POLARIS

POLARIS INFRASTRUCTURE INC
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2015 **November 16, 2015**

The following management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Infrastructure Inc. and its subsidiaries ("Polaris Infrastructure" or the "Company") during the relevant reporting period and to the date of this report. It contains a review and analysis of the financial results for the three and nine months ended September 30, 2015, identifies business risks that the Company faces and comments on the financial resources required for the development of its business.

This MD&A supplements, but does not form part of, the unaudited interim condensed consolidated financial statements of the Company and the notes thereto for the three and nine months ended September 30, 2015, and the consolidated financial statements and MD&A for the year ended December 31, 2014. Additional information relating to the Company such as the Annual Information Form ("AIF") can be found on the System for Electronic Disclosure and Retrieval ("SEDAR") at www.sedar.com. Unless stated otherwise, the information in this MD&A is current as at November 16, 2015.

All amounts, unless specifically identified as otherwise, both in the consolidated financial statements and this MD&A are expressed in U.S. dollars.

USE OF NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

EBITDA is a non-GAAP metric used by many investors to compare companies on the basis of ability to generate cash from operations. The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, other gains and losses, impairment loss, depreciation and amortization of plant assets, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and are not factors used by management for evaluating the performance of the Company. The Company believes the presentation of this measure will enhance an investor's understanding of its operating performance. Adjusted EBITDA is not intended to be representative of cash provided by operating activities or results of operations determined in accordance with GAAP.

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking information or future-oriented financial information and, as such, is based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note at the end of this MD&A regarding the risks associated with the forward-looking information and the risk factors set out under the headings "RISKS AND UNCERTAINTIES" in this MD&A, and "Forward Looking Statements" and "Risk Factors" in the Company's AIF for the year ended December 31, 2014 available on SEDAR at www.sedar.com.

BUSINESS OVERVIEW AND STRATEGY

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition, and development of renewable energy projects in Latin America. Currently the Company operates a 72 MW geothermal project located in Nicaragua.

Polaris Infrastructure's continuing mission is to become a leading international renewable power project developer and supplier of clean and reliable geothermal power. The Company has an experienced geothermal project development and management team. Senior management has extensive experience in critical areas of geothermal development and operations. The board of directors of the Company (the "Board") is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic direction to the Company.

Recent Developments

In September 2015, the Company's wholly-owned subsidiary, Polaris Energy Nicaragua S.A. ("PENSA"), entered into a rig services agreement with an entity controlled by Iceland Drilling Company ("Iceland Drilling"). The rig services agreement relates to the drilling of no less than two new production wells and the work-over of four existing injection wells, with the option for a third new production well at the San Jacinto-Tizate Power Plant (the "San Jacinto project"), owned and operated by PENSA.

In October 2015, PENSA commenced drilling the first of three new production wells (SJ 6-3) for the San Jacinto project. During the first few weeks of drilling we experienced a very shallow zone of high pressure and high temperatures. Given the shallow nature of this event (approximately 135 meters) significant time and effort was required to contain the pressure so as to maintain the integrity of the well. While our efforts to stabilize well SJ 6-3 were successful, it has resulted in our timeline being delayed by approximately two weeks. As such we expect to provide a further update on the well, SJ 6-3, in mid-December 2015.

The Company's 95% owned subsidiary, Cerro Colorado Power, S.A. ("CCPSA"), has entered into discussions with The World Bank Group (the "World Bank") and the Nicaragua Ministry of Energy and Mines with respect to financing for purposes of completing an initial drilling program at the Casita-San Cristobal project. These funds are expected to fall under the World Bank's $115 million Nicaragua Geothermal Resource Risk Mitigation program. We anticipate discussions with both the World Bank and the Ministry of Energy and Mines to continue over the next several months, and we will provide further updates as appropriate.

Geothermal Energy Projects and Operations

Events, transactions and activities relating to Polaris Infrastructure's geothermal properties which occurred during the three and nine months ended September 30, 2015 and to the date of this MD&A are discussed below.

OPERATING PROJECT

San Jacinto-Tizate – San Jacinto, Nicaragua

The Company, through its subsidiary, PENSA, owns and operates a 72 MW (net) capacity geothermal facility. The San Jacinto project is located in northwest Nicaragua, near the city of Leon, approximately 90 km northwest of Managua. The San Jacinto project exploitation agreement covers an area of 40 km^2.

