items not affecting cash:			
Non-controlling interests in net loss of subsidiary		**(58)**	41
Current and deferred income tax (recovery) expense	27	**(1,464)**	3,876
Finance costs recognized	9	**17,074**	14,888
Depreciation and amortization	8	**25,592**	26,382
Accretion of decommissioning liability		**(7)**	2
Change in decommissioning liabilities		**(903)**	10
Gain on sale of assets		**-**	(1,447)
Loss (gain) on valuation of conversion option liability	19	**(3,526)**	(3,543)
Accretion on debt	19	**3,020**	3,461
Transaction cost		**(3,019)**	-
Share-based compensation	21	**375**	643
Unrealized foreign exchange (gain) loss		**809**	(149)
Changes in non-cash working capital:			
Accounts receivable	11	**(219)**	10,065
Prepaid expenses and other assets		**(1,892)**	(1,590)
Accounts payable and accrued liabilities		**(3,187)**	(552)
Cost of extinguishment of debt	19	**6,159**	-
Interest paid	19	**(10,845)**	(11,805)
Change in other assets	12	**3,099**	346
Net cash flow from operating activities		**33,506**	41,129
Investing			
Change in restricted cash		**(805)**	(2,050)
Additions to construction in progress	14	**(29,375)**	(7,842)
Proceeds on disposition of asset		**-**	317
Additions to property, plant and equipment	15	**(3,107)**	(571)
Business acquisition, net of cash received	5	**(32,707)**	-
Net cash flow to investing activities		**(65,994)**	(10,146)
Financing			
Proceeds from share issuance	21	**-**	39,354
Dividends paid		**(12,112)**	(11,135)
Proceeds from debt issuance	19	**110,000**	-
Debt issuance costs	19	**(9,470)**	-
Repayment of debt	19	**(118,192)**	(21,065)
Payments of the outstanding lease liability		**(351)**	(263)
Net cash flow to financing activities		**(30,125)**	6,891
Foreign exchange loss on cash held in foreign currency		**8**	(2)
Net (decrease) increase in cash		**(62,605)**	37,872
Cash, beginning of the year		**97,930**	60,058
Cash, end of the period		**$ 35,325**	$ 97,930

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

1. Organization

Prior to December 31, 2022, on July 13, 2022, Polaris Infrastructure Inc. completed the regulatory process and changed its legal name to Polaris Renewable Energy Inc. (the "Company"). The Company was incorporated under the British Columbia Business Corporations Act but completed the endorsement process to continue as an Ontario Corporation on July 5, 2022. The registered office of the Company is located at 7 St. Thomas Street, Suite 606, Toronto, Ontario M5S 2B7.

The Company is engaged in the acquisition, exploration, development, and operation of renewable energy projects in the Americas.

The Company, through its subsidiaries Polaris Energy Nicaragua, S.A. ("PENSA") and San Jacinto Power International Corporation ("SJPIC"), owns and operates a 72-megawatt ("MW") (net) capacity geothermal facility (the "San Jacinto Project"), located in northwest Nicaragua, near the city of Leon. PENSA entered into the San Jacinto Exploitation Agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate the San Jacinto Project.

Through its subsidiary Empresa de Generación Electrica SAC ("EGECSAC"), the Company owns and operates a run-of-river hydroelectric project with a rated capacity of approximately 5 MW (net) located in the Canchayllo district of Peru. Also in Peru, through its subsidiary Generación Andina SAC ("GASAC"), the Company owns and operates two run-of-river hydroelectric projects, with capacity of approximately 8 MW (net) and 20 MW (net).

On March 16, 2022, through its subsidiary Polaris Renewable Energy SA ("PRESA"), the Company completed the acquisition of 100% of two solar projects located in Vista Hermosa, in the Coclé Province in Panama, in exchange for $0.6 million purchase price, from which $0.3 million have been paid as of June 30, 2022. The transaction was accounted for as an asset acquisition. The two solar projects, named Vista Hermosa Solar Park I and II, have an expected capacity of approximately 10 MW (net) each.

On June 28, 2022, the Company completed the acquisition of 100% of the common shares issued and outstanding of Emerald Solar Energy SRL ("Emerald"), the sole owner of Canoa 1, an operational solar plant with 25 MW (net) capacity, located in the Barahona Province, Dominican Republic. The transaction was accounted for as a business combination, and it is described in note 5 below.

On September 7, 2022, the Company completed the acquisition of 83.16% of the shares issued and outstanding of Hidroeléctrica San Jose de Minas ("HSJM"), the sole owner of an operational hydroelectric plant with 6 MW (net) capacity, located along the Perlabi river in San Jose de Minas, Ecuador. The transaction was accounted for as a business combination, and it is described in note 5 below.

2. Basis of Preparation and Presentation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements have been prepared on a going concern basis, using historical cost convention, except for certain financial assets and liabilities measured at fair value as explained in Note 3. Accounting policies are consistently applied to all years presented, unless otherwise stated.

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.

In these consolidated financial statements, unless otherwise indicated, all dollar amounts are expressed in United States ("US") dollars, the Company's functional and reporting currency.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company (the "Board") on February 22, 2023.

3. Significant Accounting Policies

a. *Principles of consolidation*

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. All intercompany balances and transactions are eliminated upon consolidation.

b. *Non-controlling interests*

Non-controlling interests in the Company's subsidiaries are classified as a separate component of equity. Each period, net income or loss and components of other comprehensive income or loss are attributed to both the Company and non-controlling interest based on their respective percentage interest.

c. *Foreign currency translation*

The functional and reporting currency of the Company and its wholly owned subsidiaries is the US dollar, as a significant portion of revenue, assets, liabilities and financing are denominated in US dollars. Foreign currency transactions are translated using the exchange rate in effect on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the consolidated statements of operations and comprehensive earnings.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates in effect at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates in effect at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

d. *Business combinations or asset acquisitions*

When a project is acquired, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under *IFRS 3, Business Combinations*, or an asset acquisition. Management determines that a transaction is defined as a business combination by analyzing the inputs, processes and outputs existing at the moment of the transaction.

Business combinations are accounted for using the acquisition method. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the fair values of assets transferred, liabilities assumed, and the equity instruments issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

When the Company acquires less than 100% of a controlled subsidiary, the Company elects on a transaction-by-transaction basis, whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Acquisition costs are expensed to earnings as incurred. The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceeds the sum calculated above, the excess amount (gain on a bargain purchase) is recognized through earnings immediately.

If the business combination is achieved in stages, the acquisition-date carrying amount of the acquirer's previously held interest in the acquiree is re-measured at its acquisition-date fair value with any resulting gain or loss recognized in net earnings (loss).

e. *Goodwill*

After initial recognition, goodwill is not amortized, but is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired, at the CGU level. For the purpose of impairment testing, goodwill acquired in an acquisition is, from the date of acquisition, allocated to each of the Company's CGUs that are expected to benefit from the acquisition.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

f. *Impairment loss and reversal of impairment of long-lived assets*

The carrying value of long-term assets, is reviewed quarterly for indicators of impairment and impairment reversal in order to assess if an asset or cash-generating unit ("CGU") may not be recoverable or if a previous impairment charge needs to be reversed. If indicators of impairment exist, the recoverable amount of the asset or CGU is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down with an impairment recognized in the consolidated statements of operations and comprehensive loss.

Construction in progress ("CIP") and property, plant and equipment ("PP&E") are aggregated into CGUs based on their ability to generate largely independent cash flows, usually on a project-by-project basis.

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation reflects the lowest level at which that goodwill is monitored for internal reporting purposes.
The recoverable amount of an asset or CGU is identified as the greater of its fair value, less costs to disposal, and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction. Value in use is calculated by estimating the discounted present value of the future net cash flows expected to be derived from the continued use of the asset or CGU. As of December 31, 2022 the recoverable amounts of the CGUs were based on a fair value less cost of disposal ("FVLCD") method using discounted cash flow models. Significant assumptions assessed by management in determining the recoverable amount of the CGUs included the following:

- future production and pricing in connection to the power purchase agreements;
- operating costs;
- capital and sustaining capital expenditures; and
- discount rates.

The recoverable amount is the value in use determined by estimating future net cash flows on a discounted basis. Significant assumptions assessed by management in determining the impairment and impairment reversal test are i) future production and pricing, ii) relevant operating costs, iii) sustaining capital expenditures and iv) terminal value, discounted using a pre-tax market-based asset-specific rate, if available, or if not available, an estimated risk-adjusted weighted average cost of capital. Key assumptions used in the calculation of the fair value less cost to disposal are based on pricing and production information from the Company's Power Purchase Agreements ("PPA") and management's assumptions derived from past experience and future expectations.

Reversals of impairments, excluding goodwill, are recognized when there has been a subsequent increase in the recoverable amount. An impairment reversal occurs if there has been a significant change to the estimates used in determining the original impairment loss. In this event, the carrying amount of the asset or CGU is increased with an impairment reversal recognized in the consolidated statements of operations and comprehensive loss. The new carrying amount is limited to the original carrying amount less depreciation, depletion and amortization, as if no impairment had been recognized for the asset or CGU for prior periods.

g. ***Assets and Liabilities Held for Sale and Discontinued Operations***

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is met only when the sale is highly probable and the asset/disposal group is available for immediate sale in its present condition. The sale is highly probable if actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn, management is committed to the plan to sell the asset/disposal group and the sale is expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell ("FVLCS"). When FVLCS is lower than the carrying amount, an impairment loss is recognized in the consolidated statement of operations. Costs to sell are incremental costs directly attributable to the disposal of an asset/disposal group, excluding finance costs and income tax expense. Non-current assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the Company's consolidated balance sheet.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of operations.

h. ***Financial instruments***

The Company classifies and measures all financial assets as either fair value or amortized cost.

The Company determines the classification of its financial assets at initial recognition. Financial assets are classified and measured at amortized cost when they meet the following criteria:

- The Company plans to hold the financial assets in order to collect contractual cash flows; and
- Payments received on the financial assets are solely payments of principal and interest on the principal amount outstanding.

Financial assets are classified and measured at fair value unless they meet the criteria for amortized cost.

The Company measures its financial liabilities initially at fair value net of transaction costs, and subsequently at amortized cost using the effective interest method, except for financial liabilities measured at fair value through profit or loss ("FVTPL"). For trade receivables that are classified as financial assets at amortized cost, the Company applies the simplified approach based on IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company may designate financial liabilities at FVTPL when doing so results in more relevant information because:

- It eliminates or reduces measurement or recognition inconsistency that would arise from measuring the liabilities and recognizing gains and losses on them on different bases, or
- A group of financial liabilities is managed and evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9, "Financial Instruments", as well as embedded derivatives.

