POLARIS
RENEWABLE ENERGY

Condensed Consolidated Interim Financial Statements for the periods ended

March 31, 2024 and 2023

(*Unaudited)*

Polaris Renewable Energy Inc.

Consolidated Balance Sheets

(expressed in thousands of United States dollars; unaudited)

	Note Ref		As at March 31, 2024		As at December 31, 2023
Assets					
Current assets					
Cash and cash equivalents		**$**	**41,013**	$	40,053
Accounts receivable	7		**11,825**		10,630
Prepaid expenses and other current assets			**2,736**		3,359
			55,574		54,042
Restricted cash			**4,630**		4,630
Other assets, net			**5,832**		5,693
Construction in progress	8		**5,466**		4,135
Property, plant and equipment, net	9		**370,369**		376,887
Intangible assets, net			**54,357**		55,014
Deferred tax asset			**6,644**		6,644
Goodwill			**12,355**		12,355
Total assets		**$**	**515,227**	$	519,400
Liabilities and Total Equity					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**13,264**	$	15,078
Current portion of long-term debt, net	10		**15,938**		15,846
Current portion of lease liabilities			**435**		399
Other liabilities			**30**		30
			29,667	$	31,353
Non-current liabilities					
Long-term debt, net	10		**153,996**		156,533
Lease liabilities			**2,295**		2,346
Deferred tax liability			**58,012**		59,236
Total liabilities			**243,970**	$	249,468
Non-controlling interests			**652**		590
Equity attributable to the owners of the Company					
Share capital	11		**666,556**		666,394
Contributed surplus			**13,936**		14,020
Accumulated deficit			**(409,887)**		(411,072)
Total equity attributable to the owners of the Company			**270,605**		269,342
Total equity			**271,257**	$	269,932
Total liabilities and total equity		**$**	**515,227**	$	519,400

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

Approved by the Board of Directors

(signed) Marc Murnaghan
Chief Executive Officer

(signed) Jaime Guillen
Director

Polaris Renewable Energy Inc.

Consolidated Statements of Operations and Comprehensive Earnings

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

	Note Ref		Three Months Ended March 31, 2024		March 31, 2023
Revenue					
Power revenue	4	**$**	**20,632**	$	20,115
Direct costs					
Direct costs	5(a)		**(3,123)**		(3,134)
Depreciation and amortization of plant assets	5(a)		**(7,286)**		(7,208)
General and administrative expenses	5(b)		**(1,798)**		(1,790)
Other operating costs			**(1)**		1
Operating income			**8,424**		7,984
Interest income			**478**		314
Finance costs	6		**(5,251)**		(4,992)
Other (losses) gains			**(229)**		(288)
Earnings and comprehensive earnings before income taxes			**3,422**		3,018
Current income tax expense			**(238)**		(216)
Deferred income tax recovery			**1,224**		1,974
Total earnings and comprehensive earnings		**$**	**4,408**	$	4,776
Total earnings and comprehensive earnings attributable to:					
Owners of the Company		**$**	**4,346**	$	4,696
Non-controlling interests		**$**	**62**	$	80
Basic earnings per share	12	**$**	**0.21**	$	0.22
Diluted earnings per share	12	**$**	**0.21**	$	0.22

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

Polaris Renewable Energy Inc.