PENSA has a power purchase agreement ("PPA") in place for the San Jacinto project with Nicaraguan power distributors Disnorte-Dissur, subsidiaries of the Spanish utility TSK-Melfosur Internacional. PENSA has entered into the San Jacinto Exploitation Agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate the San Jacinto project. Under the PPA, the company generated 328,741 MWh (average 50.1 MW (net)) and 314,624 MWh (average 47.9 MW (net)) for the nine months ended September 30, 2015 and 2014, respectively. These production figures are net of all plant downtime, both planned and unplanned. For the nine months ended September 30, 2015 and 2014, the San Jacinto project generated revenue of $38.0 million and $35.3 million, respectively, and Adjusted EBIDTA of $29.7 million and $25.0 million, respectively.

As of September 30, 2015, PENSA held cash of $1.2 million to fund plant operations, $17.7 million in the Major Maintenance Reserve Account to fund drilling and major maintenance activities and $13.9 million held as debt service reserves. During the nine months ended September 30, 2015, PENSA repaid $17.6 million of principal on its San Jacinto project credit facilities, and as at September 30, 2015 had $194.9 million outstanding on those credit facilities.

PENSA entered into a rig services agreement with Iceland Drilling for drilling no less than two new production wells and the work-over of four existing injection wells, with the option for a third new production well at the San Jacinto-Tizate Power Plant. Iceland Drilling has a long history in the geothermal well drilling industry, back to their founding in 1945, and brings deep drilling expertise, with in excess of 180 wells drilled in the last 10 years throughout Iceland, New Zealand, Indonesia and elsewhere. Iceland Drilling will work closely with the team from PENSA, led by the Drilling Manager.

In October 2015, PENSA commenced drilling the first of three new production wells, SJ 6-3, for the San Jacinto project. The Company expects to complete drilling of this well in mid-December 2015 and have a preliminary view with respect to permeability and geophysics around that date. The Company will proceed at that time with drilling well SJ 14-1 and the balance of the drilling and workover program for 2015/2016. Upon completion of drilling well SJ 6-3, there will be an approximate 30-day heating-up period, followed by thermal recovery and production testing, expected to take place in January 2016.

The Company, through its subsidiary, PENSA amended the San Jacinto project credit facilities effective May 13, 2015. The amendments include a revision of the payment schedule (including increasing the term of the credit facilities by four years), a potential reduction in the Phase I and II Senior Debt facilities interest rates of up to 1.5% over three years (provided certain minimum production conditions are met), reduction of the Phase I and II Subordinated Debt facilities interest rates to 6% annually, reduction of the percentage of earnings before interest, taxes, depreciation and amortization ("EBITDA") payable to the subordinated lenders to 3% annually, the deletion of certain hourly output covenants and the postponement of certain financial covenants. These amendments are expected to result in the Company being in a position to begin receiving distributions from PENSA in 2016. The Company also expects the effect of these changes will result in total debt service in 2016 being reduced to approximately US$22.5 million, inclusive of both principal and interest payments, as well as payment associated with the return enhancement feature of the subordinated debt.

EXPLORATION AND DEVELOPMENT PROPERTIES

Casita Project

The Casita project is located in northwest Nicaragua in the Department of Chinandega. In 2008, through an international bid, CCPSA, a subsidiary of the Company, was awarded the Casita Project Exploration Concession (the "Casita Project Exploration Concession") with an area of 100 km^2. The contract for the Casita Project Exploration Concession was signed on March 6, 2009.

The Nicaragua National Expansion Plan for electricity generation contemplates up to 140 MW from the Casita project. In July 2011, the Company commenced drilling of the first slim hole well as a step towards proving the Casita resource viability; the slim hole was drilled to a depth of 842 meters with a total loss of circulation of the drilling fluid. A temperature survey conducted in the well indicated temperature readings exceeding 230 degrees Celsius (446 degrees Fahrenheit). The temperature results obtained and the permeability found to date indicate that the location has the characteristics of a commercial resource, and this information was used in converting the exploration concession to an exploitation concession from the Nicaraguan Ministry of Energy and Mines.

In February 2013, the Company was awarded the exploitation concession for a period of 25 years (extended by law in 2014 to 30 years) and was provided a timetable to sign the formal contract, which the Company is currently in the process of negotiating and expects to finalize in 2016.

During the second quarter of 2013, the Company began an environmental assessment to obtain environmental and municipal permits required to begin exploitation drilling, and the Company initiated work on impact studies to the Nicaraguan National and Regional Network required to obtain a generation license and begin negotiating a PPA. During the second quarter 2014, the Environmental permit was finalized and submitted to the government authority for its approval and the impact studies were submitted for review and approval to the Nicaraguan and Regional Operators of the Transmission Grid. During the second quarter 2015, the Company obtained the municipal permits from the municipal councils for the implementation of the Casita project and the environmental permit was issued by the Ministry of Environment and Natural Resources.

