POLARIS
RENEWABLE ENERGY

Management's Discussion and Analysis
For the period ended March 31, 2023
(expressed in thousands of United States dollars)

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Renewable Energy Inc. (formerly Polaris Infrastructure Inc., "Polaris Renewable" or the "Company") for the three months ended March 31, 2023, and reflects all material events up to May 3, 2023 the date on which this MD&A was approved by the board of directors of the Company (the "Board"). This MD&A should be read in conjunction with the Company's consolidated financial statements for the period ended March 31, 2023. This MD&A supplements, but does not form part of, the Company's annual financial statements. All amounts in this MD&A, unless specifically identified as otherwise, are expressed in U.S. dollars.

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

In this MD&A and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"), including IAS 34, "Interim Financial Reporting". Certain financial measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. The Company uses non-GAAP financial measures, which the Company believes that together with measures in accordance with IFRS, provide investors with a wholesome ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have a standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures used by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-GAAP financial measures in this MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA per share. Reconciliations and definitions associated with the above-noted non-GAAP financial measures can be found in Section 13: Non-GAAP Performance Measures in this MD&A.

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1. 2023 HIGHLIGHTS

- Consolidated energy production was 217,613 MWh (net) for the quarter ended March 31, 2023, of which 125,930 MWh (net) was contributed by the Company's geothermal facility in Nicaragua ("San Jacinto") and an aggregate of 66,334 MWh (net) was contributed by the Company's hydroelectric facilities in Peru. A total of 15,235 MWh (net) was contributed by the Company's solar facility in Dominican Republic ("Canoa 1"), and 10,114 MWh (net) was contributed by the Company's hydroelectric facility in Ecuador ("San Jose de Minas or HSJM").

- The Company generated $20.1 million in revenue for the three months ended March 31, 2023, compared to $16.1 million in the same period in 2022. The increase was the net result of additional energy revenue sales from the Binary Unit located in Nicaragua, the two new facilities located in Dominican Republic and Ecuador, acquired during 2022, and from our Peruvian facilities, which had increased production, coupled with the increased prices due to inflation adjustments in the power purchase agreement's ("PPA").

- Net earnings attributable to owners was $4.7 million or $0.22 per share – basic for the quarter ended March 31, 2023, compared to net earnings of $2.5 million or $0.13 per share – basic in 2022.

- Adjusted EBITDA[(1)] was $15.3 million for the three months ended March 31, 2023, compared to Adjusted EBITDA[(1)] of $12.1 million in the same period in 2022, principally as a result of revenue increases, as described above.

- For the quarter ended March 31, 2023, the Company generated $10.1 million in net cash flow from operating activities, ending with a cash position of $40.6 million, including restricted cash.

- On March 15, 2023, the Company signed an agreement with Export Development Canada ("EDC") for a $10.0 million floating rate term loan facility, with the purpose of providing capital to fund early-stage development expenses required to take projects to the point of being construction ready.

- On March 31, 2023, the Company completed the construction of Vista Hermosa Solar Park, located in Panama. The plant was connected to the electrical grid on April 22, 2023.

- In April 2023, the Company began the construction of the Perlabi project, which consists of a conduction channel from the adjacent Perlabi river that will increase the load factor of the existing power plant in San Jose de Minas, Ecuador. The budget for the Perlabi project is approximately $3.4 million and construction is expected to be completed in the second quarter of 2024.

- The Company remains focused on maintaining a quarterly dividend. For the quarter ended March 31, 2023, the Company has declared and will pay a quarterly dividend of $0.15 per outstanding common share on May 26, 2023.

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

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

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

		Three Months Ended		
		March 31, 2023		**March 31, 2022**
Energy production				
Consolidated Power MWh (net)		**217,613**		177,765
Financials				
Total revenue	**$**	**20,115**	$	16,066
Net earnings (loss) attributable to owners	**$**	**4,696**	$	2,531
Adjusted EBITDA	**$**	**15,325**	$	12,097
Net cash flow from operating activities	**$**	**10,088**	$	7,570
Per share				
Net earnings (loss) attributable to owners - *basic*	**$**	**0.22**	$	0.13
Net earnings (loss) attributable to owners - *diluted*	**$**	**0.22**	$	0.13
Adjusted EBITDA - *basic*	**$**	**0.73**	$	0.62

Balance Sheet		**As at March 31, 2023**		**As at December 31, 2022**
Cash	**$**	**35,960**	$	35,325
Restricted cash - non-current	**$**	**4,640**	$	4,640
Total current assets	**$**	**51,520**	$	50,609
Total assets	**$**	**531,100**	$	535,102
Current and Long-term debt *(i)*	**$**	**181,986**	$	184,408
Total liabilities	**$**	**259,197**	$	264,890

(i) Net of transaction costs.

