

POLARIS INFRASTRUCTURE INC.

POLARIS

ANNUAL INFORMATION FORM

For Fiscal Year Ended December 31, 2015

March 10, 2016

FORWARD LOOKING STATEMENTS

This Annual Information Form contains certain “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information can generally be identified by the use of words such as “approximately”, “may”, “will”, “could”, “believes”, “expects”, “intends”, “should”, “plans”, “potential”, “project”, “anticipates”, “estimates”, “scheduled” or “forecasts”, or other comparable terminology that state that certain events will or will not occur. It represents the projections and expectations of the Company relating to future events or results, as of the date of this Annual Information Form.

Forward-looking information may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management’s expectations regarding growth, results of operations, business prospects and opportunities. In addition, statements relating to estimates of recoverable 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.

Forward-looking information is based on information currently available to management and reflects management’s current beliefs including, without limitation, those concerning geological, geophysical, geochemical and other conditions, geothermal resources, development and performance of operating facilities, the reliability of technical data, the Company’s ability to comply with local, state and federal regulations, support and demand for non-hydroelectric renewables, the Company’s ability to obtain and maintain necessary permits, approval and licenses, the availability of capital to fund exploration and development, financial market conditions, and general economic conditions.

A number of known and unknown risks, uncertainties and other factors may cause actual results or performance to materially differ from those expressed, implied or presented by the forward-looking information. These are referred to in the “Risk Factors” section of this Annual Information Form and include, among others: failure to discover and establish economically recoverable and sustainable geothermal resources through 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 change 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; impact of issuance of additional equity securities on the trading price of the Common Shares; inability to retain key personnel; the risk of volatility in global financial conditions, as well as significant decline in general economic conditions; uncertainty of political stability in Nicaragua; uncertainty of the ability of Nicaragua to sell power to neighboring countries; economic insecurity in Nicaragua; and other development and operating risks.

Although the Company believes that the expectations and assumptions on which forward-looking information is based are reasonable under the current circumstances, readers are cautioned not to rely unduly on this forward-looking information since no assurance can be given that it will prove to be correct. Forward-looking information contained in this Annual Information Form is made as at the date of this Annual Information Form and the Company does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless so required by legislation.

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1. INTRODUCTION

1.1 Currency and Other Information

All references to “dollars” or “\$” are to United States dollars unless otherwise indicated (references to “Cdn\$” are to Canadian dollars). The information contained herein is accurate only as of December 31, 2015, unless otherwise indicated.

1.2 Scientific and Technical Information

Certain disclosure in this Annual Information Form (“AIF”) for the Company’s Casita Project (as defined below) are based on the technical report entitled “Casita San Cristobal Geothermal Projected-Updated Resource Assessment” dated February 10, 2012, prepared by Jacobs Engineering (“Jacobs”).

Geothermal properties and operations differ from mining or oil and gas properties, and Canadian securities regulators have not prescribed a form of technical report for geothermal properties. Accordingly, the foregoing technical report has not been prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects (“NI 43-101”) or National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Furthermore, the authors of this technical report are not qualified persons for the purposes of NI 43-101 or qualified reserves evaluators or auditors for the purposes of NI 51-101. Instead, the foregoing technical report has been prepared in accordance with accepted practices within the geothermal energy industry. Reference should be made to the full text of the technical report, available on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com or upon request and without charge from the Corporate Secretary of Polaris Infrastructure at 2 Bloor Street West, Suite 2700, Toronto, Ontario, M4W 3E2.