The Company's subsidiary, CCPSA, has entered into discussions with The World Bank Group with respect to financing for purposes of completing an initial drilling program at the Casita-San Cristobal project. These funds are expected to fall under the World Bank's $115 million Nicaragua Geothermal Resource Risk Mitigation program. The Company is in an extensive due diligence process with the World Bank and expects to have more clarity on specific timelines in early 2016. To the extent the Company is able to complete the contemplated financing, it would enable pursuing a drilling campaign at the Casita-San Cristobal project without requiring cash flow from our San Jacinto project, and on a non-recourse basis to both the Company and PENSA.

As of September 30, 2015, the Company had $10.9 million in accumulated costs related to the Casita project.

Other Exploration and Development Projects

The Company's Orita geothermal project in Imperial County, California is located in Southern California, close to the Salton Sea geothermal area. The Company's Clayton Valley geothermal project is located in Esmeralda County, Nevada. The Company does not have future development plans for its Orita or Clayton Valley projects and is evaluating its options for selling the projects.

The Company's portfolio of geothermal exploration properties also consists of Reese River in Southern California, and South Meager Creek in British Columbia. The Company's properties were acquired from a variety of sources, including through governmental concessions, BLM lease auctions, and private leaseholders and landowners. The Company is in the process of selling and/or disposing of all of its non-core assets to focus on maximizing the cash flow and profitability of the Company's producing assets in Nicaragua.

SUBSEQUENT EVENTS

Any events occurring between September 30, 2015 and November 16, 2015 related to the Company's projects and operations are incorporated in the "Business Overview and Strategy" section above under the heading "Recent Developments."

FINANCIAL OVERVIEW

Summary of Unaudited Quarterly Results

The information provided below highlights the Company's quarterly results for the past two years.

(in thousands, except for income (loss) per share)	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Average production	50.8 MW (net)	50.6 MW (net)	48.8 MW (net)	52.1 MW (net)
Revenue	$ 12,896	$ 12,817	$ 12,334	$ 12,857
Direct cost of energy production	(8,220)	(8,363)	(8,146)	(8,209)
General and administrative expenses	(1,009)	(2,557)	(1,837)	(2,114)
Other operating costs	(417)	2	(142)	(136)
Adjusted EBITDA	10,144	9,401	9,507	9,005
Finance costs	(4,509)	5,497	(6,607)	(6,328)
Loss on impairment of assets and goodwill	(30,345)	(10,096)	-	-
Gain/(loss) on valuation of warrant liabilities	-	(200)	(19)	(688)
Net loss	(24,543)	(6,934)	(2,402)	(7,955)
Loss per share (basic and diluted)	(1.56)	(0.84)	(0.01)	(0.02)
Cash	64,334	71,725	16,885	15,292
Restricted cash	1,505	1,513	431	464
Total assets	427,533	467,345	417,546	422,501
Total long-term liabilities	198,190	207,219	76,740	77,912
Total shareholders' equity	212,348	236,291	136,121	138,523

(in thousands, except for income (loss) per share)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Average production	52.2 MW (net)	47.7 MW (net)	43.8 MW (net)	41.3 MW (net)
Revenue	$ 12,883	$ 11,720	$ 10,723	$ 9,868
Direct cost of energy production	(8,424)	(8,239)	(7,902)	(7,769)
General and administrative expenses	(1,422)	(1,873)	(1,559)	(1,962)
Other operating costs	(556)	(107)	(183)	487
Adjusted EBITDA	9,088	8,223	7,658	6,958
Finance costs	(6,009)	(6,604)	(6,744)	(7,045)
Loss on impairment of assets and goodwill	-	(98)	2,713	(2,000)
Gain/(loss) on valuation of warrant liabilities	431	(335)	(749)	(4,009)
Net loss	(3,636)	(11,047)	(1,310)	(5,086)
Loss per share (basic and diluted)	(19.60)	(0.03)	(0.00)	(0.02)
Cash	16,845	18,803	17,700	22,550
Restricted cash	464	464	593	1,910
Total assets	430,740	437,632	453,707	457,959
Total long-term liabilities	71,828	71,807	70,803	264,407
Total shareholders' equity	146,478	150,114	160,977	162,267

Results of Operations

Three months ended September 30, 2015 versus September 30, 2014

During the three months ended September 30, 2015 and 2014, the San Jacinto project generated average production of 50.8 MW (net)/day and 52.1 MW (net)/day, respectively, with 2014 production benefitting from the natural recharge of the resource that occurred during the June 2014 Unit 3 turbine planned maintenance. These production figures are net of all plant downtime, both planned and unplanned. The Company's revenue of $12.9 million was unchanged from the same period in 2014, principally as a result of lower average production being offset by the 3% annual tariff increase effective for 2015.