3. BUSINESS OVERVIEW AND STRATEGY

Polaris Renewable is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in the Americas. The Company operates a 72 MW (net) geothermal facility in Nicaragua, three run-of-river hydroelectric facilities in Peru, with combined capacity of approximately 33 MW (net), a 25 MW (net) solar plant facility in Dominican Republic, and a 6 MW (net) run-on-river hydroelectric facility in Ecuador. The Company also owns two solar projects in Panama which construction was completed in March 2023. The construction costs of these solar projects was $10.7 million, and their expected total capacity is approximately 10 MW AC (net).

The Company's mission is to be an Americas focused renewable power leader, while providing superior shareholder returns.

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

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

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

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

- continued progress on corporate development, acquisition initiatives and related integration;
- pursue optimization and expansion initiatives such as the conduction channel from the Perlabi river in Ecuador and the construction of the Canoa 2 plant, in Dominican Republic;
- finalize carbon credit certification at all operating facilities;
- balancing sustainable or increased dividends with deploying excess cash flow into growth and diversification;
- deployment of the Company's sustainability strategy in all jurisdictions; and
- continued back-office IT related enhancements.

The Company's long-term goals are to continue to grow and diversify its operations in the Americas region through renewable energy projects with attractive return profiles. The Company firmly believes there is significant potential for renewable energy projects in various American countries that have not been developed. Furthermore, the emphasis on

renewable energy is growing and provides attractive, long-term return profiles and carbon emission reduction ("CER") credits.

Events, transactions and activities relating to Polaris Renewable's properties which occurred during the quarter ended March 31, 2023 and to the date of this MD&A are discussed below.

4. OPERATING SEGMENT PERFORMANCE

CONSOLIDATED RESULTS

	Three Months Ended	
	March 31, 2023	March 31, 2022
Power production in MWh[i]		
Nicaragua (Geothermal)	**125,930**	113,915
Peru (Hydroelectric)	**66,334**	63,850
Dominican Republic (Solar)	**15,235**	-
Ecuador (Hydroelectric)	**10,114**	-
Total consolidated power production in MWh	**217,613**	177,765

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

During the three months ended March 31, 2023, quarterly consolidated power production was 217,613 MWh (net) higher than the 177,765 MWh (net) consolidated power production for the three months ended March 31, 2022, due to additional production from the Binary Unit in Nicaragua, which began operating on December 30, 2022, as well as the Dominican Republic and Ecuador facilities acquired in the 2022, coupled with improved production in Peru.

For Nicaragua, the increase in production is the result of additional production from the Binary Unit, partly offset by expected declines in production from the steamfield. Total combined production came in within our expected range for the quarter.

Consolidated production in Peru for the three months ended March 31, 2023 was 66,334 MWh, which was higher than the comparative period in 2022 due to somewhat better hydrology across Peru for the quarter.

For Dominican Republic, the Canoa 1 facility, acquired on June 28, 2022, produced 15,235 MWh in the three months ended March 31, 2023. This is in line with production from the first quarter of 2022, historical results and management expectations.

For Ecuador, the HSJM facility, acquired on September 7, 2022, produced 10,114 MWh in the three months ended March 31, 2023. This is in line with production from the first quarter of 2022, historical results and management expectations. Overall, and similar to Peru, production in Ecuador is driven by the dry and wet season, with the rainy season generally starting in November and running until May-June.

