



POLARIS

RENEWABLE ENERGY

POLARIS RENEWABLE ENERGY INC.

(Formerly, Polaris Infrastructure Inc.)

ANNUAL INFORMATION FORM

For Fiscal Year Ended December 31, 2023

February 22, 2024

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Annual Information Form contains certain “forward-looking information” within the meaning of applicable Canadian securities laws, which may include but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management’s expectations regarding 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 “approximately”, “believes”, “expects”, “is expected”, “intends”, “plans”, “potential”, “budget”, “goals”, “targets”, “aims”, “likely”, “typically”, “probable”, “continue”, “strategy”, “proposed”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terminology that state that certain events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. It represents the projections and expectations of the Company (as defined below) relating to future events or results, as of the date of this Annual Information Form.

Forward-looking information in this Annual Information Form includes but is not limited to: risks concerning geological, geophysical, geochemical and other conditions, geothermal resources, development and performance of operating facilities, the reliability of technical data, expected capacity of and energy sales from new energy projects, the Company’s ability to comply with local, state and federal regulations, support and demand for renewable energy, the Company’s ability to obtain and maintain necessary permits, approval and licenses, the availability of capital to fund exploration and development, financial market conditions, general economic conditions, the absence of material capital project or financing cost overruns, sufficient liquidity and capital resources, the continuation of observed weather patterns and trends, the absence of significant counterparty defaults, and the absence of a material change in political conditions or public policies and directions by governments materially negatively affecting the Company.

A number of known and unknown risks, uncertainties and other factors may cause 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 change 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; the Company’s dependence on its operating subsidiaries; fluctuations in the market price of energy; impact of significant capital cost increases, including as a result of the COVID-19 pandemic;

unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal 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; difficulties enforcing judgments in foreign jurisdictions; the risk of natural disasters; the risk of severe climate change; fluctuations in the market price of the Common Shares (as defined below); impact of issuance of additional equity securities on the trading price of the Common Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; uncertainty of political stability in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; uncertainty of the ability of Nicaragua, Peru, Ecuador, Dominican Republic and Panama to sell power to neighboring countries; economic insecurity and political unrest in Nicaragua, Peru, Ecuador, Dominican Republic and Panama; negative public or community response to wind, gas and hydroelectric facilities and energy infrastructure assets; the risk of delays in technological advancements; the risk of ineffective internal controls; failure to meet financial expectations; the risk of being unsuccessful in the advancement or defense of legal actions; failure to secure trademark registrations; and other development and operating risks.

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 Annual Information Form 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.

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1. INTRODUCTION

1.1 *Currency and Other Information*

All references to “dollars” or “\$” contained in this Annual Information Form (“AIF”) are to United States dollars unless otherwise indicated (references to “CDN\$” are to Canadian dollars). The information contained herein is accurate only as of December 31, 2023, unless otherwise indicated.

2. CORPORATE STRUCTURE

2.1 *Name, Address, and Incorporation*

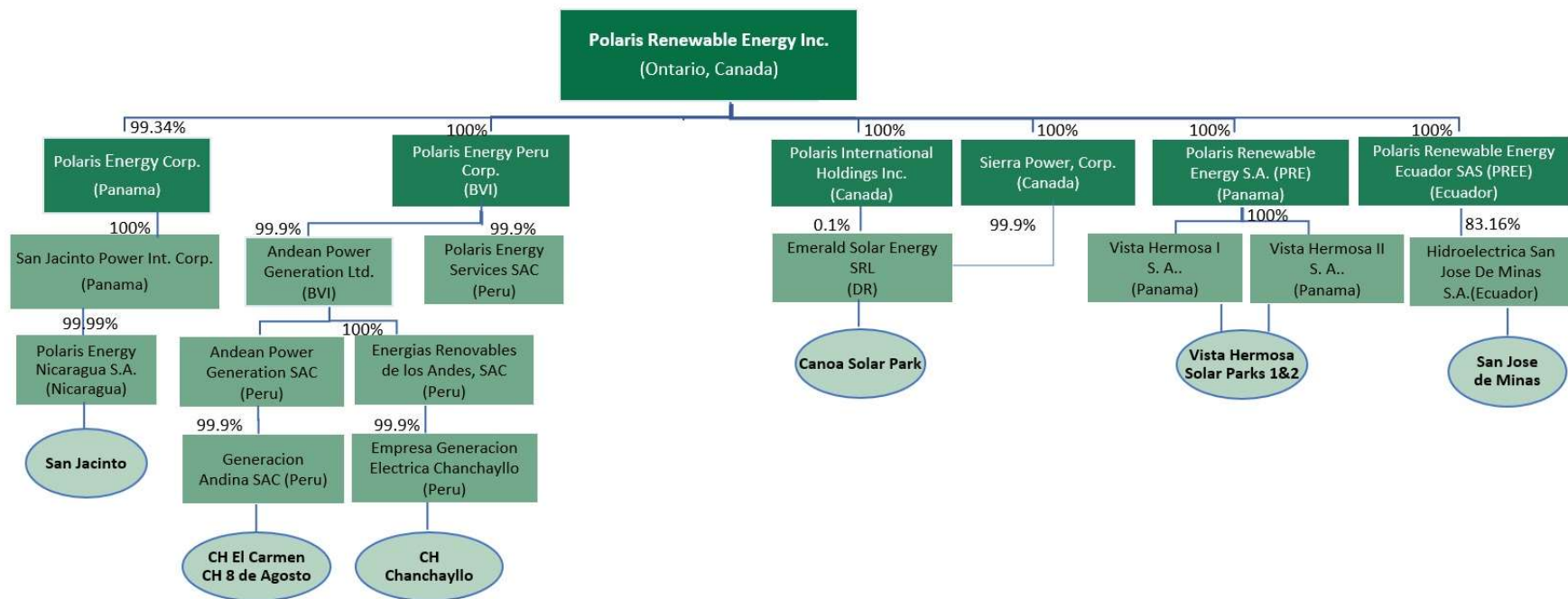
Polaris Renewable Energy Inc. (the “**Company**” or “**Polaris Renewable Energy**”) is a corporation existing under the *Business Corporations Act* (Ontario) (“**OBCA**”). The registered and administrative office of the Company is located at 7 St. Thomas Street, Suite 606, Toronto, Ontario M5S 2B7.

Unless the context indicates otherwise, references in this AIF to the “Company” refer collectively to Polaris Renewable Energy and its direct and indirect subsidiaries.

The Company was originally incorporated under the laws of British Columbia on April 26, 1984, under the name “Chablis Resources Ltd.”. The Company underwent a number of reorganizations and business combinations between the time of its incorporation and October of 2009 when, upon the completion of a plan of arrangement approved in accordance with the *Business Corporations Act* (British Columbia), the Company changed its name to “Ram Power Corp.”. On May 13, 2015, the Company changed its name to “Polaris Infrastructure Inc.”, as part of a recapitalization transaction. On July 5, 2022, the Company changed its name from Polaris Infrastructure Inc. to Polaris Renewable Energy Inc. following the continuance of the Company from the laws of the Province of British Columbia to the laws of the Province of Ontario. The name change and continuance were approved by shareholders at the Company’s annual and special meeting held on June 23, 2022.

2.2 *Intercorporate Relationships*

The following chart sets out the Company’s material subsidiaries as of the date of this AIF and their respective jurisdictions of incorporation:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Overview

Polaris Renewable 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.

3.2 Three Year History

The following is a summary of the general development of Polaris Renewable Energy's business over its last three financial years.

Year	Key Developments
2023	<ul style="list-style-type: none"> 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. 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 accepted its notice of intention to proceed with a normal course issuer bid, under which Polaris may purchase up to 2,048,273 of its common shares (the "Common Shares"). During 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.
2022	<ul style="list-style-type: none"> On March 17, 2022, the Company completed the acquisition of two solar development projects, with an expected total capacity of approximately 10 MW, located in Panama. The Company agreed to pay a \$0.6 million purchase price in exchange for the licenses and permits required to complete the construction of the solar plants and to operate them once construction is complete, as well as the land where they will be built. The total construction cost was expected to be approximately \$10.0 million with initial operation within the first quarter of 2023. In connection with the completion of this transaction, the Company will receive exclusive development rights for two additional development-stage solar projects in Panama.

	<ul style="list-style-type: none"> On June 28, 2022, the Company announced it had completed the acquisition of a 25 MW operational solar project named Canoa 1 (the “Project”) located in the Barahona Province, Dominican Republic. The Project reached COD in March 2020 and has a 20-year power purchase agreement (“PPA”) in place with Edesur Dominicana SA (“Edesur”), a local Dominican distributor. After closing adjustments, the Company paid \$20.3 million in cash in exchange for all of the issued and outstanding common shares as well as the licenses and permits of the Project. The Company assumed non-recourse debt at the project level of approximately \$35.0 million. The Project has a PPA denominated in US dollars with an estimated price for 2022 of \$128.10 per MWh. Such 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. On September 7, 2022, the Company closed the acquisition of 83.16% of the issued and outstanding shares of Hidroeléctrica San Jose de Minas (“HSJM”), a run-of-the-river hydro project with approximately 6.0 MW capacity, in Ecuador, for \$16.3 million. The Project has 7 years remaining on a 15-year PPA with a wholly owned Ecuadorian government entity, for the sale of all power production at \$78.10 per MWh. The effective date of the transaction was August 31, 2022. On September 20, 2022, the Company completed the redemption of its unsecured convertible debentures, equivalent to \$15.3 million, of which \$15.0 million were converted into Common Shares prior to the redemption date resulting in the issuance of an aggregate of 1,294,799 Common Shares, and \$0.3 million were redeemed in cash. Construction of the San Jacinto Organic Rankine Cycle Power Plant (“Binary Unit” or “Binary Project”) was completed in late 2022, testing and initial operation initial start-up, tests and deliveries of energy commenced on December 30th, 2022. Full capacity was achieved on December 31st, 2022.
2021	<ul style="list-style-type: none"> In December 2021, the Company signed a definitive financing agreement with three Development Financial Institutions for a senior debt facility totalling \$110 Million for the Company’s wholly owned geothermal subsidiary in Nicaragua (the “Debt Re-Financing”). This senior debt facility replaced the then existing senior and subordinated project loans in Nicaragua. Further to the December 2020 extension of Nicaragua’s PPA to 2039, and consistent with the Company’s strategy, the Debt Re-Financing now aligns the amortization of the debt with the extended PPA. The funding of the Debt Re-Financing was completed on February 11, 2022. On February 25, 2021, the Company completed a bought deal offering, under which a total of 2,556,450 Common Shares were sold at a price of C\$20.25 per share for aggregate net proceeds to the Company of \$38.2 million.

- The Company had assessed the ability to extract waste heat from the brine produced from the production wells at San Jacinto and then re-injected into the field. Such brine is of a sufficient temperature, which allows the brine to be used by the Binary Project, and the Company expects to produce approximately 10 MW of additional power. During the third quarter of 2021, the Company signed a definitive supply agreement with Ormat Systems Limited (“Ormat”), a wholly owned subsidiary of Ormat Technologies Inc (NYSE: ORA), to purchase equipment for the construction, commissioning, and operation of an additional geothermal binary power plant.

4. DESCRIPTION OF BUSINESS

4.1 General Description of the Business

Polaris Renewable Energy is a Canadian publicly traded company engaged in the acquisition, development, and operation of renewable energy projects in Latin America.

Principal Energy Production Types

The Company currently has Geothermal, Hydroelectric and Photovoltaic assets as follows:

- **Geothermal Energy Assets:**

- San Jacinto facility, Nicaragua – is a geothermal energy project with an 82 MW capacity, owned and operated by the Company through its subsidiaries Polaris Energy Nicaragua S.A. (“PENSA”) and San Jacinto Power International Corp. (“SJPIC”).

Binary Unit – On January 2023, the Company announced the completion of construction, testing and initial operation of a 10.4 MW geothermal binary power plant (Organic Rankine Cycle) at the San Jacinto Geothermal Project in Telica, Leon, Republic of Nicaragua. Initial start-up, tests and deliveries of energy commenced on December 30th, 2022. As anticipated, any deliveries of electricity are paid at the rate in the current PPA of \$111.20 / MWh.

- **Hydroelectric Energy Assets:**

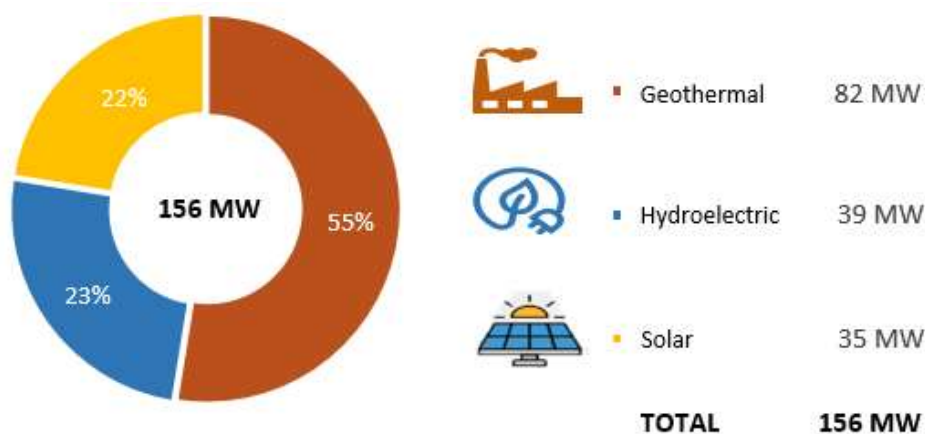
- Canchayllo, El Carmen and 8 de Agosto facilities, Peru – the Canchayllo facility (the “Canchayllo facility”) is a Run-of-River (“ROR”) hydroelectric project with a 5 MW capacity, which is owned by the Company through its subsidiary Empresa de Generación Eléctrica SAC (“EGECSAC”). The El Carmen facility and 8 de Agosto facility are two ROR hydroelectric projects with a capacity of 8MW and 20 MW, respectively, which are owned and operated by the Company through its subsidiary Generación Andina SAC (“GASAC”).
- San Jose de Minas, Ecuador – is a 6.0 MW ROR hydroelectric operation owned 86.16% by the Company through its subsidiary HSJM.

- **Photovoltaic (Solar) Energy Assets:**

- Canoa 1 Solar Park, Dominican Republic – is a 25 MW solar energy operation owned 100% by the Company through its subsidiary Emerald Solar Energy SRL.
- Vista Hermosa Solar Parks, Panama – are a combined 10 MW solar energy projects, owned 100% by the Company through its subsidiaries Vista Hermosa 1, S.A. and Vista Hermosa 2, S.A. (formerly, Panasolar Green Energy Corp. and Panasolar Green Power Corp, respectively).

Industry Sectors

The Company operates in the renewable energy segment and develops, builds and operates power facilities in Nicaragua, Peru, Panama, Ecuador and Dominican Republic, and is active in three complementary industry sectors: hydroelectric, geothermal and solar. As of December 31, 2023, the Company has an installed capacity of 156 MW. The following diagram illustrates the makeup of the Company's energy portfolio in operation.



Overview of Geothermal Energy

The production of geothermal energy does not utilize or require combustion, making it a clean, renewable energy source that releases significantly lower levels of emissions compared to energy generation from burning fossil fuels. Geothermal energy is derived from the natural heat of the earth when water comes sufficiently close to hot molten rock, therefore heating the water to temperatures of 220°C or higher. The heated water then ascends towards the surface of the earth where, if geological conditions are suitable for commercial extraction, it can be extracted by drilling geothermal wells. The geothermal reservoir is a renewable source of energy if natural groundwater sources and the re-injection of extracted geothermal fluids are adequate over the long term to replenish the geothermal reservoir after the withdrawal of geothermal fluids.