Financial assets and liabilities at amortized cost are subsequently measured at amortized cost using the effective interest rate method, with any gains or losses recognized in the statement of operations and comprehensive loss. The company has no financial assets or liabilities measured at FVTPL.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognized at the proceeds received, net of direct issue costs.

Determination of fair value

In estimating the fair value of an asset or a liability, the Company uses Level 1 inputs, which are quoted prices in active markets for identical assets or liabilities the Company can access at the measurement date to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuation specialists to perform the valuation. The Company works closely with the qualified external valuation specialists to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the notes to these consolidated financial statements.

Derivatives

Derivatives embedded in other financial instruments or executory contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to their host financial instrument or contract.

Transaction costs

Transaction costs related to other liabilities, loans and receivables are capitalized and amortized over the expected life of the instrument using the effective interest method. Transaction costs related to share issuances are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

i. *Revenue recognition*

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company's revenue consists of the sale of electricity and Carbon emission reduction credits ("CERs") and is recorded net of applicable sales taxes.

Revenue related to the sale of electricity is recognized over time as the electricity is delivered. The electricity represents a single performance obligation that represents a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. This is in accordance with each specific PPA.

Qualifying renewable energy projects receive CERs for the generation and delivery of renewable energy to the power grid. The CER certificates represent proof that 1 MW of electricity was generated from an eligible energy source. The CERs can be traded, and the owner can claim to have purchased renewable energy. CERs are primarily sold under contracts, and revenue for these contracts is recognized when the CER is transferred to the buyer.

j. *Share-based compensation*

The Company measures the compensation cost to be recognized for share-based awards based on the estimated fair value of the award on the date of grant. Share-based compensation expense is recognized over the applicable vesting period. The Company uses the Black-Scholes option valuation model to estimate the fair value of options awards. In estimating this fair value, the Company uses certain assumptions, consisting of the expected life of the option, risk-free interest rate, dividend yield, and volatility. The use of a different estimate for any one of these components could have a material impact on share-based compensation expense.

k. ***Income taxes***

Income tax is recognized in the consolidated statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in shareholders' equity. Income taxes for the current and prior periods are measured at the amount expected to be recoverable from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period.

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability.

Deferred income tax is calculated using the enacted or substantively enacted income tax rates expected to apply when the assets are realized or liabilities are settled. The effect of a change in enacted or substantively enacted tax rates is recognized in the consolidated statements of operations and comprehensive loss or in shareholders' equity, depending upon the item to which the adjustment relates.

Deferred income tax assets are recognized to the extent future recovery is probable. Deferred income tax assets are reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred income tax liabilities and assets are not recognized for temporary differences arising on:

- Investments in subsidiaries and associates and interest in joint ventures where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future;
- The initial recognition of non-deductible goodwill; or
- The initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting net income nor taxable income.

l. ***Earnings per share***

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, and for the effects of all dilutive potential common shares.

m. ***Cash***

Cash includes deposit accounts and cash restricted for current use. Cash restricted for current use is held for use in the San Jacinto project, which use is governed by the Phase I and Phase II long-term debt agreements held by the Company's subsidiaries. Restricted cash is classified as a long-term asset and includes project guarantees and bonds, which are required to be held for longer than 12 months under the various contracts and agreements to develop and operate the Company's projects.

n. ***Leases***

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date. As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the consolidated statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the consolidated statements of earnings (loss). The right-of-use asset is included in property, plant and equipment and is depreciated over the shorter of the estimated useful life of the asset and the lease term on a straight-line basis.

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of earnings (loss). Short-term leases are leases with a lease term of 12 months or less at the inception of the lease. Low-value assets comprise primarily small equipment.

o. ***Property, Plant and Equipment ("PP&E")***

PP&E is recorded at cost and includes assets available for use. Assets available for use are depreciated over their estimated useful lives. Capital spare parts are included in PP&E and are valued at acquisition cost less a provision for obsolescence.

For divestitures of PP&E, a gain or loss is recognized in the consolidated statements of operations and comprehensive loss.

Expenditures related to renewals or betterments that improve the productive capacity or extend the life of an asset are capitalized, and any part of an asset that has been replaced is de-recognized.

Costs associated with office furniture, fixtures, leasehold improvements and information technology are carried at cost and depreciated on a straight-line basis over the estimated lives of the assets, which range from three to seven years.

The useful lives of hydroelectric project property, plant and equipment assets currently in service are assigned by major asset categories summarized as follows:

- Facilities (Dam, Charging chamber, House machine and others) – 100 years
- Channel and driving tunnel – 50 years
- Turbines – 50 years
- Generators – 20 years.

The useful lives of geothermal property, plant and equipment assets currently in service are assigned by major asset categories summarized as follows:

- Pipe lines – 20 years
- Turbines – 20 years
- Wells – 25 years
- Condenser – 20 years
- Cooling Tower – 25 years
- Switchyard – 25 years

The useful lives of solar property, plant and equipment assets currently in service are assigned by major asset categories summarized as follows:

- Solar plant – 20 years
- Inversors – 10 years
- Weather towers – 5 years

- Furniture and equipment – 5 years
- Vehicles – 5 years

Construction in progress ("CIP")

Direct costs related to projects in development, including the fair value of assets under construction acquired in a business combination, are capitalized during the development stage as CIP provided that completion of the project is considered by management to be probable.

Costs of un-successful projects are written off in the period when management determines that the successful completion of the project or the recovery of such costs can no longer be reasonably regarded as probable. The recovery of power project development costs included in CIP is dependent upon the successful completion or the sale of the project. The successful completion of the power project is dependent upon receiving the necessary environmental and other licenses, being awarded a PPA, obtaining the necessary project financing to successfully complete the development and construction of the project, and the long-term generation and sale of sufficient electricity on a profitable basis. Recurring costs of maintaining the Company's development properties not currently under active development are recognized as an expense.

Costs capitalized as construction in progress are assessed for impairment when facts and circumstances suggest that the carrying amount of the project may exceed its recoverable amount.

For divestitures of properties, a gain or loss is recognized in the consolidated statements of operations and comprehensive loss.

Borrowing costs

Borrowing costs directly attributable to the construction phase of qualifying assets are capitalized as part of the cost of the asset until the asset is substantially ready for its intended use. Borrowing costs related to corporate financings are generally expensed unless the proceeds are directly used to fund specific CIP and PP&E.

p. *Service concession arrangements*

IFRIC Interpretation 12, "Service Concession Arrangements", ("IFRIC 12") provides guidance on the accounting for certain qualifying public-private partnership arrangements, whereby the grantor:

- controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- controls – through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

IFRIC 12 is based on a "control of use" model as opposed to "risks and rewards", therefore under such concession arrangements the operator accounts for the infrastructure asset by applying one of the accounting models depending on the allocation of the demand risk through the usage of the infrastructure between the grantor and the operator:

- Financial asset model – The operator recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the services.
- Intangible asset model – The operator recognizes an intangible to the extent that it receives a right (license) to charge users of the public service. Demand risk and/or performance risk is borne by the operator.

Accounting for concession arrangements requires the application of judgment in determining if the project falls within the scope of IFRIC 12. Additional judgments are needed when determining, among other things, the accounting model to be applied under IFRIC 12, the allocation of the consideration receivable between revenue-generating activities, the classification of costs incurred on such activities, as well as the effective interest rate to be applied to the financial asset. As the accounting for concession arrangements under IFRIC 12 requires the use of estimates over the term of the arrangement, any changes to these long-term estimates could result in a significant variation in the accounting for the concession arrangement.

The Company has classified the assets that are part of HSJM's plant as intangible asset under the intangible asset model. The intangible asset is then amortized over its expected useful life, which is the concession period in a service concession arrangement. Amortization period begins when the infrastructure is available for use.

q. ***Intangible assets***

Intangible assets are developed internally or acquired as part of a business combination. Internally developed assets are recognized at cost and primarily arise as a result of the rights retained after donating transmission assets constructed as part of the development of geothermal or solar properties to public utility companies. Intangible assets acquired as part of a business combination are recognized separately from goodwill if the asset is separable or arises from contractual or legal rights. Intangible assets are also recognized when acquired individually or with a group of other assets. Intangible assets are initially recorded at their estimated fair value. Intangible assets with finite lives are amortized over their useful economic lives reflecting the related PPA, on a straight-line basis and are reviewed for impairment when an indicator of possible impairment exists. Intangible assets with indefinite lives are not amortized but are reviewed for impairment when indications exist.

r. ***Provisions***

Provisions are recognized when present obligations, as a result of a past event, will probably lead to an outflow of required economic resources, and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. All provisions are measured, and reviewed at each reporting date, on the basis of the discounted expected future cash outflows and adjusted to reflect the current best estimate.

s. ***Contingencies***

When a contingency is substantiated by confirming events, can be reliably measured, and will likely result in an economic outflow, a liability is recognized in the consolidated financial statements as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

t. ***Decommissioning liabilities***

The Company recognizes decommissioning liabilities in the period in which they are incurred. The associated decommissioning costs before salvage values are capitalized as part of the carrying amount of the long-lived asset. The liability is accreted over the estimated time period until the settlement of the obligation, and the asset is amortized over its estimated useful life. The decommissioning liability is classified based on expected timing of settlement. The discount rate selected by the Company is based on the relevant risk-free rate.

Decommissioning liabilities include present obligations where the Company will be required to retire tangible long-lived assets such as producing well sites and power plants. The decommissioning liability is measured at the present value of the expenditure expected to be incurred. Changes in the estimated liability resulting from revisions to estimated timing or amount of cash flows, or changes in the discount rate are recognized as a change in the decommissioning liability and the related long-lived asset.

Increases in decommissioning liabilities resulting from the passage of time are recorded as accretion of decommissioning liabilities included in finance costs in the consolidated statements of operations and comprehensive loss. Actual expenditures incurred are charged against the accumulated decommissioning liability.

u. ***New Accounting Policies effective January 1, 2022***

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use.
IAS 16 Property, Plant and Equipment has been revised to incorporate amendments issued by the IASB in May 2020. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to determine if it is functioning properly). Instead, a

company will recognize such sales proceeds and related costs in profit (loss). The amendments also clarify the definition of testing and require certain related disclosures. An entity is required to apply these amendments for annual reporting periods beginning on or after January 1, 2022. The amendments are applied retrospectively only to items of property, plant and equipment that are available for use after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Company has adopted the new standard and applied it to the Binary Unit project, that was completed on December 30, 2022.

Amendments to IFRS 3, Business Combinations: Reference to the Conceptual Framework
In May, 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company adopted this new standard without significant impact on the Consolidated Financial Statements.

v. New Accounting Policies effective January 1, 2023 and after

Amendments to IAS 8: Definition of Accounting Estimates
In February 2021, the IASB issued Definition of Accounting Estimates. The amendments introduced a definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the Consolidated Financial Statements.

Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current, which amends IAS 1 Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the Consolidated Financial Statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments clarified how companies account for deferred tax on transactions such as leases and decommissioning obligations and narrowed the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the Consolidated Financial Statements.

Amendments to IAS 1: Non-current Liabilities with Covenants
In October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Company does not expect the adoption of these amendments to have a material effect on the consolidated financial statements.

4. Critical Judgments and Estimation Uncertainties

The timely preparation of consolidated financial statements requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. 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. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

a. Critical accounting judgments

CIP, PP&E, Assets under concession and intangible assets are aggregated into CGUs usually on a project-by-project basis based on their ability to generate largely independent cash inflows and are used for long-lived asset impairment testing. The determination of the Company's CGUs is subject to management's judgment.

The decision to cease capitalization of costs and transfer assets from CIP to PP&E is based on the asset being in the location and condition necessary for it to be capable of operating in the manner intended by management. Management uses judgment in determining the point at which this has occurred which is generally when the asset reaches commercial operation post commissioning.

Estimates and assumptions utilized in the preparation of the Company's consolidated financial statements include:

- depreciation and amortization rates and useful lives (*Note 3(o)*);
- assessment and determination of net recoverable amounts of cash-generating units for impairment loss or reversal of long-lived and intangible assets (*Note 3(e)*). The recoverable amounts of the CGUs were based on a FVLCD method using discounted cash flow models. Significant assumptions assessed by management in determining the recoverable amount of the cash generating units included the following:
  - future production and pricing in connection to the power purchase agreements;
  - operating costs;
  - capital and sustaining capital expenditures; and
  - discount rates:

  During the year ended December 31, 2022 management identified indicators of impairment due to external market conditions relating to the decline in market value of the Company's share price. As a result, management performed impairment assessments on the CGUs (based on the assumptions noted above), and no impairment losses were required for these CGUs.

- contingent liabilities (*Note 3(r)*);
- ability to utilize tax losses and other tax measurements (*Note 3(k)*);
- and determining fair value of assets and liabilities acquired in business combinations (*Note 3(d)*). In connection to the valuation of the intangibles recognized in connection to the business acquisitions management used an acceptable valuation technique, which involved the use of discounted cash flow models. Management developed significant assumptions related to pricing (in relation to the PPA and spot price), discount rates, and the potential extension of the term of the power purchase agreements.

b. Sources of measurement uncertainty

Amounts used for long-lived asset and intangible impairment reversal/loss calculations are based on estimates of future cash flows of the Company. By their nature, estimates of cash flows, including estimates of future capital expenditures, revenue, operating expenses, plant capacity, discount rates and market pricing are subject to measurement uncertainty. Post the onset of the COVID-19 pandemic in March 2020 there has been increased volatility in credit markets which could impact discount rates used in impairment tests for the Company's CGUs. Accordingly, the impact on the consolidated financial statements of future periods could be material.

Estimated future cash flows are used in determining the fair value of certain exploration and development properties, geothermal, hydroelectric and solar properties and PP&E, and for use in the final purchase price allocation of business combinations and impairment analysis.

Amounts recorded as decommissioning liabilities are based on estimates of future costs to restore the land and decommission assets at completion of projects, and estimated discount rates. The determination of the costs and discount rates is subject to management's judgment.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of each reporting period to determine the likelihood that they will be realized from future taxable income.

(expressed in thousands of United States dollars unless otherwise noted)

In assessing whether the going concern assumption is appropriate, management must estimate future cash flows for a period of at least twelve months following the end of the reporting period by considering available information about the future. Management has considered a wide range of factors relating to expected cash flows from its operating projects, estimated operating and capital expenditures, debt repayment schedules, and potential sources of replacement financing. These cash flow estimates are subject to uncertainty.

5. Business Acquisitions

a) Acquisition of Emerald Solar Energy SRL

On June 28, 2022, the Company completed the acquisition of the issued and outstanding common shares of Emerald Solar Energy SRL ("Emerald"), which owns 100% of a 25 MW (net) operational solar project ("Canoa 1") located in the Barahona Province, Dominican Republic.

The acquisition has been accounted for as a business combination in accordance with IFRS 3 - Business Combinations, using the acquisition method whereby the assets acquired and liabilities assumed are recorded at fair value. The allocation of the purchase price was established based on fair values of assets acquired and liabilities assumed as at acquisition date, summarized as follows:

	Preliminary allocation as at June 28, 2022	Adjustments to purchase price allocation	Final allocation as at December 31, 2022
Cash paid as consideration	**$ 20,286**	**$ -**	**$ 20,286**
Identifiable assets acquired:			
Cash and cash equivalents	1,825	-	1,825
Receivables and other assets	2,257	856	3,113
Property, plant and equipment	38,523	(6,186)	32,337
Intangible asset - Canoa 1 PPA	13,798	-	13,798
Intangible asset - other intangibles		697	697
Intangible asset - Canoa 2 Development	-	948	948
Right of use asset	1,845	-	1,845
Total assets acquired	**$ 58,248**	**$ (3,685)**	**$ 54,563**
Less liabilities assumed:			
Accounts payable and accrued liabilities	(1,740)	-	(1,740)
Bank debt, net	(33,949)	-	(33,949)
Lease liability	(1,845)	-	(1,845)
Deferred tax liability	(6,305)	995	(5,310)
Total liabilities assumed	**$ (43,839)**	**$ 995**	**$ (42,844)**
Net assets acquired	**$ 14,409**	**$ (2,690)**	**$ 11,719**
Goodwill	**$ 5,877**	**$ 2,690**	**$ 8,567**

The Company paid $20.3 million as consideration in cash. Receivables and other assets acquired as part of the acquisition had a fair value of $3.1 million, from which $2.3 million were collected during 2022.

The fair value of PP&E was determined with a third party appraisal, which resulted in a $4.3 million adjustment to the value of the solar plant. A further $1.9 million reduction in PP&E was recognized in relation to the transfer of certain assets to the local government, as established in the concession agreement (note 16).

Canoa 1 started commercial operations on March 7, 2020 and has a PPA in place with Edesur Dominicana SA ("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. An option to renew the PPA for a five year term, at a price 20% lower than the PPA price in place in 2040 is included in the agreement, and management estimates that the renewal will be approved.

(expressed in thousands of United States dollars unless otherwise noted)

The Intangible asset balance of $13.8 million represents the fair value allocated to the existing PPA, based on management estimates, judgment and inputs available at the date of acquisition. The additional $0.7 million represents the intangible associated to certain assets transferred to the local government, noted above. An additional intangible of $0.9 million mainly represents the value assigned to the Canoa 2 project which is currently under development. As a result, a total of $14.7 million has been recognized in connection to the Canoa 1 PPA and Canoa 2 related intangibles. To estimate the fair value of the power purchase agreement intangible assets, management used acceptable valuation technique which involved the use of discounted cash flow models. Management developed significant assumptions related to pricing (in relation to the PPA and spot price), discount rate and potential extensions of the period of the power purchase agreements.

Goodwill of $8.6 million represents future growth from developing new projects in the country.

Transaction costs related to due diligence fees, legal costs and other professional fees of $0.4 million were incurred in relation to the acquisition and were expensed as Other Operating Costs in the Consolidated Statements of Operations and Comprehensive Earnings.

If the transaction had closed on January 1, 2022, the Company would have recognized $7.2 million in revenue, $1.5 million in operating costs and $0.7 million in net earnings and comprehensive earnings as of December 31, 2022.

b) Acquisition of Hidroeléctrica San Jose de Minas

On September 7, 2022 the Company completed the acquisition from a local developer of 83.16% of the issued and outstanding common shares of HSJM, an operational hydro project located along the Cubi river, in San Jose de Minas, Ecuador.

The purchase price determined in exchange for the 83.16% interest in HSJM was $16.3 million, from which $15.2 million was paid in cash to the seller and $1.1 million was paid to the Ecuadorean tax authority on the seller's behalf. The acquisition has been accounted for as a business combination in accordance with IFRS 3 - *Business Combinations*, using the acquisition method whereby the assets acquired, and liabilities assumed are recorded at fair value.

The final allocation of the purchase price is summarized as follows:

	Preliminary allocation as at September 7, 2022	Adjustments to purchase price allocation	Final allocation as at December 31, 2022
Cash paid as consideration	**$ 16,326**		**$ 16,326**
Identifiable assets acquired:			
Cash and cash equivalents	$ 1,174	$ -	$ 1,174
Receivables and other assets	498	-	498
Assets under concession	15,437	-	15,437
Intangible asset - PPA	-	4,578	4,578
Intantible - assets under development	-	1,026	1,026
Construction in progress	46	-	46
Total assets acquired	**$ 17,155**	**$ 5,604**	**$ 22,759**
Less liabilities assumed:			
Accounts payable and accrued liabilities	$ (472)	$ -	$ (472)
Bank debt, net	(6,137)	-	(6,137)
Deferred tax liability	(80)	(1,058)	(1,138)
Total liabilities assumed	**$ (6,689)**	**$ (1,058)**	**$ (7,747)**
Net assets acquired	**$ 10,466**		**$ 15,012**
Non-controlling interest measured	**$ 1,762**		**$ 2,528**
Goodwill	**$ 7,623**	**$ (3,780)**	**$ 3,842**

Fair values of the assets acquired, and liabilities assumed at the acquisition date were determined based upon management's estimates and assumptions. Goodwill represents the excess of the purchase price over the aggregate fair value of net assets acquired. The main contributing factor to the $3.8 million recognized as goodwill is the future growth from developing new projects in the country.

Intangible assets of $21.0 million include $15.4 million fair value assigned to the hydroelectric plant based on an appraisal performed by a local specialist. A total of $5.6 million was recognized as intangibles in connection to the PPA agreements: i) $4.6 million fair value assigned to the existing PPA, and ii) $1.0 million assigned to other projects under development, related to the expansion program expected to start during 2023. To estimate the fair value of the power purchase agreement intangible assets, management used acceptable valuation techniques which involved the use of discounted cash flow models. Management developed significant assumptions related to pricing (in relation to the PPA and spot price), discount rate and potential extensions of the term of the power purchase agreements.

The temporary differences arising from the increased fair value with respect to book value resulted in a deferred income tax liability of $1.1 million.

The $2.5 million non-controlling interest represents the 16.84% of the shares that are held by minority shareholders, and was measured using the proportionate share method, based on the net assets acquired of $15.0 million determined from the final allocation.

Transaction costs related to due diligence fees, legal costs and other professional fees of $0.5 million were incurred in relation to the acquisition, and were expense as Other Operating Costs in the Consolidated Statements of Operations and Comprehensive Earnings.