NICARAGUA – Geothermal Energy Production

	Three Months Ended	
	March 31, 2023	March 31, 2022
Power production[i]		
San Jacinto - MWh	**125,930**	113,915
Financial		
Revenue	**$ 14,003**	$ 12,667

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

San Jacinto - Tizate – San Jacinto, Nicaragua

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

During the three months ended March 31, 2023, power production was higher compared to the three months ended March 31, 2022, due to the additional production provided by the Binary Unit, that began operating in December 2022, which offset the lower steam production from Units 3 and 4, given the expected natural decline of the field. Total combined production came in within our expected range for the quarter.

The commissioning of the Binary Unit provides the Company the ability and flexibility to implement an injection strategy that is essentially 100% outfield given that the outfield injection wells can accept more brine given the reduced temperature. However, management is also of the view that a certain level of infield injection is required to provide short term pressure support to certain wells. With this flexibility, we will test certain configurations to optimize the field output over the long term.

San Jacinto - Binary Project – San Jacinto, Nicaragua

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

PERU – Hydroelectric Energy Production

	Three Months Ended	
	March 31, 2023	March 31, 2022
Power production		
8 de Agosto - MWh	**41,507**	41,087
El Carmen - MWh	**15,467**	14,623
Canchayllo - MWh	**9,360**	8,140
Total Peru in MWh	**66,334**	63,850
Financial		
Revenue	**$ 3,347**	$ 3,032

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

El Carmen and 8 de Agosto – Huanuco, Perú:

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

For the three months ended March 31, 2023, higher production at 8 de Agosto and El Carmen facilities was primarily due to higher hydrology, compared to 2022, and no down time at the facilities. During the first quarter of 2022, El Carmen had additional down time for cleaning activities due to more sediment in the water, which impacted production.

Canchayllo – Canchayllo, Perú:

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

For the three months ended March 31, 2023, production at Canchayllo was higher than in 2022, mainly as a result of higher water volume compared to the three months ended March 31, 2022.

Total revenue from the sale of energy by the Peruvian facilities increased in the three months ended March 31, 2023, due to the higher production, compared to the same quarter in 2022.

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

Effective price $/MWh	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
8 de Agosto (Hydroelectric)	**$ 47.30**	**$ 47.30**	**$ 47.30**	$ 47.30
El Carmen (Hydroelectric)	**$ 62.50**	**$ 62.50**	**$ 62.50**	$ 62.50
Canchayllo (Hydroelectric)	**$ 58.20**	**$ 58.20**	**$ 58.20**	$ 58.20

Effective price $/MWh	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
8 de Agosto (Hydroelectric)	**$ 41.90**	**$ 41.90**	$ 41.90	**$ 39.00**
El Carmen (Hydroelectric)	**$ 55.90**	**$ 55.90**	$ 55.90	**$ 43.10**
Canchayllo (Hydroelectric)	**$ 53.60**	**$ 53.60**	$ 53.60	**$ 50.50**

Based on the terms of each PPA, the Company has the right to file a one-time request to reduce the committed energy by up to 15% to reduce the risk that penalties are applied and, as such, receive the defined PPA prices. In January 2023 the Company made the formal application to reduce the committed energy at 8 de Agosto, which was approved by the

authority on April 27, 2023. The change in committed energy as well as the adjusted PPA price is expected to be applied to the next RER year, which starts on May 1, 2023.

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended	
	March 31, 2023	March 31, 2022
Power production[(i)]		
Canoa 1 - MWh	**15,235**	-
Financial		
Revenue	**$ 1,975**	$ -

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

Canoa 1 - Barahona, Dominican Republic

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

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

The 15,235 MWh (net) production for the three months ended March 31, 2023, reported by Canoa 1 is aligned with historical performance and within the Company's production expectations.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended	
	March 31, 2023	March 31, 2022
Power production[(i)]		
San Jose de Minas - MWh	**10,114**	**-**
Financial		
Revenue	**$ 790**	**$ -**

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

San Jose de Minas, Ecuador

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

For the three months ended March 31, 2023, HSJM produced 10,114 MWh (net), which is in line with historical production and our expectation. Overall, and similar to Peru, production in Ecuador is driven by the dry and wet season, with the rainy season generally starting in November and running until May/June.