Relative to fossil fuel-fired power plants, geothermal energy projects typically have high capital costs associated with exploration (primarily as a result of well field development), but tend to have relatively low operating costs, principally consisting of maintenance expenditures.

Overview of ROR Hydro Energy

ROR hydroelectricity is considered ideal for streams or rivers that can sustain a minimum flow or are regulated by a lake or reservoir upstream. A small dam is usually built to create a head-pond, ensuring that there is enough water entering the penstock pipes that lead to the turbines which are at a lower elevation. Projects with pondage, as opposed to those without pondage, can store water for daily load demands. In general, projects divert some or most of a river's flow through a pipe and/or tunnel leading to electricity-generating turbines, then return the water to the river downstream.

ROR projects are different in design and appearance from conventional hydroelectric projects. Traditional hydro dams store enormous quantities of water in reservoirs, sometimes flooding large tracts of land. By contrast, ROR projects typically require the storage of comparatively small quantities of water, which is why ROR projects generally have less impact on the local environment.

A power station utilizing the ROR flows for the generation of power with sufficient pondage for supplying water for meeting daily or weekly fluctuations of demand should not materially alter the normal course of the river. When developed with care in respect of footprint size and location, ROR projects can create sustainable energy while minimizing impacts on the surrounding environment and nearby communities.

ROR hydroelectric power harnesses the natural potential energy of water flow. Moreover, ROR hydroelectric plants do not typically have reservoirs, thus eliminating the methane and carbon dioxide emissions caused by the decomposition of organic matter in the reservoir of a conventional hydroelectric dam. This is a particular advantage in tropical countries where methane generation can be a problem.

Overview of Photovoltaic Solar Energy

Photovoltaic solar energy is a clean, renewable source of energy that transforms solar radiation into electricity. This process is called the photoelectric effect, consisting of the absorption of photons (light) to release electrons (electricity). PV systems can be used for a variety of applications, including powering homes and buildings, powering remote or off-grid locations, and providing electricity for multiple purposes such as water pumping and lighting.

PV technology is a clean and sustainable source of energy that does not produce greenhouse gas emissions or pollution.

The main components of a utility-scale PV solar farm are:

1. Solar panels: These are the main components of a solar farm and are used to convert sunlight into electricity. They are typically made of silicon and are arranged in rows and columns on the ground or on a tracking system to optimize sunlight exposure.
2. Inverters: These devices convert the direct current (DC) electricity produced by the solar panels into alternating current (AC) electricity, which can be used by the grid.

3. Mounting systems: These are the structures that hold the solar panels in place, such as racks or trackers.
4. Electrical components: These include transformers, switchgear, and other electrical equipment used to connect the solar farm to the grid and to ensure that the electricity produced is at the correct voltage and frequency.
1. Monitoring and control systems: These systems are used to monitor the performance of the solar farm and to control its operation. They typically include sensors, data loggers, and control algorithms to optimize the output of the solar farm.
2. Substation and transmission line to connect to the grid.
3. Battery storage: Some utility-scale solar farms also include battery storage systems to store excess energy generated during the day for use during the night or low sunlight periods.

Intangible Properties

The Company's intellectual property is primarily in the form of trademarks. Since the Company changed its name from Polaris Infrastructure Inc. to Polaris Renewable Energy Inc., it has had to re-file and re-register its trademark in Canada and all jurisdictions in which it operates. Some trademarks in certain jurisdictions are currently pending registration approval. See Section 11– "*Risk Factors*".

Foreign Operations

As a result of the Company's primary activities being carried out in Nicaragua, Peru, Ecuador, Panama and the Dominican Republic, the Company's operations may be affected by possible political, criminal or economic instability and government regulations relating to the energy industry and foreign investors therein. Geothermal, hydroelectric and photovoltaic energy production may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted. See Section 11– "*Risk Factors*".

Regulatory Framework

The Company's operations require adherence to specific environmental standards imposed by local regulatory bodies through licenses, permits, policies and legislation. Failure to operate in strict compliance with these regulatory standards may expose the Company to claims, clean-up costs and penalties, including the loss of operating licenses and permits. The Company has an environmental management program including environmental policies and procedures that involve long-term environmental monitoring programs, reporting, government relations and the development and implementation of emergency action plans, as well as environmental and compliance departments responsible for monitoring the Company and its subsidiaries' operations. Environmental protection requirements did not

have a significant financial or operational effect on the Company's capital expenditures, earnings and competitive position for the twelve months ended December 31, 2023. The Company faces a number of environmental risks that are applicable within the renewable energy industry, which, if not managed properly, have the potential to become environmental liabilities (see "Enterprise Risk Factors – Risks Relating to Operations"; Readers are also encouraged to read the Company's Annual Sustainability Report available in the Company's website: PolarisREI.com).

- **Nicaragua:** The renewable energy sector in Nicaragua is governed at the national and local levels. In particular, the MEM is responsible for formulating, proposing, coordinating and executing the public policies in Nicaragua's energy sector as well as directing the operation and administration of companies operating within the industry. In addition, the Ministry of the Environment and Natural Resources ("**MARENA**") is the regulatory agency responsible for the conservation, protection and sustainable use of natural resources and the environment. These bodies, among others, regulate the exploitation of geothermal resources and impose a variety of requirements, including those that relate to permits, licenses and concessions, on organizations operating in the energy sector in Nicaragua. In addition to the San Jacinto Geothermal Exploitation Agreement (the "**concession**") issued by MEM, Polaris Renewable Energy has the following licenses and permits relating to its operations at the San Jacinto facility:
 - A Generation License that allows for delivery of Energy in the national grid, issued by MEM (recently extended to include the generation from the Company's Binary Project in Nicaragua);
 - An environmental permit issued on October 14, 2008, by MARENA; and
 - Special licenses to use groundwater for geothermal power generation, issued by the Water National Authority.
- **Peru:** The renewable energy sector in Peru is governed at the national and local levels. The Ministry of Energy and Mines (Peru) is the regulatory agency responsible for overseeing and managing the energy sector in Peru. In addition, the Supervisory Agency for Energy and Mining Investment is the regulatory body that supervises and regulates activities in the energy sector, including the renewable energy market. These two agencies, among others, impose various requirements on the organizations operating under their jurisdiction, including requirements to hold various licenses, permits and concessions. In connection with its Peruvian ROR projects, Polaris Renewable Energy has the following agreements and permits:
 - A definitive concession to generate renewable energy resources, granted by the Ministry of Energy and Mines (Peru);
 - Concessions for the use of water resources, granted upon approval of the studies of water use by the National Authority of Water for each of the Canchayllo facility, 8 de Agosto facility and El Carmen facility;
 - Easement rights to access specific areas relevant to the facilities, granted by the Regional Office of Energy, Mines and Hydrocarbons; and

- Environmental permits, issued upon approval of the environmental impact studies submitted by the Company for each of the Canchayllo facility, 8 de Agosto facility and El Carmen facility.
- **Ecuador:** The renewable energy sector in Ecuador is governed at the national and local levels. The MEM is responsible for the development and dispersion of electricity throughout Ecuador, with an emphasis on changing the energy matrix by increasing the use of renewable resources. Environmental licenses must be obtained from Ecuador's Ministry of Environment, Water and Ecological Transition (MAATE). The process includes socialization and, if necessary, consultation with the community and local groups. These two bodies, among others, impose various requirements on companies operating under their jurisdiction, including requirements to hold various licenses, permits and concessions. In relation to the Ecuadorian ROR project, Polaris Renewable Energy has the following agreements and permits:
 - A definitive concession to generate renewable energy resources until 2054;
 - Concessions for the use of water resources, granted after approval of water use studies by the Ministry of Environment and Water;
 - Easement rights to access specific areas relevant to the facilities; and
 - Environmental permits, issued after approval of the documentation submitted by the Company.
- **Dominican Republic:** The renewable energy sector in the Dominican Republic is governed at the national and local levels. The National Energy Commission ("**NEC**"), an institution attached to the Ministry of Energy and Mines ("**MEM**"), is a public and decentralized body, with its assets, created in accordance with article 7 of the General Electricity Law No. 125-01, in charge of managing operational energy policies and monitoring compliance with Law No. 57-07. The powers of the NEC are established in General Electricity Law No. 125-01, as well as in the Law on Incentives for the Development of Renewable Energy Sources and its Special Regimes No. 57-07. The Superintendence of Electricity constitutes the regulatory entity of the Dominican electricity subsector and has the obligation to monitor and supervise compliance with the legal, regulatory and technical regulations applicable to the subsector, in relation to the development of generation, transmission, distribution activities and sale of electricity, and is also responsible for establishing rates and tolls subject to price regulation. The MEM is the government ministry responsible for the overall development and management of the country's energy sector, including the electricity sector. The MEM sets the overall policy direction for the electricity and mining sector. Polaris Renewable Energy has the following agreements and permits with respect to the Project:
 - A definitive concession to generate renewable energy resources;
 - Environmental permits, issued upon approval of the environmental impact study submitted by the Company; and
 - Interconnection agreement to connect Canoa Solar Plant to the grid.

- **Panama:** The renewable energy sector in Panama is governed at the national and local levels. The National Secretariat of Energy (“SNE” Secretaría Nacional de Energía) works under the office of Panama’s President to move forward with energy-related planning and policy. The Ministry of the Environment (Ministerio de Ambiente) is responsible for permitting and Environmental Impact Assessments. The SNE is responsible for the regulatory framework for energy policy. The ASEP (Autoridad Nacional de los Servicios Públicos) is responsible for the regulation of the electricity sector in Panama. These agencies, among others, impose various requirements on the organizations operating under their jurisdiction, including requirements to hold various licenses, permits and concessions. In connection with its Panama projects currently under construction, Polaris Renewable Energy has the following agreements and permits:
 - A definitive concession to generate renewable energy resources;
 - Easement rights to access specific areas relevant to the facilities; and
 - Environmental permits, issued upon approval of the environmental impact study submitted by the Company.

Competitive Conditions

Geothermal, hydroelectric and photovoltaic energy production in Latin American countries is growing and cost competitive. However, the energy matrices in Nicaragua, Peru, Ecuador, Dominican Republic and Panama are quite different.

- **Nicaragua:** As of 2023, renewables - including wind, solar, biofuels, geothermal, and hydropower - comprise roughly 71% of Nicaragua’s total energy supply, with oil providing the remaining 29%. According to the latest information from the Centro Nacional de Despacho de Carga (“CNDC”, National Centre of Load Distribution), wind power is the largest renewable energy representing approximately 25%, while biomass and geothermal follow at 17% and 13%, respectively.
- **Peru:** Approximately 70% of Peru’s total energy supply comes from fossil fuels, with oil accounting for approximately 41% in 2022, followed by gas at 29%. Hydropower is the most prominent form of renewable energy, representing 23% of electrical generation in 2022¹. Peru’s national energy policy (Propuesta de Política Energética de Estado Perú 2010-2040) aims to diversify the country’s energy mix and emphasize renewable energy and energy efficiency in order to meet the country’s long-term needs².
- **Ecuador:** As of 2022, 67% of energy production comes from oil while 29.4% of energy production comes from hydroelectric power.³ Other renewables such as biomass, wind and solar play much smaller roles in Ecuador’s electrical mix. Ecuador’s Plan Nacional de Eficiencia

¹ Source : <https://ourworldindata.org/grapher/hydro-share-energy?tab=chart&country=~PER>

² Source: https://www.gem.wiki/Energy_profile:_Peru

³ Source: <https://ourworldindata.org/energy/country/ecuador#how-much-of-the-country-s-energy-comes-from-renewables>

Energética 2016-2035 aims to promote energy efficiency and the development of renewables⁴.

- **Dominican Republic:** Fossil fuels - including oil, natural gas, and coal - supply most of the Dominican Republic's energy, supplemented by smaller amounts of renewables, including hydro, wind, solar and biofuels. The DR depends on oil for electricity generation more than any other country in Latin America and the Caribbean. Renewable sources accounted for 17% of electrical generation in 2021, up from 13% in 2019 ⁵. The country aims to produce 25% of its electricity from renewable energy sources by 2025⁶.
- **Panama:** Hydroelectric power is the most important source for electricity production in Panama, accounting for over 64.3% of the country's generation in 2021. Overall, renewable sources (including hydro) represented around 71% of Panama's electricity mix that year, while fossil fuels, mainly oil and coal, contributed with the remaining percentage. The PEN (Plan Energético Nacional) 2015-2050 aims to drastically increase the use of renewable energy in Panama⁷.

The Company believes that future opportunities for power generation projects will continue to grow given that many jurisdictions continue to increase targets for renewable and other clean power generation projects. The Company is well-positioned to take advantage of the demand for increased renewable energy, given its resources, experience and potential for growth. Recent global economic headlines with respect to the increased cost of capital has affected opportunities in the near term.

Distribution Methods

The Company currently sells all geothermal, hydroelectric and photovoltaic energy produced pursuant to the terms of the respective operating facilities' PPAs except in Panama, which sells its energy on the spot market.

Economic Dependence

The Company's operating geothermal power plant is the San Jacinto facility. Substantially all revenues realized from the operation of the San Jacinto facility come from the sale of energy under the San Jacinto PPA. Under the San Jacinto PPA, the off taker is required to purchase all the electricity, up to 82 MW, from the San Jacinto facility through January 30, 2039. The government of Nicaragua owns the off taker.

The Company's operating ROR hydro facilities include the Canchayllo facility, El Carmen facility, 8 de Agosto facility and San Jose de Minas. Substantially all revenues expected to be realized from the operation of these facilities will come from the sale of energy under each respective PPA. More

⁴ Source: https://www.gem.wiki/Energy_profile:_Ecuador

⁵ Source: https://lowcarbonpower.org/region/Dominican_Republic

⁶ Source: https://www.gem.wiki/Energy_profile:_Dominican_Republic

⁷ Source: <https://www.statista.com/statistics/1262876/panama-distribution-electricity-production-source/#:~:text=Hydroelectric%20power%20is%20the%20most,the%20country's%20generation%20in%202021.>

specifically, under the Canchayllo PPA, the off taker is required to purchase all the electricity, up to 5 MW , from the Canchayllo facility through December 31st, 2034. Under the El Carmen PPA, the off taker is required to purchase all the electricity, up to 8 MW, from the El Carmen facility through November 30th, 2039. Lastly, under the 8 de Agosto PPA, the off taker is required to purchase all the electricity, up to 20 MW , from the 8 de Agosto facility through December 25, 2039.

As for San Jose de Minas, the Company has a PPA signed with Arconel (Agency for Regulation and Control of Electricity) (a government agency) to purchase the approximately 6.0 MW capacity through 2029. 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 would be expected to increase its power capacity to 10 MW. Such an expansion would require an amendment to the current PPA or a separate PPA.

In terms of the Company's operating photovoltaic facility in the Dominican Republic, the project, has a PPA in place with Edesur with a starting 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.

Panama, Vista Hermosa I and II, 5MW AC capacity plants, sells all produced energy to local market at the spot price, which during its first year of operation round it in +\$120/MWh. Spot price is highly dependant of the marginal cost of available plants versus the actual energy demand. During 2023, the Niño climate event cause that many hydro plants were limited with it production, requiring that Thermal plant supplied partially the energy demand and consequently increased the spot price.

Revenue Generation

During the year ended December 31, 2023, the Company generated \$78.5 million in revenue as a result of the operations of the above-mentioned facilities.

Employees

As of the date of this AIF, the Company has 235 employees both permanent and temporary. As operations require, the Company also retains geo-scientists, engineers, and other professional consultants on an independent contract basis.

