Management's Discussion and Analysis
For the year ended December 31, 2023

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Renewable Energy Inc. (formerly Polaris Infrastructure Inc., "Polaris" or the "Company") for the year ended December 31, 2023, and reflects all material events up to February 22, 2024 the date on which this MD&A was approved by the board of directors of the Company (the "Board"). This MD&A should be read in conjunction with the Company's consolidated financial statements for the twelve months ended December 31, 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 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, 2023 available on SEDAR+ at www.sedarplus.ca

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

Contents

1. 2023 HIGHLIGHTS

- Annual consolidated energy production increased by 151,195 MWh or 23% to 800,951 MWh for the year ended December 31, 2023 when compared to the year ended December 31, 2022. Of this increment, 60,040 MWh was contributed by the Company's geothermal facility in Nicaragua boosted by the start of the binary plant in January 2023; an aggregate higher production of 23,066 MWh contributed by the Company's hydroelectric facilities in Peru; 13,122 MWh produced by the newly constructed solar plant in Panama, which began producing in April 2023; incremental production of 27,657 MWh from the solar facility in the Dominican Republic, which reflects a timing impact from its acquisition on June 28,2022, compared to full production in 2023, similar to the hydroelectric facility in Ecuador which was acquired on September 7, 2022, and contributed an additional 27,222 MWh to the annual consolidated energy production in 2023.
- The Company generated $78.5 million in revenue from energy sales for the year ended December 31, 2023, compared to $62.6 million in the same period in 2022. The increase was the net result of additional revenue from the Binary unit (as defined below) in Nicaragua as well as full year production from the three new facilities located in Dominican Republic, Panama and Ecuador, coupled with the increased prices with respect to the inflation adjustments in the power purchase agreement's (*"PPA"*) for the Peruvian facilities.
- Net earnings attributable to shareholders was $11.7 million or $0.56 per share – basic for the year ended December 31, 2023, compared to net earnings of $2.5 million or $0.12 per share – basic in 2022.
- Adjusted EBITDA increased to $57.7 million for the year ended December 31, 2023, compared to Adjusted EBITDA of $44.9 million in the same period in 2022, principally as a result of revenue increases, as described above.
- For the year ended December 31, 2023, the Company generated $44.0 million in net cash flow from operating activities, ending with a cash position of $44.7 million, including restricted cash.
- On March 31, 2023, the Company completed the construction of the Vista Hermosa Solar Park, located in Panama. The plants were connected to the electrical grid on April 22, 2023.
- The Company installed a 630KW Battery Energy Storage System ("BESS"), at the 8 de Agosto hydroelectric facilities in Peru. This system, commonly used in power grids, consists of a set of batteries that store electrical energy that can then be drawn when needed to meet specific demands such as a primary frequency regulation.
- On August 21, 2023, the Company announced that the Toronto Stock Exchange ("*TSX*") accepted its notice of intention to proceed with a normal course issuer bid ("NCIB"), under which Polaris may purchase up to 2,048,273 of its common shares. During the year ended December 31, 2023, the Company repurchased and cancelled 22,200 common shares, for total consideration of $213,596 at an average price of $9.62 (C$13.21) per share.
- The Company remains focused on maintaining a quarterly dividend. For the year ended December 31, 2023, the Company declared and paid $12.6 million in dividends. The Company has declared and will pay a quarterly dividend of $0.15 per outstanding common share on February 23, 2024.
- The Company continued to advance its environmental, social and governance 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.

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

	Three Months Ended				Year Ended			
		December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022
Energy production								
Consolidated Power MWh		**192,820**		174,220		**800,951**		649,756
Financials								
Total revenue	**$**	**18,748**	$	16,870	**$**	**78,522**	$	62,600
Net earnings attributable to owners	**$**	**1,408**	$	3,001	**$**	**11,744**	$	2,499
Adjusted EBITDA	**$**	**13,391**	$	11,658	**$**	**57,663**	$	44,921
Net cash flow from operating activities	**$**	**10,167**	$	12,846	**$**	**43,960**	$	33,506
Per share								
Net earnings attributable to owners - *basic and diluted*	**$**	**0.07**	$	0.14	**$**	**0.56**	$	0.12
Adjusted EBITDA - *basic*	**$**	**0.64**	$	0.55	**$**	**2.74**	$	2.23
Balance Sheet						**As at December 31, 2023**		**As at December 31, 2022**
Total Cash (Restricted and Unrestricted)					**$**	**44,683**	$	39,965
Total current assets					**$**	**54,042**	$	50,609
Total assets					**$**	**519,400**	$	535,102
Current and Long-term debt					**$**	**172,379**	$	184,408
Total liabilities					**$**	**249,468**	$	264,890