PANAMA - Solar Energy Production

Vista Hermosa Solar Park, 1 and 2, Panama

On March 17, 2022, the Company completed the acquisition of two solar projects, with total capacity of 10 MW AC (net). Construction activities began in the second quarter of 2022 and were completed in March 2023. Formal connection approval was received from local Government authorities and the plant was connected to the electrical grid on April 22, 2023. The solar plants are located in the village of Vista Hermosa, Corregimiento de Pueblos Unidos, Aguadulce district, Coclé Province, in Panama, approximately three and a half hours by car from Panama City. Upon completing construction, the plants were connected to the national transmission network (National Interconnected System) at the ETESA Substation (Electric Transmission Company) of Llano Sánchez through an air-underground electric sub-transmission line of about 3 Km in length.

The Company funded 100% of the $10.7 million cost incurred to build the two solar plants (including acquisition costs).

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

5. DEVELOPMENT PROPERTIES

DOMINICAN REPUBLIC DEVELOPMENT, CANOA 2 - BARAHONA

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

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

ECUADOR DEVELOPMENT, HSJM EXPANSION

HSJM has one expansion opportunity consisting of the introduction of a conduction channel from the adjacent Perlabi river that would increase the load factor of the existing plant from approximately 65% to approximately 85%. Such expansion does not require any amendments to the current PPA. The Company began construction of the Perlabi project in April 2023, with a total budget of $3.4 million, and expected completion in the second quarter of 2024.

In addition, the project has the capacity to add a turbine which would enable increased production during the rainy season. With the additional turbine the Hydro Project is expected to increase its power capacity to 10 MWs. Such an expansion would require an amendment to the current PPA or a separate PPA.

6. SUSTAINABILITY STRATEGY

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

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

The Company's four (4) pillars of sustainability, by which our strategy is governed, are "Our Practice", "Our People", "Our Partners", "Our Planet". The Company's sustainability strategy is divided in these four key areas, which address governance, social (internal and external), and environmental aspects that are relevant to the business as well as to internal and external stakeholders. The Company continues to implement its strategy including specific KPIs to support its commitments to material topics.

For the first quarter of 2023, key highlights of the Company's initiatives in the jurisdictions in which it operates include:

- Code of Business Conduct and Ethics training to all employees.
- Health and Safety initiatives including the start of near-miss programs.
- Diversity and inclusion initiatives congruent with International Women's Day.
- Awareness campaign on International Forests Day including the donation of 5 trees for every employee.
- Continued contributions to local educational organizations and community agricultural projects.

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

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Consolidated Statement of Operations and Comprehensive Earnings		
Revenue		
Power revenue	**$ 20,115**	$ 15,699
Carbon emission reduction credits revenue	**-**	367
Direct costs		
Direct costs	**(3,134)**	(2,679)
Depreciation and amortization of plant assets	**(7,208)**	(6,000)
General and administrative expenses	**(1,790)**	(1,493)
Other operating costs	**1**	35
Operating income	**$ 7,984**	$ 5,929
Interest income	**314**	51
Finance costs	**(4,992)**	(7,122)
Other (losses) gains	**(288)**	1,254
Earnings and comprehensive earnings before income taxes	**$ 3,018**	$ 112
Current Income Tax (expense)	**(216)**	-
Deferred Income Tax recovery	**1,974**	2,419
Total earnings and comprehensive earnings	**$ 4,776**	$ 2,531
Total earnings and comprehensive earnings attributable to:		
Owners of the Company	**$ 4,696**	$ 2,531
Non-controlling interests	**$ 80**	$ -
Basic earnings per share	**$ 0.22**	$ 0.13

Three months ended March 31, 2023 versus March 31, 2022

Total Revenue was $20.1 million during the three months ended March 31, 2023, compared to $16.1 million in the same period of 2022. The increase was the combined result of the additional revenue from energy sales from the Binary Unit in Nicaragua, and the facilities in Dominican Republic and Ecuador, acquired in 2022, coupled with higher production and effective PPA prices applied to our Peruvian facilities.

Direct costs of energy production (other than depreciation and amortization) were $3.1 million for the three months ended March 31, 2023, compared to $2.7 million in the same period of 2022. The increase in direct costs is the result of $0.3 million direct costs from our operation in Dominican Republic, acquired on June 28, 2022 and $0.1 million direct costs from our operation in Ecuador, acquired on September 7, 2022. Direct costs of energy production were largely consistent on a year-over-year basis for Nicaragua and Peru. The depreciation and amortization expense associated with energy production (included in direct costs) for the three months ended March 31, 2023 was $7.2 million, higher than the $6.0 million expense in the same period in 2022 mainly due to additional depreciation and amortization charges from the new facilities.