Specialized Skill and Knowledge

The core management team of Polaris Renewable Energy, and the Company's operating subsidiaries in Nicaragua, Peru, Ecuador, Dominican Republic and Panama, includes individuals with extensive project development experience in the renewable energy industry, including in land acquisition, permitting, geothermal exploration and drilling, ROR hydro and photovoltaic management, power plant construction, contract negotiation, transmission, project operation and maintenance, asset management and financing.

Where the Company determines more expertise is required, it outsources third-party resources and retains individuals with an appropriate level of expertise to ensure results are maximized.

Approach to Sustainability and Climate Change

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

Sustainability management has been an important pillar of our operations. In 2022, Polaris carried out a materiality analysis, which helped define our Sustainability Strategy⁸ that was integrated into the overall corporate strategy. This process allowed us to have a clearer and more lasting vision of where to focus, how to distribute our resources and the best way to achieve our sustainability goals. To that end, in 2023, we continued with this endeavor, focusing on meeting targets that align to our Sustainability Strategy. For each of the material topics identified, the Company has defined a list of commitments, set measurable targets, and aligned them with the United Nations Sustainable Development Goals. The Company is targeting to contribute to fifteen (15) of the seventeen (17) sustainable development goals.

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

Sustainability Annual Report ("Sustainability Report")

The Company releases an annual Sustainability Report, the most recent of which is for 2023. The report sets out its commitment to the sustainability of energy and water by communicating the Company's strategies, initiatives, and goals relating to the three elements of sustainability: the environment; the social matters important to the Company's strategy and the Company's relationship with its key stakeholder groups including employees, customers and the communities in which it operates and serves; and the governance framework under which the Company operates.

Key highlights of the Company's community initiatives in Latin America include:

- Contributions to local educational organizations such as:
 - sponsorship of an educational robotics project,
 - vocational fair and leadership courses targeting seniors,
 - donations of school supplies, and
 - university grants for outstanding students.

⁸ For more information, please refer to the 2022 Sustainability Report available on the Company's website.

- Community agricultural projects to assist in the improvement of crop quality and yield certain for local farmers.
- Donations of infrastructure improvements and medical supplies to certain communities, in addition to hosting sporting events, Christmas celebrations and toy giveaways.
- Environmental initiatives and promotion thereof, including reforestation campaigns, forest-fire prevention, water/waste management and related education. The Company also leads community awareness activities on Earth Day, World Environmental Day and World Habitat Day.
- 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: [PolarisREI.com](https://www.polarisre.com).

Green Financing Framework

In 2022, the Company also completed a Green Financing Framework ("**Framework**"). It allows the Company and its subsidiaries to issue green financings, loans (corporate and project level) and/or bonds for Eligible Green Projects (each a "**Green Financing**"). The aim of this Framework is to facilitate disclosure, transparency, integrity, and equality related to our Green Financings for interested investors and stakeholders. This Framework is aligned with the four core components of the Green Bond Principles (2021), the Green Loan Principles (2021), and the EU Taxonomy. As of 2023, the Company has not issued any green financing.



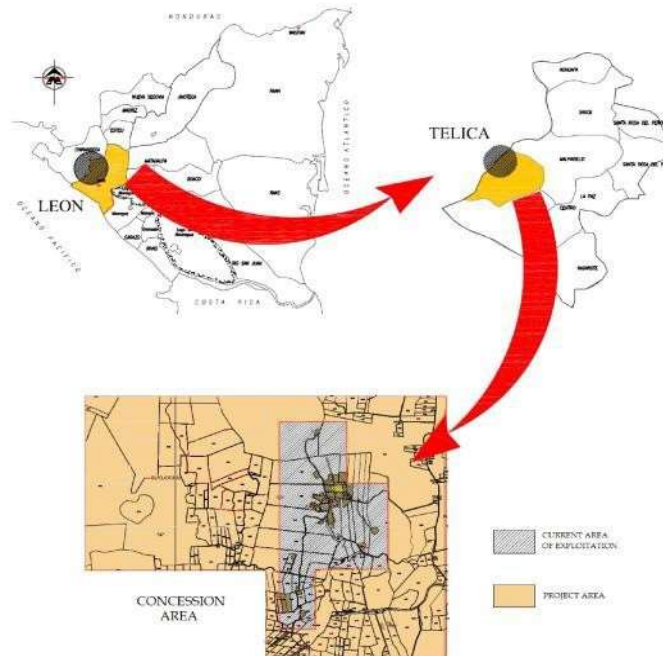
San Jacinto facility – San Jacinto, Nicaragua

Facility Description and Location

The San Jacinto facility is located in the northwest of Nicaragua, near the city of Leon which is approximately 90 km northwest of Managua. The San Jacinto facility Exploitation Agreement (as defined below) covers an area of 40 km².

The San Jacinto facility was developed under an exploitation agreement (the “**San Jacinto Concession Exploitation Agreement**”) between PENZA and MEM signed on January 25, 2001. The term of the San Jacinto Concession Exploitation Agreement is for 30 years, extendable for an additional 30-year term (currently terminates on January 25, 2031). The generation license held by PENZA allows for the generation of 82 MW from the San Jacinto facility for a 30-year term that commenced on December 18, 2003. Under the San Jacinto PPA, which now expires on January 30, 2039, PENZA can sell 100% of the San Jacinto facility’s generation and capacity up to 82 MW.

The original PPA, as well as all subsequent Addenda and the December 2020 Extension, were posted to SEDAR (now SEDAR+) by the Company in February 2021.



History of the San Jacinto Facility

The first geo-scientific studies in the area of the San Jacinto facility concession were conducted in 1953 and consisted of measurements of heat flow from the surface manifestations at San Jacinto and Tizate. Steam was also observed to be flowing from shallow wells in the area. From 1969 to 1971, the United States Agency for International Development implemented a geothermal exploration program over the western part of Nicaragua, managed by Texas Instruments Inc. Based on the results of this program, the San Jacinto-Tizate area was identified as having a high priority for development. Through the late 1970s and early 1980s, further geophysical surveys and surface studies were undertaken by a number of agencies. This work indicated that a high temperature (250°C to 300°C) resource existed in the San Jacinto-Tizate area, with an apparent high resistivity zone at 1,500 to 1,600 metres, which was interpreted to correspond to the bottom of the productive reservoir.

Resource Estimates

The resource potential of the eastern sector of the San Jacinto facility was initially estimated by Jacobs Engineering Group Inc. (“**Jacobs**”) (2008, Definitive Feasibility Study) using a “stored heat” approach, where probability distributions for some of the resource parameters were defined, resulting in a probabilistic resource estimate.

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

San Jacinto Binary Project

The Company assessed the ability to extract waste heat from the brine that is currently produced from the production wells at San Jacinto, and then re-injected into the field. Such brine is of a sufficient temperature, which allows the brine to be used by the Organic Rankine Cycle (“**ORC**”) Power Plant, and the Company is now producing approximately 10 MW of additional power, based on the configuration of the injection system. 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 minimal.

With the 2020 PPA amendment in respect of San Jacinto, the Company received contractual confirmation to include the expected production of the ORC Power Plant of up to 10 MW. During the third quarter of 2021, the Company signed a definitive supply agreement with Ormat to purchase equipment for the construction, commissioning and operation of an additional geothermal binary power plant. The Company also engaged the services of STEAM Group, an Italian company with expertise in geothermal development projects, to act as the owner engineer during the construction and commissioning phases.

Construction was completed in late 2022, and testing and initial operation initial start-up, tests and deliveries of energy commenced on December 30th, 2022. Full capacity was achieved on December 31st, 2022. As anticipated, any deliveries of electricity during the commissioning phase are paid at the rate in the current PPA.

Operations

The Company has the right and obligation to sell all energy produced, up to the 82 MW capacity of Phase I and II turbines of the San Jacinto facility, under the San Jacinto PPA. The current price of the PPA is \$110/MWh, or \$111.20/MWh in the event a guarantee of one month’s invoicing is not renewed by the off-taker, Disnorte-Dissur.

For additional information regarding the results of operations, readers are encouraged to refer to the Company's most recent Management Discussion and Analysis available on www.sedarplus.ca.

Canchayllo facility – Junín, Peru

Operations and Construction

The Canchayllo facility is a ROR facility located in the District of Canchayllo (in the Juaja province) with an installed capacity of 5.2 MW. The transmission line is connected to the existing transmission line of Oroya Nueva-Chumpe.

The Canchayllo facility was built by CHP Construcciones, a subsidiary of Cascade Construction, and commenced operations according to schedule on December 31, 2014, after roughly an 18-month construction period. It has a production capacity of 29 GWH P.A. with a 20 Year PPA representing a government-backed \$47.4M contract.

In July 2015, the then fully operational Canchayllo hydro facility was sold to Union Energy Group Corp. of Uruguay. It was subsequently acquired with a basket of other hydro development projects by the Company in a transaction that closed on October 30, 2018.

Climate

The climate of Peru is very diverse, with a large variety of climates and microclimates, including 28 of the 32 world climates. Such diversity is chiefly conditioned by the presence of the Andes mountains and the cold Humboldt Current. The Andes mountains observe a cool-to-cold climate with rainy summers and very dry winters.

Located within the Mantaro Valley of central inland Peru, Huancayo is the capital of the Junín region and has a warm, temperate climate. The summer season falls between December and March when sunny weather sees average temperatures of around 26°C / 79°F to 30°C / 86°F. The Junín Region has an average annual temperature of 13.1 °C/55.6°F. Rather than being categorized as traditional spring, summer, autumn and winter seasons, the climate of Huancayo falls into two very distinctive periods: dry and wet. The dry season in Huancayo stretches between May and early October, while the wet season falls between November and April, with February and March tending to be predictably the wettest months.

Accessibility

The Canchayllo facility is located in the Department of Junín approximately 236 kilometers east of the city of Lima. The facility may be accessed from Lima by car or by bus. The trip takes between six to eight hours depending on traffic and weather conditions. Alternatively, the facility may be accessed by air by taking a 40-minute flight from the Jorge Chavez International Airport in Lima to the Francisco Carle Airport in the city of Jauja, which is a 40-minute drive to the facility. At least one airline flies once a day between Lima and Jauja. The highway is fully paved and in good operating condition except for the final 10 kilometers.

Interconnection to the Grid

The interconnection to the grid is through a 0.83-kilometer cross-country 69kV transmission line from the Canchayllo substation to the L6601 Oroya Nueva – Chumpe transmission line owned by STATKRAFT Peru S.A.

El Carmen facility, Maravillas (Department of Huanuco), Peru and 8 de Agosto facility, Aucantagua (Department of Huanuco), Peru

Operations and Construction – El Carmen

The El Carmen facility is a hydroelectric power plant and a ROR facility designed with an installed capacity of 8 MW generated by two Pelton turbines with an engineered discharge of 4.5 m³/s and a net head of 239m. A PPA has been issued for 20 years with a remuneration of \$US 55.90/MWh for a guaranteed energy production of 45 GWh. The plant consists of a water intake structure including a sand trap, headrace conduits, penstock, surface powerhouse, tailrace channel and switchyard as well as related infrastructure.

Operations and Construction – 8 de Agosto

The 8 de Agosto hydroelectric power plant is a ROR facility designed with an installed capacity of 20 MW generated by two Francis turbines with a design discharge of 18 m³/s and a net head of approximately 130m. The associated PPA has been issued for 20 years with a remuneration of \$US 53.90/MWh for a guaranteed yearly production of 140 GWh. 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 was applied to the RER year starting on May 1, 2023.

The project consists of intake structures including a desander, headrace conduits with two tunnels providing a combined length of approximately 1.96 km and 2.4 kilometers of GRP piping, surge tank, penstock, surface powerhouse, and tailrace channel. The substation is located at a short distance from the powerhouse and receives the interconnection lines from 8 de Agosto and El Carmen and the outgoing 138 kV transmission lines to Tingo Maria substation.

Climate

Huanuco is situated in or near the warm temperate wet forest biome. The annual mean temperature is 19.4 degrees Celsius. The total annual precipitation averages 353.6 mm (13.9 inches).

Accessibility

The 8 de Agosto facility is located in the town of Aucantagua and the El Carmen facility is located in the town of Maravillas. Both Aucantagua and Maravillas are located in the District of Monzon in the

Department of Huanuco, which is approximately 575 kilometers northeast of the city of Lima. The power houses of each facility are located roughly two kilometers from each other. The facilities may be accessed from Lima by land, either by car or bus. The trip takes between 12-14 hours depending on traffic and weather conditions. Alternatively, the facilities may be accessed by air by taking a 60-minute flight from the Jorge Chavez International Airport in Lima to the airport in the city of Tingo Maria, which is a two-hour, 60-kilometer drive to the facilities. An airline flies once daily between Lima and Tingo Maria.

Interconnection to the Grid

The interconnection to the grid is an approximately 58-kilometer long cross-country 138kV transmission line from the 8 de Agosto substation to the Tingo Maria substation in the city of Tingo Maria. This transmission line consists of 148 transmission line towers (for the rural tranche) and 15 posts (for the urban tranche). Power generated by the El Carmen HPP is transmitted to the 8 de Agosto substation and then the power from both HPPs is transmitted to the grid through the 138kV transmission line.

San Jose de Minas facility – San Jose de Minas, Ecuador

Operations and Construction

The San José de Minas facility is located 60 kilometers northeast of Quito, the capital of Ecuador, in the town called San José de Minas, the municipality of Quito in the province of Pichincha. The San José de Minas facility is an operational ROR hydroelectric project with a capacity of 6 MW, located along the Cubi River. San José de Minas reached COD in June 2020.

Climate

In Pichincha, the climate is warm and temperate with a lot of rain even in the driest month. According to Köppen and Geiger, this climate is classified as “Cfb” (temperate oceanic climate). In Quito, the average annual temperature is 11.3 °C /52.4 °F. Precipitation here is about 2877 mm (113.3 inches) per year.

Accessibility

San José de Minas is highly accessible, approximately 1.5 hrs away from Quito by mostly paved road.

Interconnection to the Grid

The substation is located next to the powerhouse, from which electric energy produced by the plant is sent to an existing substation near Perucho, by means of a transmission line of 18 km length.

Operations and Construction

The Project is located in the Barahona Province, Dominican Republic. The Project reached COD in March 2020 and has a 20-year power purchase in place with Edesur, a local Dominican distributor. Canoa I is the first of two phases which are expected to reach a total capacity of 50 MW.

Enhancements

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.

Climate

The Barahona Province is located in the southwestern part of the Dominican Republic approximately a three-hour drive from Santo Domingo the capital of the Dominican Republic. Under the Köppen climate classification, the climate in Barahona is a tropical wet and dry climate. Temperatures tend to remain steady throughout the year, with mean temperatures ranging from a low of 24.8 °C (76.6 °F) in January to a high of 28.0 °C (82.4 °F) in July.

In terms of dry and wet seasons, Barahona has two distinctive wet seasons with a peak in precipitation from May to June followed by drought-like conditions in July and August and another peak in precipitation from September to October. The dry season mainly runs from December to April. Sunshine is abundant throughout the year, averaging over 3200 hours.

Accessibility

Access to the Canoa solar plant is through a 5 km rural dirt road that connects to the main highway, where the town of Canoa is located, 154 kilometers from Santo Domingo.

The Canoa solar plant is connected to the grid through a 3 km 69-kV transmission line. The plant has a substation that includes 2 bays, one in operation and the second one planned for the expansion of the second phase.

5. EMERGING MARKET DISCLOSURE

The Company has subsidiaries outside of Canada, including the United States, Peru, Panama, Ecuador, the Dominican Republic, the British Virgin Islands and Nicaragua. In the opinion of management, the Company's material operations are located in Nicaragua, Peru, Ecuador, Dominican Republic and Panama (the "**Material Subsidiaries**"). The Company's connection to the British Virgin Islands is as a result of the inherited corporate structure from acquired businesses/corporations and does not form part of the material operations of the Company. The Company currently does not have operations in the British Virgin Islands.