Direct costs of energy production for the three months ended September 30, 2015 of $8.2 million were $0.2 million lower than the same period in 2014, principally as a result of decreased insurance premiums and maintenance costs. Depreciation and amortization of $6.6 million and $6.6 million is included as a component of direct costs for each of the three months ended September 30, 2015 and 2014.

General and administrative expenses for the three months ended September 30, 2015 decreased $0.4 million to $1.0 million from $1.4 million for the three months ended September 30, 2014, principally as a result of a $0.8 million decrease in legal costs related to the 2014 strategic process, partially offset by an increase in share-based compensation expense associated with the new management team. Costs incurred in the previous year related to the strategic process were expensed while costs related to the Private Placement (as defined in the Liquidity and Capital Resources section) were recorded as a reduction to equity in contributed surplus.

For the three months ended September 30, 2015, Adjusted EBITDA totaled $10.1 million, as compared to $9.1 million for the same period in 2014, an increase of $1 million. The increase was a result of a reduction in general and administrative costs of $0.4 million (a $0.8 million decrease in legal costs partially offset by a $0.3 million increase in share-based compensation) and a decrease in other direct and other operating costs totaling $0.3 million.

For the three months ended September 30, 2015, finance costs decreased $1.5 million as compared to the three months ended September 30, 2014. This decrease was the result of conversion of the corporate debentures to equity in May 2015 and declining interest costs on the San Jacinto project credit facilities, driven by the combination of reduced principal and decreased interest rate on subordinated debt.

The Company recognized a net loss of $24.5 million for the three months ended September 30, 2015 compared to a net loss of $3.6 million for the same period in 2014. The increased loss of $20.6 million was driven by a $30.3 million non-cash impairment charge, and further influenced by an increase of $0.8 million in operating income and a decrease of $1.5 million in finance costs, largely offset by a $2.4 million decrease in unrealized foreign exchange gains. Foreign exchange gains in the third quarter 2014 resulted principally from the revaluation of Canadian dollar denominated debentures that were subsequently converted to equity.

During the three months ended September 30, 2015, the Company incurred costs of $5.2 million for additions to its exploration and development, geothermal properties and property, plant and equipment ("PP&E") with $5.1 million of costs incurred related to the San Jacinto project and $0.1 million in connection with the Casita project.

Nine months ended September 30, 2015 versus September 30, 2014

During the nine months ended September 30, 2015 and 2014, the San Jacinto project generated average production of 50.1 MW (net)/day and 47.9 MW (net)/day, respectively. The Company's revenue of $38.0 million was $2.7 million higher than $35.3 million for the same period in 2014, principally as a result of wells being offline for the San Jacinto drilling remediation program during the first quarter 2014, Unit 3 turbine being offline for planned maintenance in June 2014 and the 3% annual tariff increase effective for 2015.

Direct costs of energy production for the nine months ended September 30, 2015 of $24.7 million were $0.2 million higher than the same period in 2014, principally as a result of increased depreciation and maintenance costs, largely offset by decreased insurance premiums. Depreciation and amortization of $19.9 million and $19.5 million is included as a component of direct costs for the nine months ended September 30, 2015 and 2014, respectively.

General and administrative expenses for the nine months ended September 30, 2015 decreased $0.6 million to $4.1 million from $4.7 million for the nine months ended September 30, 2014, as a result of legal costs recognized in 2014 related to the strategic process of the Company, partially offset by share-based compensation expense in 2015.

For the nine months ended September 30, 2015, Adjusted EBITDA totaled $29.7 million, as compared to $25.0 million for the same period in 2014, an increase of $4.7 million. The increase was a result of an increase in revenue of $2.7 million, a decrease in general and administrative costs of $0.6 million (the decrease in general and administrative expenses described above excluding the increase in share-based compensation of $1.0 million) and a decrease in other operating costs of $0.3 million.

For the nine months ended September 30, 2015, finance costs decreased $13.7 million as compared to the nine months ended September 30, 2014. A gain on valuation of the embedded derivative related to the return enhancement of $10.4 million was recognized during the nine months ended September 30, 2015, compared to a loss of $0.7 million for the same period in 2014 (a $11.1 million decrease). Additionally, the corporate debentures were converted to equity in May 2015, reducing 2015 interest costs, and as principal on the San Jacinto project credit facilities is repaid, interest costs are declining.