Consolidated Statements of Changes in Shareholders' Equity

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

	Note Ref	Common Stock Shares	Amount	Contributed Surplus	Accumulated Deficit	Total Attributable to the Owners of the Company	Non-Controlling Interests	Total Equity
Balance at January 1, 2023		**21,025,775**	**$ 666,041**	**$ 13,836**	**$ (410,200)**	**$ 269,677**	**$ 535**	**$ 270,212**
Dividends paid		-	-	-	(3,153)	(3,153)	-	(3,153)
Share-based compensation		-	-	68	-	68	-	68
Total earnings and comprehensive earnings		-	-		4,696	4,696	80	4,776
Balance at March 31, 2023		**21,025,775**	**666,041**	**13,904**	**(408,657)**	**271,288**	**615**	**271,903**
Dividends paid		-	-	-	(9,463)	(9,463)	-	(9,463)
Share-based compensation				253		253		253
Shares issued on exercise of stock options	11	60,000	567	(137)	-	430	-	430
Shares issued on conversion exercise of shares (NCIB)	11	(22,200)	(214)	-	-	(214)	-	(214)
Total earnings and comprehensive earnings		-	-	-	7,048	7,048	(25)	7,023
Balance, December 31, 2023		**21,063,575**	**666,394**	**14,020**	**(411,072)**	**269,342**	**590**	**269,932**
Dividends paid		-	-	-	(3,161)	(3,161)	-	(3,161)
Share-based compensation		-		97	-	97	-	97
Shares issued on vesting of RSUs	11	11,900	162	(181)	-	(19)	-	(19)
Total earnings and comprehensive earnings		-	-	-	4,346	4,346	62	4,408
Balance at March 31, 2024		**21,075,475**	**666,556**	**13,936**	**(409,887)**	**270,605**	**652**	**271,257**

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

Polaris Renewable Energy Inc.
Consolidated Statements of Cash Flows
(expressed in thousands of United States dollars; unaudited)

	Note Ref	Three Months Ended March 31, 2024	March 31, 2023
Net inflow (outflow) of cash related to the following activities			
Operating			
Total earnings and comprehensive earnings attributable to owners of the Company		**$ 4,346**	$ 4,696
Add/(Deduct) items not affecting cash:			
Non-controlling interests in net earnings of subsidiary		**62**	80
Current and deferred income tax (recovery)		**(986)**	(1,758)
Finance costs/interest on debt recognized	6	**4,819**	4,865
Depreciation and amortization	9, 5	**7,348**	7,118
Accretion on debt	6,10	**294**	310
Share-based compensation		**47**	77
Unrealized foreign exchange loss (gain)		**37**	(3)
Changes in non-cash working capital:			
Accounts receivable	10	**(1,195)**	(645)
Prepaid expenses and other assets		**259**	599
Accounts payable and accrued liabilities		**(1,085)**	(1,570)
Interest paid	10	**(3,733)**	(3,880)
Unearned revenue		**(1,782)**	-
Change in other assets		**256**	200
Net cash flow from operating activities		**8,687**	10,088
Investing			
Additions to construction in progress	8	**(1,198)**	(2,455)
Additions to property, plant and equipment	9	**(74)**	(526)
Net cash flow to investing activities		**(1,272)**	(2,981)
Financing			
Dividends paid		**(3,161)**	(3,153)
Repayment of debt	10	**(3,149)**	(3,147)
Payments of the outstanding lease liability		**(145)**	(183)
Net cash flow to financing activities		**(6,455)**	(6,483)
Foreign exchange (loss) gain on cash held in foreign currency		**-**	11
Net increase in cash		**960**	635
Cash, beginning of the year		**40,053**	35,325
Cash, end of the year		**$ 41,013**	$ 35,960

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

1. Organization

The Company was incorporated under the British Columbia Business Corporations Act but completed the endorsement process to continue as an Ontario Corporation on July 5, 2022. The registered office of the Company is located at 7 St. Thomas Street, Suite 606, Toronto, Ontario M5S 2B7.

Polaris Renewable Energy Inc. is engaged in the acquisition, exploration, development, and operation of renewable energy projects in Latin America.

The Company, through its subsidiaries Polaris Energy Nicaragua, S.A. ("PENSA") and San Jacinto Power International Corporation ("SJPIC"), owns and operates a 82-megawatt ("MW") capacity geothermal facility (the "San Jacinto Project"), located in northwest Nicaragua, near the city of Leon. PENSA entered into the San Jacinto Exploitation Agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate the San Jacinto Project.

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

The Company, through its subsidiary Emerald Solar Energy SRL ("Emerald"), owns and operates a solar plant, Canoa 1, with 25 MW capacity, located in the Barahona Province, Dominican Republic.

The Company also owns 83.16% of the shares issued and outstanding of Hydroelectric San Jose de Minas ("HSJM"), a subsidiary that operates a hydroelectric plant with 6 MW capacity, located along the Cubi river in San Jose de Minas, Ecuador.