3. BUSINESS OVERVIEW AND STRATEGY

Polaris Renewable Energy is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in Latin America. The Company operates an 82 MW geothermal facility in Nicaragua, three run-of-river hydroelectric facilities in Peru, with combined capacity of approximately 33 MW, a 25 MW solar plant facility in Dominican Republic, a 6 MW run-of-river hydroelectric facility in Ecuador, and a 10 MW solar plant in Panama.

The Company's mission is to be a high performing Renewable Energy company, while creating sustainable stakeholder value. Our vision is to become a leader in the Renewable Energy industry, contributing to a greener future, driven by our values.

Senior management has extensive experience in critical areas of renewable energy, finance, development, governance and sustainable operations. The Board is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic direction to the Company and who, as a group, have deep knowledge and extensive experience operating in Latin America. Two new members were added to the Board at the Company's annual meeting of shareholders held on June 22, 2023. These new members, Catherine Fagnan and Adarsh Mehta, add to the diversity on the Board and bring specialized expertise.

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 Energy 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.

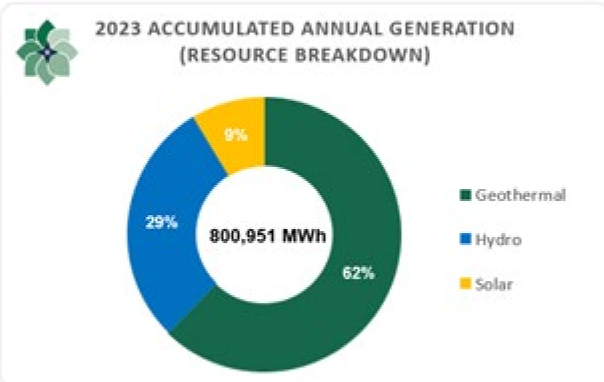
While continuing to pursue opportunities to enhance its current operations, the Company also has the following key near-term goals:

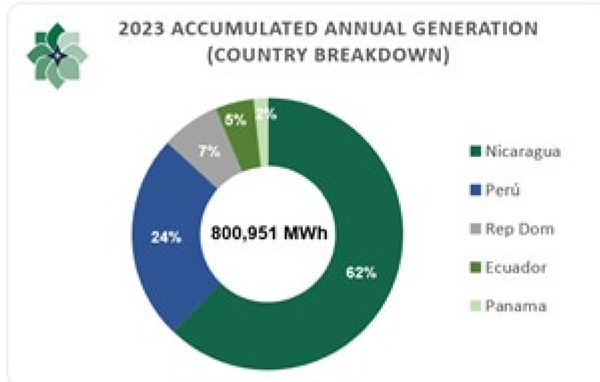
- continued progress on corporate development, acquisition initiatives and related integration;
- finalize carbon credit certification at all operating facilities;
- balancing sustainable or increased dividends with deploying excess cash flow into growth and diversification;
- continued deployment of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

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

As highlighted, on August 21, 2023, the Company filed a notice (the “Notice”) of intention to make a normal course issuer bid with the TSX. The notice included information regarding the number of common shares approved by the Board that the Company intended to acquire under the NCIB, the date on which the NCIB would commence and terminate, how the common shares would be acquired, being through the facilities of the TSX. The Notice also included the business reasons behind conducting the NCIB, namely, to increase shareholder value. Shareholders of the Company may obtain a copy of the Notice, without charge, by contacting the Company. Further details around events, transactions and activities relating to Polaris Renewable’s properties which occurred during the year ended December 31, 2023 and to the date of this MD&A are discussed below.

4. OPERATING SEGMENT PERFORMANCE





CONSOLIDATED RESULTS

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Power production in MWh				
Nicaragua (Geothermal)	**112,196**	113,189	**499,130**	439,090
Peru (Hydroelectric)	**54,514**	39,923	**195,912**	172,847
Dominican Republic (Solar)	**12,830**	14,139	**56,059**	28,401
Ecuador (Hydroelectric)	**8,301**	6,969	**36,640**	9,418
Panama (Solar)	**4,980**	-	**13,211**	-
Total consolidated power production in MWh	**192,820**	174,220	**800,951**	649,756

During the three months ended December 31, 2023, quarterly consolidated power production was higher than the same period in 2022, mainly driven by an increase in production in Peru due to better hydrology.