2. CORPORATE STRUCTURE

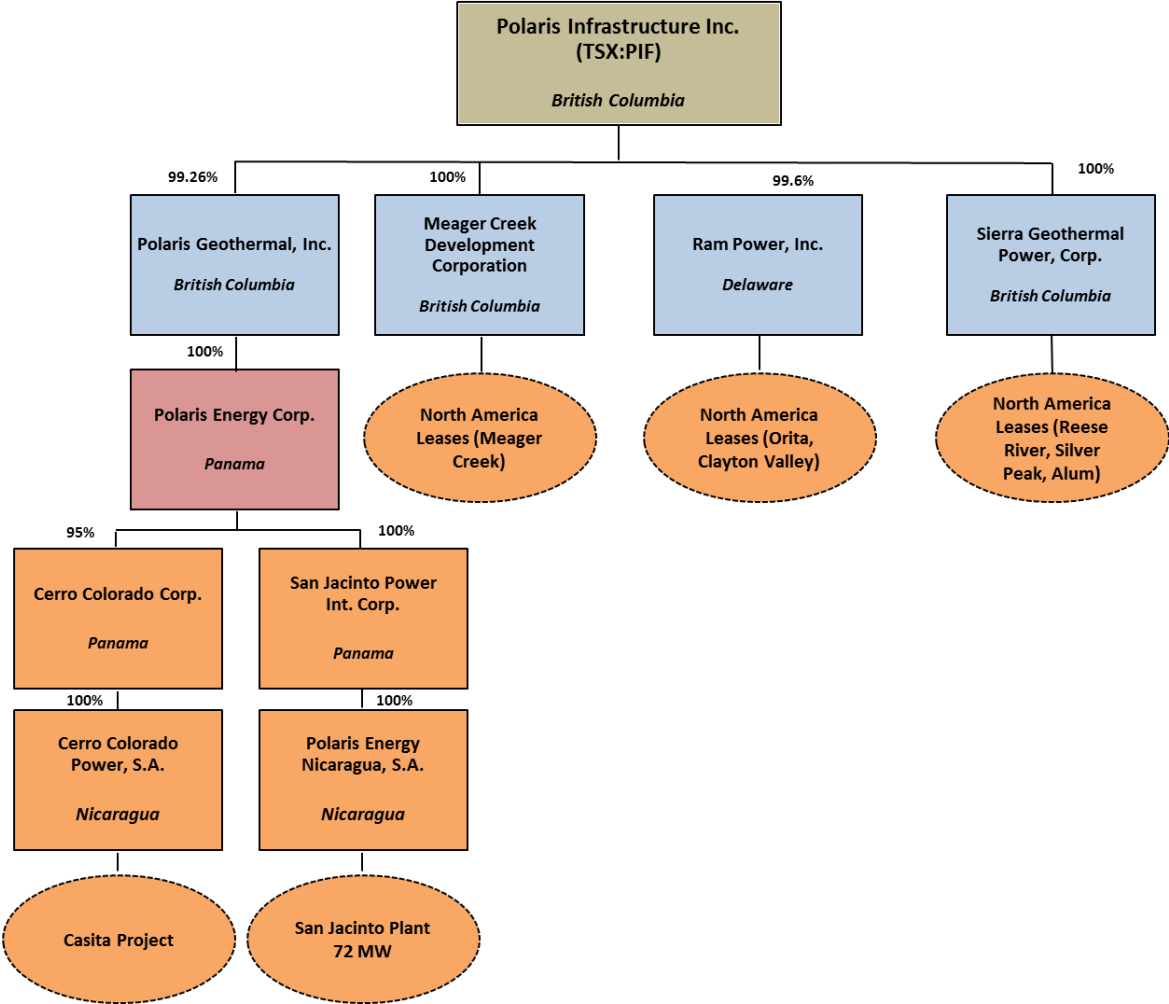
2.1 Name, Address and Incorporation

Polaris Infrastructure Inc. (the “Company”, “Polaris Infrastructure”) is a corporation existing under the *Business Corporations Act* (British Columbia) (“BCBCA”). The registered office of the Company is located at Suite 1700, 666 Burrard Street, Vancouver, British Columbia V6C 2X8 and the administrative office of the Company is located at 2 Bloor Street West, Suite 2700, Toronto, Ontario, M4W 3E2.

The Company was originally incorporated under the laws of British Columbia on April 26, 1984 under the name “Chablis Resources Ltd.”. The Company underwent a number of reorganizations, business combinations between that the time of its incorporation and October of 2009 when, upon the completion of a plan of arrangement approved in accordance with the BCBCA, the Company changed its name to “Ram Power, Corp.”. The Company then changed its name to “Polaris Infrastructure Inc.” on May 13, 2015, as part of a recapitalization transaction. Further details with respect to this recapitalization are included below, in Sections 3.2 and 3.3.

2.2 Intercorporate Relationships

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



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Overview

Polaris 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.

3.2 Three Year History

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

Year	Key Developments
2015	<ul style="list-style-type: none">• Drilling of the first new production well as part of the Company's 2015/2016 drilling program at the San Jacinto project, SJ 6-3, was completed in late December 2015. The natural process of thermal recovery is expected to take place throughout January and February 2016, with testing to commence thereafter. The estimated date for preliminary results is April 2016.• Discussions and a preliminary due diligence process with The World Bank Group commenced in September and continued through December 2015 in regards to potential financing for the Casita Project. Mott MacDonald Inc. was engaged at this time as an environmental, social and biodiversity consultant to the Company.• A rig services contract with Iceland Drilling Company was signed in September 2015, in advance of the Company's 2015/2016 drilling program, which commenced with drilling of SJ 6-3 in October 2015• Major maintenance of the unit 4 turbine at the San Jacinto project was completed in February 2015, on time and on budget, as were the master valve replacements on wells SJ 4-1, SJ 9-3 and SJ 12-2.• On May 13, 2015, the Company completed an equity financing and recapitalization transaction (the "Recapitalization Transaction") for gross proceeds of approximately Cdn\$74 million. As part of the Recapitalization Transaction, the Company's name was changed from "Ram Power, Corp." to "Polaris Infrastructure Inc." Also, the Company's outstanding 8.5% senior secured debentures ("Debentures") were converted into common shares of the Company ("Common Shares), the outstanding Common Shares were consolidated at a ratio of 2,000:1, the board of directors of the Company (the "Board") was reconstituted, and Marc Murnaghan was appointed as Chief Executive Officer of the Company. Further details with respect to the Recapitalization Transaction are included below in Section 3.3.• Also in May of 2015, the Company negotiated amendments to the credit facilities (the "Credit Facilities") of the Company's wholly-owned subsidiary, Polaris Energy Nicaragua, S.A. ("PENSA"), which owns and operates the San Jacinto project located in the northwest of Nicaragua near the city of Leon. The amendments became effective May 13, 2015 and are expected to result in the Company being in a position to begin receiving distributions from PENSA in 2016. Further details with respect to the amendments to the Credit Facilities are included below in Section 3.3.
2014	<ul style="list-style-type: none">• In November 2014, the Board formed a Mergers and Acquisitions Committee (the "M&A Committee") to explore and evaluate strategic alternatives to enhance value for the holders of Common Shares ("Shareholders"). Ultimately, the M&A Committee recommended the Recapitalization