If the transaction had closed on January 1, 2022, the Company would have recognized $3.0 million in revenue, $0.9 million in operating costs and $0.5 million in net earnings and comprehensive earnings as of December 31, 2022.

6. Segment Information

The Company currently operates in five reportable operating segments:

- Nicaragua - Acquisition, exploration, development and operation of a geothermal project;
- Peru - Acquisition, exploration, development and operation of hydroelectric projects;
- Panama - Acquisition, development and operation of solar projects (Note 1);
- Dominican Republic - Acquisition, development and operation of solar projects (Note 5);
- Ecuador - Acquisition, exploration, development and operation of hydroelectric projects (Note 5).

The Company's chief operating decision maker evaluates the performance of the Company's reportable operating segments and makes recommendations to the Board to allocate available resources based on various criteria, including the availability of proven resources, costs of development, availability of financing, actual and expected financial performance, and existing debt covenants.

The reported segment earnings, including revenue and expenses, as well as assets and liabilities are presented below. Corporate represent expenses, assets and liabilities for Canada and the United States, not related to the Company's reportable operating segments. These represent corporate headquarters and other minor North America holdings, which are not considered individually as reportable operating segments, but are presented below for reconciliation purposes to the Company's total loss, revenue, expenses, assets and liabilities in these consolidated financial statements.

(expressed in thousands of United States dollars unless otherwise noted)

	Nicaragua (i)		Peru		Dominican Republic		Ecuador		Panama		Corporate (i)		Total	
For the Year Ended December 31,	**2022**	**2021**	**2022**	**2021**	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	**2021**	**2022**	**2021**
Revenue														
Power revenue	**$ 48,844**	$ 51,812	**$ 8,471**	$ 7,666	**$ 3,668**	$ -	**$ 736**	$ —	**$ —**	$ —	**$ (2)**	$ —	**$ 61,717**	$ 59,478
Carbon emission reduction credits revenue	-	-	-	39	-	-	**-**	-	**-**	-	**883**	-	**883**	39
Direct costs														
Direct costs	**(7,274)**	(6,890)	**(3,608)**	(3,809)	(525)	-	**(197)**	-	**(2)**	-	**(52)**	-	**(11,658)**	(10,699)
Depreciation and amortization of plant assets	**(21,933)**	(23,352)	**(2,738)**	(2,716)	(872)	-	**(199)**	-	**-**	-	**(6)**	-	**(25,748)**	(26,068)
General and administrative expenses	**(987)**	(926)	**(630)**	(680)	(126)	-	**(105)**	-	**(82)**	-	**(4,867)**	(5,205)	**(6,797)**	(6,811)
Other operating costs	**-**	-	**-**	-	(8)	-	**-**	-	**-**	-	**(780)**	(20)	**(788)**	(20)
Operating income	**18,650**	20,644	**1,495**	500	2,137	-	**235**	—	**(84)**	—	**(4,824)**	(5,225)	**17,609**	15,919
Interest income	**186**	201	**—**	-	1	-	**21**	—	**—**	—	**469**	173	**677**	374
Finance costs	**(14,115)**	(10,054)	**(1,682)**	(4,854)	(1,446)	-	**(178)**	—	**(34)**	—	**(2,022)**	(2,054)	**(19,477)**	(16,962)
Other (loss) gains	**(1)**	(112)	**3**	(65)	(1)	-	**1**	—	**-**	—	**2,158**	5,264	**2,160**	5,087
Earnings (loss) and comprehensive earnings (loss) Vfore income taxes	**4,720**	10,679	**(184)**	(4,419)	691	-	**79**	—	**(118)**	—	**(4,219)**	(1,842)	**969**	4,418
Current Income Tax (expense)	**—**	—	**—**	-	(423)	—	**(4)**	—	**-**	—	**—**	-	**(427)**	**-**
Deferred Income Tax recovery/(expense)	**206**	(2,956)	**2,184**	(920)	-	—	**-**	—	**-**	—	**(499)**	-	**1,891**	**(3,876)**
Total earnings (loss) and comprehensive earnings (loss)	**$ 4,926**	$ 7,723	**$ 2,000**	$(5,339)	**$ 268**	$ -	**$ 75**	$ -	**$(118)**	$ -	**$-$(4,718)**	$(1,842)	**$ 2,433**	$ 542

(i) General and administrative expenses comparative balance as of December 31, 2022 includes a change in the presentation of management fees that does not reflect the performance of the Nicaragua segment.

(expressed in thousands of United States dollars unless otherwise noted)

Assets and liabilities		As at December 31, 2022		As at December 31, 2021
Corporate	$	**17,705**	$	66,261
Nicaragua		**319,029**		338,377
Peru		**102,162**		98,062
Dominican Republic		**61,038**		-
Ecuador		**26,040**		-
Panama		**9,129**		-
Total assets	$	**535,103**	$	502,700
Corporate	$	**4,180**	$	3,451
Nicaragua		**295,429**		295,890
Peru		**91,917**		93,216
Dominican Republic		**58,903**		-
Ecuador		**24,713**		-
Panama		**9,352**		-
Total non-current assets	$	**484,494**	$	392,557
Corporate	$	**1,785**	$	21,865
Nicaragua		**163,429**		171,333
Peru		**50,541**		48,678
Dominican Republic		**41,358**		-
Ecuador		**7,209**		-
Panama		**569**		-
Total liabilities	$	**264,891**	$	241,876

7. Revenue

Revenue by type is summarized in the following table:

		Year Ended		
Project		**December 31, 2022**		**December 31, 2021**
Nicaragua *(i)*				
San Jacinto (Geothermal)	$	**48,843**	$	51,812
Peru *(ii)*				
Generación Andina (Hydroelectric)		**7,001**		6,438
Canchayllo (Hydroelectric)		**1,469**		1,228
Dominican Republic *(iii)* (Note 5)				
Canoa 1 (Solar)		**3,668**		-
Ecuador *(iv)* (Note 5)				
San Jose de Minas (Hydroelectric)		**736**		-
Total revenue from power production		**61,717**		**59,478**
Carbon emission reduction credits		**883**		39
	$	**62,600**	$	59,517

(i) *The Company's San Jacinto project sells energy to two Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. ("Disnorte") and Distribuidora De Electricidad del Sur, S.A. ("Dissur").*

(ii) *For Peru, under the terms of the PPAs, the Company bills at the spot rate for current energy generation. The difference between the spot rate and the PPA rate (plus an effective annual interest rate of 12%) is calculated annually each May for the previous 12 months and is paid evenly over the following 12 months.*

(iii) *In the Dominican Republic, the Company bills energy 30 days after delivery and collects the receivable 30 days after billing.*

(iv) *For Ecuador, energy is billed 10 days after delivery and the receivable is collected 30 days after billing.*

The Company has determined that it has one performance obligation which is the delivery of electricity to its customers. There is no revenue recognized from unfulfilled performance obligations. Note 11 to these financial statements provides details on the Company's contract balances related to this revenue.

(expressed in thousands of United States dollars unless otherwise noted)

8. Direct Costs, General and Administrative and Other Expenses

(a) Direct costs related to the production of energy:

	Year Ended December 31, 2022	December 31, 2021
Depreciation and amortization	**$ 25,748**	$ 26,068
Employee costs	**4,000**	3,018
General liability insurance	**2,672**	2,234
Land, building and other Municipal and Federal Taxes	**1,673**	1,824
Maintenance	**2,393**	2,992
Other direct costs	**921**	631
	$ 37,407	$ 36,767

(b) General and administrative expenses

	Year Ended December 31, 2022	December 31, 2021
Salaries and benefits	**$ 3,402**	$ 2,688
Share-based compensation	**383**	875
Facilities and support	**643**	430
Professional fees	**1,741**	2,225
Insurance	**205**	249
Depreciation of other assets	**371**	328
Other general and administrative expenses	**52**	16
	$ 6,797	$ 6,811

9. Finance Costs

	Three Months Ended December 31, 2022	December 31, 2021	Year Ended December 31, 2022	December 31, 2021
Interest on debt *(i)*	**$ 4,701**	$ 3,617	**$ 17,074**	$ 14,888
Extinguishment of debt/Accretion on debt (ii)	**258**	342	**4,215**	1,430
Banking fees and other finance costs	**383**	195	**924**	644
Borrowing costs capitalized to qualifying assets (iii)	**(2,736)**		**(2,736)**	-
	$ 2,606	$ 4,154	**$ 19,477**	$ 16,962

(i) Cash paid for interest and return enhancement during the year ended December 31, 2022 and 2021 was $10.8 million and $11.8 million, respectively.

(ii) A $3.2 million net loss on extinguishment of debt was recognized because of the Senior Debt Facility completed on February 11, 2022 (Note 19). The net loss is the result of $6.2 million costs incurred in the extinguishment of the old debt and a $3.0 million gain resulting from the reversal of unamortized return enhancement and deferred transaction costs.

(iii) Interest on debt in the amount of $2.7 million was capitalized as part of borrowing costs incurred to fund the solar plant in Panama and the Binary unit in Nicaragua.

10. Other Gains

	Year Ended December 31, 2022	December 31, 2021
Foreign exchange (loss) gain	**$ (946)**	$ (919)
Gain on valuation of conversion option liability *(i)* (Note 19)	**3,557**	3,543
Other (losses) gains *(ii)*	**(452)**	2,463
	$ 2,159	$ 5,087

(i) During 2022, the majority of the debentures outstanding were converted into shares by the debenture holders, from which a gain on valuation of conversion option liability of $4.4 million was recognized (Note 19).

(ii) Other gains for the year ended December 31, 2022, include $0.9 million gain from the de-recognition of decommissioning liabilities (Note 20), whereas the 2021 balance includes a $1.4 million gain recognized from the disposal of 100% controlling interest in Meager Creek Development Corporation.

(expressed in thousands of United States dollars unless otherwise noted)

11. Accounts Receivable

		December 31, 2022		December 31, 2021
Nicaragua *(i)*				
San Jacinto (Geothermal)	$	**8,976**	$	9,302
Peru *(ii)*				
Generación Andina (Hydroelectric)		**200**		19
Canchayllo (Hydroelectric)		**5**		3
Dominican Republic *(iii)*				
Canoa 1 (Solar) (Note 5)		**1,811**		-
Ecuador *(iv)*				-
San Jose de Minas (Hydroelectric) (Note 5)		**247**		-
	$	**11,239**	$	9,324

(i) *The balance is comprised of amounts due by Disnorte and Dissur, which have 45 days payment term from invoice date.*
(ii) *The average credit period granted to costumers is 30 days from invoice date.*
(iii) *The balance is due by EDESUR and has a credit period of 30 days from the issuance of the invoice (Note 5).*
(iv) *The balance has a credit period of 30 days from the issuance of the invoice (Note 5).*

The Company assessed the risk of credit losses for its accounts receivable and concluded it is immaterial, therefore it has not recorded a loss allowance (Note 28 (b) Credit Risk).