Through its subsidiary Polaris Renewable Energy SA, the Company constructed, owns and operates two solar projects located in Vista Hermosa, in the Coclé Province in Panama. The solar projects, named Vista Hermosa Solar Park I and II, have a capacity of approximately 10 MW and began operations in April 2023.

2. Basis of preparation and presentation

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with IFRS Accounting Standards, have been omitted or condensed. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2023, with the adoption of amendment to IAS 1, Presentation of Financial Statements, related to the clarifications and requirements of the assessment of covenants related to financial liabilities and associated disclosures. In particular, the Company's significant accounting policies were presented in Note 3: Material Accounting Policies to the consolidated financial statements for the year ended December 31, 2023.

During the first quarter of 2024, the Company changed its methodology to estimate its current and deferred income tax for the interim periods. Historically, management's position is that they had not been able to derive a reliable estimate of the annual effective tax rate ("AETR"), and as such, had taken the position that the actual effective rate based on a year-to-date actual tax calculation may represent the best estimate of the annual effective tax rate. Whereas management ascertained that a reliable estimate may be established, starting in 2024 management adopted, as allowed by IAS 34, a method to calculate the AETR for interim financial reporting. The Company will use a weighted average of rates across jurisdictions expected for the full financial year, as it represents a reasonable approximation of the methodology used under IAS 12 guidance where used where income tax expense and deferred income tax liability are calculated by applying the tax rate for each individual jurisdiction to measure of income of each jurisdiction. This change did not have a material impact on the entity in the current or prior reporting periods.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue, and expenses. Actual results may differ from these estimates. The critical judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied and disclosed in Note 4: Critical Judgments and Estimation Uncertainties to the Company's consolidated financial statements for the year ended December 31, 2023. Sources of estimation uncertainty include estimates to determine the recoverable amount of property, plant and equipment, construction in progress, the valuation of other assets and liabilities including environmental rehabilitation provisions, and the determination of the accounting method for business combinations.

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

These condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company (the "Board") on May 1, 2024.

3. Segment Information

The Company currently operates in five reportable operating segments:

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

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

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

Polaris Renewable Energy Inc.

Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2024 and 2023
(expressed in thousands of United States dollars unless otherwise noted. Unaudited)

For the Three Months Ended March 31,	Nicaragua		Peru		Dominican Republic		Ecuador		Panama		Corporate		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue														
Power revenue	**$13,118**	$14,003	**$ 4,035**	$3,347	**$1,907**	$1,975	**$ 798**	$ 790	**$ 774**	$ -	**$ -**	$ -	**$20,632**	$20,115
Carbon emission reduction credits revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct costs														
Direct costs	**(1,758)**	(1,958)	**(832)**	(811)	**(327)**	(270)	**(108)**	(106)	**(124)**	(7)	**26**	18	**(3,123)**	(3,134)
Depreciation and amortization of plant assets	**(5,705)**	(5,714)	**(722)**	(740)	**(411)**	(410)	**(180)**	(138)	**(110)**	-	**(158)**	(206)	**(7,286)**	(7,208)
General and administrative expenses	**(311)**	(276)	**(124)**	(117)	**(49)**	(40)	**(124)**	(47)	**(25)**	-	**(1,165)**	(1,310)	**(1,798)**	(1,790)
Other operating costs	-	-	-	-	-	-	-	-	-	-	**(1)**	1	**(1)**	1
Operating income	**5,344**	6,055	**2,357**	1,679	**1,120**	1,255	**386**	499	**515**	(7)	**(1,298)**	(1,497)	**8,424**	7,984
Interest income	**242**	207	**-**	-	**14**	1	**-**	2	**1**	-	**221**	104	**478**	314
Finance costs	**(3,263)**	(3,419)	**(1,205)**	(762)	**(664)**	(683)	**(112)**	(128)	**(1)**	-	**(6)**	-	**(5,251)**	(4,992)
Other (losses) gains	**(1)**	(16)	**22**	14	**(17)**	-	**(2)**	(24)	**(2)**	-	**(229)**	(262)	**(229)**	(288)
Earnings (loss) and comprehensive earnings (loss) before income taxes	**2,322**	2,827	**1,174**	931	**453**	573	**272**	349	**513**	(7)	**(1,312)**	(1,655)	**3,422**	3,018
Current Income Tax (expense)	**-**	-	**(19)**	-	**(218)**	(423)	**-**	(4)	**1**	-	**(2)**	211	**(238)**	(216)
Deferred Income Tax recovery/(expense)	**762**	975	**422**	783	**1**	-	**-**	-	**-**	-	**39**	216	**1,224**	1,974
Total earnings (loss) and comprehensive earnings (loss)	**$ 3,084**	$ 3,802	**$ 1,577**	$1,714	**$ 236**	$ 150	**$ 272**	$ 345	**$ 514**	$ (7)	**$(1,275)**	$(1,228)	**$ 4,408**	$ 4,776