For Nicaragua, in the fourth quarter of 2023 production was comparable to the production in 2022. Incremental temporary instability in cycling wells was offset by the additional energy generated by the new Binary Unit.

Consolidated production in Peru for the three months ended December 31, 2023 was higher than the comparative period in 2022 due to greater water availability at both El Carmen and 8 de Agosto. The rainy season, which typically starts in October, brought higher than average precipitation into the region in Q4 2023.

At our Dominican Republic, the Canoa 1 facility, produced 12,830 MWh in the three months ended December 31, 2023. This is lower than the fourth quarter of 2022 due to resource availability, namely, a longer rainy season compared to the previous year.

For Ecuador, in the fourth quarter of 2023, HSJM's average production of 8,301 MWh was higher than the comparative period in 2022 (6,969 MWh) due to resource availability. Overall, and similar to Peru, production in Ecuador is driven by the dry and wet season, with the rainy season generally starting in October-November and running until May-June.

In Panama, Vista Hermosa Solar Park production of 4,980 MWh for the three months ended December 31, 2023, was within the range of the Company’s expectations.

During the twelve months ended December 31, 2023, power production was 800,951 MWh compared to 649,756 MWh for the twelve months ended December 31, 2022, due to added production as explained above.

During the twelve months ended December 31, 2023 and in line with strategy, the Company continued to progress on its sustainability initiatives at each of the operating sites while continuing to emphasize health and safety as a priority.

NICARAGUA – Geothermal Energy Production

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Power production				
San Jacinto - MWh	**112,196**	113,189	**499,130**	439,090
Financial				
Revenue	**$ 12,475**	$ 12,603	**$ 55,503**	$ 48,843

(i) 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 an 82 MW capacity geothermal facility, including the Binary Unit. The Company assessed the ability to extract waste heat from the brine that is currently generated 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") can be used. Initial start-up tests and deliveries of energy of the Binary Unit commenced on December 30, 2022, and full capacity was achieved on December 31, 2022. Production from the Binary unit has met expectations and is producing an average of approximately 10 MW of additional power, hence increasing San Jacinto's geothermal capacity from 72 MW to 82 MW.

San Jacinto is located in northwest Nicaragua, near the city of Leon which is approximately 90 km northwest of Managua. PENSA has the San Jacinto PPA in place with Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. and Distribuidora De Electricidad del Sur, S.A. PENSA entered into the San Jacinto exploitation agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate San Jacinto. The current effective price of the PPA is $111.20 per MWh.

During the twelve months ended December 31, 2023, power production was higher compared to the twelve months ended December 31, 2022, due to the additional production provided by the Binary Unit, which offset the lower steam production from Units 3 and 4, as a result of natural declines in the field. The fourth quarter came in somewhat below expectations as a result of higher than expected cycling of two wells which were likely impacted by the commissioning of the Binary unit. Changes to the injection system configuration have been subsequently implemented which has reduced such cycling of the wells. As such, production year to date in fiscal 2024, has improved and is more in line with long term expectations.

PERU – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Power production				
8 de Agosto - MWh	**34,241**	23,482	**116,900**	105,010
El Carmen - MWh	**13,182**	9,041	**44,632**	40,983
Canchayllo - MWh	**7,091**	7,400	**34,380**	26,854
Total Peru in MWh	**54,514**	39,923	**195,912**	172,847
Financial				
Revenue	**$ 3,462**	$ 1,911	**$ 11,258**	$ 8,470

The Company operates three run-of-river hydroelectric facilities in central Peru with approximately 33 MW combined capacity.

El Carmen and 8 de Agosto ("Generacion Andina") with a capacity of approximately 8 MW and 20MW capacity respectively, are located in the Huanuco region.

Canchayllo hydroelectric, with a rated capacity of approximately 5 MW, is located in the Canchayllo district of Peru.

For the three and twelve months ended December 31, 2023, production at the Peruvian facilities was higher compared to the same periods in 2022 due to better hydrology, and slightly lower downtime.

Total revenue from the sale of energy increased in the twelve months ended December 31, 2023, due to overall higher production coupled with higher effective prices, adjusted in May of each year. Under the terms of the PPAs, the Company bills at the spot rate for current energy generation with the difference between PPA price for the year and spot price being compensated in the following year. For 2023 spot prices were substantially high during some months which resulted in a substantial amount of cash collected and unearned revenue recognized.