12. Prepaid expenses and Other Assets

(a) Prepaid expenses and current portion of other assets

		December 31, 2022		December 31, 2021
Prepaid insurance	$	994	$	943
Current portion of recoverable taxes		1,202		1,414
Other assets and prepaids *(i)*		1,849		532
	$	**4,045**	$	**2,889**

(i) *Balance includes accrued revenue of $0.1 million for the years ended December 31, 2022 and 2021, respectively, which relates to revenue from the sale of power by our Peruvian subsidiaries (Note 11).*

(b) Other assets

		December 31, 2022		December 31, 2021
Recoverable taxes *(i)*	$	**2,314**	$	3,053
Contractor advances and others *(ii)*		**1,675**		3,000
Non-financial assets				
Fixed assets, net		**202**		184
Right-of-use-asset, net *(iii)* (Note 5)		**2,830**		1,225
	$	**7,021**	$	7,462

(i) *As of December 31, 2022, recoverable taxes include VAT receivables from the Peruvian subsidiaries, which are shown net as they will be applied against VAT payable from the sale of power by our Generación Andina and Canchayllo projects. The presentation of recoverable taxes in the comparative period has been reclassified to be presented on the same basis as current period figures. In particular, recoverable taxes receivable is now shown net of recoverable tax payables.*
(ii) *Includes a $1.5 million advance made for solar panels for the Panama solar projects, which are expected to be completed during 2023.*
(iii) *Right-of-use-asset includes $1.5 million and $0.5 million for rights to use land agreements in Dominican Republic and Peru, respectively, and $0.7 million for four office space leases, which are amortized over the term of the corresponding leases:*

		December 31, 2022		December 31, 2021
Opening balance	$	**1,225**	$	642
Additions/(disposals)		**1,853**		804
Accumulated Amortization		**(248)**		(221)
Ending balance as of	$	**2,830**	$	1,225

(expressed in thousands of United States dollars unless otherwise noted)

13. Restricted Cash

	December 31, 2022	December 31, 2021
San Jacinto guarantees	$ **1,090**	$ 1,080
Peru guarantees and bonds	**450**	450
Reclamation bonds - US and Canada	**100**	250
Other restricted cash	**3,000**	2,055
	$ **4,640**	$ 3,835

In addition to the amounts recorded as restricted cash described above, cash in the amount of $15.6 million and $32.3 million held by the Company as at December 31, 2022 and 2021, respectively, 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 is considered perfunctory to the agreement, as long as the required covenants and balances are met. 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.

14. Construction in Progress

	December 31, 2021	2022 Activity	2022 Transfers to PP&E	December 31, 2022
San Jacinto Binary Unit (i)	$ **7,006**	$ **19,605**	$ **(26,611)**	$ **-**
San Jacinto improvements	**424**	**347**	**(733)**	**38**
Generación Andina Hydroelectric Projects (ii)	**1,189**	**90**	**(1,279)**	**-**
Canchayllo Hydroelectric Project (ii)	**160**	**23**	**(183)**	**-**
Vista Hermosa Solar Projects I and II (Note 1)	**-**	**9,298**	**-**	**9,298**
HSJM (Note 5)		**46**		**46**
Others	**-**	**516**	**-**	**516**
	$ **8,779**	$ **29,925**	$ **(28,806)**	$ **9,898**

(i) Construction of the Binary Unit was completed on December 30, 2022. The cost of the project includes $1.3 million in borrowing costs capitalized during construction.
(ii) Improvements to the Generacion Andina and Canchayllo plants were completed as planned in the original delivery schedule.
(iii) Vista Hermosa Solar Projects I and II are located in Panama. The cost of the project includes $0.8 million in borrowing costs capitalized during construction.

	December 31, 2020	2021 Activity	2021 Transfers to PP&E	December 31, 2021
San Jacinto Binary Unit	$ 1,126	$ 5,880	$ -	$ **7,006**
San Jacinto improvements	25	762	(363)	**424**
Generación Andina	-	1,189	-	**1,189**
Canchayllo	-	160	-	**160**
	$ 1,151	$ 7,991	$ (363)	$ 8,779

15. Property, Plant and Equipment, net

The following is a summary of the activity related to the Company's PP&E:

	December 31, 2021	2022 Acquisitions	2022 Activity	2022 Transfers from CIP	December 31, 2022
San Jacinto geothermal project (i)	$ **521,329**	$ **-**	$ **2,092**	$ **27,344**	$ **550,765**
Generación Andina hydroelectric projects (ii)	**63,103**	**-**	**-**	**1,279**	**64,382**
Canchayllo hydroelectric project (ii)	**10,064**	**-**	**29**	**183**	**10,276**
Canoa 1 solar project (Note 5)	**-**	**37,084**	**35**	**-**	**37,119**
Accumulated depreciation	**(250,318)**	**(5,653)**	**(23,499)**	**-**	**(279,470)**
Capital spares (iii)	**4,479**	**-**	**1,587**	**-**	**6,066**
	$ **348,657**	$ **31,431**	$ **(19,757)**	$ **28,806**	$ **389,138**

(expressed in thousands of United States dollars unless otherwise noted)

(i) *Construction of the Binary Unit was completed on December 30, 2022. The cost of the project includes $1.9 million in borrowing costs capitalized during construction.*
(ii) *Improvements to the Generacion Andina and Canchayllo plants were completed as planned in the original delivery schedule.*

	December 31, 2020	2021 Acquisitions	2021 Activity	2021 Transfers from CIP	December 31, 2021
San Jacinto geothermal project	$ 520,610	$ -	$ 356	$ 363	$ 521,329
Generación Andina hydroelectric projects	63,103	-	-	-	63,103
Canchayllo hydroelectric project	10,064	-	-	-	10,064
Accumulated depreciation	(225,642)	-	(24,676)	-	(250,318)
Other assets	624	-	(624)	-	-
Capital spares	4,003	-	476	-	4,479
	$ 372,762	$ -	$ (24,468)	$ 363	$ 348,657

PP&E assets currently in operation are being depreciated on a straight-line basis over the remaining term of their estimated useful lives, detailed in Note 3(o). Depreciation expense of $29.4 million and $26.0 for the years ended December 31, 2022 and 2021 respectively, including depreciation of intangible assets (*Note 16*) was recorded in the consolidated statements of operations and comprehensive loss.

16. Intangible Assets

	December 31, 2021	2022 Activity	2022 Amortization	December 31, 2022
San Jacinto transmission assets *(i)*	**$ 3,141**	**$ -**	**$ (211)**	**$ 2,930**
Generación Andina PPA *(ii)*	**17,711**	**-**	**(989)**	**16,722**
Canchayllo PPA *(ii)*	**2,116**	**-**	**(165)**	**1,951**
Canoa 1 PPA (Note 5) (iii)	**-**	**13,798**	**(309)**	**13,489**
Canoa 1 - other intangibles		**697**		**697**
Assets under development, Canoa (Note 5) (iv)	**-**	**948**	**-**	**948**
Assets under consession, San Jose de Minas (Note 5) (v)	**-**	**15,437**	**(203)**	**15,234**
Assets under development, San Jose de Minas (Note 5) (vi)	**-**	**1,026**	**-**	**1,026**
HSJM PPA (Note 5) (vii)	**-**	**4,578**	**(48)**	**4,530**
	$ 22,968	**$ 36,484**	**$ (1,925)**	**$ 57,527**

(i) *Balance represents the transmission assets for the San Jacinto project donated to the Nicaraguan utility company, ENATREL in December 2011 which are amortized over 25 years.*
(ii) *Balances represent the fair values of the Canchayllo and Generación Andina PPAs recognized as intangible assets on acquisition which are amortized over the 20-year life of the PPA.*
(iii) *Fair value assigned to Canoa 1 PPA upon acquisition, which is amortized over the remaining life of the PPA..*
(iv) *Balance represents the fair values assigned upon acquisition to other assets under development in Dominican Republic.*
(v) *Carrying value of HSJM's plant and equipment, which will be transferred to the Government at the end of the contract, and is amortized over the 40 years term of the concession.*
(vi) *Fair value assigned upon acquisition to a project currently under development.*
(vii) *Fair value assigned to HSJM's PPA upon acquisition, which is amortized over the remaining life of the PPA..*

	December 31, 2020	2021 Activity	2021 Amortization	December 31, 2021
San Jacinto transmission assets *(i)*	$ 3,350	$ -	$ (209)	$ 3,141
Generación Andina PPA *(ii)*	18,697	-	(986)	17,711
Canchayllo PPA *(ii)*	2,278	-	(162)	2,116
	$ 24,325	$ -	$ (1,357)	$ 22,968

(expressed in thousands of United States dollars unless otherwise noted)

17. Goodwill and Impairment of assets

On December 31, 2022, the Company reported $12.4 million in Goodwill, from the acquisitions described in Note 5 to the consolidated financial statements, as follows:

	HSJM	Emerald	Total
As at January 1, 2022	$ -	$ -	$ -
Acquisition closed in the year	**3,800**	**8,555**	**12,355**
As at December 31, 2022	$ **3,800**	$ **8,555**	$ **12,355**

The Company conducted an annual impairment testing, which included Goodwill. The impairment testing considered grouping Goodwill with the other components of the CGU's carrying value, following the FVLCD calculation. The recoverable amount of the CGUs were based on a FVLCD method determined by estimating future net cash flows on a discounted basis.

Factors assessed by management in determining the impairment testing include the following:
- Future production and pricing in connection to the relevant power purchase agreements,
- Relevant operating costs,
- Capital expenditures,
- Terminal value assessment, and
- Discount rates.

The discount rate used for the San Jacinto project was 13.5% post-tax, compared to 11.8% post-tax or 12.6% pre-tax on December 31, 2021. The Company determined that a 1.8% increase in the discount rate used would approximate FVLCD to the carrying value of the San Jacinto project, as of December 31, 2022.

For Peru, the Company used post-tax discount rates of 9.4% and 9.3% for Generacion Andina and Canchayllo CGUs, compared to post-tax discount rates of 7.5% and 8.2% used on December 31, 2021, respectively. Increases of 1.4% and 3.0% in the discount rates used would approximate FVLCD of these CGUs to their carrying value, as of December 31, 2022.

The post-tax discount rates used for Canoa 1 and HSJM CGUs, were 11.3% and 11.7%, respectively. Increases of 0.4% respectively in the discount rates used would approximate FVLCD of these CGUs to their carrying value, as of December 31, 2022. The Canoa 1 project was acquired on June 28, 2022 while the HSJM project was acquired on September 7, 2022, therefore it is expected that their estimated FVLCD approximates carrying value as of December 31, 2022.