Assets and liabilities	**As at March 31, 2024**	**As at December 31, 2023**
Corporate	**$ 25,898**	$ 25,265
Nicaragua	**292,626**	297,497
Peru	**101,501**	101,248
Dominican Republic	**58,327**	58,768
Ecuador	**26,129**	25,910
Panama	**10,746**	10,712
Total assets	**$ 515,227**	**$ 519,400**
Corporate	**$ 8,088**	$ 7,536
Nicaragua	**269,542**	274,834
Peru	**91,395**	92,286
Dominican Republic	**55,221**	55,278
Ecuador	**24,747**	24,725
Panama	**10,660**	10,699
Total non-current assets	**$ 459,653**	**$ 465,358**
Corporate	**$ 1,185**	$ 1,246
Nicaragua	**144,439**	148,364
Peru	**51,725**	53,062
Dominican Republic	**40,351**	40,507
Ecuador	**5,935**	5,988
Panama	**335**	301
Total liabilities	**$ 243,970**	**$ 249,468**

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

4. Revenue

Revenue by project is summarized in the following table:

Project		Three Months Ended March 31, 2024		March 31, 2023
Nicaragua *(i)*				
San Jacinto (Geothermal)	**$**	**13,118**	$	14,003
Peru *(ii)*				
Generación Andina (Hydroelectric)		**3,640**		2,804
Canchayllo (Hydroelectric)		**395**		543
Dominican Republic (iii)				
Canoa 1 (Solar)		**1,907**		1,975
Ecuador (iv)				
San Jose de Minas (Hydroelectric)		**798**		790
Panama (v)				
Vista Hermosa (Solar)		**774**		-
Total power revenue	**$**	**20,632**	$	20,115

(i) *The Company's San Jacinto plant sells energy to two Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. ("Disnorte") and Distribuidora De Electricidad del Sur, S.A. ("Dissur"). Energy is billed 5 days after the delivery month and the receivable is collected 45 days after billing.*

(ii) *For Peru, under the terms of the PPAs, the Company bills at the spot rate for current energy generation. The difference between the spot rate and the PPA rate (plus an effective annual interest rate of 12%) is calculated annually each May for the previous 12 months and is paid evenly over the following 12 months. Energy is billed 10 business days after the delivery month and the receivable is collected 30 days after billing.*

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

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

(v) *For Panama, energy is sold at spot, billed 18 days after delivery month and the receivable is collected 15 days after billing.*

The Company has determined that it has one performance obligation which is the delivery of electricity to its customers. There is no revenue recognized from unfulfilled performance obligations. Note 7 to these condensed consolidated interim financial statements provides details on the Company's contract balances related to this revenue.

5. Direct Costs, General and Administrative and Other Expenses

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

		Three Months Ended March 31, 2024		March 31, 2023
Depreciation and amortization	**$**	**7,286**	$	7,208
Employee costs		**1,266**		1,133
General liability insurance		**749**		709
Land, building and other Municipal and Federal Taxes		**512**		639
Maintenance		**388**		450
Other direct costs		**208**		203
	$	**10,409**	$	10,342

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

(b) General and administrative expenses:

	Three Months Ended March 31, 2024	March 31, 2023
Salaries and benefits	**$ 947**	$ 845
Share-based compensation	**31**	77
Facilities and support	**240**	160
Professional fees	**383**	532
Insurance	**45**	90
Depreciation and amortization of other assets	**61**	56
Other general and administrative expenses	**91**	30
	$ 1,798	$ 1,790