5.1 *Ownership of Property Interests and Assets*

In order to satisfy itself of its ownership of its property interests in the countries it operates, the Company has, among other things: (i) obtained and reviewed title opinions from certain local law firms; (ii) obtained and reviewed permits issued by the appropriate governmental officials; (iii) conducted searches through the Public Commercial and Property Registry of each jurisdiction; and (iv) reviewed, negotiated and executed various agreements with the regional governments relating to the acquisition and/or transfer of certain permits and concessions.

The Company also relies on its regional management team in connection with the Company's permitting, licensing and regulatory approval application process, to confirm it has all material permits, business licenses and other regulatory approvals needed to carry on business in the Material Subsidiaries. The Company and its regional management team also consult regularly with legal advisors in those regions to confirm that all applicable permitting requirements for its operations have been obtained.

5.2 *Laws and Customs of Emerging Markets*

Nicaragua

Nicaragua is located in Central America. The official language of education, administration and business is Spanish. The president, who is the head of state is Jose Daniel Ortega.

Nicaragua has a territorial income tax system under which only income generated in, or that causes effects in, Nicaragua is generally subject to income tax. Corporate income tax (CIT) is imposed on a corporation's profits, which consist of business/trading income, and passive income. Capital income and capital gains are subject to definitive withholding tax (WHT). General business expenses are allowed as a deduction in computing taxable income. CIT is levied only on domestic-sourced income at a flat rate of the higher of 30% of net taxable income or a definitive minimum tax of 1% to 3% on gross income obtained during the

fiscal year. The income tax will be the greater amount that results from comparing the 30% applicable to net taxable income and the definite minimum tax described above. The law establishes some exceptions to the 1% to 3% definitive minimum tax.

Payments to non-residents are generally subject to withholding taxes (at rates between 15% or 20%) depending on the nature of the remuneration/transaction. Nicaragua has not signed any agreement or treaty with any country to avoid double taxation.

Law 532 for the Promotion of Energy Generation from Renewable Sources (Law 532) promotes the development of new projects, expansion of existing ones, and biomass and biogas energy sources. Fiscal, economic, and financial incentives are granted under this Law. Article 7 of Law 532 provides tax incentives such as exemption of customs duties, municipal taxes for a period of 10 years since the commercial operation date (COD), Value Added Tax (VAT), or exemption of the CIT (including the definitive minimum tax) for a maximum period of 7 years since COD.

Law 443 of Exploration and Exploitation of Geothermal Resources, as amended, (Law 443) provides tax incentives for the geothermal sector. Article 68 of Law 443 establishes that those entities involved in geothermal exploration and exploitation under the category of “Generation of Electric Energy from Renewable Sources” in accordance with Law 532, will have the tax incentives contained in article 7 of such law. Law 443 provides for an income tax holiday for geothermal projects for a period of 10 years from the commercial operation date of the plant (or unit).

On September 11, 2020, Law No. 1037, Law for the Reform and Addition of Law No. 532, brought upon important transformations in the energy sector. The purpose of this reform was to amend the price of energy and to achieve a reduction of electric energy fees. The reform allowed the renewable energy generators to negotiate the reduction of the prices agreed to in their contracts (i.e. PPAs) with the distributors. The generators that reduced their prices benefited from an exemption of income tax (IR) and the final minimum IR payment for a maximum additional period of 5 years, in the case of geothermal generators. The maximum date for applying for this benefit was October 31, 2020.

Peru

Peru is a country in western South America. The main language spoken is Spanish, although a significant number of Peruvians speak Quechua, Aymara or other native languages of the region. The President, who is also the head of state is Dina Boluarte. See “*Risk Factors*” for further information on Peru’s current political situation.

Companies incorporated in Peru are considered resident in Peru for tax purposes and thus subject to a CIT rate of 29.5% on their worldwide net income. For purpose of determining taxable income, such entities are allowed to deduct expenses to the extent that they are necessary to generate or maintain the source of taxable income. Requirements, limitations, and/or caps may apply to the deduction of certain expenses (thin capitalization rules), bad debt provisions, salaries, travel expenses, gifts, donations, penalties, etc.

Peruvian tax resident corporations are required to withhold income tax with respect to income paid to non-resident entities at different rates (WHT) depending on the nature of the remuneration/transaction. These WHT rates may be reduced or eliminated if the non-resident resides in a country with which Peru has signed a tax treaty for the avoidance of double taxation.

The regulatory framework established in Peru for renewable energy resources was issued in May 2008, by Legislative Decree No. 1002 “Law for the promotion of investment in electricity generation through the use of renewable energy” (LRER). It includes biomass, wind, geothermal, solar, tidal and hydropower in its ambit and promotes renewable energy as a national priority. Even when there are special tax benefits and incentives applicable to the renewable energy sector, there is no special tax regime applicable to renewable energy in Peru, therefore the general tax regime applies. As an example of special tax benefits for this sector is the Decree No. 1058/2008, which allows for the accelerated depreciation (for income tax purposes) of up to 20 per cent of the investments in machinery, equipment, and civil construction for renewable energy generation. Said benefit will be in force until December 31, 2025, according to its last extension approved by Law No. 30327, published on May 21, 2015. However, to date, a bill (Bill No. 6747-2023-PE) proposes extending such benefit until 2035, which is pending review in Peruvian Congress.

Dominican Republic

The Dominican Republic is located on the island of Hispaniola in the Greater Antilles archipelago of the Caribbean region. The Dominican Republic is a representative democracy, with Luis Abinader heading the country since 2020. General elections will be held in the Dominican Republic in May 2024 to elect a President, Vice-President, 32 Senators and 190 Deputies.

Like Nicaragua and Peru, Spanish is the main language spoken in the Dominican Republic.

The Dominican Republic follows a territorial concept (i.e. resident companies, branches, and permanent establishments (PEs) are generally subject to taxation on Dominican-source income only). The CIT rate is 27%. In addition, the 1% rate assets tax is considered an alternative minimal income tax, payable when the CIT is lower than the assets tax. The income tax is allowed as a credit against the asset tax. In the case of financial institutions, power generation and distribution companies, pension fund entities and stock brokerage companies, the assets tax is calculated based on the book value of fixed assets.

DR tax resident corporations are required to withhold income tax with respect to income paid to non-resident entities at different rates (WHT) depending on the nature of the remuneration/transaction. These WHT rates may be reduced or eliminated if the non-resident resides in a country with which DR has signed a tax treaty for the avoidance of double taxation (currently only Canada and Spain).

Law 57-07 establishes the basic regulatory framework, to be applied throughout the nation, to encourage and regulate development of and investment in projects that develop renewable sources of energy and seek to benefit from such incentives. Entities eligible for the benefits of Law 57-07 can benefit, among others, from the following incentives: exemption from custom duties and income tax for certain renewable energy equipment; a single tax credit against corporate income tax up to 40% on the cost of

capital equipment used in renewable energy projects; or application of a reduced withholding tax rate over interest paid to non-resident lenders when the funds borrowed are used to fund renewable energy projects in DR.

Ecuador

The Republic of Ecuador is a country in northwestern South America, bordered by Colombia and Peru. Ecuador is a representative democratic republic highly dependent on commodities, namely petroleum and agricultural products. The current President of Ecuador, elected in 2023 for an initial 18-month term is Daniel Noboa.

While the main language is also Spanish, there are other recognized languages in use for indigenous peoples such as Quechua, similar to Peru.

In Ecuador resident entities are taxed on their worldwide income and non-resident entities are subject to tax on Ecuadorian-source income only. Ecuadorian companies owned by residents or non-residents located in non-tax-haven jurisdictions are subject to a 22% or 25% CIT rate. The general CIT rate is 25%; however, a 28% rate should apply if non-resident shareholders are located in a tax haven jurisdiction and additionally there is an Ecuadorian individual shareholder in the ownership structure. Such increase is also applicable when the company's ownership structure is not duly disclosed before the Ecuadorian tax authorities.

Ecuadorian tax resident corporations are required to withhold income tax with respect to income paid to non-resident entities at different rates (WHT) depending on the nature of the remuneration/transaction. These WHT rates may be reduced or eliminated if the non-resident resides in a country with which Ecuador has signed a tax treaty for the avoidance of double taxation.

Renewable energy is part of the economic sectors prioritized by the Ecuadorian State and therefore, subject to various benefits that encourage the development of that economic sector. Tax benefits granted under different applicable laws in Ecuador include, among others 100% accelerated depreciation corresponding to assets, machinery and equipment destined to generate renewable energy; corporate income tax exemption from 5 to 10 years from first year in which income attributable to the new investment is generated; WHT and currency exit tax (ISD) exemption in interests for credits for project development paid to foreign financial institutions or foreign companies registered in Ecuador as non-specialized financial vehicles; or possibility of signing an investment contract with the State that grants stability on tax benefits.

The Organic Law of Energy Competitiveness which came into force on January 12, 2024, introduced some changes to applicable tax rules. Among others, this Law allows the deduction, for purposes of corporate income tax, of the expenses incurred in the construction of new lines and infrastructure for the distribution of energy under certain conditions.

Panama

Panama is a country on the isthmus linking Central and South America. Panama is a presidential representative democratic republic, led by Laurentino Cortizo. General elections are scheduled to be held in Panama also in May 2024. Due to constitutional term limits, incumbent president Laurentino Cortizo is ineligible for a second consecutive term.

Spanish is the main language spoken in Panama.

Panamanian income tax is levied based on the territoriality principle. Panamanian-source income is subject to taxation whether it is received by a resident or non-resident entity. Corporations are subject to income tax at a fixed rate of 25%. The tax base for companies whose taxable income is greater than US\$1.5 million is the greater of (i) the net taxable income calculated on the normal basis, or (ii) 4.67% of the gross taxable income, known as the alternate calculation of income tax (CAIR). If the entity's tax year results in a loss due to the alternative calculation, the taxpayer may request to the tax administration (the General Directorate of Income, i.e. Dirección General de Ingresos or DGI) not to be subject to the CAIR.

Panamanian tax resident corporations are required to withhold income tax with respect to income paid to non-resident entities at different rates (WHT) depending on the nature of the remuneration/transaction. These WHT rates may be reduced or eliminated if the non-resident resides in a country with which Panama has signed a tax treaty for the avoidance of double taxation.

Panama has fiscal incentives for companies who develop projects of energy from clean and renewable sources by enacting a list of laws focused in providing attractive incentives for national and foreign investments. Under Law 45/2004, entities whose clean sources power station systems are up to 10 MW of installed power capacity, will be able to opt to obtain an equivalent fiscal incentive of up to 25% of the project's direct investment (considering the related estimated annual decrease of tons of equivalent carbon dioxide (CO₂) emissions) as a tax credit to offset the corporate income tax payable during a 10-year period counted since the commercial operation date. Law 37/2013 introduced other tax incentives for companies in the renewable energy solar sector such as accelerated depreciation on equipment used for the generation of renewable energy or exemption from import taxes and VAT. Law 417/2023 modifies article 20.1 of Law 37/2013, exempting from excise taxes (Impuesto Selectivo al Consumo or ISC) the importation of equipment, machinery, materials, and other replacement required for the construction, operation, and maintenance of solar projects. The exemption is applicable from January 1, 2024, onwards.

5.3 Control over its Material Subsidiaries

Except as described elsewhere in this AIF, the Company is not aware of any material restrictions against foreign investment in the Material Subsidiaries, nor any material legal requirements imposed on foreign ownership of the Material Subsidiaries. Further, in the Company's opinion, the laws of the United States, Canada, and the Material Subsidiaries do not impose any undue or material restrictions on the Company's operations or ownership.

In order to ensure that the Company has appropriate control and direction over its Material Subsidiaries, in addition to individual board of directors' oversight, the organization's reporting structure is such that the Senior Vice President, LATAM reports to the Chief Executive Officer of the Company. Further, the Chief Financial Officer of the Company interacts regularly with the finance and accounting teams in each country. Either the Chief Executive Officer, the Chief Financial Officer or the SVP, LATAM are on the board of directors of each Material Subsidiary. The Polaris Renewable Energy Board, through the Chief Executive Officer and Chief Financial Officer of the Company, also regularly receives management and technical updates and progress reports in connection with its Material Subsidiaries. A regional management team, comprised of individuals with diverse understandings of the region and various aspects of the industry, was initiated in 2022.

The Company is either a direct or indirect majority shareholder in each of its Material Subsidiaries. As a result, the operations and business objectives of the Company and the Material Subsidiaries are effectively aligned.

The Company also maintains a formal budgeting and approval process with respect to the disbursement of funds and capital investments. Large-scale capital investment decisions are reviewed and approved by the respective subsidiary's board of directors as well as the Polaris Renewable Energy Board. Furthermore, debt covenants require formal updates to lenders of budgeted expenses, capital-type expenditures, and prescribed reserve accounts to ensure compliance with respective loan agreements.

The Company has control over the bank accounts in each country in which it operates through each of the in-country managers appointed by the board of directors of the Company (the "**Board**") and their activities are closely monitored by the Company's Chief Financial Officer. There are no material differences in the banking system between Canada and the Material Subsidiaries. All of the minute books, corporate seal and corporate records of the Material Subsidiaries are, to the extent required under local regulations, kept at the offices of the Company's local counsel. There are no restrictions that prevent the Board or management to access and review these books and records. Copies of such materials are also kept and maintained at the Company's foreign offices in Managua, Lima, Santo Domingo, Quito and Panama City.

Based on the foregoing and the disclosure elsewhere in this AIF, the Company is of the view that any risks associated with its corporate structure are not significant and that any such risks are effectively managed based on the controls described above and elsewhere in this AIF.

5.4 ***Board and Management Experience in Emerging Markets***

A number of members of the Board and Management have experience in emerging markets in general, and in doing business and operating in Latin America specifically. The Board has ensured that it collectively has the relevant experience and expertise to maintain its ability to ascertain and manage the political, legal and cultural realities of all subsidiaries. Management of the Company attends the offices and operating facilities monthly (on average) when possible, ensuring that along with daily communication, there is a strong presence in person. Certain Board members have significant career experience conducting business in Latin America.

5.5 ***Language Considerations***

Local business in all jurisdictions of the Material Subsidiaries is conducted largely in Spanish. In the majority of cases, business discussions with the applicable governments can be conducted in English. Many of the senior members of the respective governments speak English and Spanish, and likewise, all members of senior management within each operating country speak both English and Spanish. Four Board members as well as the Chief Executive Officer and the senior management team speak fluent or conversational Spanish, allowing most meetings with local stakeholders and government officials to occur in the native language. Where necessary or appropriate, meetings occur in English. The Company's books and records and banking documents are prepared in English and, where necessary its documents are either prepared in English or translated into English.

5.6 ***Stakeholder Engagement***

Among other aspects of the Company's stakeholder engagement strategy for the jurisdictions in which the Company operates, representatives of the Company formally meet with the communities, as well as other local stakeholders, on a regular basis and more frequently as needed when potential opportunities arise.

Building strong relationships with stakeholders and understanding their interests and concerns are fundamental to achieving the Company's mission of creating value for all our stakeholders through responsible project operations. The Company engages with a wide range of local stakeholders at the national, regional and local levels and has launched numerous initiatives to develop social policies to benefit communities who live near the operating facilities as part of its sustainability programs. Kindly refer to the Company's Annual Sustainability Report for more information.

6. DIVIDENDS AND DISTRIBUTIONS

Polaris Renewable Energy declared its first quarterly dividend in the amount of \$0.10 per Common Share, which was paid on May 30, 2016. After successive increases, the Company has paid quarterly dividends in the amount of \$0.15 per Common Share since November 2017.