The following tables summarize the final PPA prices adjusted for inflation for our three hydro facilities in Peru:

Effective price $/MWh	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
8 de Agosto (Hydroelectric)	**$ 61.30**	**$ 61.80**	**$ 61.80**	**$ 47.30**
El Carmen (Hydroelectric)	**$ 65.70**	**$ 65.90**	**$ 65.90**	**$ 62.50**
Canchayllo (Hydroelectric)	**$ 61.40**	**$ 61.40**	**$ 61.40**	**$ 58.20**

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

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 authorities on April 27, 2023. The change in committed energy as well as the adjusted PPA price was applied to the RER year starting on May 1 and concluded on April 30, 2023, hence the significant increase in the effective PPA price for 8 de Agosto. The RER year is the applicable fiscal year to the Renewable Energy sector in Peru. No change to the PPA price is expected for the RER year commencing May 1, 2024.

DOMINICAN REPUBLIC – Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Power production				
Canoa 1 - MWh	**12,830**	14,139	**56,059**	28,401
Financial				
Revenue	**$ 1,663**	$ 1,811	**$ 7,267**	$ 3,668

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 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 on the year of acquisition 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.

Production of 12,830 MWh for the quarter is marginally below the Company's production expectations due to higher than normal precipitation; however, production of 56,059 MWh for the year is within the expected range of 55,000 to 60,000 MWh.

ECUADOR – Hydroelectric Energy Production

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Power production				
San Jose de Minas - MWh	**8,301**	**6,969**	**36,640**	**9,418**
Financial				
Revenue	**$ 649**	**$ 545**	**$ 2,862**	**$ 736**

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 capacity and has been operating since July 1, 2020. The Company's operations in Ecuador have remained fully operational and have not been negatively affected by the events leading to a temporary state of emergency declared by the government of Ecuador in January 2024.

For Ecuador, production in the fourth quarter was 8,301 MWh which resulted in annual production of 36,640 MWh. This total annual production is within the range of the Company's expectations of 35,000 to 40,000 MWh. Similar to Peru, the fourth quarter had a stronger rainy season in Ecuador than the same period in 2022.

PANAMA - Solar Energy Production

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Power production				
Vista Hermosa - MWh	**4,980**	-	**13,211**	-
Financial				
Revenue	**$ 499**	$ -	**$ 1,632**	$ -

Vista Hermosa Solar Park I & II, Panama

On March 17, 2022, the Company completed the acquisition of a development solar project, with total capacity of 10 MW. Construction activities began in the second quarter of 2022 and were completed in March 2023. Formal connection approval was received from the local government authorities and the plant was connected to the electrical grid on April 22, 2023. The solar plant is 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 plant was 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 Vista Hermosa solar project does not have contracts but does 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 has commenced operations purely selling on a spot basis, given the current strength in that market. The effective average spot price obtained for the fourth quarter was $100.21 per MWH, while the average spot price for year ended December 31, 2023 was $123.54 per MWh. This spot price is above long-term expectations and is largely due to the fact that the dry season in Panama lasted longer than normal which has resulted in a higher demand for other types of energy generation.

Production for the quarter of 4,980 MWh is within the range of the Company's expectations.

5. DEVELOPMENT PROPERTIES

DOMINICAN REPUBLIC DEVELOPMENT, CANOA 1& 2 - BARAHONA

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 MW to approximately 50 MW. On May 24, 2023, a PPA for Canoa 2 was signed with the local distributor. The Company is currently revisiting the final permits and expansion plan before proceeding with construction. The key development milestone to finalize and amend is the inter-connection agreement with the government owned transmission company to enable the additional capacity to be connected to the current network. Once this is finalized we will proceed to ramp up the construction activities with an expected total construction timeline of approximately 15 months.

While the Company is on standby awaiting for the Canoa 2 milestone to be completed, it has commenced the process to optimize the production at Canoa 1 through the replacement and addition of new solar panels. In addition the Company has commenced the development process to employ storage technology in addition to solar panels in order to fully optimize the revenue opportunity at Canoa 1 and within the current power sales contract.