General and administrative expenses for the three months ended March 31, 2023 was $1.8 million compared to $1.5 million in the first quarter of 2022. The increase is the net result of higher general and administrative expenses from the new facilities, and Corporate, partly offset by a decrease in Nicaragua.

Interest income for the three months ended March 31, 2023 increased to $0.3 million, from $0.1 million in the same period of 2022, due to higher interest rate offered by the financial institutions in 2023 and additional balances held as short term deposits in the 2023 period.

For the three months ended March 31, 2023, finance costs were $5.0 million, compared to $7.1 million finance costs recorded in the same period of 2022. The decrease was the net result of prepayment fees, for approximately $3.0 million, incurred in the first quarter of 2022 from the settlement of San Jacinto's Senior and Subordinated loans, coupled with the $0.7 million of financing costs that were capitalized to Vista Hermosa Solar Park, a qualifying asset in the first quarter of 2023. The decrease in finance costs was partly offset by added costs related to the new debt facilities assumed with the acquisitions of HSJM and Canoa 1.

Other gains for the three months ended March 31, 2023 were $0.3 million compared to $1.3 million gain during the 2022 period. The 2022 gain was higher due to the revaluation of the conversion option liability from the convertible debenture that was redeemed in the third quarter of 2022.

Earnings attributable to owners was $4.7 million for the three months ended March 31, 2023, compared to $2.5 million earnings for the same period in 2022. The increase was driven by higher operating margin and lower financing costs in the 2023 period, partly offset by the decrease in the deferred tax benefit and the movement in Other (losses) gains compared to the first quarter of 2022.

Adjusted EBITDA was $15.3 million for the three months ended March 31, 2023, compared to a $12.1 million for the same period in 2022, principally as a result of higher operating margin discussed above. *(Refer to Section 13: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure).*

8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

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

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Net cash from (used in)		
Operating activities	$ **10,088**	$ 7,570
Investing activities	**(2,981)**	(8,152)
Financing activities	**(6,483)**	(13,957)
Foreign exchange gain on cash held in foreign currency	**11**	(2)
Increase (decrease) in cash	$ **635**	$ (14,541)

- Net cash from operating activities for the three months ended March 31, 2023 of $10.1 million, higher than the $7.6 million for the same period in 2022, mainly due to higher operating margin from higher revenue, coupled with lower cash used to settle payables compared to the same period in 2022.
- Net cash used in investing activities for the three months ended March 31, 2023 was $3.0 million, $5.2 million lower than the $8.2 million spent in the same period of 2022, when construction of the Binary Unit in Nicaragua and the Vista Hermosa Solar Park, in Panama had just started. Construction of the Binary Unit was completed in December 2022 whereas construction of Vista Hermosa Solar Park was completed on March 31, 2023.
- Net cash used in financing activities for three months ended March 31, 2023 of $6.5 million, compared to $14.0 million net cash used in financing activities reported in the same period in 2022. In 2022, the Company refinanced PENSA's senior debt and paid $9.5 million in issuance costs.

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

		As at March 31, 2023		As at December 31, 2022
Cash[(i)]	**$**	**35,960**	$	35,325
Restricted cash - non-current	**$**	**4,640**	$	4,640
Total current assets	**$**	**51,520**	$	50,609
Total assets	**$**	**531,100**	$	535,102
Current and Long-term debt[(ii)]	**$**	**181,986**	$	184,408
Total liabilities	**$**	**259,197**	$	264,890

(i) Cash in the amount of $7.7 million and (December 31, 2022 - $15.6 million) held by the Company is restricted for use in the San Jacinto project and governed by the terms of the Trust and the Credit Agreements, where the process to withdraw funds is considered perfunctory to the agreement, as long as the required covenants and balances are met. The Credit Agreements require certain amounts to be held in reserve for future debt service as well as for future investment in the San Jacinto project through the major maintenance reserve account. Therefore, as these amounts are demand deposits that are held for the purpose of meeting short-term cash commitments of the San Jacinto project, the Company considers them as available cash, since they are available for current use.