The Company recognized a net loss of $33.2 million for the nine months ended September 30, 2015 compared to a net loss of $16.0 million for the same period in 2014. The increased loss of $17.0 million was driven by $40.4 million of non-cash impairment losses, partially offset by an increase of $11.1 million in the non-cash gain on valuation of the embedded derivative and an increase of $2.7 million in revenue from the San Jacinto project.

During the nine months ended September 30, 2015, the Company incurred costs of $7.1 million for additions to its exploration and development, geothermal properties and property and PP&E with $6.8 million of costs incurred related to the San Jacinto project and $0.3 million in connection with the Casita project.

NON-GAAP PERFORMANCE MEASURES

The following table is derived from and should be read in conjunction with the unaudited interim consolidated statement of operations and comprehensive loss. This supplementary disclosure is intended to more fully explain disclosures related to Adjusted EBITDA and provides additional information related to the operating performance of the Company. Investors are cautioned that this measure should not be construed as an alternative to GAAP consolidated total loss and comprehensive loss.

	Three Months Ended		Nine Months Ended	
(in thousands)	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net loss and comprehensive loss attributable to owners of the Company	$ (24,264)	$ (3,636)	$ (32,929)	$ (15,925)
Add (deduct):				
Net loss attributable to non-controlling interest	(279)	-	(279)	(69)
Current and deferred tax expense	(7,174)	1,871	(6,044)	5,623
Finance costs	4,509	6,009	5,619	19,357
Interest income	(25)	(19)	(53)	(181)
Other losses (gains)	139	(1,744)	1,950	(3,508)
Impairment loss	30,345	-	40,440	-
Depreciation and amortization of plant assets	6,558	6,607	19,865	19,536
Share-based compensation	334	-	1,154	136
Adjusted EBITDA	$ 10,143	$ 9,088	$ 29,723	$ 24,969

LIQUIDITY AND CAPITAL RESOURCES

The following is a summary and explanation of the Company's cash flow activities:

	Nine Months Ended	
(in thousands)	September 30, 2015	September 30, 2014
Net cash from (used in)		
Operating activites	$ 16,447	$ 7,633
Investing activites	(8,767)	538
Financing activities	41,519	(13,875)
Foreign exchange gain on cash held in foreign cu	(156)	-
Increase (decrease) in cash	$ 49,043	$ (5,704)

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2015 of $16.4 million increased by $8.8 million from the same period in 2014. The increase principally resulted from decreased interest paid and increased revenue collections in 2015.

Investing Activities

Net cash used for investing activities during the nine months ended September 30, 2015 of $8.8 million increased $9.3 million compared to the same period in 2014. The increased use of cash principally relates to costs incurred in the 2015/2016 drilling program and $5.9 million proceeds from the sale of assets in 2014, which was partially offset by costs paid for the San Jacinto project in 2014.

Financing Activities

Net cash provided by financing activities for nine months ended September 30, 2015 of $41.5 million increased $55.4 million from the same period in 2014. The increase principally related to the net proceeds from the Private Placement (as defined below).

In May 2015, the Company completed an equity financing and recapitalization transaction with Goodwood Inc. (the "Private Placement"). The first step of the Private Placement was completed when the Company closed a private placement offering on April 30, 2015 of 18,598,500,000 subscription receipts (the "Subscription Receipts") at a price per Subscription Receipt of Cdn$0.004 ("Subscription Price"), which based on a 2000:1 share consolidation, was an Cdn$8 per share valuation, for gross proceeds of approximately Cdn$74 million. Each Subscription Receipt entitled the holder to receive, without payment of additional consideration, one pre-Share Consolidation common share in the capital of the Company (each a "Pre-Consolidation Share"), upon the satisfaction of certain release conditions. The escrow release conditions were fully satisfied on May 13, 2015, and the Subscription Receipts were converted into common shares and the proceeds of the private placement were released to the Company.

As part of the closing of the Private Placement, the following conditions were met:

- The Company's name was changed from "Ram Power, Corp." to "Polaris Infrastructure Inc." and the Company's Toronto Stock Exchange ("TSX") stock symbol was changed from "RPG" to "PIF."
- The Company's outstanding Cdn$53,016,338 aggregate principal amount of 8.5% senior secured debentures, together with approximately Cdn$1,642,054 of accrued and unpaid interest were converted into 10,931,678,292 Pre-Consolidation Shares at a conversion price of Cdn$0.005 per share (the "Conversion"), which based on a 2000:1 share consolidation, was an Cdn$10 per share valuation;
- A binding agreement was entered into giving effect to certain amendments to the $245 million credit facilities of the Company's wholly-owned subsidiary, PENSA.
- The Company's common shares were consolidated (the "Share Consolidation") at a ratio of 2,000 Pre-Consolidation Shares for each post-consolidation common share in the capital of the Company (each a "Post-Consolidation Share"). A total of approximately 31,026,418,906 Pre-Consolidation Shares were issued and outstanding immediately prior to the Share Consolidation, which resulted in a total of 15,513,157 Post-Consolidation Shares being issued and outstanding following completion of the Share Consolidation. The Company's common shares began trading on the TSX on a post-Share Consolidation basis on May 19, 2015.
- The Board was reconstituted to consist of the following five directors: Antony Mitchell and James Lawless (each of whom is an existing director of the Company) and Marc Murnaghan, Jorge Bernhard and Jaime Guillen (each of whom is a newly appointed director of the Company).
- Marc Murnaghan was appointed as Chief Executive Officer of the Company.

The completion of the Private Placement resulted in certain adjustments being made to the Company's outstanding common share purchase warrants (the "Warrants") in accordance with the terms of the warrant indenture dated March 27, 2013 between the Company and CST Trust Company, as warrant agent (the "Warrant Indenture"). Previously the exercise price of the Warrants was Cdn$0.30 per Pre-Consolidation Share. In accordance with the adjustment terms of the Warrant Indenture, the exercise price is now $600 per Post-Consolidation Share and the exchange ratio of the Warrants has been adjusted to 2,000 Warrants for one Post-Consolidation Share. As a result of these adjustments, and due to the insignificant trading volume of the Warrants, the Warrants were delisted from the TSX.

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 seeking to arrange for it to have sufficient cash, available credit facilities and other financial resources to allow it to meet its obligations. The Company forecasts cash flows for a period of at least 12 months to identify financial requirements.

The following are maturities for the Company's non-derivative and derivative financial liabilities as at September 30, 2015:

The following are annual principal obligations on the San Jacinto project Credit Facilities for the remaining term of the loans:

(in thousands)	Principal	Interest	Total
2015	5,311	3,254	8,565
2016	8,497	12,518	21,015
2017	9,858	11,880	21,738
2018	11,857	11,169	23,026
2019	13,709	10,328	24,037
2020	16,203	9,373	25,576
2021	18,055	8,212	26,267
2022	19,908	6,953	26,861
2023	21,760	5,569	27,329
2024	17,074	4,209	21,283
2025	14,703	3,150	17,853
2026	13,811	2,189	16,000
2027	14,534	1,240	15,774
2028	8,203	425	8,628
2029	1,384	31	1,415
Total	194,867	90,500	285,367

The following is a comparison of key terms of the San Jacinto project Credit Facilities before and after the May 2015 amendments:

	Post May 2015 Amendments	Pre May 2015 Amendments
Senior interest rate	3 month LIBOR plus an applicable margin of 6.5% Potential reduction in the Phase I and II Senior Debt facilities interest rates of up to 1.5% over three years (0.5% per year), provided the following minimum production conditions are met during the last three months of each period: May 13, 2015 - May 31, 2017: 58 MW (net) June 1, 2017 - May 31, 2018: 55.1 MW (net) June 1, 2018 - May 31, 2019: 52.3 MW (net)	3 month LIBOR plus an applicable margin of 6.5%
Surbordinated interest rate	Fixed at 6% for Phase I and II	Fixed rates ranging from 4.95% to 7.16%
Return enhancement for subordinated lender	3% of aggregate annual EBITDA for the four consecutive quarters most recently ended, provided that in each calendar year, the sum of the return enhancement paid and interest paid on the subordinated loans during such period shall not exceed an amount equal to 13% of the aggregate principal amount of the subordinated loans during such period.	6.88% of aggregate EBITDA for the four consecutive quarters most recently ended.
Phase I senior maturity date	December 15, 2024	December 15, 2020
Phase I subordinated maturity date	December 15, 2025	December 15, 2021
Phase II senior maturity date	December 15, 2028	March 15, 2024
Phase II subordinated maturity date	June 15, 2029	September 15, 2024
Financial ratios	Requirement postponed until quarter ending September 30, 2016.	Debt Service Coverage Ratio ("DSCR") (Total Debt) of not less than 1.20:1.00 and DSCR (Senior Debt) of not less than 1.40:1.00 and Minimum Solvency Ratio of not less than 40%.
Minimum production requirement	None.	Minimum 55 MW (net) Average Hourly Output (MW).
Distributions	Distributions not allowed until after drilling completion date and must meet historical and projected DSCR (Total Debt) and (Senior Debt) of 1.30:1.00 and 1.50:1.00, respectively.	Meet historical and projected DSCR (Total Debt) and (Senior Debt) of 1.30:1.00 and 1.50:1.00, respectively.
Required Major Maintenance Reserve Amount	$25 million from the proceeds of the equity issuance and ongoing funding requirements of $1.33 million quarterly, beginning in Q1 of 2016, with the balance being no less than $2,660,000. No minimum production or output levels are required with respect to contribution amounts.	Ongoing funding requirements of $1 million to $3 million quarterly depending on production and output levels. No minimum production or output levels are required with respect to contribution amounts.