6. SUSTAINABILITY STRATEGY

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

Key highlights of the Company's sustainability initiatives include:

- Training employees including Code of Business Conduct and Ethics, Harassment and Violence at the Workplace; Cybersecurity & Ransomware awareness; Environmental Education & Health and Safety education, among others.
- Contributions to local educational organizations such as sponsorship of a robotics project, vocational fair, and leadership courses targeting seniors and donations of school supplies.
- Awareness campaigns with employees and the local communities in connection with International Forests Day, World Environmental Day, World Day for Safety and Health at Work and Mental Health Awareness Week.
- Continued contribution to local community agricultural projects ranging from coffee production, beekeeping, to watermelon production.
- Donations of infrastructure improvements and medical supplies to certain communities, in addition to hosting sporting events, Christmas celebrations and toy giveaways.
- Reforestation campaigns that involve our employees and local communities.
- Continued development of stakeholder engagement and community grievance mechanisms.

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

7. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue				
Power revenue	**$ 18,748**	$ 16,870	**$ 78,522**	$ 61,717
Carbon emission reduction credits revenue	**$ -**	$ (32)	**-**	883
Direct costs				
Direct costs	**(3,696)**	(3,405)	**(13,658)**	(11,658)
Depreciation and amortization of plant assets	**(7,281)**	(6,868)	**(28,947)**	(25,748)
General and administrative expenses	**(1,834)**	(1,853)	**(7,854)**	(6,797)
Other operating costs	**-**	12	**(21)**	(788)
Operating income	**$ 5,937**	$ 4,724	**$ 28,042**	$ 17,609
Interest income	**622**	272	**1,886**	677
Finance costs	**(5,797)**	(2,606)	**(21,925)**	(19,477)
Other (losses) gains	**(845)**	266	**(1,638)**	2,160
Earnings and comprehensive earnings before income taxes	**$ (83)**	$ 2,656	**$ 6,365**	$ 969
Current Income Tax (expense)	**17**	(427)	**(388)**	(427)
Deferred Income Tax recovery	**1,393**	686	**5,822**	1,891
Total earnings and comprehensive earnings	**$ 1,327**	$ 2,915	**$ 11,799**	$ 2,433
Total earnings and comprehensive earnings attributable to:				
Owners of the Company	**$ 1,408**	$ 3,001	**$ 11,744**	$ 2,499
Non-controlling interests	**$ (81)**	$ (86)	**$ 55**	$ (66)
Basic earnings per share	**$ 0.07**	$ 0.14	**$ 0.56**	$ 0.12

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

Revenue was $18.7 million during the three months ended December 31, 2023, compared to $16.9 million in the same period of 2022, higher mainly because of the additional revenue from Panama (2022 $Nil), coupled with higher revenue contributed by Peru.

Direct costs of energy production (other than depreciation and amortization) were $3.7 million for the three months ended December 31, 2023, compared to $3.4 million in the same period of 2022 driven by maintenance costs and property taxes relating to the Binary Unit and Panama (2022 $Nil). The depreciation and amortization expense associated with energy production (included in direct costs) for the three months ended December 31, 2023 was $7.3 million, higher than the $6.4 million expense in the same period in 2022, reflecting the impact of the depreciation of the Panamanian facility as well as the Binary Unit (2022-$Nil).

General and administrative expenses for the three months ended December 31, 2023 were $1.8 million, comparable to the $1.9 million expense in the same period of 2022.

Interest income for the three months ended December 31, 2023 was $0.6 million, due to higher cash balances and increased interest rates compared to the same period of 2022.

For the three months ended December 31, 2023, finance costs were $5.8 million, compared to $2.6 million finance costs recorded in the same period of 2022. The $2.6 million reflected the capitalization of finance costs to the qualifying assets (binary unit and Panama solar plant) completed in the fourth quarter of 2022, otherwise it would have been approximately $5.2 million, aligned with results for the current quarter.

Other losses for three months ended December 31, 2023 were $0.8 million, resulting from a settlement agreement with contractors in Ecuador after halting construction, while for the same period in 2022 the Company had a $0.3 million gain mainly due to foreign currency revaluation.

Earnings attributable to owners of $1.4 million for the three months ended December 31, 2023, compared to $3.0 million for the same period in 2022 reflects the impact of the accounting of the finance costs as explained above.

Twelve months ended December 31, 2023 versus December 31, 2022

Revenue was $78.5 million during the twelve months ended December 31, 2023, compared to $62.6 million in the same period of 2022. The increase was the combined result of the additional revenue from the facilities in Dominican Republic Ecuador and Panama, coupled with higher effective PPA prices applied to our Peruvian facilities.