(ii) Net of transaction costs.

Total assets were $531.1 million as at March 31, 2023 compared to total assets of $535.1 million as of December 31, 2022. The decrease is mainly due to the depreciation and amortization of plant and equipment as well as intangibles, partly offset by an increase in cash and accounts receivable recognized in the period. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, the Generación Andina SAC facilities and Canchayllo, Canoa 1, HSJM, Vista Hermosa Solar Park, and the Perlabi project in Ecuador. The Company believes that its current working capital and future cash flows will be sufficient to allow it to fulfill current obligations (including those obligations and commitments noted below) and allow it to continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects to satisfy these requirements through financing or monetization of assets or undertake activities as appropriate under specific circumstances. However, additional funding requirements or the outcome of these matters cannot be predicted with certainty at this time.

Total liabilities as at March 31, 2023 were $259.2 million, a $5.8 million decrease from December 31, 2022, due to a decrease in long-term debt from principal payments made, coupled with the decrease in accounts payable and deferred tax liability. During the three months ended March 31, 2023, PENSA repaid $2.5 million of principal on its San Jacinto credit facilities, Emerald repaid $0.4 million of the Canoa 1 debt and HSJM paid $0.3 million of its credit facility. As at March 31, 2023, the total principal balance outstanding of all the credit facilities was $208.1 million.

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

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

As at March 31, 2023, the Company is in compliance with all of its operating and financial covenants.

Remaining contractual maturities of the Company's financial liabilities as at March 31, 2023 are as follows:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 12,776	$ -	$ -	$ -	$ 12,776
Debt, current and long-term	14,937	32,182	29,785	131,193	208,097
Interest obligations	18,137	29,693	23,723	38,483	110,036
	$ 45,850	**$ 61,875**	**$ 53,508**	**$ 169,676**	**$ 330,909**

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

	Canoa 1	*San Jose de Minas*	*San Jacinto refinanced debt*	*Generación Andina*	*APG Ltd. (BVI)*
2023	1,141	847	7,500	2,050	300
2024	1,621	1,185	10,000	2,071	950
2025	1,770	1,468	10,000	2,092	950
2026	1,924	1,021	10,000	2,113	1,300
2027	2,086	600	8,011	2,134	1,300
2028	2,256	330	7,421	2,155	20,200
2029	2,395	-	7,065	2,177	-
2030	2,423	-	6,846	2,198	-
2031	2,484	-	6,736	2,220	-
2032	2,531	-	6,703	2,243	-
2033	2,592	-	6,749	2,265	-
2034	2,662	-	6,854	2,288	-
2035	2,738	-	7,002	2,310	-
2036	2,807	-	3,713	2,334	-
2037	2,690	-	-	4,726	-
2038	-	-	-	3,551	-
Total	***$ 34,120***	***$ 5,451***	***$ 104,600***	***$ 38,927***	***$ 25,000***

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

Additional discussion relating to the above financial instruments are included in Note 14 to the Condensed Consolidated Interim Financial Statements as of March 31, 2023, and 2022. Readers are also encouraged to refer to discussion relating to the Company's Capital Management in Note 14 to the Condensed Consolidated Interim Financial Statements as of March 31, 2023, and 2022.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company enters into agreements for geothermal concessions. Below are the minimum annual payments required as at March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
No later than one year	**$ 30**	$ 30
For years 2 - 5	**120**	120
Thereafter	**300**	300
Total commitments for expenditures	**$ 450**	$ 450

OUTSTANDING SHARE INFORMATION

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

As at	May 3, 2023	March 31, 2023
Common shares issued and outstanding	**21,025,775**	21,025,775
Share options outstanding (i)	**238,000**	238,000
Deferred share units (fully vested)	**19,122**	19,122
Restricted share units (ii)	**38,100**	38,100

(i) *The outstanding stock options have a weighted average exercise price of Cdn$15.87 and 2.91 year remaining contractual life. Exercise prices range from Cdn$9.93 to Cdn$18.44 and expire from December 2023 to June 2027. Of the outstanding stock options, 150,500 are exercisable at a weighted average exercise price of CAD$14.42.*