Based on the inputs used and the discounted cash flows obtained, the Company did not identify any assets at risk for impairment as of December 31, 2022. Accordingly, no impairment charge was required as of December 31, 2022.

18. Accounts Payable and Accrued Liabilities

	December 31, 2022	December 31, 2021
Trade payables & Other accrued liabilities	$ **9,499**	$ 8,150
Construction payables	**610**	1,131
Construction accrued liabilities	**3,002**	1,023
Share-based compensation liability	**179**	56
Interest payable	**584**	383
Withholding tax and other tax payable	**1,057**	-
	$ **14,931**	$ **10,743**

(i) *The presentation of other tax payable has been reclassified to be presented on the same basis as current period figures. In particular, recoverable taxes receivable are shown net of the respective tax payables.*

(expressed in thousands of United States dollars unless otherwise noted)

19. Long-term Debt, net

	Total Phase I and Phase II Debt	PENSA Refinanced Debt	APG Debt	Generación Andina Debt	Canoa 1 Debt (Note 5)	San Jose de Minas (Note 5)	PIF Debenture	Total
Loans and other borrowings – December 31, 2021	$ 113,306	$ -	$ 22,342	$ 20,165	$ -	$ -	$ 13,873	$ 169,686
Accrued interest expense	-	-	-	1,707			-	1,707
Acquisition of debt	-	-	-	-	35,514	6,151		41,665
Deferred transaction costs	(3,017)	(4,506)	-	-	(1,564)	(14)	-	(9,101)
Proceed from loan	-	110,000	-	-	-		-	110,000
Return enhancement	300	-		-			-	300
Accretion of deferred transaction costs and debt discount	126	573	313	-	88		1,914	3,014
Repayments of debt	(110,715)	(2,900)	-	(2,030)	(1,043)	(385)	(1,119)	(118,192)
Conversion of debt							(15,479)	(15,479)
Effect of foreign exchange on loans	-	-	-	-	-	(3)	811	808
Loans and other borrowings – December 31, 2022	$ -	$ 103,167	$ 22,655	$ 19,842	$ 32,995	$ 5,749	$ -	$ 184,408
Current	$ -	$ 10,000	$ 300	$ 2,050	$ 1,493	$ 1,099	$ -	$ 14,942
Non-current	-	93,167	22,355	17,792	31,502	4,650	-	169,466
Unamortized debt discount	-	3,932	2,345	19,084	1,476	-	-	26,837
Principal balance	$ -	$ 107,099	$ 25,000	$ 38,926	$ 34,471	$ 5,749	$ -	$ 211,245
Maturity dates		**9/15/2036**	**6/5/2028**	**6/15/2038**	**9/30/2037**	**7/25/2028**		

	Year Ended December 31, 2022	Year Ended December 31, 2021
Phase I Facility		
Interest recorded as financing cost	**$ 309**	$ 2,479
Accretion recorded as financing cost	**39**	286
Accretion recorded as financing cost -extinguishment of debt	**(567)**	-
Phase II Facility		
Interest recorded as financing cost	**783**	6,330
Accretion recorded as financing cost	**90**	580
Accretion recorded as financing cost -extinguishment of debt	**3,709**	-
Senior Debt Facility		
Interest recorded as financing cost	**8,695**	-
Accretion recorded as financing cost	**543**	-
Generación Andina Debt		
Interest recorded as financing cost	**1,707**	1,731
APG Debt		
Interest recorded as financing cost	**2,084**	2,262
Accretion recorded as financing cost	**313**	564
Debentures		
Interest recorded as financing cost	**1,913**	2,031
Canoa Debt		
Interest recorded as financing cost	**1,247**	-
Accretion recorded as financing cost	**88**	-
SJM Debt		
Interest recorded as financing cost	**170**	-
Other		
Interest recorded as financing cost	**170**	55
Total		
Interest recorded as financing cost	**$ 17,078**	**$ 14,888**
Accretion recorded as financing cost	**1,073**	**1,430**
Accretion recorded as financing cost -extinguishment of debt	**3,142**	-

(i) Summary of Debt Refinancing and Phase I and Phase II Credit Agreements

In December 2021, the Company signed a definitive financing agreement with three Development Financial Institutions for a Senior Debt Facility totaling $110.0 million for the Company's wholly owned geothermal subsidiary in Nicaragua (the "Debt Re-

Financing”). This Senior Debt Facility replaced the Senior and Subordinated project loans in Nicaragua. The funding of the Debt Re-financing was completed on February 11, 2022.

The maturity date of the Senior Debt Facility is December 22, 2036, and the interest rate is LIBOR plus 7% prior to the Binary Plant completion date, and LIBOR plus 6.75% thereafter. In the absence of LIBOR, the agreement provides guidance for using either the spread mentioned plus SOFR or spread plus SOFR Adjustment; or the spread plus Compound SOFR or spread plus Compound SOFR Adjustment.

Given the substantially different terms and conditions of the Senior Debt Facility, the Company determined the transaction to be extinguishment of the Phase I and Phase II senior and subordinated debt facilities and the Senior Debt Facility being a new financial liability. Accordingly, the $3.2 million difference between the carrying amount of the Phase I and Phase II senior and subordinated debt facilities and the consideration paid was recognized as a net loss and included within Accretion of debt, under Finance Costs (Note 9). Transaction costs incurred in the amount of $4.5 million were deferred and will be amortized over the term of the Senior Debt Facility.

As at December 31, 2022, interest rate on the Senior Debt Facility was LIBOR plus 7%, resulting in 11.77%, whereas the effective interest rate was estimated to be 8.11%. Upon extinguishment, the interest rate on the Phase I and Phase II senior facilities were LIBOR plus 5.5%, resulting in 7.83% and 7.39% of interest, respectively. Interest on Phase I and Phase II Subordinated Debt was a combination of 6% coupon and a return enhancement feature that resulted in an approximately 13% interest rate.

As a result of the Senior Debt Facility new financial and operational covenants are currently in place. As of December 31, 2022, the Company is compliant with all these covenants.

No subordinated loan was taken in the Re-financing debt. All debt drawn on the Credit Agreements is non-recourse to the Company and all its subsidiaries other than PENSA and SJPIC.

(ii) Summary of Andean Power Generation Ltd. (BVI) (“APG Ltd. (BVI)”) Credit Agreement

On June 5, 2020, APG Ltd. BVI, a wholly owned subsidiary of the Company, entered into an agreement with the Brookfield Infrastructure Debt Fund (“Brookfield”), a global credit-focused fund managed by Brookfield Asset Management Inc., for a $27.0 million credit facility, with an 8.75% annual interest rate, payable semi-annually and a term of 8 years. Repayment of the principal occurs in installments with various amounts due throughout the term of the loan, and $20.2 million due on maturity.

As of December 31, 2022, the Company is compliant with all the covenants required under the APG Credit Agreement.

(iii) Summary of Generación Andina Credit Agreement

As at December 31, 2022, the Generación Andina (“GA”) loans bear no interest. No interest will be charged during the life of the loan, except for default interest on any overdue amount. The termination date of the loan is June 15, 2038. The loan is payable in 36 semi-annual installments starting at the earlier the commercial operation date (“COD”) of the 8 de Agosto and El Carmen projects and June 16, 2020 and on the 15th calendar day each six months thereafter.

In addition to principal payments, the lenders will be paid 50% of any excess generation amount for each project in excess of 45 GWh from the El Carmen project and in excess of 132 GWh from the 8 de Agosto project, subject to a maximum incremental annual amount, which varies from $1.1 million to $1.4 million during the term of the loan. As per the agreement, GA also must pay the lenders 50% of all net transmission line revenues received in the preceding 6 months from use of transmission line by third parties. As of December 31, 2022, no agreements with third parties to use GA’s transmission line have been signed.

As of December 31, 2022, the Company is compliant with all the covenants required under the APG Credit Agreement.

(i) Summary of Canoa 1 Credit Agreement

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 (“AFI Universal”) and Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (“CIFI”) for a $37.0 million credit facility entered on December 10, 2020 (Note 5). The loan has a term of 17 years, a 7% fixed interest rate, and requires quarterly payments of principal and interest. Financing costs totaling $1.7 million were incurred from this transaction, which are deferred over the term of the loan. The terms and conditions of the loan were not modified upon the acquisition of Emerald. The fair value assigned to the obligation assumed was $33.9 million.

As of December 31, 2022,, the Company is compliant with all the covenants required under the Canoa 1 Credit Agreement.

(i) Summary of HSJM Credit Agreement

On September 7, 2022, the Company completed the acquisition of HSJM, and assumed obligations with Banco Pichincha for three credit facilities totaling $8.0 million, which are due between May 2023 and July 2028 (Note 5). 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 fair value assigned to the obligation assumed was $6.2 million.

(iv) Summary of Debentures

On February 10, 2021, a total of 244,667 senior unsecured convertible debentures were converted into common shares.

(expressed in thousands of United States dollars unless otherwise noted)

On June 21, 2022, 42,000 senior unsecured convertible debentures were converted into 2,800 common shares.

On August 3, 2022, a total of 1,542,000 senior unsecured convertible debentures were converted into 102,800 common shares.

On August 10, 2022, the Company issued a notice indicating that redemption of the Debentures was to occur on September 20, 2022 (“redemption date”). Accordingly, debenture holders had the right to convert their Debentures into common shares at a conversion price of CAD$15.00 per unit; therefore, a debenture holder converting the principal amount would receive 66.67 shares for each CAD$1,000 principal amount of Debentures converted, out of which fractional amounts are settled in cash. All debenture holders who did not notify their conversion two business days prior to redemption date, would have the Debentures redeemed for cash in accordance with the redemption process.
As a result of the conversion, the Company issued 1,294,799 common shares for a total of $15.0 million and settled $0.2 million in cash with the debenture holders that did not convert and recognized a total gain of $4.4 million which is presented in Other gains in the statement of operations for the year ended December 31, 2022.

20. Decommissioning Liabilities

		Sierra
December 31, 2021	**$**	**910**
Revision in estimate		(38)
Accretion		(7)
De-recognition		(865)
December 31, 2022	**$**	**-**

On December 31, 2022, the Company derecognized the decommissioning liabilities obligation as the period for the obligation lapsed and therefore the legal obligation is extinguished. Accordingly, the Company recognized a $0.9 million gain under Other gains in the Consolidated Statement of Operations and Comprehensive Earnings.