Direct costs of energy production (other than depreciation and amortization) were $13.7 million for the twelve months ended December 31, 2023, compared to $11.7 million in the same period of 2022. The increase in direct costs is the result of $0.8 million incremental direct costs from our operation in Dominican Republic, acquired on June 28, 2022; $0.3 million incremental direct costs from our operation in Ecuador, acquired on September 7, 2022; $0.4 million incremental costs in Panama, which was under construction until March 31, 2023 and $0.4 million incremental costs related to the Binary Unit in Nicaragua. Direct costs of energy production were largely consistent on a year-over-year basis for Peru. The depreciation and amortization expense associated with energy production for the twelve months ended December 31, 2023 was $28.9 million, higher than the $25.7 million expense in the same period in 2022.

General and administrative expenses for the twelve months ended December 31, 2023 were $7.9 million or $1.0 million higher than 2022, mainly due to an increase in audit and other professional fees associated to the newly acquired subsidiaries as well as costs related to general information technology enhancements.

Other operating costs of $0.8 million in 2022 represent transaction costs incurred in the acquisitions closed during the year. There was no similar transaction in 2023.

Interest income for the twelve months ended December 31, 2023 increased to $1.9 million, from $0.7 million in the same period of 2022, due to higher cash balances and interest rates offered by financial institutions in 2023.

For the twelve months ended December 31, 2023, finance costs were $21.9 million, compared to $19.5 million finance costs recorded in 2022. The increase was the result of $2.7 million in financing costs that were capitalized to Vista Hermosa Solar Park and the Binary Unit, both qualifying assets under construction in 2022.

Other losses for the twelve months ended December 31, 2023 included settlement payments and lost disputes/fines totaling $1.6 million compared to $2.2 million gain related to the de-recognition of decommissioning liabilities during the year 2022.

Earnings attributable to owners was $11.7 million for the twelve months ended December 31, 2023, compared to a $2.5 million earnings for the same period in 2022. The increase was the combined result of higher operating margin and higher deferred tax benefit.

8. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

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

	Year Ended	
	December 31, 2023	**December 31, 2022**
Net cash from (used in)		
Operating activities	**$ 43,960**	$ 33,506
Investing activities	**(11,377)**	(65,994)
Financing activities	**(27,713)**	(30,125)
Foreign exchange gain on cash held in foreign currency	**(142)**	8
Increase (decrease) in cash	**$ 4,728**	$ (62,605)

- Net cash from operating activities for the twelve months ended December 31, 2023 of $44.0 million, higher than the $33.5 million for the same period in 2022, mainly due to higher operating margins.
- Net cash used in investing activities for the twelve months ended December 31, 2023 was $11.4 million, compared to $66.0 million in the same period of 2022. Periods are not comparable since in 2022 there was $32.4 million spent for acquisitions, combined with $29.1 million spent in the construction of the Binary Unit in Nicaragua and the Vista Hermosa Solar Park, in Panama.
- Net cash used in financing activities for twelve months ended December 31, 2023 of $27.7 million, compared to $30.1 million net cash from financing activities reported in 2022. In 2022, the Company refinanced PENSA's senior debt, incurring additional cash disbursements.

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

	December 31, 2023	**December 31, 2022**
Total Cash (Restricted and Unrestricted) (i)	**$ 44,683**	$ 39,965
Total current assets	**$ 54,042**	$ 50,609
Total assets	**$ 519,400**	$ 535,102
Current and Long-term debt	**$ 172,379**	$ 184,408
Total liabilities	**$ 249,468**	$ 264,890

(i) Cash in the amount of $17.8 million and (December 31, 2022 - $15.6 million) held by the Company 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.

Total assets were $519.4 million as at December 31, 2023 compared to total assets of $535.1 million as of December 31, 2022. The slight decrease is mainly due to net decrease in the carrying value of property, plant and equipment and intangible assets, partly offset by the increase in cash. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, the Generación Andina SAC facilities and Canchayllo, Canoa 1, HSJM and, Vista Hermosa Solar Park, in Panama. The Company believes that its current working capital and future cash flows will be sufficient to allow it to fulfill current obligations (including those obligations and commitments noted below), and allow it to continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects to satisfy these requirements through financing or monetization of assets or undertake activities as appropriate under specific circumstances. However, additional funding requirements or the outcome of these matters cannot be predicted with certainty at this time.

Total liabilities as at December 31, 2023 were $249.5 million, a $15.8 million decrease from December 31, 2022, mainly reflecting debt repayment during the period and lower current portion of long-term debt balance carried over.