Interest on the San Jacinto project Credit Facilities is due and payable quarterly, and is currently estimated to be approximately $3.3 million each quarter. Interest payments on the San Jacinto project Credit Facilities may be made from cash generated by PENSA from operations at the San Jacinto Project. The Company plans to make payments of interest on the San Jacinto project credit facilities out of its current cash and cash generated by operations.

The Company believes operating cash flow will be sufficient to allow the Company to fulfill its current obligations and continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects it could satisfy these requirements through debt restructurings, capital raises or asset sales. However, the outcome of these matters cannot be predicted with certainty at this time.

SHARE CAPITAL AND FINANCINGS

As of November 16, 2015, the Company had 15,513,157 common shares outstanding.

As of November 16, 2015, the Company had 52,380,650 outstanding warrants expiring March 22, 2018, with an exercise price of Cdn$600. The warrants issued under the Debentures were adjusted as part of the Share Consolidation, resulting in an exchange basis of 2,000 warrants for one common share of the Company. The warrant price was also adjusted from $0.30 to $600 for each common share acquired in connection with the exchange of warrants.

As of November 16, 2015, there were 26,674 outstanding stock options, with a weighted average exercise price of Cdn$75.56 and 4.2 year remaining contractual life. The outstanding stock options' exercise prices range from Cdn$10.00 to Cdn$920.00, and expire from June 2016 to May 2020. Of the outstanding stock options, 2,674 are exercisable. The Company had 7,022,623 restricted shares outstanding as of November 16, 2015, 6,777,656 of which had vested and 6,700,000 of which are included as part of total issued and outstanding shares of the Company. The Company had 6,452 deferred shares outstanding as of November 16, 2015, none of which had vested.

RELATED PARTY TRANSACTIONS

Certain insiders of the Company at the time of the Private Placement received Common Shares in connection with the Conversion as a consequence of their ownership of, or control and direction over, Debentures, namely funds or accounts managed by Sprott Asset Management Inc. (collectively, "Sprott") and two directors of the Company (immediately prior to the closing of the Private Placement), Antony Mitchell and Murray Sinclair. Each of Sprott, Mr. Mitchell or Mr. Sinclair participated in the Conversion on the same terms as all other holders of Debentures. Following the Private Placement, neither Sprott nor Mr. Sinclair are insiders of the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Recent Pronouncements Issued and Early Adoption of Standards

The Company has reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2015. The adoption of these standards did not have a material impact on the Company's results of operations, financial position or disclosures.

Critical accounting estimates

The timely preparation of the consolidated financial statements requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

Critical accounting judgments

Exploration and development properties, geothermal properties, and PP&E are aggregated into cash-generating units ("CGUs") on a project-by-project basis based on their ability to generate largely independent cash flows, and are used for long-lived asset impairment testing. The determination of the Company's CGUs is subject to management's judgment.

The decision to transfer assets from exploration and development to geothermal properties is based on the stages of development of the Company's projects, and management uses judgment, in part based on certification of resource capacity and available financing, to determine a project's technical feasibility and commercial viability. The decision to cease capitalization of costs and transfer assets from geothermal properties to PP&E is based on the asset being in the location and condition necessary for it to be capable of operating in the manner intended by management, and management uses judgment in determining the point at which this has occurred based on the point after the commissioning period at which the asset reaches commercial operation.

Sources of measurement uncertainty

Estimated future cash flows are used in determining the fair value of certain exploration and development properties, geothermal properties and PP&E for use in the final purchase price allocation of business combinations and impairment analysis.

Amounts recorded as decommissioning liabilities are based on estimates of future costs to restore the land and decommission assets at completion of projects, and estimated discount rates. The determination of the costs and discount rates is subject to management's judgment.

The estimated fair values of derivative instruments resulting in financial liabilities, by their very nature, are subject to measurement uncertainty. The most significant source of estimation uncertainty related to the Company's derivatives is estimated discounted future EBITDA for the San Jacinto project, which is used in determining the fair value of the embedded derivative liability related to long-term debt.