Polaris Renewable Energy intends on paying a quarterly dividend on the Common Shares, as determined by the Board from time to time. There are no restrictions on the Company's ability to pay dividends. The amount of any dividend paid on the Common Shares is subject to the discretion of the Board and may vary depending on, among other things, Polaris Renewable Energy's earnings, financial requirements, cash flow, the satisfaction of certain covenants contained in its credit agreements, the satisfaction of the solvency tests imposed by the OBCA for the declaration of dividends and other relevant factors.

7. DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Polaris Renewable Energy is authorized to issue an unlimited number of Common Shares, of which, as of the date hereof, 21,075,475 Common Shares are issued and outstanding as fully paid and non-assessable. Shareholders are entitled to dividends at dates, if any, declared by the Board, to one vote per Common Share at meetings of shareholders and, upon dissolution, to share equally in such assets of Polaris Renewable Energy as are distributable to the shareholders. The Common Shares are not exchangeable, convertible, redeemable or retractable.

Equity Incentives

The Company's Omnibus Long-Term Incentive Plan, adopted in 2012 and amended and approved in June 2022 (the "**Omnibus Plan**"), permits the granting of stock options ("**Options**"), restricted shares ("**Restricted Shares**"), restricted share units ("**RSUs**"), deferred share units ("**DSUs**"), share appreciation rights ("**SARs**") and retention awards ("**Retention Awards**", and together with the Options, the Restricted Shares, the RSUs, the DSUs and the SARs, the "**Awards**") to directors, senior officers, employees and consultants of the Company or any of its affiliates and employees of management companies engaged by the Company. The Omnibus Plan provides that the Board, or a committee appointed by a resolution of the Board, may from time to time, in its discretion, and in accordance with the requirements of the TSX, grant Awards to individuals eligible under the Omnibus Plan, provided that the number of Common Shares reserved for issuance does not exceed 7.5% of the issued and outstanding Common Shares.

8. MARKET FOR SECURITIES

The Common Shares trade on the TSX under the symbol "PIF". The following chart sets out the monthly high, low and closing trading prices and the monthly volume of shares traded in 2023:

Month Ended	High (\$CDN)	Low (\$CDN)	Close (\$CDN)	Volume
January 2023	14.53	14.34	14.42	27,800
February 2023	13.98	13.76	13.86	56,900
March 2023	13.65	13.32	13.32	19,300
April 2023	13.56	13.3	13.36	7,400
May 2023	14.1	13.91	14.1	11,900
June 2023	14.26	13.55	14.25	51,200
July 2023	14.43	14.13	14.36	21,300
August 2023	14.59	14.19	14.45	36,500
September 2023	14.25	14.09	14.18	43,800
October 2023	13.5	12.95	13.05	60,000
November 2023	12.94	12.7	12.94	29,600
December 2023	13.23	13.05	13.23	10,800

Per Yahoo Finance

9. DIRECTORS AND OFFICERS

9.1 *Name, Occupation and Security Holding*

The following table and notes thereto disclose the name, municipality and country of residence of each director and executive officer of the Company, their current position and office with the Company, the date on which they were first elected or appointed as a director or officer of the Company, and the Principal Occupation of the person for the previous five years:

Name, Province or State and Country of Residence	Current Office with the Company	Director/officer of the Company since	Principal Occupation During the Previous Five Years
Marc Murnaghan Ontario, Canada	Chief Executive Officer and Director	May 13, 2015	Mr. Murnaghan led the Recapitalization Transaction and became the CEO of the Company upon closing. Prior to this he was Head of Investment Banking at Cormark Securities. He was also Chair of Autism Speaks Canada for more than 10 years.
Jaime Guillen ⁽¹⁾⁽²⁾ London, United Kingdom	Chairman of the Board	May 13, 2015	Mr. Guillen is Managing Partner at Faros Infrastructure Partners LLC, an investment firm with offices in the United Kingdom, the United States and Mexico. He has worked for other major international firms, including as VP with Bechtel Financing Services, Managing Director for Bechtel Enterprises and CEO of Alterra Partners (a joint venture with Singapore Changi Airport).
James Lawless ⁽¹⁾⁽²⁾ Hillsborough, New Zealand	Director	March 7, 2011	From 1999 through 2010, Mr. Lawless was a Geothermal Practice Leader with Jacobs. From 1993 to 1999, he was an Earth Science Manager with Kingston Morrison Limited, and from 1985 to 1993, was a Senior Geologist for KRTA Limited.
Marcela Paredes de Vásquez ⁽²⁾ Ciudad de Panama, Panama	Director	June 19, 2019	Ms. Paredes de Vásquez is currently a Titular Professor at the Technological University of Panama. She was the Ambassador of Panama to Chile, a post she held from September 2018 until July 2019. Prior to this, Ms. Paredes de Vásquez was the Minister of Education for Panama from 2014 through 2018.

Name, Province or State and Country of Residence	Current Office with the Company	Director/officer of the Company since	Principal Occupation During the Previous Five Years
Catherine Fagnan Ontario, Canada	Director	June 22, 2023	On December 1, 2022, Ms. Fagnan joined Polaris as a consultant to the Board and on June 22, 2023, became a director. Ms. Fagnan is Associate General Counsel at Green Infrastructure Partners where she leads the legal group and is a member of the Executive Team. Green Infrastructure Partners is a large and diverse Canadian infrastructure company that offers vertically integrated solutions for public and private projects of varying size and scale. Prior to this role, Ms. Fagnan was Associate General Counsel with TELUS Communications; Senior Counsel at Lafarge Canada (Holcim); and senior business and tax law associate at McCarthy Tetrault LLP.
Adarsh P. Mehta Ontario, Canada	Director	June 22, 2023	Ms. Mehta is VP of Business Development for Jenner Renewable Consulting, where she provides renewable energy analysis to mining companies to assist them in achieving their ESG goals. For the past 20 years Ms. Mehta has led technical reviews, diligence, and development in various capacities on more than 2,000 Megawatts of wind and solar energy projects in North and South America. She also serves as a director of the Board and member of the Audit Committee of a TSX-listed company.
Anthony Jelic Ontario, Canada	Chief Financial Officer	December 10, 2018	Mr. Jelic has served as CFO of the Company since December 2018. Previously, he was CFO with a Southern Ontario homebuilder as well as a major Canadian solar company. His prior work experience includes increasingly more senior roles in the renewable energy, fibre optic construction and real estate development industries in Toronto.

Name, Province or State and Country of Residence	Current Office with the Company	Director/officer of the Company since	Principal Occupation During the Previous Five Years
Alexis Osorno Managua, Nicaragua	SVP, LATAM	June 8, 2015	<p>Alexis has held progressively more senior roles was most recently promoted to the position of Senior Vice President, Latin America. Alexis is responsible for the operational and administrative oversight of operations in Latin America.</p> <p>Alexis has vast experience in finance and accounting, as well as solid knowledge and experience in general business administration processes, such as Acquisitions, IT, Internal Controls and power plant operations.</p>

Notes:

(1) Member of the Audit Committee.

(2) Member of the Human Resources & Environmental, Social and Governance ("ESG") Committee.

The term of office of the directors will expire on the date of the next annual meeting of the shareholders expected to be held in June 2024.

On June 22, 2023, the Company added Catherine Fagnan and Adarsh Mehta as Directors of the Board. Catherine will work with and advise the Board on various initiatives, including ESG matters, for which she has in-depth knowledge and experience while Adarsh will lend her expertise to the Audit Committee.

As December 31, 2023, the directors and executive officers of the Company, as a group, beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 604,050 Common Shares, representing approximately 2.87% of the issued and outstanding Common Shares.

9.2 Committees of the Board of Directors

Board Committees

The Board has two standing committees: the Audit Committee and the Human Resources & ESG Committee. The information below summarizes the functions of each of the committees in accordance with their charters.

Human Resources & ESG Committee

The Human Resources & ESG Committee is comprised of Marcela Paredes de Vásquez, Catherine Fagnan, Jaime Guillen and James Lawless. The Human Resources & ESG Committee has overall responsibility for

discharging the responsibilities of the Board related to the Company's Chief Executive Officer and other senior officers of the Company, compensation matters involving senior officers and the Board, monitoring the effectiveness of the Board and, if and as necessary, identifying individuals qualified to become new members of the Board. The Human Resources & ESG Committee, under the supervision of the Board, also has overall responsibility to monitor and address matters related to the setting Annual targets around our ESG of the Company, Board and the committees of the Board.

Attached as Appendix "A" is the Charter for the Company's Human Resources & ESG Committee.

Audit Committee

The Audit Committee is comprised of Jaime Guillen, Adarsh Mehta, Marcela Paredes de Vásquez and Catherine Fagnan each of whom is financially literate and an independent director, as such terms are defined under National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators. The Audit Committee is charged with a mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal controls and financial management, and the audit process, including selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.

Attached as Appendix "B" is the Charter for the Company's Audit Committee.

Relevant Education and Experience of the Members of the Audit Committee

Jaime Guillen

Jaime Guillen, Chair of the Audit Committee, holds a Bachelor of Science in Nuclear Engineering from Massachusetts Institute of Technology and a Master of Business Administration from Stanford University. Mr. Guillen is Managing Partner at Faros Infrastructure Partners LLC, an investment firm with offices in the United Kingdom and the United States, and is Partner, Investment Committee Member, and board Director with EXI Infrastructure Fund, based in Mexico. He has over 25 years of experience in the development, investment, financing, management and divestiture of energy and infrastructure projects. Mr. Guillen previously served as the Chief Executive Officer of Alterra Partners, an investment joint venture between Singapore Changi Airport and Bechtel, a United States engineering company. He also previously served as the Managing Director of Bechtel Enterprises in Latin America, President of Bechtel Enterprises in Brazil and Director of Bechtel Enterprises of Mexico – responsible for developing, investing in, and managing infrastructure investments.

Catherine Fagnan

Mrs. Fagnan is Associate General Counsel at Green Infrastructure Partners where she leads the legal group and is a member of the Executive Team. Green Infrastructure Partners is a large and diverse Canadian infrastructure company that offers vertically integrated solutions for public and private projects of varying size and scale. Prior to this role, Catherine was Associate General Counsel with TELUS Communications;

Senior Counsel at Lafarge Canada (Holcim); and senior business and tax law associate at McCarthy Tetrault LLP. She is trilingual and holds a joint MBA from Kellogg Schulich as well as her ICD.D designation obtained from the Rotman/Institute of Corporate Directors program.

Adarsh Mehta

Adarsh Mehta is VP of Business Development for Jenner Renewable Consulting, where she provides renewable energy analysis to mining companies to assist them in achieving their ESG goals. She served as a member of the Board of Directors of the Canadian Wind Energy Association (CanWEA) from 2008-2015. She became Chairperson of the CanWEA Board in 2011 where she spearheaded the promotion and guidance for wind energy growth in Canada. Ms. Mehta is a volunteer and co-founder of My 100 Percent, a registered Canadian charity which helps disadvantaged children and women globally to rise out of poverty. Ms. Mehta holds a Bachelor of Mathematics degree from the University of Waterloo, a Master of Science degree from the University of Alberta, and a joint MBA degree from the Kellogg School of Management and Schulich School of Business.

Relevant Education and Experience of the Members of the HR & ESG Committee (in addition to the above)

Marcela Paredes de Vásquez

Marcela is currently a Titular Professor at the Technological University of Panama. She was the Ambassador of Panama to Chile, a post she held from September 2018 until June 2019. Prior to this, Marcela was the Minister of Education for Panama from 2014 through 2018, and held various positions, including President, at the Technological University of Panama from 1989 through 2013. Marcela holds a DHL from Wilkes University, a Master of Science in Electric Power Engineering from Rensselaer Polytechnic Institute, and a BS in Electromechanical Engineering from Technological University of Panama.

James Lawless

Mr. Lawless holds a Bachelor of Science from the University of Auckland and a Master of Science (First Class Honours) from the University of Waikato. He brings extensive experience with the Company's San Jacinto power project, both over the past four years as a director, and previously as Practice Leader at Jacobs New Zealand, where he was responsible for the technical direction and quality of all Jacobs projects related to geothermal resources, including the oversight of drilling activities at the San Jacinto property. Mr. Lawless was a board Member of the International Geothermal Association from 2004-2010, including acting as Finance Chair of the Steering Committee for the World Geothermal Congress in 2010.

Reliance on Certain Exemptions

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

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

- Fees payable by Polaris Renewable Energy for audit and other services provided by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants ("PwC") for the fiscal years ended December 31, 2023, and December 31, 2022, were as follows:

Fees	Year ended December 31, 2023	Year ended December 31, 2022	Description of Services
Audit Fees	CDN\$679,408	CDN\$672,799	The audit services related to professional services rendered for audits of the Company's annual financial statements.
Audit-Related Fees	CDN\$85,910	CDN\$66,843	Audit-related fees represent fees for quarterly reviews and other assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and not disclosed in the Audit Fees column.
Total	CDN\$765,614	CDN\$739,642	

Tax and Other Fees

The Company has not paid any tax-related or other fees to its auditors in the past two years.

9.3 ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Corporate Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, who was:

- a) subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity of director, chief executive officer or chief financial officer; or
- b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer.

Bankruptcies

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

- a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

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

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

9.4 ***Conflicts of Interest***

To the knowledge of the Company, there are no existing or potential conflicts of interest among the Company and its directors, officers or other members of management as a result of their outside business interests except that certain directors and officers serve as directors and officers of other companies. Therefore, it is possible that a conflict may arise between the duties of these directors and officers to the Company and their duties as a directors or officers of such other companies. Any decision made by such directors or officers involving the Company will be made in accordance with the duties and obligations of directors and officers to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers declare and refrain from voting on, any matter in which they may have a conflict of interest.

10. **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

10.1 ***Legal Proceedings***

To the knowledge of the Company, there are no current outstanding legal proceedings material to Polaris Renewable Energy to which Polaris Renewable Energy is a party or in respect of which any of its assets or properties are subject.

10.2 ***Regulatory Actions***

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

11. **RISK FACTORS**

11.1 ***Risks Related to the Business and Industry of Polaris Renewable Energy***

The Company's ability to develop additional renewable energy projects depends on its ability to raise the necessary capital.

If Polaris Renewable Energy identifies a geothermal property that it considers acquiring or developing, substantial capital investment will often be required, even if the property is not acquired or developed.

Polaris Renewable Energy's continued access to capital, through project financing, credit facilities, capital markets or other arrangements on acceptable terms is necessary for the success of its growth strategy. At the time that such capital is required, the Company may not be able to secure the necessary capital on favourable terms, or at all. Polaris Renewable Energy's ability to arrange for financing on favourable terms, and the costs of such financing, are dependent on numerous factors, including general economic and capital market conditions, investor confidence, the continued success of current projects, the credit quality of the project being financed, the political situation in the jurisdiction in which the project is located and the continued existence of tax laws which are conducive to raising capital. If Polaris Renewable Energy is unable to secure capital through project debt, credit facilities or other debt arrangements, it may have to finance its projects using equity financing which would have a dilutive effect on the Common Shares. Additionally, in the absence of favourable financing or other capital-raising options, Polaris Renewable Energy may decide not to build new plants or acquire properties from third parties. Any of these factors could have a material adverse effect on Polaris Renewable Energy's growth prospects and financial condition.

Financial leverage and restrictive covenants contained in agreements to which the Company is a party may restrict its current and future indebtedness and limit future business dealings.

The Company's operating subsidiaries are subject to contractual restrictions governing its current and future indebtedness. The degree to which the Company and its subsidiaries are leveraged could have important consequences for shareholders, including (i) the Company's and its subsidiaries' ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Company's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations; and (iii) the Company and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures. The Company and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions prohibit or limit the Company's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantee for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate, or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit the Company's and its subsidiaries' ability to obtain additional financing, withstand downturns in the Company's and its subsidiaries' business and take advantage of business opportunities. If the Company or a subsidiary default in respect of its obligations under any of the loan agreements, including without limitation servicing existing indebtedness, or to refinance any such indebtedness, lenders may be entitled to demand repayment and enforce their security against certain projects or other assets.