6. Finance Costs

	Three Months Ended March 31, 2024	March 31, 2023
Interest on debt	**$ 4,819**	$ 4,865
Accretion on debt	**294**	309
Banking fees and other finance costs	**138**	149
Borrowing costs capitalized to qualifying assets (i)	**-**	(331)
	$ 5,251	$ 4,992

(i) For the three months ended March 31, 2023, $0.3 million of interest was capitalized as part of borrowing costs incurred to fund the construction of the solar plant in Panama, which concluded on March 31, 2023.

7. Accounts Receivable

	March 31, 2024	December 31, 2023
Nicaragua *(i)*		
San Jacinto (Geothermal)	**$ 9,461**	$ 8,474
Peru *(ii)*		
Generación Andina (Hydroelectric)	**15**	228
Canchayllo (Hydroelectric)	**26**	8
Dominican Republic *(iii)*		
Canoa 1 (Solar)	**1,317**	1,063
Ecuador *(iv)*		
San Jose de Minas (Hydroelectric)	**475**	481
Panama (v)		
Vista Hermosa I (Solar)	**266**	188
Vista Hermosa II (Solar)	**265**	**188**
	$ 11,825	**$ 10,630**

(i) The balance is comprised of amounts due by Disnorte and Dissur, which have 45 days payment term from invoice date.
(ii) The average credit period granted to customers is 30 days from the invoice date.
(iii) The balance is due by EDESUR and has a credit period of 30 days from the issuance of the invoice (Note 6).
(iv) The average credit period granted to customers is 30 days from invoice date.
(v) The balance has a credit period of 15 days from the issuance of the invoice

The Company assessed the risk of credit losses for its accounts receivable and concluded it is immaterial, therefore it has not recorded a loss allowance (Note 13 (b) Credit Risk).

8. Construction in Progress

	December 31, 2023	2024 Activity	2024 Transfers to PP&E	March 31, 2024
San Jacinto improvements	$ 25	$ 326	$ -	$ 351
Vista Hermosa Solar Park I and II	-	4	-	4
HSJM	579	24	-	603
Canoa 1 Improvement	3,531	977		4,508
	$ 4,135	$ 1,331	$ -	$ 5,466

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

9. Property, Plant and Equipment, net

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

	December 31, 2023	2024 Activity	2024 Transfers from CIP	March 31, 2024
San Jacinto geothermal project	$ 547,001	$ 40	$ -	$ 547,041
Generación Andina hydroelectric projects	64,804	-	-	64,804
Canchayllo hydroelectric project	10,365	-	-	10,365
Canoa 1 solar project	37,283	-	-	37,283
Vista Hermosa Solar Park, I and II	11,205	42	-	11,247
Accumulated depreciation	(299,886)	(6,592)	-	(306,478)
Capital spares	6,115	(8)	-	6,107
	$ 376,887	$ (6,518)	$ -	$ 370,369

PP&E assets currently in operation are being depreciated on a straight-line basis over the remaining term of their estimated useful lives.

10. Long-term Debt, net

	San Jacinto Debt	Generación Andina Debt	APG Debt	Canoa 1 Debt	HSJM Debt	Total
Loans and other borrowings – December 31, 2023	$ 93,765	$ 19,470	$ 22,800	$ 31,674	$ 4,670	$ 172,379
Accrued interest expense	-	410	-	-	-	410
Accretion of deferred transaction costs and debt discount	140	-	112	42	-	294
Repayments of debt	(2,500)	-	-	(372)	(277)	(3,149)
Loans and other borrowings – March 31, 2024	$ 91,405	$ 19,880	$ 22,912	$ 31,344	$ 4,393	$ 169,934
Current	$ 10,000	$ 2,071	$ 950	$ 1,658	$ 1,259	$ 15,938
Non-current	81,405	17,809	21,962	29,686	3,134	153,996
Unamortized debt discount	3,195	16,996	1,788	1,262	-	23,241
Principal balance	**$ 94,600**	**$ 36,876**	**$ 24,700**	**$ 32,606**	**$ 4,393**	**$ 193,175**
Fair value as of March 31,2024 (i)	101,731	15,288	22,037	30,223	3,945	
Annual Interest rate	**12.40% (variable)**	**No interest**	**8.75% (fixed)**	**7.00% (fixed)**	**7.95% (fixed) 9.26% (variable)**	
Maturity dates	**9/15/2036**	**6/15/2038**	**6/5/2028**	**9/30/2037**	**7/25/2028**	