21. Share Capital

	Number of Shares Authorized	Number of Shares Issued and Fully Paid	Number of Shares Reserved for Issue Under Stock Options (Exercisable)	Number of Shares Reserved for Issue Under Restricted and Deferred Stock Agreements	Number of Shares Reserved for Issue Under UEG Acquisition
Balance at January 1, 2021	16,306,299	15,706,299	262,823	155,132	1,200,000
Shares issued in Public Offering (i)	2,556,450	2,556,450	-	-	-
Shares issued on conversion of Debentures (ii)	244,667	244,667	-	-	-
Shares issued in connection with RSUs (b)	114,637	114,637	-	(114,637)	-
RSUs settled in cash (b)	-	-	-	(40,495)	-
Shares issued in connection with UEG Acquisition (iii)	200,000	800,000	-	-	(800,000)
Reversal of UEG acquisition shares no longer payable (iii)	-	-	-	-	(300,000)
Shares issued on exercise of stock options	103,323	103,323	(103,323)	-	-
Stock options vested	-	-	36,000	-	-
Balance at January 1, 2022	19,525,376	19,525,376	195,500	-	100,000
Shares issued in connection with UEG Acquisition *(iii)*	100,000	100,000	-	-	(100,000)
Stock options vested	-	-	(47,500)	-	-
Shares issued on conversion of Debentures (iv)	1,400,399	1,400,399	-	-	-
Balance at December 31, 2022	**21,025,775**	**21,025,775**	**148,000**	**-**	**-**

(i) *On February 25, 2021, the Company completed an upsized bought deal offering (the “Offering), under which a total of 2,556,450 Common Shares were sold at a price of $20.25 CAD per Common Share for aggregate net proceeds to the Company of $38.2 million.*
(ii) *On February 10, 2021, a total of 244,667 senior unsecured convertible debentures were converted into common shares.*
(iii) *On March 26, 2021, the Company entered into an agreement with Union Group International Holdings Limited (“UGIH”) to settle the previously reserved shares on the Union Energy Group (“UEG”) acquisition with the issuance of 900,000 shares, of which 100,000*

(expressed in thousands of United States dollars unless otherwise noted)

were reserved and issued subsequently on February 2, 2022. As a result of the agreement, the Company has 300,000 previously reserved acquisition shares that are no longer payable.

(iv) During the year ended December 31, 2022, a total of 21,006,000 senior unsecured convertible debentures were converted into 1,400,399 common shares.

(i) Stock options

The Company's Omnibus Long-Term Incentive Plan (the "LTIP") adopted in June 2012 and most recently amended and approved in June 2021, provides that stock options may be granted to directors, senior officers, employees and consultants of the Company or any of its affiliates and employees of management companies engaged by the Company. Options granted under the LTIP are for a contractual term not to exceed five years from the date of their grant, and vesting is determined by the Company's Board.

The following stock options were in existence during the current and prior periods:

Option Series	Grant Date	Number of Options Granted	Expiry Date	Exercise Price ($CDN)	Fair Value at Grant Date
(16)	Issued December 10, 2018	60,000	December 10, 2023	$ 9.93	$ 0.48
(17)	Issued September 9, 2019	18,000	September 9, 2024	$ 13.50	$ 1.00
(18)	Issued August 9, 2021	120,000	August 19, 2026	$ 18.44	$ 0.48
(19)	Issued March 23, 2022	10,000	March 23, 2027	$ 17.45	$ 1.93
(20)	Issued April 1, 2022	15,000	April 1, 2027	$ 16.90	$ 1.87
(21)	Issued June 28, 2022	15,000	June 28, 2027	$ 20.07	$ 2.50

Stock options granted during the year ended December 31, 2022 and in previous periods were valued using pricing models. Where relevant, the expected life used in the model was adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioral considerations. Volatility is estimated based on the historical volatility of the Company's common shares over the year previous to the grant date, with an adjustment applied to reflect management's best estimate of future volatility, where appropriate. Inputs into the model are as follows:

Options Series	Grant date	Grant Date Share Price (CDN)	Exercise Price (CDN)	Volatility	Expected Life	Risk-Free Interest Rate	Expected Dividend Yield	Revised Forfeiture Percentage
(16) [(a)]	December 10, 2018	$ 9.93	$ 9.93	48%	4.00	2.00%	25.02%	0%
(17) [(a)]	September 9, 2019	$ 13.50	$ 13.50	40%	4.00	1.37%	4.44%	0%
(18) [(b)]	August 9, 2021	$ 18.44	$ 18.44	46%	4.00	0.88%	4.20%	0%
(19) [(b)]	March 23, 2022	$ 17.45	$ 17.45	25%	4.00	2.20%	4.33%	0%
(20) [(b)]	April 1, 2022	$ 16.90	$ 16.90	25%	4.00	2.46%	4.44%	0%
(21) [(b)]	June 28, 2022	$ 20.07	$ 20.07	25%	4.00	3.24%	3.81%	0%

(a) Series 16 and 17 vest 33% immediately and 33% on each one-year anniversary thereafter.
(b) Series 18 to 21 vest 25% immediately and 25% on each one-year anniversary thereafter.

During the years ended December 31, 2022 and 2021, 40,000 and 36,000 stock options vested, respectively. The following table reconciles stock options outstanding as at December 31, 2022 and 2021:

	For the year December 31, 2022	Weighted Average Exercise Price (CDN)	For the year ended December 31, 2021	Weighted Average Exercise Price (CDN)
Balance at beginning of year	**548,000**	$ 16.36	531,323	$ 15.54
Exercised during the year	-	-	(103,323)	14.60
Granted during the year	**40,000**	18.23	120,000	18.44
Forfeited during the year	**(350,000)**	16.89	-	-
Ending balance	**238,000**	**$ 15.87**	**548,000**	$ 16.36

The following table summarizes the information related to stock options outstanding and exercisable as at December 31, 2022:

	Outstanding Options			Exercisable Options	
Range $CDN	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price ($CDN)	Number of Options Outstanding	Weighted Average Exercise Price ($CDN)
0.00 - 99.99	238,000	2.91	$ 15.87	148,000	$ 14.37

(expressed in thousands of United States dollars unless otherwise noted)

For the years ended December 31, 2022 and 2021, the Company recognized shared-based compensation expense associated with options, with a corresponding increase in contributed surplus, of $0.3 million and $0.2 million, respectively.

(ii) Restricted Share Units ("RSUs")

On March 31, 2021, the Company settled the 155,132 fully vested RSUs outstanding by issuing 114,637 common shares and the cash equivalent for the remaining RSUs. As at December 31, 2022, there are no RSUs outstanding.

Subsequent to December 31, 2022, on January 5, 2023 the Company issued 38,100 RSUs to a group of employees and consultants, with a three year vesting period.

(iii) Deferred Share Units ("DSUs")

As at December 31, 2022, 17,248 DSUs are outstanding (December 31, 2021 - 15,340). On August 9, 2021, the Company issued 5,110 DSUs at a total grant date value of $75,000. On December 29, 2021, the Company issued 6,016 DSUs at a total grant date value of $80,000. On March 31, 2022, the Company issued 1,479 DSUs at a total grant date value of $20,000. On June 30, 2022, the Company issued 993 DSUs at a total grant date value of $15,000. On September 30, 2022, the Company issued 1,264 DSUs at a total grant value of $15,000. On November 30, 2022, the Company canceled 4,027 DSUs. On December 31, 2022, the Company issued 1,444 DSUs at a total grant value of $15,000. In addition, as of December 31, 2022, a total of 1,634 DSUs have been granted as part of the dividend reinvestment policy.

Participants may redeem DSUs within the 90 days following termination from the Company by providing a notice of redemption specifying an election to receive either a cash payment or Company shares or both. Until the liability is settled, the Company will remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as part of share-based compensation for the period. Until the liability is settled, the Company will remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss as part of share-based compensation for the period.

For the years ended December 31, 2022 and 2021, the Company recognized shared-based compensation expense associated with DSUs, with a corresponding increase in contributed surplus, of $0.1 million and $0.2 million, respectively.

22. Earnings per Share

The following table summarizes the common shares used in calculating net loss per common share:

	Year Ended	
	December 31, 2022	**December 31, 2021**
Total (loss) earnings attributable to owners of the Company	**$ 2,499**	$ 501
Basic weighted average number of shares outstanding	**20,127,720**	18,805,465
Basic (loss) earnings per share	**$ 0.12**	$ 0.03

	Year Ended	
	December 31, 2022	**December 31, 2021**
Total (loss) earnings attributable to owners of the Company	**$ 2,499**	$ 501
Diluted weighted average number of shares outstanding	**20,159,817**	19,019,800
Diluted (loss) earnings per share	**$ 0.12**	$ 0.03

The following instruments are anti-dilutive and not included in the calculation of diluted earnings per share:

	Year Ended	
	December 31, 2022	**December 31, 2021**
Stock options - 6/28/2022 grant date	**15,000**	-
Stock options - 4/01/2022 grant date	**15,000**	-
Stock options - 3/23/2022 grant date	**10,000**	-
Stock options - 8/9/2021 grant date	**120,000**	-
Total anti-dilutive instruments	**160,000**	-

23. Non-controlling Interests

The Company owns 99.34% of Polaris Energy Corp ("PEC"), while PEC owns 95% of Cerro Colorado Corp. ("CCC"), both of which are Panamanian companies. CCC owns 90% of Cerro Colorado Power S.A.("CCPSA"), a Nicaraguan company, which holds the concession to the Casita geothermal project. Earnings attributed to the non-controlling interest owners in these subsidiaries for the year ended December 31, 2022 and 2021 were $0.03 million and $0.04 million, respectively.

(expressed in thousands of United States dollars unless otherwise noted)

The Company owns 83.16% of HSJM (Note 5), an Ecuadorean company which is the sole owner of the HSJM hydroelectric project. Earnings attributed to the non-controlling interest owners in HSJM for the year ended December 31, 2022 was $0.1 million.

24. Related Party Transactions

The following amounts related to transactions and compensation of key management and the Company's Directors:

	Year Ended	
	December 31, 2022	December 31, 2021
Salaries and benefits	**$ 1,556**	$ 1,449
Share-based payment compensation	**-**	2,640
DSUs	**123**	56
Total key management compensation	**$ 1,679**	$ 4,145

25. Commitments

The Company enters into agreements for geothermal concessions, which minimum annual payment requirements are summarized as follows:

	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

26. Leases

The following table is a summary of the carrying amounts of the Company's lease liabilities measured at the present value of the remaining lease payments that are recognized in the Consolidated Statements of Financial Position as of:

	December 31, 2022	December 31, 2021
Opening balance	**$ 1,298**	$ 690
Lease payments	**(351)**	(252)
Contract change adjustment	**(107)**	803
Acquisition of Canoa 1 (Note 5)	**1,911**	-
Amortization of discount	**169**	57
Ending balance as of	**$ 2,920**	$ 1,298

Lease liabilities included within current and long-term liabilities in the Consolidated Statements of Financial Position.