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

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

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

	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Production MWh	**217,613**	174,220	134,652	163,119
Total revenue	**$ 20,115**	$ 16,870	$ 14,512	$ 15,184
Direct cost of power production	**$ (10,342)**	$ (10,305)	$ (9,391)	$ (9,063)
Net earnings (loss) attributable to owners of the Company	**$ 4,696**	$ 3,001	$ (1,491)	$ (1,542)
Basic weighted average number of shares outstanding	**21,026**	21,026	20,254	19,626
Earnings per share attributed to owners of the Company - basic	**$ 0.22**	$ 0.14	$ (0.07)	$ (0.08)
Adjusted EBITDA	**$ 15,325**	$ 11,658	$ 10,010	$ 11,188
Cash	**$ 35,960**	$ 35,325	$ 36,848	$ 59,512
Restricted cash	**$ 4,640**	$ 4,640	$ 4,790	$ 4,780
Total equity attributable to Owners of the Company	**$ 271,288**	$ 269,677	$ 269,786	$ 258,038

	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Production MWh	**177,765**	162,543	149,320	150,676
Total revenue	**$ 16,066**	$ 14,871	$ 14,806	$ 14,161
Direct cost of power production	**$ (8,679)**	$ (9,039)	$ (9,219)	$ (9,111)
Net earnings (loss) attributable to owners of the Company	**$ 2,531**	$ (921)	$ 2,175	$ 159
Basic weighted average number of shares outstanding	**19,589**	19,489	18,575	18,144
Earnings per share attributed to owners of the Company - basic	**$ 0.13**	$ (0.05)	$ 0.12	$ 0.01
Adjusted EBITDA	**$ 12,097**	$ 11,067	$ 10,857	$ 9,978
Cash	**$ 83,389**	$ 97,930	$ 99,858	$ 104,690
Restricted cash	**$ 3,835**	$ 3,835	$ 4,780	$ 1,780
Total equity attributable to Owners of the Company	**$ 262,412**	$ 262,759	$ 265,306	$ 265,743

10. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

RECENT PRONOUNCEMENTS ISSUED AND EARLY ADOPTION OF STANDARDS

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

The Company reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2023. There are currently no pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

CRITICAL ACCOUNTING ESTIMATES

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

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

11. FINANCIAL RISKS

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

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

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

LIQUIDITY RISK

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

CURRENCY RISK

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

CREDIT RISK

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

INTEREST RATE RISK

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

HUMAN RESOURCE RISK

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

- potential disruption as a result of labour action at our generating facilities;
- reduced productivity due to turnover in positions;
- inability to complete critical work due to vacant positions;

- failure to maintain fair compensation with respect to market rate changes; and
- reduced competencies due to insufficient training, failure to transfer knowledge from existing employees or insufficient expertise within current employees.

The Human Resources risk is managed by:

- monitoring industry compensation and aligning salaries with those benchmarks;
- using incentive pay to align employee goals with corporate goals;
- monitoring and managing target levels of employee turnover; and
- ensuring new employees have the appropriate training and qualifications to perform their job.

INCOME TAX RISK

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

12. EXTERNAL RISKS

ENVIRONMENTAL AND CLIMATE CHANGE RISKS

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

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

VOLUME RISK

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

The volume risk is managed by the Company by:

- actively managing our assets and their condition in order to be proactive in facility maintenance so that our facilities are available to produce when required;

- placing our facilities in locations we believe to have adequate resources to generate electricity to meet the requirements of our contracts. However, we cannot guarantee that these resources will be available when we
 need them or in the quantities that we require; and

- diversifying our fuels and geography as one way of mitigating regional or fuel-specific events.

13. NON-GAAP PERFORMANCE MEASURES

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

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

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

ADJUSTED EBITDA

The Company uses Adjusted EBITDA and Adjusted EBITDA per share to assess its operating performance without the effects of the following items (*as applicable in a given period*): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation,

decommissioning liabilities adjustments and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature, items not related to or having a disproportionate effect on results for a particular period, and not reflective of operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the Company's performance. The presentation of Adjusted EBITDA and Adjusted EBITDA per share is not meant to be a substitute for Net Earnings/Loss and Net Earnings/Loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