- *Fair value is calculated based on discounted future cash flow of debt service using average rate, published by the Central bank on each country the debt is held, for similar loans.*

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
San Jacinto Debt Facility		
Interest recorded as financing cost	**3,027**	3,151
Accretion recorded as financing cost	**140**	155
Canchayllo Debt		
Interest recorded as financing cost		
Generación Andina Debt		
Interest recorded as financing cost	**410**	417
APG Debt		
Interest recorded as financing cost	**546**	547
Accretion recorded as financing cost	**112**	110
Canoa Debt		
Interest recorded as financing cost	**584**	603
Accretion recorded as financing cost	**42**	44
Interest recorded as financing cost	**106**	122
Other		
Interest recorded as financing cost	**146**	25
Total		
Interest recorded as financing cost	**$ 4,819**	**$ 4,865**

(i) Summary of San Jacinto Credit Agreements

During the first part of 2023 the interest rate on the Refinanced Debt Facility was LIBOR plus 7%. On the second half of 2023, in the absence of LIBOR, and following guidance provided by the agreement, the interest rate switched to 90-day SOFR plus 6.75%, plus SOFR index spread of 0.26%.

Under the terms of the agreement, which has a carrying amount of $94,600 (2023-$104,600) PENSA is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.40:1)
- Debt to Assets Ratio (Financial Debt to total Assets < 50%)

As of March 31, 2024, PENSA is compliant with all the financial and operational covenants related to this Credit Agreement and there is no indications that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting quarter.

(ii) Summary of Generación Andina Credit Agreement

As at March 31, 2024, the Generación Andina (“GA”) loans bear no interest. No interest will be charged during the life of the loan, except for default interest on any overdue amount. The termination date of the loan is June 15, 2038. The loan is payable in 36 semi-annual installments, ending June 15, 2038. As of March 31, 2024, the Company is compliant with all the covenants required under the APG Credit Agreement.

Under the terms of the agreement, which has a carrying amount of $36,876(2023-$38,927) GASAC is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.1:1)

As of March 31, 2024, GASAC is in line with all the covenants related to this Credit Agreement and there is no indications that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting quarter.

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

The APG debt has a 8.75% fixed annual interest rate, payable semi-annually and a term of 8 years. Repayment of the principal occurs in installments with various amounts due throughout the term of the loan, and $20.2 million due on maturity.

Under the terms of the agreement, which has a carrying amount of $24.7 million (2023-$25.0 million) APG is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.05:1)

As of March 31, 2024, APG is compliant with all the covenants related to this Credit Agreement and there is no indications that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting quarter.

(iv) Summary of Canoa 1 Credit Agreement

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

Under the terms of the agreement, which has a carrying amount of $32,606 (2023-$34,120) Emerald is required to comply with the following financial covenants at the end of each interim and annual reporting period:

- Debt Service Coverage Ratio (>1.20:1)
- Financial Debt to Equity Ratio (< =85:15)

As of March 31, 2024, Emerald is compliant with all the covenants related to this Credit Agreement and there is no indications that it may have difficulties complying with the covenants when they will be tested at the end of the next reporting quarter.

(v) Summary of HSJM Credit Agreement

HSJM has two credit facilities which are due on May 7, 2026, and July 25, 2028. These loans have a fixed interest rate of 7.95% and variable of 9.26%, respectively and require monthly payments of principal and interest. There are no covenants from these credit facilities.