Remaining contractual maturities of the Company's financial liabilities as at December 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	$ 15,078	$ -	$ -	$ -	$ 15,078
Debt, current and long-term	15,825	32,614	46,585	101,300	196,324
Interest obligations	16,576	28,329	21,634	33,030	99,569
Lease liabilities	404	898	806	637	2,745
	$ 47,883	$ 61,841	$ 69,025	$ 134,967	$ 313,716

The following are the annual principal obligations on project credit facilities for the remaining terms of the loans:

	San Jacinto debt	*Generación Andina*	*APG Ltd. (BVI)*	*Canoa 1*	*San Jose de Minas*
2024	10,000	2,070	950	1,620	1,183
2025	10,000	2,092	950	1,770	1,477
2026	10,000	2,113	1,300	1,924	1,010
2027	8,010	2,134	1,300	2,086	600
2028	7,421	2,155	20,200	2,256	400
2029	7,065	2,177	-	2,395	-
2030	6,846	2,198	-	2,423	-
2031	6,736	2,220	-	2,484	-
2032	6,703	2,243	-	2,531	-
2033	6,749	2,265	-	2,592	-
2034	6,854	2,288	-	2,662	-
2035	7,002	2,310	-	2,738	-
2036	3,714	2,334	-	2,807	-
2037	-	4,726	-	2,690	-
2038	-	3,551	-	-	-
Total	*$ 97,100*	*$ 36,876*	*$ 24,700*	*$ 32,978*	*$ 4,670*

The San Jacinto debt in Nicaragua has the following terms:

- 15-year term begins in 2022 and ends in 2037.
- 90-day SOFR plus a 6.75% spread plus SOFR index spread of 0.266%.
- The two main financial covenants are maintaining a debt service coverage ratio of greater than 1.40:1 and Debt to Assets less than 50%.

In Peru, the Generación Andina credit facility bears no interest. Interest on the APG Ltd. (BVI) credit facility is due and payable semi-annually.

The Canoa 1 loan has a term of 17 years, a 7% fixed interest rate, and requires quarterly payments of principal and interest.

San Jose de Minas (HSJM in Ecuador) has two credit facilities due in 2026 and 2028. These loans have a fixed rate (7.95%) and variable rate (9.26% at December 31, 2023) respectively and require monthly payments of principal and interest.

As at December 31, 2023, the Company is in compliance with all of its covenants. 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 Company had no off-balance sheet arrangements as at December 31, 2023.

Additional discussion relating to the above financial instruments are included in Note 18 to the consolidated financial statements for the year ended December 31, 2023. Readers are also encouraged to refer to discussion relating to the Company's Capital Management in Note 26 to the Consolidated Financial Statements for the years ended December 31, 2023.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

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

OUTSTANDING SHARE INFORMATION

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

As at	February 22, 2024	December 31,2023
Common shares issued and outstanding	**21,075,475**	21,063,575
Share options outstanding (i)	**223,030**	213,828
Deferred share units (fully vested)	**22,623**	22,623
Restricted share units ("RSUs") (ii)	**45,373**	43,703

(i) The outstanding stock options have a weighted average exercise price of Cdn$17.46 and weighted 3.25 year remaining contractual life. Exercise prices range from Cdn $13.21 to Cdn$20.07 and expire from September 2024 to August 2028. Of the outstanding stock options, 110,000 are exercisable at a weighted average exercise price of Cdn$18.39. On October 16, 2023, 18,000 options with exercise price of Cdn$13.50 were forfeited. On November 25, 2023, 60,000 options with an exercise price of Cdn$9.93 were exercised.

(ii) Restricted share units were granted in January 31, and August 10, 2023, and vest one third per year at the end of each period. On January 31, 2024 a total of 11,900 shares were issued as the equivalent number of RSUs vested. Additionally, on February 9, 2024, a total of 13,570 RSUs were granted with the same vesting period described above.