Existing production wells at the San Jacinto facility may not produce sufficient commercially viable geothermal resources to support Polaris Renewable Energy's possible expansion programs.

Possible expansion programs to produce increased power from the San Jacinto facility are not assured of success and depend on the successful drilling and discovery of additional geothermal resources to economically generate increased power. Increasing the level of production from the San Jacinto facility and sustaining it over the long term will require drilling to discover additional resources in the area. The viability of any future planned expansion programs at the San Jacinto facility will depend upon several factors which are beyond Polaris Renewable Energy's control related to the nature of the geothermal resource defined through drilling additional production wells, such as heat content (the relevant composition of temperature and pressure), useful life, and operational factors relating to the extraction of fluids from the geothermal resource. If sufficient economically recoverable and sustainable geothermal resources are not defined through drilling, any future planned expansion programs at the San Jacinto facility location may be scaled back or not proceed altogether, which would, in turn, materially and adversely affect Polaris Renewable Energy's business, financial conditions, future results and cash flow.

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

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

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

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

Polaris Renewable Energy's geothermal resources may decline over time and may not remain adequate to support the life of its power plants.

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

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

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

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

Polaris Renewable Energy's financial performance depends on hydrological factors beyond its control.

The amount of power generated by the Company's hydroelectric facilities is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high-water flow in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact water conditions in a particular watershed. Annual deviations from the long-term average are sometimes significant.

The hydroelectric resources of the Company's hydroelectric facilities will vary. Although the Company believes that past resource studies and production data collected demonstrate that the sites are economically viable, the climate regime may change, or historical data and engineering forecasts may not

accurately reflect the strength and consistency of resources in the future. If resources are insufficient, the assumptions underlying the financial projections for the volume of electricity to be produced by such facilities might not materialize, which could have a material adverse effect on the Company's cash flows and profitability.

Polaris Renewable Energy's financial performance depends on its successful operation of geothermal power plants as well as hydro facilities, which are subject to various operational risks.

Polaris Renewable Energy's financial performance depends on its successful operation of geothermal power plants and hydroelectric facilities that are owned and operated by its subsidiaries. The cost of operation and maintenance and the operating performance of such facilities may be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- regular and unexpected maintenance and replacement expenditures.
- shutdowns due to the breakdown or failure of the plant's equipment or the equipment of the transmission serving utility.
- labour disputes.
- catastrophic events such as fires, explosions, earthquakes, volcanic eruptions, landslides, floods, releases of hazardous materials, severe storms or similar occurrences affecting a power plant, hydro facility, or any of the power purchasers or third-party service providers to a power plant or hydro facility; and
- the aging of power plants or hydro facilities, which may reduce their operating performance and increase the cost of their maintenance.

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

It is very costly to place geothermal resources into commercial production.

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

Uncertainty in the calculation of geothermal resources and probabilistic estimates of gross MW capacity may be incorrect and have a material adverse impact on the Company's financial performance.

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

Environmental risks and climate change occurrences beyond Polaris Renewable Energy's control may compromise its operations and its capacity to generate power.

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

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

The revenues generated by the Company's projects are proportional to the amount of electricity generated which in turn is dependent upon available water flows and wind conditions. Hydrology and wind conditions have natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. A sustained decline in water flow at the Company's hydroelectric stations or in wind conditions at the Company's wind energy facilities could lead to a material adverse change in the volume of electricity generated, revenues and distributable cash.

Furthermore, the geographic concentration of the Company's properties in Peru subjects the Company to an incremental risk of loss of revenue or curtailment of production from factors affecting that region specifically. Thus, should that region experience natural disasters or abnormal weather events (such as El Niño, which may cause excessive rainfall and flooding in Peru and Chile), this may negatively affect our operations and assets in those areas. In fact, on March 11, 2023, Peruvian authorities declared a state of emergency in various regions of Peru including Lima departments due to heavy rain. The abnormal weather events may produce delays from or decreases in production, the availability of equipment, facilities or services, capacity to gather, process or transport production or a political or regulatory adverse change, all of the Company's properties could be impacted, which in turn could have a material adverse effect on the Company's operations and financial condition.

Negative public or community response to wind, gas and hydroelectric facilities and energy infrastructure assets could adversely affect our projects.

Negative public or community response to wind, solar, gas and hydroelectric power facilities and/or energy infrastructure assets could adversely affect the development of and demand for wind and solar power energy and our ability to operate our facilities. This type of negative response could lead to legal, public relations and other challenges that impede our ability to meet our development and construction targets, achieve commercial operations for a facility on schedule or generate revenues. While public opposition is usually of greatest concern during the development stage of renewable assets, which is when the public has the ability to provide comments and appeal regulatory permits, continued opposition could have an impact on operations. An increase in opposition to our requests for permits or successful challenges or appeals to permits issued to us could materially adversely affect our plans. Legal requirements, changes in scientific knowledge and public complaints regarding issues such as noise generated by wind turbines could impact the operation of certain of our renewable assets in the future. In addition, there may be negative opinions on gas generation as climate change becomes a bigger concern for our stakeholders.

Polaris Renewable Energy is dependent on its operating subsidiaries.

Polaris Renewable Energy is a holding company with no business operations of its own or material assets other than the shares of its subsidiaries. Accordingly, all of its operations are conducted by indirect subsidiaries. As a holding company, Polaris Renewable Energy requires dividends and other payments from its subsidiaries to meet cash requirements. While Polaris Renewable Energy anticipates that its subsidiaries will have sufficient cash flow to enable such subsidiaries to pay dividends or otherwise distribute cash, the terms of loan and security agreements may contain restrictions on the ability of subsidiaries to pay dividends and otherwise transfer cash or other assets in certain circumstances. As such, a decline in Polaris Renewable Energy's subsidiaries' business, financial condition, cash flows or results of operation may result in restrictions on such subsidiaries' ability to pay dividends or otherwise distribute cash. In such event, Polaris Renewable Energy may be unable to pay dividends.

Energy prices are subject to dramatic and unpredictable fluctuations that are beyond Polaris Renewable Energy's control.

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

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

Industry competition may impede Polaris Renewable Energy's ability to access suitable energy resources.

Significant and increasing competition exists for the limited number of quality energy opportunities available. As a result of this competition, some of which is with large established companies with substantial capabilities and greater financial and technical resources than Polaris Renewable Energy, it may be unable to acquire additional operations or properties on terms it considers acceptable. There can be no assurance that Polaris Renewable Energy's acquisition programs will yield new operations or properties.

Polaris Renewable Energy may be unable to enter into PPAs on terms favourable to Polaris Renewable Energy, or at all.

The electrical power generation industry, of which geothermal and hydropower are a sub-component, is highly competitive, and Polaris Renewable Energy may not be able to compete successfully or grow its business. The industry is complex, as it is composed of public utility districts, cooperatives and investor-owned power companies. Many of the participants produce and distribute electricity. Their willingness to purchase electricity from an independent producer may be based on a number of factors and not solely on pricing and surety of supply. If Polaris Renewable Energy cannot enter into PPAs on favourable terms, or at all, it would negatively impact its revenue and its decisions regarding the development of additional properties. Further, if, for any reason, any of the purchasers of power under the PPAs that the Company is currently a party to are unable or unwilling to fulfil their contractual obligations under the relevant PPA, refuse to accept delivery of power pursuant to the relevant PPA, or do not renew their contractual

arrangements with us, our assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected.

Reliance on third parties and contract counterparties

The majority of the Company's revenue, the amount of cash flow received by the Company is dependent upon the counterparties to the Company's long-term contracts fulfilling their contractual obligations. The Company's operating facilities generally contract with third-party equipment maintenance and service providers, primarily related to gas turbine and wind turbine inspections as well as equipment service and maintenance. The failure of a provider to meet its obligations could cause that equipment to experience downtime or increased maintenance costs which could reduce cash flows.

The Company and its subsidiaries engage contractors and third-party suppliers for equipment and services during the construction of new facilities. The failure of a supplier to meet its obligations could cause the Company to experience construction delays and/or cost overruns. Failure could also prevent those projects from meeting obligations under PPAs or financing agreements. Multiple physical and contractual interfaces may also increase the risks to the facility from an overall project management perspective. Increase in risks related to multiple physical and contractual interfaces include risks pertaining to coordination, compatibility errors, liability caps, warranties on an individual work package basis, delays, cost overruns, performance failures and litigation.

The Company and its subsidiaries contract with partners to collaborate on development projects, including sharing development costs in agreed upon ratios. The failure of a partner to meet its obligations could cause the Company to take on additional credit exposure or make additional development expenditures to maintain the development project's status.

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

The power generation industry is characterized by intense competition from electric utilities, other power producers, private equity developers, international conglomerates, traditional energy companies, and power marketers. In recent years, there has been increasing competition in the sale of electricity, in part due to excess capacity in a number of U.S. markets and an emphasis on short-term or "spot" markets, and competition has contributed to a reduction in electricity prices. For the most part, Polaris Renewable Energy expects that power purchasers interested in long-term arrangements will engage in "competitive bid" solicitations to satisfy new capacity demands. Any failures to successfully prevail in such competition will negatively affect the Company's long-term prospectus and Polaris Renewable Energy's ability to obtain PPAs and the price paid for electricity by the relevant power purchasers. There is also increasing competition between electric utilities. This competition has put pressure on electric utilities to lower their costs, including the cost of purchased electricity, and increasing competition in the future will put further

pressure on power purchasers to reduce the prices at which they would purchase electricity from Polaris Renewable Energy.

The reduction, elimination or expiration of government subsidies and economic incentives could adversely affect the Company's prospects for growth.

The Company seeks to take full advantage of government policies that promote renewable power generation and enhance the economic feasibility of renewable power projects. The removal or phasing out of any such incentives could adversely affect its revenues as well as its prospects for growth as these incentives enhance the economic feasibility of developing and building renewable power projects.

Environmental and other regulatory requirements may add costs and uncertainty.

Polaris Renewable Energy's current and future operations, including exploration and development activities and electricity generation from power plants, require licenses and permits from various governmental authorities, and such operations are and will be subject to laws and regulations governing exploration and development, geothermal resources, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters. Companies can experience increased costs, and delays in production and other schedules, as a result of the need to comply with applicable laws, regulations, licenses and permits. There is no assurance that all approvals or required licenses and permits will be obtained. Additional permits, licenses and studies, which may include environmental impact studies conducted before licenses and permits can be obtained, may be necessary prior to the exploration or development of properties, or the operation of power plants in which Polaris Renewable Energy has an interest, and there can be no assurance that Polaris Renewable Energy will be able to obtain or maintain all necessary licenses or permits that may be required on terms that enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, licensing or permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Polaris Renewable Energy may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed upon it for violations of applicable laws or regulations.

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

In the case of the Company's hydroelectric facilities, water rights are owned by governments that reserve the right to control water levels, which may affect revenue. Additionally, the Company is also subject to disclosure requirements and regulations relating to the monitoring of the structural integrity of the hydroelectric stations it owns and operates in Peru. Other safety regulations could change from time to time, potentially impacting the Company's costs and operations. Upgrading all facilities to enable them to withstand all events could require the Company to incur significant expenditures of capital and other substantial resources, particularly on the occurrence of an extraordinary event or a case of force majeure.

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

The renewable energy industry has certain inherent risks related to worker health and safety and the environment that could cause the Company to suffer unanticipated expenditures or to incur fines, penalties or other consequences material to its business and operations.

The ownership and operation of the Company's renewable energy assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licences, permits and other approvals are expected to remain material to the business. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health, safety and environmental laws, licences, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to the business and operations.

Increases in water rental costs or changes to regulations on water use could impact Polaris Renewable Energy's financial performance.

The Company is required to make rental payments for water rights when its hydroelectric facilities are in commercial operation. Significant increases in water rental costs in the future or changes in the way governments regulate water supply or apply such regulations could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Polaris Renewable Energy may be adversely affected if the supply of water is materially reduced.

Hydroelectric power generation facilities require continuous water flow for their operation. Shifts in weather or climate patterns, seasonal precipitation, the timing and rate of melting, run-off and other factors beyond our control may reduce the water flow to the Company's facilities. Any material reduction in the water flow to the facilities would limit our ability to produce and market electricity from these facilities and could have a material adverse effect on the business. There is an increasing level of regulation respecting the use, treatment and discharge of water, and respecting the licensing of water rights in jurisdictions where we operate. Any such change in regulations could have a material adverse effect on the business and operations.

Polaris Renewable Energy's officers and directors may have conflicts of interest arising out of their relationships with other companies.

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

Polaris Renewable Energy may face adverse claims to title.

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

Fluctuations in foreign currency exchange rates may affect Polaris Renewable Energy's financial results.

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

Polaris Renewable Energy may not be able to successfully integrate businesses or projects that it acquires in the future.

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

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

Polaris Renewable Energy's insurance policies may be insufficient to cover losses and may become subject to higher insurance premiums.

The Company's business is exposed to the risks inherent in the construction and operation of power generation facilities, such as breakdowns, manufacturing defects, natural disasters, theft, terrorism, and cyberattacks. The Company is also exposed to environmental risks. As protection against operating hazards, Polaris Renewable Energy intends to maintain insurance coverage against some, but not all, potential losses. However, these insurance policies may not cover losses, or may be subject to limitations in coverage as a result of force majeure, natural disasters, armed hostilities, terrorist, attacks, cyberattacks, among other things, either because such insurance is not available or because the cost of such coverage is considered prohibitive. The occurrence of an event that is not covered, or not fully covered, by insurance could have a material adverse effect on Polaris Renewable Energy's financial condition and the results of operations. The Company's insurance policies are subject to annual review by the respective insurers and may not be renewed at all or on similar or favourable terms. A significant uninsured loss or a loss significantly exceeding the limits of our insurance policies or the failure to renew such insurance policies on similar or favourable terms could have a material adverse effect on the Company's business, financial condition and results of operations.

Damage to Polaris Renewable Energy's Reputation.

The Company's reputation is important to its continued success. At the same time, this reputation can be impacted by certain events that could affect how the general public, governments, counterparties, employees or other stakeholders of Northland perceive the Company. In certain cases, the Company may be affected or be held accountable for the actions of directors, officers, or employees of the Company and those of third parties who may act for or on behalf of the Company. Although the Company seeks to protect its reputation through internal policies, procedures and controls, there is a risk that negative

impacts from a weakened or compromised reputation could result in loss of revenue, loss of future opportunity or loss of key employees, any of which could adversely affect Polaris Renewable Energy.

Urbanizing activities and related developments may limit geothermal activities in the areas of Polaris Renewable Energy projects.

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

Relationship with Stakeholders.

The Company is sometimes required through the permitting and approval process to notify, consult and/or accommodate and obtain consent from various community groups, including landowners, fishing communities, Indigenous communities and/or governments and municipalities. Any unforeseen delays or issues in this process may negatively impact the Company's ability to complete any given project on time or at all.

The success of Polaris Renewable Energy's business relies on attracting, recruiting and retaining key personnel.

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

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

Natural disasters and force majeure events may prevent the Company from generating energy and fulfilling its obligations under various agreements.