Compensation costs accrued for long-term stock-based compensation plans are subject to the estimation of ultimate amounts paid using pricing models, such as the Black-Scholes model which is based on significant assumptions such as volatility, dividend yield and expected term.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by management at the end of each reporting period to determine the likelihood that they will be realized from future taxable income.

In assessing whether the going concern assumption is appropriate, management must estimate future cash flows for twelve months following the end of the reporting period by taking into account available information about the future. Management has considered a wide range of factors relating to expected cash flows from its operating projects, estimated operating and capital expenditures, debt repayment schedules, and potential sources of replacement financing. These cash flow estimates are subject to uncertainty.

CONTROL MATTERS

Disclosure Controls and Procedures

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

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

Based on the evaluation of disclosure controls and procedures, the Chief Executive Officer and the Chief Financial Officer have concluded for the reasons discussed herein that the Company's disclosure controls and procedures and internal controls over financial reporting are effective as at September 30, 2015.

Internal Controls over Financial Reporting

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

The Company's internal control over financial reporting includes those policies and procedures that:

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

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

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

RISKS AND UNCERTAINTIES

The risks and uncertainties described in the Company's AIF for the year ended December 31, 2014 are considered by management to be the most important in the context of the Company's business. The risks and uncertainties included in the AIF are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian Securities legislation, 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 our growth, results of operations, and business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal 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 geothermal 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 "plan", "expect", "is expected", "budget", "estimates", "goals", "intend", "targets", "aims", "likely", "typically", "potential", "probable", "projects", "continue", "strategy", "proposed", or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would" or "shall" be taken, occur or be achieved.

Forward-looking information in this MD&A include among others: the future development of the San Jacinto project; additional changes to the steamfield to increase production; the costs of construction of a Binary Unit for the San Jacinto project; development of the Casita project including obtaining the necessary permits and financing to begin exploitation drilling and initial development; potential strategic alternatives and the potential sale of the Company's Orita project, Clayton Valley project and other geothermal and exploration and development properties.

A number of known and unknown risks, uncertainties and other factors may cause the Company's 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 geothermal resources through the Company's exploration and development programs; imprecise estimation of probability simulations prepared to predict prospective geothermal resources or energy generation capacities; variations in project parameters and production rates; defects and adverse claims in the title to the Company's properties; failure to obtain or maintain necessary licenses, permits and approvals from government authorities; the impact of changes in foreign currency exchange and interest rates; changes in government regulations and policies, including laws governing development, production, taxes, labor standards and occupational health, safety, toxic substances, resource exploitation and other matters; availability of government initiatives to support renewable energy generation; increase in industry competition; fluctuations in the market price of energy; impact of significant capital cost increases; unexpected or challenging geological conditions; changes to regulatory requirements, both regionally and internationally, governing development, geothermal resources, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters; economic, social and political risks arising from potential inability of end-users to support the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of the common shares and warrants of the Company; impact of issuance of additional equity securities on the trading price of the common shares and warrants of the Company; 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; uncertainty of the ability of Nicaragua to sell power to neighboring countries; economic insecurity in Nicaragua; and other development and operating risks, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect the Company. These factors should be considered carefully and readers of this MD&A should not place undue reliance on forward-looking information.

Such forward-looking information is based on a number of material factors and assumptions, including: that contracted parties provide goods and/or services on the agreed timeframes; the success and timely completion of planned exploration and expansion programs, including the Company's ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; the Company's ability to negotiate and obtain PPAs on favorable terms; the Company's ability to obtain necessary regulatory approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; the Company's ability to solicit competitive bids for drilling operations and obtain access to critical resources; the growth rate in net electricity consumption; continuing support and demand for non-hydroelectric renewables; continuing availability of government initiatives to support the development of renewable energy generation; the accuracy of volumetric reserve estimation methodology and probabilistic analysis used to estimate the quantity of potentially recoverable energy; environmental, administrative or regulatory barriers to the exploration and development of geothermal resources of the Company's properties; geological, geophysical, geochemical and other conditions at the Company's properties; the reliability of technical data, including extrapolated temperature gradient, geophysical and geochemical surveys and geothermometer calculations; the accuracy of capital expenditure estimates; availability of all necessary capital to fund exploration, development and expansion programs; the Company's competitive position; the ability of the Company to continue as a going concern and general economic conditions.

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

Additional information about the Company, including the Company's AIF for the year ended December 31, 2014 is available on SEDAR at www.sedar.com and on the Company's website at www.polarisinfrastructure.com.