9. SUMMARY OF UNAUDITED QUARTERLY RESULTS

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

		December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023
Production MWh (i)		**192,820**		178,753		211,765		217,613
Total revenue	**$**	**18,748**	$	18,842	$	20,817	$	20,115
Direct cost of power production	**$**	**(10,977)**	$	(10,656)	$	(10,630)	$	(10,342)
Net earnings (loss) attributable to owners of the Company	**$**	**1,408**	$	1,018	$	4,622	$	4,696
Basic weighted average number of shares outstanding		**21,069**		21,044		21,080		21,026
Earnings per share attributed to owners of the Company - basic	**$**	**0.07**	$	0.05	$	0.22	$	0.22
Adjusted EBITDA (ii)	**$**	**13,391**	$	13,734	$	15,386	$	15,325
Total Cash (Unrestricted and Restricted)	**$**	**44,683**	$	45,641	$	41,904	$	40,600
Total equity attributable to Owners of the Company	**$**	**269,342**	$	270,784	$	272,839	$	271,288

		December 31, 2022		September 30, 2022		June 30, 2022		March 31, 2022
Production MWh (i)		**174,220**		134,652		163,119		177,765
Total revenue	**$**	**16,870**	$	14,512	$	15,184	$	16,066
Direct cost of power production	**$**	**(10,305)**	$	(9,391)	$	(9,063)	$	(8,679)
Net earnings (loss) attributable to owners of the Company	**$**	**3,001**	$	(1,491)	$	(1,542)	$	2,531
Basic weighted average number of shares outstanding		**21,026**		20,254		19,626		19,589
Earnings per share attributed to owners of the Company - basic	**$**	**0.14**	$	(0.07)	$	(0.08)	$	0.13
Adjusted EBITDA (ii)	**$**	**11,658**	$	10,010	$	11,188	$	12,097
Total Cash (Unrestricted and Restricted)	**$**	**39,965**	$	41,638	$	64,292	$	87,224
Total equity attributable to Owners of the Company	**$**	**269,677**	$	269,786	$	258,038	$	262,412

(i) *Production is lower in the third quarter of the year which coincides with the dry season in those countries where the Company has hydroelectric plants and therefore there is less resource available for energy generation (Peru and Ecuador) as well as the hurricane or rainy season (and therefore less irradiance) in those countries where the Company has solar plants (Dominican Republic and Panama).*

(ii) *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.* Adjusted EBITDA *was $13.4 million for the three months ended December 31, 2023, compared to $11.7 million for the same period in 2022, principally as a result of higher revenue, as discussed above. Adjusted EBITDA was $57.7 million for the twelve months ended December 31, 2023, compared to a $44.9 million for the same period in 2022, principally as a result of higher operating margin discussed above.*

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, 2023.

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, 2023.

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.sedarplus.ca.

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 Nuevo Sol, Dominican Peso and Canadian dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production and administration, which could materially and adversely affect the Company's earnings and financial condition. The Company may enter into forward contracts or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of these foreign currencies.

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

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

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

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

The human resources risk is managed by:

- 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 materially 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, geothermal 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 weneed them or in the quantities that we require; and
- diversifying our fuels and geography as one way of mitigating regional or fuel-specific events.

13. NON-GAAP PERFORMANCE MEASURES

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

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

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

ADJUSTED EBITDA

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

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

	Three Months Ended		Year Ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Total earnings and comprehensive earning attributable to Owners of the Company	**$ 1,408**	$ 3,001	**$ 11,744**	$ 2,499
Add (deduct):				
Total earnings attributable to non-controlling interest	**(81)**	(86)	**55**	(66)
Current and deferred tax expense (recovery)	**(1,319)**	(259)	**(5,086)**	(1,464)
Finance costs	**5,797**	2,606	**21,925**	19,477
Interest income	**(622)**	(272)	**(1,886)**	(677)
Other losses (gains)	**845**	(266)	**1,638**	(2,160)
Costs incurred in business acquisition	**-**	(12)	**-**	788
Decommissioning liabilities adjustments	**-**	1	**-**	22
Depreciation and amortization	**7,281**	6,953	**28,947**	26,119
Share-based compensation	**82**	(8)	**326**	383
Adjusted EBITDA	**$ 13,391**	$ 11,658	**$ 57,663**	$ 44,921
Basic weighted average number of shares outstanding	**21,068,776**	21,025,774	**21,049,775**	20,127,720
Adjusted EBITDA per share	**$ 0.64**	$ 0.55	**$ 2.74**	$ 2.23

14. DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

DISCLOSURE CONTROLS AND PROCEDURES

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

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

RELATED PARTY TRANSACTIONS

Transactions for the year ended December 31, 2023 are disclosed and explained in note 22 to the consolidated financial statements which accompanies this MD&A.
For the year ended December 31, 2023 the Company paid cash compensation of $1.2 million to its officers and Directors (2022-$1.6 million) and $0.2 million as non-cash/equity based compensation (2022-$0.1 million)

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 Vista Hermosa Solar Park, in Panama; 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; 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 the common 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, 2023 is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.polarisREI.com.

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