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

11. Share Capital

	Number of Shares Authorized	Number of Shares Issued and Fully Paid	Number of Shares Reserved for Issue Under Stock Options (Exercisable)
Balance at January 1, 2023	**21,025,775**	**21,025,775**	**148,000**
Stock options vested	-	-	2,500
Balance at March 31, 2023	**21,025,775**	**21,025,775**	**150,500**
Stock options vested	-	-	37,500
Shares issued on exercise of stock options	60,000	60,000	(60,000)
Stock options forfeited or expired	-	-	(18,000)
Repurchase and cancellation of shares (NCIB) (i)	(22,200)	(22,200)	-
Balance at December 31, 2023	**21,063,575**	**21,063,575**	**110,000**
Shares issued in connection with RSUs vested	11,900	11,900	-
Stock options vested	-	-	2,500
Balance at March 31,2024	**21,075,475**	**21,075,475**	**112,500**

(i) During the year ended December 31, 2023, the Company purchased and cancelled 22,200 shares under its NCIB program.

(ii) On January 5, 2023, the Company granted 38,100 RSUs to certain employees, with a three years vesting period. The first tranche of such grant (net of 2,400 units forfeited in 2023) vested on February 1, 2024, for which 11,900 shares were issued.

(i) Stock options

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

The table below summarizes the information related to stock options outstanding and exercisable as at March 31, 2024:

	Outstanding Options			Exercisable Options	
Range $CDN	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price ($CDN)	Number of Options Outstanding	Weighted Average Exercise Price ($CDN)
0.00 - 99.99	223,099	2.88	$ 16.74	112,500	$ 18.37

On February 9, 2024 the Company granted 9,271 options to certain officers, with a three years vesting period and exercise price of $13.10 (CAD). Options were valued using a Black-Scholes pricing model.

For the periods ended March 31, 2024 and 2023, the Company recognized shared-based compensation expense associated with options, with a corresponding increase in contributed surplus, of $0.3million.

(ii) Restricted Share Units ("RSUs)

On February 9, 2024 the Company granted 13,570 RSUs to certain officers, with a three years vesting period starting on the first anniversary of the grant.

	Number of RSUs Outstanding
Balance at January 1, 2023	-
RSUs awarded	38,100
Balance at March 31, 2023	**38,100**
RSU forfeited	(2,400)
RSUs awarded	8,003
Balance at December 31, 2023	**43,703**
RSUs vested	(11,900)
RSUs awarded	13,570
Balance at March 31,2024	**45,373**

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

(iii) Deferred Share Units ("DSUs")

	Number of DSUs Outstanding	Fair Value of DSU's end of period
Balance at January 1, 2023	**17,248**	**$ 179**
Dividend reinvestment DSUs	242	
Balance at March 31, 2023	**17,490**	**$ 172**
DSUs awarded in lieu of Directors Fees	4,332	
Dividend reinvestment DSUs	801	
Balance at December 31, 2023	**22,623**	**$ 226**
DSUs awarded in lieu of Directors Fees	1,950	
Dividend reinvestment DSUs	361	
Balance at March 31,2024	**24,934**	**$ 195**

12. Earnings per Share

The following table summarizes the common shares used in calculating net loss per common share. Basic and diluted weighted average number of shares outstanding includes RSUs and DSUs issued by the Company:

	Three Months Ended March 31, 2024	March 31, 2023
Total earnings attributable to owners of the Company	**$ 4,346**	$ 4,696
Basic weighted average number of shares outstanding	**21,099,091**	21,025,774
Basic earnings per share	**$ 0.21**	$ 0.22

	Three Months Ended March 31, 2024	March 31, 2023
Total earnings attributable to owners of the Company	**$ 4,346**	$ 4,696
Diluted weighted average number of shares outstanding	**21,149,405**	21,043,559
Diluted earnings per share	**$ 0.21**	$ 0.22

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

	Three Months Ended March 31, 2024	March 31, 2023
Stock options - 2/09/2024 grant date	**9,271**	-
Stock options - 8/10/2023 grant date	**53,828**	-
Stock options - 6/28/2022 grant date	**15,000**	15,000
Stock options - 4/01/2022 grant date	**15,000**	15,000
Stock options - 3/23/2022 grant date	**10,000**	10,000
Stock options - 8/9/2021 grant date	**120,000**	120,000
Total anti-dilutive instruments	**223,099**	160,000

13. Financial Instruments and Risk Management

(a) Fair value of financial assets and liabilities

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

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

As at March 31, 2024, the carrying amounts of accounts receivable, restricted cash, accounts payable and accrued liabilities which are measured at their amortized cost are considered similar to their fair value or approximate fair value due to their short term maturity.