The Company's power generation facilities and operations may be exposed to potential interruption and damage, partial or full loss, resulting from environmental disasters (for example, floods, high winds, fires, earthquakes, and public health crises, such as pandemics and epidemics), other seismic activity, equipment failure and other scenarios beyond the Company's control. Climate change can increase the frequency and severity of these extreme weather events. Natural disasters of a significant magnitude may disrupt the production capabilities of the Company's facilities and may prevent it from selling its energy for an extended period of time, the result of which could have a material adverse impact on the Company. There may be cases where such events may not excuse the Company from performing its obligations under agreements it is a party to. In addition, the Company's assets could be exposed to the effects of severe weather conditions, natural and man-made disasters and other catastrophic events. Further, these may be located in remote areas, making them relatively inaccessible for the repair of damage. Any such scenario could have a material adverse effect on the Company's business, operating results and financial position.

The Company's operations and financial results may be adversely affected by an outbreak of infectious disease, a pandemic, an epidemic or other public health emergencies.

An outbreak of infectious disease, pandemic or a similar public health threat, such as the COVID-19 pandemic, and the response thereto, could adversely impact the Company, both operationally and financially. In fact, the COVID-19 pandemic created a number of risks in the Company's business, not all of which may be quantifiable to or immediately identifiable by the Company, and future widespread outbreaks of disease may have similar effects on the Company's business. The global response to the COVID-19 pandemic resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments around the world in jurisdictions where the Company operates. Labour shortages due to illness, Company or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or interruption of the Company's operations, including operational shutdowns or suspensions. The inability to continue ongoing exploration and development work could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain a global pandemic, or remedy its impact, among others.

Technological advancements could impact the Company's future operations and financial condition.

The Company's future revenue and expectations regarding the continued increase in demand for renewable power are to some extent dependent on the advancement of technology in the renewable

power industry and could be impacted by changes and advancements in technology, or lack thereof, including the development of large-scale energy storage. To the extent that technological advancements are delayed or fail to function as expected, the Company's assumptions about its future revenue and operations could be adversely affected. There is also no assurance that the Company will be able to respond effectively to technological advancements in the renewable power industry, which could have an adverse impact on the Company's revenue and operations.

Cybersecurity

The Company is dependent on various information technologies to conduct its business, monitor the production of its generation facilities, the remote monitoring and controlling of its assets, communicating with regulatory agencies, energy markets and customers, financial management and human resource systems, amongst others.

A system failure, loss of data, cybersecurity incident or breach could result in disruption of business activities, operational delays and downtimes, information losses, significant remediation costs, increased cybersecurity costs, lost revenues, diminished competitive advantage, penalties for non-compliance with privacy and critical infrastructure protection laws, effectiveness of controls over financial reporting, litigation and reputational harm affecting customer, employee and investor confidence, which could materially adversely affect Northland's business, financial condition, and operating results.

Effective internal controls.

Effective internal controls are necessary for the Company to provide reliable financial reports, manage the Company's risk exposure and to help prevent fraud, bribery, corruption or other illegal acts. Although the Company undertakes a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and reduce the trading price of the Common Shares.

Bribery and Corruption.

The Company's activities are subject to risks associated with potentially unauthorized payments to government officials (domestic or foreign) in order to obtain an expedited or a favourable outcome to a permit, approval, action or similar requirement of a government official. All such unauthorized payments to government officials (domestic or foreign) would be in contravention of the Company's Anti-Bribery and Corruption Policy.

Provisions for income taxes may not be sufficient.

The Company's operations are complex, and the computation of the provision for income taxes involves tax interpretations, regulations and legislation that are continually changing. In addition, the Company's

tax filings are subject to audit by taxation authorities. While the Company believes that its tax filings have been made in material compliance with all applicable tax interpretations, regulations and legislation, it cannot guarantee that it will not have disagreements with taxation authorities with respect to its tax filings that could have a material adverse effect on its business. The Company and its subsidiaries 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, which could have a material adverse impact on the Company.

The Company may fail to meet financial expectations.

Our quarterly revenue and results of operations are difficult to predict and fluctuate from quarter to quarter. Our quarterly results of operations are influenced by a number of factors, including, weather, unplanned maintenance and other risks described in this AIF, many of which are beyond the Company's control and that which may cause such results to fall below market expectations. Although the Company bases its planned operating expenses in part of its expectations of future revenue, a significant portion of its expenses are relatively fixed in the short term. If revenue for a particular quarter is lower than expected, the Company will likely be unable to proportionally reduce operating expenses for that quarter, which will adversely affect its operational results for that quarter.

The Company may be unsuccessful in the advancement or defense of legal actions.

In the normal course of business, the Company may become party to legal actions. There can be no assurance that it will be successful in the advancement or defense of these claims and legal actions or that any claim or legal action that is decided adverse to the Company will not materially and adversely affect it. Further, as an issuer in emerging markets, the Company is subject to different legal regimes. Government authorities in emerging market countries often have a high degree of discretion and at times appear to act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that may not be in full accordance with the law or that may be influenced by political or commercial considerations. Unlawful, selective or arbitrary governmental actions could include denial or withdrawal of licenses, sudden and unexpected tax audits, forced liquidation, criminal prosecutions and civil actions. Although unlawful, selective or arbitrary government action may be challenged in court, such action, if directed at the Company or its shareholders, could have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

The Company depends on intellectual property and our failure to protect that intellectual property could adversely affect our future growth and success.

While we proactively and regularly review our intellectual property protection strategy, failure to protect our intellectual property rights may reduce our ability to prevent others from using our technology. We rely on trademark laws to protect our intellectual property. Our trademarks are currently pending

registration in Canada and in progress in each of the jurisdictions in which we operate. It is not certain when these registrations may become effective. Further, such registrations may be unavailable, limited, not, or unenforceable in foreign countries.

11.2 *Risks Relating to the Political and Economic Climates of Countries in which Polaris Renewable Energy Operates*

Economic, social and political developments in countries in which the Company operates may have a material adverse impact on the Company.

As some of the Company's projects are located in Nicaragua, Dominican Republic, Panama, Ecuador and Peru, the Company is dependent upon the respective economic and political developments that occur within these jurisdictions. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the host country's economy, price instability, currency fluctuation, inflation, interest rates, regulation, taxation, social instability, political unrest and other developments in or affecting those jurisdictions, over which the Company has no control.

In the past, Nicaragua, Dominican Republic, Panama, Ecuador and Peru have experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on its business, financial condition or results of operations.

The Company's financial condition and results of operations may also be affected by changes in the political climate in Nicaragua, Dominican Republic, Panama, Ecuador and Peru to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment. The COVID-19 pandemic created a number of risks in the Company's business, not all of which may be quantifiable to or immediately identifiable by the Company. While political and social unrest has not negatively affected the Company's operations or financial results in the past, there can be no assurance that any future political and social unrest will not negatively impact the Company's operations or financial results. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, wealth taxes, expropriation of property, environmental legislation and site safety. There can be no assurance that the governments of Nicaragua, the Dominican Republic, Panama, Ecuador and Peru will continue to pursue business-friendly and open-market economic policies or policies that stimulate economic growth and social stability.

Emerging Markets Issuer

The Company actively operates in countries considered an emerging market (e.g. Nicaragua, Dominican Republic, Panama, Ecuador and Peru). Emerging market investments generally pose a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. The

Company's operations in emerging markets expose it to heightened risks relating to prevailing political and socioeconomic conditions which have historically included, but are not:

- difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of geothermal properties and power plants;
- changes to royalty and tax regimes;
- high rates of inflation;
- military repression;
- expropriation or nationalization without adequate compensation;
- the imposition of trade barriers;
- social and labour unrest;
- internal security issues;
- potential fluctuations in currency exchange rates;
- renegotiation or nullification of existing concessions, licenses, permits and contract;
- restrictions on foreign exchange and repatriation;
- volatile local political and economic developments, which could affect, among other things, the availability of new project financing; and
- difficulty obtaining key equipment and components for equipment.

Host country economic, social and political uncertainty can arise as a result of a lack of support for Polaris Renewable Energy's activities in local communities in the vicinity of its properties. Such uncertainties also arise as a result of the relatively new and evolving promotion of private-sector power development. Though the effects of competition will increase the likelihood of market efficiencies and benefit Polaris Renewable Energy's properties, the elimination of energy cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives and have an adverse impact on its properties and operations. Investors in emerging markets should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

Recent Unrest in in certain of the regions in which the Company operates could impact the Company's future operations and financial condition.

Since December 7, 2022, when former Peruvian President Pedro Castillo was removed from office and arrested after a failed attempt to dissolve Peru's Congress, there has been considerable political unrest in Peru and demonstrations related to the political situation have led to multiple clashes between protestors and security forces, resulting in casualties and deaths. The political unrest has also given rise to many roadblocks across the country. In addition, in response, some airports across Peru suspended their operations. On December 14, 2022, the Peruvian government declared a national state of emergency for 30 days, which was officially lifted on March 24, 2023. Despite the official lifting of the national state of emergency, protests continued to be present throughout 2023 in Peru calling for Peru's president Dina

Boluarte to be removed. To date, the unrest and blockades have not interfered with the operations of the Canchayllo facility, El Carmen facility, and 8 de Agosto facility (the “**Peruvian Facilities**”). While no assurance can be given as to how long the unrest and blockades will continue or whether they will disrupt or interfere the operations of the Peruvian Facilities, or future operations, it is likely that coupled with the El Niño effects, continued and aggravated civil unrest looms in the coming months. The effect of any such disruption or interference cannot accurately be predicted and could have a significant adverse effect on the Company’s results of operations, cashflow from operations and financial condition.

Furthermore, throughout 2023, Ecuador faced a tense political dynamic fueled by an increase in organized crime-related violence and former President Guillermo Lasso’s dissolution of parliament in an effort to avoid his impeachment. Ecuador’s violence continues to rise, as well as the use of state of emergencies and curfews as a measure to attempt to stabilize the country. No assurance can be given as to how long the state of emergency or curfew will last. The effects of the country’s instability cannot be accurately predicted and could have a significant adverse effect on the Company’s results of operations, cashflow from operations and financial condition.

There may be difficulty enforcing judgments in the foreign jurisdictions in which the Company operates.

The majority of the assets and subsidiaries of the Company are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company including directors and officers not resident of Canada under Canadian securities laws or otherwise.

There are risks associated with inter-regional transmission grids.

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

11.3 Risks Related to the Common Shares and Trading Market

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

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

- changes in securities analysts' recommendations and their estimates of Polaris Renewable Energy's financial performance;
- the public's reaction to Polaris Renewable Energy's press releases, announcements and filings with securities regulatory authorities, and those of its competitors;
- changes in market valuations of similar companies;
- investor perception of Polaris Renewable Energy's industry or prospects;
- additions or departures of key personnel;
- commencement of or involvement in litigation;
- changes in environmental and other governmental regulations;
- announcements by Polaris Renewable Energy or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in Polaris Renewable Energy's quarterly results of operations or cash flows or those of other companies;
- revenue and operating results failing to meet the expectations of securities analysts or investors;
- future issuances and sales of the Common Shares of Polaris Renewable Energy; and
- changes in general conditions in the domestic and worldwide economies, financial markets or the mining industry.

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

Variability of cash flow and potential impact on dividends.

The actual amount of cash flow to service dividends to shareholders will depend on numerous factors, including the financial performance of the Company's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, and future capital requirements.

The payment and the amount of dividends declared, if any, are at the discretion of the Board and will depend on the Board's assessment of the Company's outlook for growth, capital expenditure requirements, funds from operations, potential opportunities, debt position and other conditions that the Board may consider relevant at such future time, including applicable restrictions that may be imposed under applicable corporate law, such as solvency tests. The amount of future cash dividends, if any, could also vary depending on adverse impacts from a variety of factors, including fluctuations in energy prices, capital expenditure requirements, debt service requirements, operating costs and foreign exchange rates. The market value of the Common Shares may decline if the Company's cash dividends decline in the future and that market value decline may be material.

Under U.S. federal tax rules, Polaris Renewable Energy may be classified as a passive foreign investment company (a “PFIC”), which would result in special and generally unfavourable U.S. federal tax consequences to its U.S. Shareholders.

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

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

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

Current global financial conditions have been subject to increased volatility.

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact Polaris Renewable Energy’s ability to obtain equity or debt financing in the future and, if obtained, on favourable terms to it. If these increased levels of volatility and market turmoil continue, Polaris Renewable Energy’s operations could be adversely impacted, and the trading price of its Common Shares could be adversely affected. Additionally, general inflationary pressures may affect labour and other operating costs. These inflationary pressures could have a material adverse effect on the Company’s financial condition, results of operations and the capital expenditures required to advance the Company’s business plans. There can be no assurance that any governmental action taken to control inflationary or deflationary cycles will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on the Company’s business, results of operations, cash flow, and financial condition.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

13. TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is:

TSX Trust Company
300 – 100 Adelaide St. West,
Toronto, ON M5H 1S3
Tel: 416.682.3860 or 1.800.387.0825
Fax: 1-514.985.8843 or 1.888.249.6189

14. MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which the Company has entered into since the beginning of the last fiscal year before the date of this AIF. Copies of the below material contracts are available on the Company's SEDAR+ profile at www.sedarplus.ca.

- A purchase and sale agreement between the Company and Potentia Renewables Inc.
- A purchase and sale agreement for the acquisition of San Jose de Minas in Ecuador.

15. INTERESTS OF EXPERTS

15.1 Name of Experts

The Company's financial statements for the year ended December 31, 2023, have been audited by PwC.

15.2 Interests of Experts

PwC are the auditors of the Company and have advised the Company that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

16. ADDITIONAL INFORMATION

Financial information about the Company is contained in its consolidated comparative financial statements and Management's Discussion and Analysis for fiscal years ended December 31, 2023, and

December 31, 2022. Additional information relating to the Company is on SEDAR+ at www.sedarplus.ca or the Company's website, www.PolarisREI.com.

Additional information, including directors' and officers' remuneration and indebtedness and information concerning the principal holders of the Company's securities authorized for issuance under equity compensation plans, where applicable, will be contained in the Company's information circular expected to be filed on SEDAR+ at www.sedarplus.ca in advance of the Company's annual meeting of shareholders to be held in June 2024.

APPENDIX “A”
CHARTER OF THE HUMAN RESOURCES & ESG COMMITTEE

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities, and authority of the Human Resources and Environmental, Social and Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Polaris Renewable Energy Inc. (the “**Company**”).

Section 1. Purpose

- (1) The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:
 - (a) appointment, performance, evaluation and compensation of senior executives of the Company;
 - (b) recruitment, development and retention of senior executives of the Company;
 - (c) talent management and succession planning systems and processes relating to senior executives of the Company;
 - (d) compensation structure for senior executives of the Company including salaries, annual and long-term incentive plans including plans involving equity issuances and other equity- based awards;
 - (e) the establishment of policies and procedures designed to identify and mitigate risks associated with the Company’s compensation policies and practices;
 - (f) compensation of directors of the Board;
 - (g) adoption of benefit retirement and savings plans;
 - (h) development of corporate governance guidelines and principles for the Company;
 - (i) identification of individuals qualified to be nominated as members of the Board;
 - (j) overseeing director orientation and continuing education;
 - (k) administration of the Company’s equity incentive plans;
 - (l) the structure, composition and mandate of committees of the Board;
 - (m) evaluation of the performance and effectiveness of the Board and of committees of the Board;
 - (n) monitoring safety, environmental, social responsibility and cybersecurity risk management and performance; and

- (o) monitoring compliance with applicable laws related to safety, environment, social responsibility and cybersecurity.

Section 2. Composition and Membership

- (1) The Board will appoint the members (“**Members**”) of the Committee, taking into account any recommendation that may be made by the Committee. The Members are appointed to hold office until such Member’s successor is duly appointed or elected, as applicable, and qualified or until such Member’s earlier resignation or removal. The Board may add or remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.
- (2) The Committee will consist of as many directors of the Board as the Board may determine. All Members will meet the criteria for independence established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including section 1.4 of *National Instrument 52-110 - Audit Committees*. All Members will have a working familiarity with corporate governance practices.
- (3) The Board will appoint one of the Members to act as the chair of the Committee (the “**Chair**”), taking into account any recommendation that may be made by the Committee.
- (4) The Committee may delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.

