



POLARIS RENEWABLE ENERGY ANNOUNCES APPROVAL OF SO1 AGREEMENT BY FOMB

TORONTO, ON (May 12, 2026) – Polaris Renewable Energy Inc. (TSX: PIF) ("Polaris" or the "Company"), is pleased to announce that, on May 8, 2026, the Financial Oversight and Management Board of Puerto Rico ("FOMB") approved the Battery Energy Storage System ("BESS") Standard Offer Agreement ("SO1 Agreement").

The approval of the FOMB completes the three-steps approval process for the SO1 Agreement, following prior regulatory approvals obtained from the Puerto Rico Energy Bureau ("PREB") and the Governing Board of the Puerto Rico Electric Power Authority ("PREPA"). The SO1 Agreement is intended to be executed between PREPA and Polaris Power US, Inc ("PPUS"), a wholly owned subsidiary of Polaris.

The SO1 Agreement forms part of the Puerto Rico Accelerated Storage Addition Program ("ASAP"), a strategic initiative aimed at strengthening grid reliability across the island through the deployment of utility-scale BESS co-located with existing generation facilities.

Under this framework, PPUS will act as the "Resource Provider" responsible for the installation and operation of the BESS, while Punta Lima Wind Farm, LLC ("PLWF"), another subsidiary of Polaris, will continue to serve as the "Generation Facility Owner" for the Punta Lima site where the storage system will be located.

Once the BESS project is constructed and fully operational, the Resource Provider will be entitled to receive monthly fixed and performance-based payments from PREPA in exchange for providing energy storage services, including capacity and grid support. The SO1 Agreement contemplates a BESS capacity of 71.4 MW's (35.7 MW's x 2). The Storage Capability Payment Price ("SCPP") applicable to each billing period is \$16,000 per MW per month of Tested Storage Capability, with no price escalation during the term. The SCPP would increase to \$20,600 per MW per month if PPUS does not qualify for eligible ITCs. However, pursuant to conditions included in the FOMB approval, the lower SCPP of \$16,000 per MW per month would continue to apply if ITC eligibility is not achieved due to FEOC-related sourcing or procurement decisions. The term of the SO1 Agreement is 20-years from the Commercial Operation Date ("COD").

Polaris is actively advancing its procurement and sourcing strategy with the objective of achieving compliance with applicable FEOC requirements and preserving ITC eligibility for the project. The Company expects to provide updated estimates for capital expenditure and COD timing within approximately one month.

Marc Murnaghan, CEO of Polaris, commented:

"The FOMB's approval represents the final major regulatory milestone for the SO1 Agreement and an important step toward the execution and development of our battery energy storage project in Puerto Rico. We are pleased to continue advancing this strategic initiative, which is expected to support grid reliability and resilience in Puerto Rico while further enhancing the long-term value of our Punta Lima asset."

Polaris remains committed to delivering long-term, sustainable energy solutions across Latin America and the Caribbean and looks forward to working with all stakeholders throughout the approval and implementation process.

About Polaris Renewable Energy Inc.

Polaris Renewable Energy Inc. is a Canadian publicly traded company engaged in the acquisition, development, and operation of renewable energy projects in Latin America and the Caribbean. We are a high-performing and financially sound contributor to the energy transition.

The Company's portfolio includes a geothermal plant (~82 MW), four run-of river hydroelectric plants (~39 MW), three solar (photovoltaic) projects (~35 MW) and an onshore wind park (~26 MW).

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Cautionary Statements

This press release contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, the expected use of proceeds or rating(s) of any such issuance, the Company's acquisition and other investment plans, any benefits to the Company's financial or business performance, the settlement date of the bonds and the listing of the bonds on the Oslo Alternative Bond Market. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, the ability of the Company to satisfy any interest payments, which may be affected by such factors as general business, economic, competitive, political and social uncertainties; the actual results of current geothermal, solar and hydro energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the geothermal and hydro power industries; political instability or insurrection or war; labour force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled "Risk Factors" in the Company's Annual Information Form. These factors should be considered carefully and readers of this press release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this press release is based upon what management believes to be reasonable assumptions, there can be no assurance that such 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. The information in this press release, including such forward-looking information, is made as of the date of this press release and, other than as required by applicable securities laws, Polaris assumes no obligation to update or revise such information to reflect new events or circumstances.