The fair value of the long-term debt is disclosed in note 10.

(b) Financial risk management

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

Interest rate risk

PENSA Refinanced Debt Facility bears interest at 90-day SOFR plus 6.75%. The total rate as at March 31, 2024 is 12.40% and the applicable rate for next debt service will be 12.34%. The Company determined that a hypothetical 10 basis point increase in the 90-day SOFR would have resulted in an increase of $0.1 million in financing costs for the period ended March 31, 2024

Currency risk

The Company operates internationally and is exposed to risks from changes in foreign currency rates. The functional currency of the Company is the US dollar and currently most of the Company's transactions are denominated in US dollars. Further, the Company translates significant amounts received in local currency to US dollars immediately. As at March 31, 2024 and December 31, 2023, the Company had cash and accounts payable of CDN$1,410,425 and CDN$2,289,352, respectively. The Company determined that a 10% change in the Canadian dollar against the US dollar would have impacted total earnings and comprehensive earnings by $0.1 million for the period ended March 31, 2024.

As at March 31, 2024, and December 31, 2023, the Company had current assets and accounts payable of PEN$(7,600,044) and PEN$2,335,323 respectively held in its Peruvian subsidiaries. The Company determined that a 10% change in the Peruvian Soles against the US dollar would have impacted total earnings and comprehensive earnings by $0.2 million for the period ended March 31, 2024.

As at March 31, 2024, and December 31, 2023, the Company had cash, current assets and accounts payable of DOP$50,747,623 and DOP$54,234,612 respectively held in its Dominican Republic subsidiaries. The Company determined that a 10% change in the Dominican Republic peso against the US dollar would have impacted total earnings and comprehensive earnings by $0.1 million for the period ended March 31, 2024.

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

Commodity prices

The Company's commodities mainly consist of power produced. The Company is not exposed to commodity price risk with respect to the power it produces as 98% of power currently produced is sold under the terms of a PPA which establishes a fixed price and escalator.

Credit risk

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

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

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

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

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

From the credit risk assessment performed during the period, the Company has concluded that exposure to credit risk related to the amounts receivable from customers is not material, as of March 31, 2024.

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

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

The following are maturities for the Company's financial liabilities as at March 31, 2024:

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 13,264	$ -	$ -	$ -	$ 13,264
Debt, current and long-term	15,938	32,009	46,241	98,987	193,175
Interest obligations	16,132	27,515	20,531	30,915	95,093
Lease liabilities	419	922	815	574	2,730
	$ 45,753	**$ 60,446**	**$ 67,587**	**$ 130,476**	**$ 304,262**

The following are maturities for the Company's financial liabilities as at December 31, 2023

	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 15,078	$ -	$ -	$ -	$ 15,078
Debt, current and long-term	15,825	32,614	46,585	101,300	196,324
Interest obligations	16,576	28,329	21,634	33,030	99,569
Lease liabilities	404	897	806	637	2,744
	$ 47,883	**$ 61,840**	**$ 69,025**	**$ 134,967**	**$ 313,715**

As at March 31, 2024, the Company is in compliance with all of its covenants.

14. Capital Management

The Company's capital structure is comprised of net long-term debt, as further disclosed in Note 11, and shareholders' equity (consisting of issued capital and contributed surplus offset by accumulated deficit). The Company's objectives when managing its capital structure are to:

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

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

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

In preparing its budgets, the Company considers externally imposed capital requirements pursuant to the terms of the PENSA Debt Refinancing Agreements, the loan agreements for the Canchayllo and GA projects and the Canoa Debt agreement (Note 10). These externally imposed capital requirements will affect the Company's approach to capital management. The Company’s externally imposed capital requirements include maintaining minimum debt service coverage and solvency ratios for PENSA, SJPIC, EGECSAC, GASAC and Emerald, and restrictions on the use of revenue from all the projects.

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