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

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Total earnings and comprehensive earning attributable to Owners of the Company	$ **4,696**	$ **2,531**
Add (deduct):		
Total earnings attributable to non-controlling interest	**80**	**-**
Current and deferred tax expense (recovery)	**(1,758)**	**(2,419)**
Finance costs	**4,992**	**7,122**
Interest income	**(314)**	**(51)**
Other losses (gains)	**288**	**(1,254)**
Decommissioning liabilities adjustments	**-**	**9**
Depreciation and amortization	**7,264**	**6,093**
Share-based compensation	**77**	**66**
Adjusted EBITDA	$ **15,325**	$ 12,097
Basic weighted average number of shares outstanding	**21,025,774**	19,588,709
Adjusted EBITDA per share	$ **0.73**	$ 0.62

14. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

DISCLOSURE CONTROLS AND PROCEDURES

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

The Company has filed certificates as required in Canada under NI 52-109, signed by its Chief Executive Officer and Chief Financial Officer certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting including as to the appropriateness of the financial disclosures in the Company's annual filings and the effectiveness of such disclosure controls and procedures as of March 31, 2023.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

Internal controls over financial reporting includes those policies and procedures that:

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

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

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

There has been no change in the internal controls over financial reporting during the period ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

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

The limitation on the scope and design of the Company's disclosure of controls and procedures and internal controls over financial reporting as of March 31, 2023, did not cover the controls and procedures of the HSJM hydroelectric facility, acquired on September 7, 2022, which were accounted for as a business acquisition in the March 31, 2023 consolidated financial statements. The Company has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows these acquisitions to be excluded from the evaluation of the design of controls and procedures and internal controls over financial reporting for a maximum of 365 days from their acquisition date, respectively.

The limitation on the scope is based primarily on the time required to assess design of controls and procedures and internal controls over financial reporting with respect to information relating to the HSJM hydroelectric facility. The following table summarizes the representation of the main items of both facilities as of March 31, 2023:

As at March 31, 2023	HSJM
Current Assets	3.5%
Current Liabilities	9.1%
Non-current Assets	5.2%
Non-current Liabilities	1.9%

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, which may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, business prospects and opportunities. In addition, statements relating to estimates of recoverable energy "resources" or energy generation capacities are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that electricity can be profitably generated from the described resources in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "estimates", "goals", "intends", "targets", "aims", "likely", "typically", "potential", "probable", "projects", "continue", "strategy", "proposed", or "believes" or variations

(including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

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

A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others: failure to discover and establish economically recoverable and sustainable resources through exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective resources or energy generation capacities; inability to complete hydro projects in the required time to meet COD; variations in project parameters and production rates; defects and adverse claims in the title to the Company's properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labour standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; the ability to file adjustments in respect of applicable power purchase agreements; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal or hydroelectric resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as a significant decline in general economic conditions; uncertainty of political stability in countries in which the Company operates; uncertainty of the ability of Nicaragua, Peru, Panama, Dominican Republic and Ecuador to sell power to neighbouring countries; economic insecurity in Nicaragua, Peru, Panama, Dominican Republic and Ecuador; and other development and operating risks, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect us. These factors should be carefully considered, and readers of this MD&A should not place undue reliance on forward-looking information.

Such forward-looking information is based on a number of material factors and assumptions, including: the Company's historical financial and operating performance; that contracted parties provide goods and/or services on the agreed timeframes; the success and timely completion of planned exploration and expansion programs, including the Company's ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; the Company's ability to negotiate and obtain PPAs on favourable terms; the Company's ability to obtain necessary regulatory approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; the Company's ability to solicit competitive bids for drilling operations and obtain access to critical resources; the growth rate in net electricity consumption; continuing support and demand

for renewables; continuing availability of government initiatives to support the development of renewable energy generation; the accuracy of volumetric reserve estimation methodology and probabilistic analysis used to estimate the quantity of potentially recoverable energy; environmental, administrative or regulatory barriers to the exploration and development of geothermal or hydroelectric resources of the Company's properties; geological, geophysical, geochemical and other conditions at the Company's properties; the reliability of technical data, including hydrological, extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; the accuracy of capital expenditure estimates; availability of all necessary capital to fund exploration, development and expansion programs; the Company's competitive position; the ability to continue as a going concern and general economic conditions.

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

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

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