	December 31, 2022	December 31, 2021
Lease obligation, Current	**$ 422**	$ 298
Lease obligation, Long-term	**2,498**	1,000
Ending balance as of	**$ 2,920**	$ 1,298

(expressed in thousands of United States dollars unless otherwise noted)

27. Income Taxes

(a) Recognized deferred tax expense/(recovery)

The Company has recorded the following deferred tax expense / (recovery) for the years ended December 31, 2022 and 2021:

		December 31, 2022	December 31, 2021
Current tax expense			
Current period	$	**427**	$ -
Deferred tax expense			
Origination and reversal of temporary differences		**(538)**	6,234
Change in tax rates		**25**	-
Change in unrecognized deductible temporary differences		**(1,734)**	(2,481)
Other		**356**	123
Total income tax (benefit) expense from continuing operations	**$**	**(1,464)**	**$ 3,876**

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to earnings and comprehensive earnings before income tax. These differences result from the following:

		December 31, 2022	December 31, 2021
Earning and comprehensive earnings before income tax	$	**968**	$ 4,418
Statutory income tax rate		**26.50%**	26.50%
Expected income tax		**257**	1,171
Increase (decrease) resulting from:			
Non-taxable items		**(1,511)**	(2,065)
Change in unrecognized deferred tax assets		**(1,734)**	(2,481)
Change in tax rates and rate differences		**89**	90
Effect of tax rate in foreign jurisdictions		**375**	1,921
Expiration of tax attributes		**1,118**	440
Foreign exchange differences		**(1,278)**	4,560
Other		**864**	240
Prior period tax adjustment		**356**	-
Income tax (benefit) expense	**$**	**(1,464)**	$ 3,876

(b) Recognized deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

		December 31, 2022	December 31, 2021
Property, plant and equipment	$	**8,653**	$ 7,365
Deferred charges		**22,097**	20,009
Other		**39**	
Lease obligation		**734**	291
Capital losses		**481**	493
Non-capital losses		**-**	664
Deferred tax assets		**32,004**	28,822
Set off of tax		**(28,090)**	(27,966)
Net deferred tax assets	**$**	**3,914**	$ 856

(expressed in thousands of United States dollars unless otherwise noted)

Deferred tax liabilities are attributable to the following:

		December 31, 2022		December 31, 2021
Property, plant and equipment	$	**(72,511)**	$	(69,477)
Right-of-use assets		**(712)**		(127)
Intangibles		**(10,213)**		(5,849)
Investment in Polaris Energy Peru Corp.		**(481)**		(493)
Long-term debt		**(6,501)**		(6,783)
Deferred tax liabilities		**(90,418)**		(82,729)
Set off of tax		**28,090**		27,966
Net deferred tax liabilities	**$**	**(62,328)**	**$**	**(54,763)**

(c) Movement in deferred tax balances during the year

		Net Balance at December 31, 2021		Recognized in Profit or Loss		Recognized in Business Combination		Net Balance at December 31, 2022
Property, plant and equipment	$	(62,111)	$	26	$	(1,771)	**$**	**(63,856)**
Intangibles		(5,849)		344		(4,708)		**(10,213)**
Right-of-use assets		(127)		(87)		(498)		**(712)**
Deferred costs		20,009		2,088		-		**22,097**
Other		-		(43)		83		**40**
Lease obligation		291		(55)		498		**734**
Capital losses		492		(12)		-		**480**
Non-capital losses		663		(664)		-		**(1)**
Investment in UEG		(493)		12		-		**(481)**
Long-term debt		(6,783)		282		-		**(6,501)**
Net tax assets (liabilities)	$	(53,908)	$	1,891	$	(6,396)	**$**	**(58,413)**

(d) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

		December 31, 2022		December 31, 2021
Deductible temporary differences	**$**	**45,269**	$	60,347
Tax losses		**271,528**		279,976
	$	**316,797**	**$**	**340,323**

Tax losses include capital losses that do not expire as well as net operating losses that expire between 2023 and 2042. Under the tax laws related to the commercial production of electricity from renewable resources, the Company's Nicaraguan subsidiary was granted a tax-free holiday for a period of 10 years, with a subsequent extension of 2 years, which ends in 2024 and 2025 for the Phase I and Phase II Facilities, respectively. Net operating losses incurred during the tax-free holiday cannot be used to offset taxable income after expiry of the holiday and as such no deferred tax asset has been recognized for these losses nor are they included in the unrecognized deferred tax assets disclosed above.

Deferred tax assets have been recognized to the extent that it is probably that taxable income will be available against which the deductible temporary difference can be utilized. The Company has recognized deferred tax assets in the amount of $3.6 million (2021 - $0.3 million) the utilization of which is dependent on future taxable profits in excess of the profits arising from the reversal of existing temporary differences. The recognition of these deferred tax assets is based on taxable income forecasts that incorporate existing circumstances that will result in taxable income against which net operating losses can be utilized.

28. Financial Instruments and Risk Management

(a) Fair value of financial assets and liabilities

IFRS requires disclosure about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The following are the three levels of the fair value hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability.
- Level 3 – Inputs that are not based on observable market data.

As at December 31, 2022 and 2021, respectively, the carrying amounts of accounts receivable, restricted cash, accounts payable and accrued liabilities, and current portion of long-term debt are measured at fair value or approximate fair value due to the short term to maturity, and therefore classified as Level 1.

The fair value of long-term debt approximates carrying value. The carrying value of the long-term debt is net of unamortized transaction costs and debt discounts further explained in Note 19.

All the assets and liabilities that the Company has identified as financial assets and financial liabilities are measured at fair value through the Statement of Profit or amortized costs under IFRS Financial Instruments. The Company currently has no financial assets and financial liabilities to be measured at fair value through the Statement of Comprehensive Income.

(b) Financial risk management

The Company is exposed to financial risks arising from its financial assets and liabilities. The financial risks include market risks relating to interest rates, foreign exchange rates and commodity prices.

Interest rate risk

PENSA Refinanced Debt Facility bears interest at 3-month LIBOR plus 7% prior to the Binary Unit completion date and 3-month plus 6.75% thereafter. The total rate as at December 31, 2022, was 11.32%. The Company determined that a hypothetical 10 basis point increase in the 3-month LIBOR would result in an increase of $0.1 million in financing costs for the period ended September 30, 2022.
The Company determined that a hypothetical 10 basis point increase in the 3-month LIBOR would result in an increase of $0.1 million in financing costs for the year ended December 31, 2022.

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of the Company is the US dollar and currently most of the Company's transactions are denominated in US dollars. Further, the Company translates significant amounts received in local currency to US dollars immediately. As at December 31, 2022 and 2021, the Company had cash, and accounts payable and long-term debt in of CDN$4,482,660 and CDN$(14,854,039), respectively. The Company determined that a 10% change in the Canadian dollar against the US dollar would have impacted total loss and comprehensive loss by $1.2 million for the year ended December 31, 2022.

As at December 31, 2022, and 2021, the Company had cash, accounts receivable, prepaid contractor advances and accounts payable of Sol$2,085,193 and Sol$12,927,719, respectively held in its Peruvian subsidiaries. The Company determined that a 10% change in the Peruvian Soles against the US dollar would have impacted total loss and comprehensive loss by $0.05 million for the year ended December 31, 2022.

The Company does not enter into any foreign exchange contracts to mitigate this risk.

Commodity prices

The Company's commodities consist of power produced and carbon emission reduction credits ("CERs") earned. The Company is not exposed to commodity price risk with respect to the power it produces as all power currently produced is sold under the terms of a PPA which establishes a fixed price and escalator.

(expressed in thousands of United States dollars unless otherwise noted)

The prices of CERs have fluctuated widely during recent years and are determined by economic and geopolitical factors. Any movement in CER prices could have an effect on the Company's consolidated financial statements.

Credit risk

The Company is exposed to credit risk with respect to amounts receivable from its customers. Credit risk is the potential loss from the customer failing to perform payment of the amount receivable, defined in the invoice. The Company manages credit risk with policies and procedures for customer analysis, exposure measurement, and exposure monitoring and mitigation.

The Company considers that "default" occurs when the account receivable balance is 90 days past due, from the date of payment stated in the invoice.

Once a balance receivable has been identified as in default, the Company assesses the alternatives to recover such balances, with reasonable effort. If the Company concludes the balances cannot be recovered, the amounts are then written-off.

In estimating expected credit losses on trade receivables, the Company has estimated the probability of default is 0.1% based on the Company's historical default rates, as the Company does not expect these rates to significantly increase in the future. Historically, the Company has not suffered losses for balances identified as in default and does not expect to incur significant losses in the future due to the nature of its customers (distribution utilities). The Company applies the simplified approach to assess expected credit losses for trade receivables, whereby the loss allowance for the account receivable is measured at an amount equal to the lifetime expected credit losses. The Company shall recognize in the statements of earnings, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

From the credit risk assessment performed during the year, the Company has concluded that exposure to credit risk related to the amounts receivable from customers is not material, as of December 31, 2022.

The Company is also exposed to credit risk with respect to its amounts of cash and cash equivalents. The Company deposits its cash with reputable financial institutions, mostly based in North America, for which management believes the risk of loss to be remote.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash, credit facilities and other financial resources available to meet its obligations. The Company forecasts cash flows for a period of 12 months to identify financial requirements. These requirements are met through a combination of cash flows from operations, credit facilities and accessing capital markets.

The following are maturities for the Company's financial liabilities as at December 31, 2022:

	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 maturities for the Company's financial liabilities as at December 31, 2021:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 10,743	$ -	$ -	$ -	$ 10,743
Debt, current and long-term	5,645	25,371	43,278	119,201	193,495
Interest obligations	6,786	13,478	10,723	22,005	52,992
	$ 23,174	**$ 38,849**	**$ 54,001**	**$ 141,206**	**$ 257,230**

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

29. Capital Management

The Company's capital structure is comprised of net long-term debt, as further disclosed in Note 19, and shareholders' equity (consisting of issued capital and contributed surplus offset by accumulated deficit). The Company's objectives when managing its capital structure are to:

i) maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations; and

ii) finance internally generated growth as well as potential acquisitions.

In order to facilitate the management of capital, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed by the Company's Board.

In preparing its budgets, the Company considers externally imposed capital requirements pursuant to the terms of the PENSA Debt Refinancing Agreements, the loan agreements for the Canchayllo and GA projects and the Canoa Debt agreement (Note 19). These externally imposed capital requirements will affect the Company's approach to capital management. The Company's externally imposed capital requirements include maintaining minimum debt service coverage and solvency ratios for PENSA, SJPIC, EGECSAC, GASAC and Emerald, and restrictions on the use of revenue from all the projects.