Section 3. Meetings

- (1) Meetings of the Committee are held at such times and places as the Chair may determine, but in any event not less than two times per year. To the extent possible, advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person, videoconferencing or by telephone.
- (2) The Chair, if present, will act as the chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee, the Members in attendance may select one of their number to act as chair of the meeting.
- (3) The secretary of the Company may act as secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee will maintain minutes of the meeting and deliberations of the Committee and will circulate such minutes of each meeting of the Committee to the Members and to the chair of the Board (and to any other member of the Board that requests they be circulated) on a timely basis.
- (4) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee are made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes.

- Powers of the Committee may also be exercised by written resolutions signed by all Members.
- (5) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee.
 - (6) The Committee may meet in camera without members of management in attendance for a portion of each meeting of the Committee.
 - (7) To the extent possible, in advance of every regular meeting of the Committee, the Chair, with the assistance of the secretary of the Company, should prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.
 - (8) The Committee shall oversee the preparation of, review and approve the executive compensation and corporate governance disclosure to be included in the management proxy circular and other applicable public disclosure of the Company.

Section 4. Exercise of Power between Meetings

Between meetings, the Chair or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercise.

Section 5. Duties and Responsibilities

- (1) The duties and responsibilities of the Committee, as they relate to the following matters, are as follows:
 - (a) Corporate Governance Documents
 - (i) biennial review the Company's Corporate Governance Guidelines, Board Charter, Position Description for the Chief Executive Officer, Committee Charters and principal corporate policies including the Code of Business Conduct and Ethics, Insider Trading Policy, and Whistleblower Policy, and, in the Committee's discretion, recommend any changes to the Board for consideration;
 - (b) Compensation of Directors and Officers
 - (i) annually review the performance objectives for the Chief Executive Officer and other senior executives of the Company as determined by the Committee or the Board and, in the Committee's discretion, recommend any changes to the Board for consideration;

- (ii) annually review and evaluate the performance of the Chief Executive Officer in light of pre-established performance objectives and report its conclusions to the Board;
- (iii) annually review the compensation for the Chief Executive Officer and, in the Committee's discretion, recommend any changes to the Board for consideration;
- (iv) annually review the Chief Executive Officer's recommendations for the senior executives' compensation and evaluation of performance objectives and, in the Committee's discretion, recommend any changes to the Chief Executive Officer for consideration;
- (v) the compensation policies and practices for the directors and the senior executives shall reflect the following:
 - (A) their respective duties and responsibilities;
 - (B) be competitive in attracting, retaining and motivating high quality and high performing directors and senior executives of the Company;
 - (C) align the interests of the directors and the senior executives of the Company with shareholders and the Company as a whole;
 - (D) be based on established corporate and individual performance objectives;
 - (E) not encourage the taking of inappropriate or excessive risks;
- (vi) in conjunction with the senior executives, administer the Company's equity incentive plans;
- (vii) review the Company's succession plan for the Chief Executive Officer and senior executives of the Company, including their appointment, training and evaluation;
- (viii) review and discuss, at least annually:
 - (A) the relationship between the Company's risk management policies, corporate strategy and compensation of senior executives;
 - (B) the Company's compensation approach, policies and practices to ensure that they encourage senior executives to consider the risks related to their decisions and actions and that they do not encourage unnecessary or inappropriate risk taking;

- (ix) annually review the compensation of directors and, in the Committee's discretion, recommend any changes to the Board for consideration;
- (c) Nomination of Directors
 - (i) annually: (i) review and assess the size, composition and operation of the Board to ensure effective decision making; (ii) review and assess the size, composition and chairmen of all of the Committees of the Board; and (iii) identify and review candidates for appointment or nomination to the Board based upon an assessment of the independence, skills, qualifications and experience of the candidate, and make recommendations to the Board for consideration;
 - (ii) prior to nominating new directors, first consider the obligations of the Company under any nominating rights agreements to which the Company is a party, and then:
 - (A) consider what competencies and skills the Board, as a whole, should possess;
 - (B) assess what competencies and skills each existing director possesses. The Board should be considered as a group, with each individual making his or her own contribution. Attention should also be paid to the personality and other qualities of each director, as these may ultimately determine the boardroom dynamic;
 - (C) consider the competencies and skills each new nominee will bring to the boardroom;
 - (D) consider whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member;
 - (iii) recommend to the Board the necessary and desirable competencies of directors;
 - (iv) take into account diversity of the board candidate, as well as the current composition of the Board, including in complying with any diversity policy and/or target then in effect;
 - (v) identifying individuals qualified to become new Board members and recommending to the Board the new director nominees for the next annual meeting of shareholders;
- (d) Orientation and Continuing Education of Directors
 - (i) provide all new directors with comprehensive orientation to, among other things, fully understand the role of the Board and its committees, the

contribution individual directors are expected to make, and the nature and operation of the Company's business;

- (ii) provide continuing education opportunities for all directors so that individual directors may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remains current;

(e) Succession Planning

- (i) annually prepare and review a succession plan for the Chief Executive Officer or any person acting in such capacity, and the executive management of the Company;

(f) Safety, Environmental and Social Responsibility Matters

- (i) no less than annually review the adequacy of the Company's policies related to safety, environment and social responsibility matters and, in the Committee's discretion, recommend any changes to the Board for consideration, where such changes are necessary to keep pace with health, safety, environmental and social responsibility trends or developments in the international renewable energy development industry;
- (ii) annually report to the Board on the sufficiency of resources available for carrying out the Company's health, safety, environmental and social responsibility obligations;
- (iii) no less than annually monitor the compliance of the Company's programs and procedures related to safety, environment and social responsibility to ensure the Company complies with applicable laws and regulations;
- (iv) no less than annually review management's assessment of the impact of proposed or enacted laws, regulations, international treaties and voluntary codes and initiatives related to safety, environment and social responsibility;
- (v) regularly review the health, safety and environmental risks arising from the Company's operations, the procedures and management plans designed to manage and mitigate such risks, and management's reports on those matters;
- (vi) promptly review reports prepared by management with respect to any extraordinary event or condition involving significant environmental damage, significant risk to public health or safety, major public controversy, material liability, or potential therefore, and consider the recommendations of management in the reports, assess proposed action plans, report to the Board and, where appropriate, make recommendations to the Board; and

- (vii) if any management report reviewed by the Committee contains issues of major concern, or material non-compliance, the Committee shall assess the adequacy of the Company's response to such situations, make recommendations to the Board where appropriate, and receive follow-up reports from management which demonstrate that issues have been properly addressed or resolved.
- (g) Other
 - (i) engage and compensate outside professionals where the Members believe it is necessary to carry out their duties and responsibilities;
 - (ii) direct and supervise the investigation into any matter brought to its attention within the scope of its duties;
 - (iii) review proposed disclosure of all material documents related to safety, environmental or social responsibility matters, which are to be made public and report to the Board with recommendations if necessary; and
 - (iv) perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.

Section 6. Reporting

At the request of the chair of the Board, the Chair will report to the Board at Board meetings on the Committee's activities since the last Committee report to the Board.

Section 7. Access to Information and Authority

- (1) The Committee will be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members.
- (2) The Committee has the authority to retain, at the Company's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities (including executive search firms to assist the Committee in identifying director candidates), including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board.

Section 8. Review of Charter and Committee

- (1) The Committee will review and assess annually the adequacy of this Charter and the Committee's performance and recommend any proposed changes to the Board for consideration. The Board may amend from time to time this Charter.
- (2) The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. The terms of this Charter are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

APPENDIX “B”

CHARTER OF THE AUDIT COMMITTEE

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Polaris Renewable Energy Inc. (the “**Company**”).

Section 1. Statement of Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and related financial disclosure;
- the implementation of risk management and internal control over financial reporting and disclosure controls and procedures; and
- external and internal audit processes.

Section 2. Committee Membership

The Committee shall consist of as many directors of the Board as the Board may determine (the “**Members**”), but in any event, not less than 3 (three) Members. Each Member shall meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which the Company’s securities are listed, including *National Instrument 52-110 — Audit Committees* (“**NI 52-110**”) subject to any exceptions permitted under NI 52-110. NI 52-110 also requires that to be independent, a Member be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment.

Members shall be appointed by the Board, taking into account any recommendation that may be made by the Human Resources and Environmental, Social and Governance Committee of the Board (the “**HR & ESG Committee**”). Any Member may be removed and replaced at any time by the Board and will automatically cease to be a Member if he or she ceases to meet the qualifications required of Members. The Board will fill vacancies on the Committee by appointment from among qualified directors of the Board, taking into account any recommendation that may be made by the HR & ESG Committee. If a vacancy exists on the Committee, the remaining Members may exercise all of its powers so long as there is a quorum.

Chair

The Board will designate one of the independent directors of the Board to be the chair of the Committee (the “**Chair**”), taking into account any recommendation that may be made by the HR & ESG Committee.

Qualifications

At least three Members shall be independent and financially literate as described above. Members must have suitable experience and must be familiar with auditing and financial matters.

Attendance of Ex Officio Members, Management and other Persons

The Committee may invite, at its discretion, senior executives of the Company or such persons as it sees fit to attend meetings of the Committee and to take part in the discussion and consideration of the affairs of the Committee. The Committee may also require senior executives or other employees of the Company to produce such information and reports as the Committee may deem appropriate in the proper exercise of its duties. Senior executives and other employees of the Company shall attend a Committee meeting if invited by the Committee. The Committee may meet without senior executives in attendance for a portion of any meeting of the Committee.

Delegation

Subject to applicable law, the Committee may delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.

Section 3. Committee Operations

Meetings

The Chair, in consultation with the other Members, shall determine the schedule and frequency of meetings of the Committee. Meetings of the Committee shall be held at such times and places as the Chair may determine. To the extent possible, advance notice of each meeting will be given to each Member unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings of the Committee either in person or by telephone, video or other electronic means. Powers of the Committee may also be exercised by written resolutions signed by all Members.

At the request of the external auditors of the Company, the Chief Executive Officer or the Chief Financial Officer of the Company or any Member, the Chair shall convene a meeting of the Committee. Any such request shall set out in reasonable detail the business proposed to be conducted at the meeting so requested.

Agenda and Reporting

To the extent possible, in advance of every regular meeting of the Committee, the Chair shall prepare and distribute, or cause to be prepared and distributed, to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require senior executives and other employees of the Company to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

The Chair shall report to the Board on the Committee's activities since the last Board meeting. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board. Minutes of each meeting of the Committee shall be circulated to the Directors following approval of the minutes by the Members. The Committee shall oversee the preparation of, review and approve the applicable disclosure for inclusion in the Company's annual information form.

Secretary and Minutes

The secretary of the Company may act as secretary of the Committee unless an alternative secretary is appointed by the Committee. The secretary of the Committee shall keep regular minutes of Committee proceedings and shall circulate such minutes to all Members and to the chair of the Board (and to any other Director that requests that they be sent to him or her) on a timely basis.

Quorum and Procedure

A quorum for any meeting of the Committee will be a simple majority. The procedure at meetings will be determined by the Committee. The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all Members. In the absence of the Chair, the Committee may appoint one of its other Members to act as Chair of any meeting.

Exercise of Power between Meetings

Between meetings, the Chair, or any Member designated for such purpose by the Committee, may, if required in the circumstance, exercise any power delegated by the Committee on an interim basis. The Chair or other designated Member will promptly report to the other Members in any case in which this interim power is exercised.

Section 4. Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board as well as any other functions that may be necessary or appropriate for the performance of its duties.

Financial Reporting and Disclosure

Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and other applicable financial disclosure, prior to the public disclosure of such information.

Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such documents or information.

Review with senior executives of the Company, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with IFRS, as applicable.

Seek to ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, the Company's disclosure controls and procedures and periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration.

Internal Controls and Internal Audit

Review the adequacy and effectiveness of the Company's internal controls and management information systems through discussions with senior executives of the Company and the external auditor relating to the maintenance of: (i) necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions; (ii) effective internal controls over financial reporting; and (iii) adequate processes for assessing the risk of material misstatements in the financial statements and for detecting control weaknesses or fraud. From time to time the Committee shall assess any requirements or changes with respect to the establishment or operations of the internal audit function having regard to the size and stage of development of the Company at any particular time.

Satisfy itself, through discussions with senior executives of the Company that the adequacy of internal controls, systems and procedures has been periodically assessed in accordance with regulatory requirements and recommendations.

Review and discuss the Company's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities.

Review and make recommendations to the Board regarding, the adequacy of the Company's risk management policies and procedures with regard to identification of the Company's principal risks and implementation of appropriate systems and controls to manage such risks including an assessment of the adequacy of insurance coverage maintained by the Company.

Periodically review the Company's policies and procedures for reviewing and approving or ratifying related- party transactions.

External Audit

Recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of the Company.

Ensure the external auditors report directly to the Committee on a regular basis. Review the independence of the external auditors.

Review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors.

Review the audit plan of the external auditors prior to the commencement of any audit. Establish and maintain a direct line of communication with the Company's external auditors.

Meet in camera with only the auditors, senior executives of the Company, or the Members, where and to the extent that, such parties are present, at any meeting of the Committee.

Oversee the work of the external auditors of the Company with respect to preparing and issuing an audit report or performing other audit or review services for the Company, including the resolution of issues between senior executives of the Company and the external auditors.

Review the results of the external audit and the external auditor's report thereon, including, discussions with the external auditors as to the quality of accounting principles used and any alternative treatments

of financial information that have been discussed with senior executives of the Company and any other matters.

Review any material written communications between senior executives of the Company and the external auditors and any significant disagreements between the senior executives and the external auditors.

Discuss with the external auditors their perception of the Company's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto.

Discuss with the external auditors their perception of the Company's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks.

Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to address any such issues.

Associated Responsibilities

Monitor and periodically review the Whistleblower Policy, Investment Policy, Insider Trading Policy, Anti-Bribery and Corruption Policy, Gift Policy, Working with Third Parties and Integrity Due Diligence Policy of the Company and associated procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
- the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
- if applicable, any violations of applicable law, rules or regulations that relates to corporate reporting and disclosure, or violations of the Company's Code of Business Conduct and Ethics.

Review and approve the Company's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of the Company.

Non-Audit Services

Pre-approve all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its Members the authority to pre-approve non-audit services but pre-approval by such

Member or Members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

Other Duties

Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable law.

Section 5. The Committee Chair

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for overseeing and reporting on the evaluations to be conducted by the Committee, as well as monitoring developments with respect to accounting and auditing matters in general and reporting to the Committee on any related significant developments.

Section 6. Committee Evaluation

The performance of the Committee shall be evaluated by the Board as part of its regular evaluation of the Board committees.

Section 7. Access to Information and Authority to Retain Independent Advisors

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors of the Company, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at the Company's expense, independent legal, financial, and other advisors, consultants and experts to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve their fees. The Committee shall select such advisors, consultants and experts after taking into consideration factors relevant to their independence from management and other relevant considerations.

The Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and the external advisers, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject under applicable law.

The Committee also has the authority to communicate directly with internal and external auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of the senior executives of the Company responsible for such matters and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or

responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure. This Charter is not intended to change or interpret the constating documents of the Company or applicable law or stock exchange rule to which the Company is subject, and this Charter should be interpreted in a manner consistent with all such applicable laws and rules.

The Board may, from time to time, permit departures from the terms of this Charter, either prospectively or retrospectively. This Charter is not intended to give rise to civil liability on the part of the Company or its Directors or officers to shareholders, security holders, customers, suppliers, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

Section 8. Review of Charter

The Committee shall periodically review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.