Transaction.

- In May 2014, after implementing a 30-day stabilization period for the San Jacinto project, the Company conducted a 7-day performance test to determine the net operating output of the San Jacinto project. During that 7-day performance test, the San Jacinto project produced an average of 57.8 MW (gross) / 52.7 MW (net).
- On April 22, 2014, the Company sold to US Geothermal Inc. its geothermal field in the Mayacamas Mountains of Sonoma County, California for \$6,400,000.
- On January 22, 2014, the Company completed its 2013 remediation drilling program at the San Jacinto project designed to increase the steam resource of the San Jacinto project. The 2013 remediation drilling program involved the refurbishment of four existing production wells, the replacement and perforation of specified well casings, and the deepening and forking of two wells.

2013

- In November 2013, the Company completed a rights offering to its Shareholders, which raised gross proceeds of approximately \$5.3 million. The net proceeds were used by the Company to fulfill interest payment obligations to the holders of outstanding Debentures.
- As required under the PPA (the "San Jacinto PPA") between PENSA and Disnorte-Dissur, the owner and operator of Nicaragua's electrical distribution system (the "Off-taker"), the Company decommissioned the 2 x 5 MW (net) existing backpressure steam turbo generators and associated equipment. All cash proceeds, net of expenses, associated with the sale of the back pressure equipment funded the Major Maintenance Reserve Account for use in the remediation drilling program.
- The 2013 Drilling Remediation program began in July 2013.
- In June 2013, the Company reached an agreement with the lenders of the Credit Facilities to amend the Credit Facilities, which among other things, allowed for the funding of the remediation drilling program from the San Jacinto project's major maintenance reserves established under the Credit Facilities.
- On June 4, 2013, the Company executed a drilling contract with ThermaSource Inc., for the 2013 Remediation Drilling Program at the San Jacinto project.
- On March 27, 2013, the Company completed a private placement of the Debentures and issued a total of 50,855 units ("Units") for gross proceeds of Cdn\$50,855,000. Each Unit consisted of (i) a Debenture and (ii) 1,000 Common Share purchase warrants ("Warrants") that entitled the holder to acquire one Common Share per warrant at a price of Cdn\$0.30 for a period of five years following the closing date. Proceeds were used to pay off outstanding loans.

- On January 28, 2013, the Company began a reorganization of staff at its corporate office in Reno, Nevada, to better align the organization to focus primarily on its Nicaragua operations including the continued operation of the San Jacinto project resource.

3.3 *Summary of May 2015 Recapitalization Transaction and Amendments to Credit Facilities*

As part of the Recapitalization Transaction, the following steps occurred:

- The Company closed a private placement offering on April 30, 2015 of 18,598,500,000 subscription receipts for gross proceeds of approximately Cdn\$74 million.
- The proceeds were held in escrow until, on May 13, 2015, the Company fully satisfied certain escrow release conditions and the 18,598,000 subscription receipts were converted into Common Shares and the proceeds were released to the Company.
- Concurrently with the conversion of the subscription receipts into Common Shares:
 - the Company's then outstanding Cdn\$53,016,338 aggregate principal amount of Debentures, together with accrued and unpaid interest, were converted into approximately 10,931,678,292 Common Shares;
 - a binding agreement was entered into giving effect to the amendments to the credit facilities of the Company's wholly-owned subsidiary, PENSA, which owns and operates the San Jacinto project; and
 - the Company's name was changed from "Ram Power, Corp." to "Polaris Infrastructure Inc." and, effective May 19, 2015, the Company's Toronto Stock Exchange ("TSX") stock symbol was changed from "RPG" to "PIF".
- Subsequent to the conversion of the subscription receipts into Common Shares, the Common Shares were consolidated on a 2,000 to 1 basis (the "Share Consolidation"). A total of approximately 31,026,418,906 Common Shares were issued and outstanding immediately prior to the Share Consolidation, which resulted in a total of approximately 15,513,157 Common Shares being issued and outstanding following completion of the Share Consolidation. The 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: Marc Murnaghan, Jorge Bernhard and Jaime Guillen (each of whom was a newly appointed director of the Company), and Antony Mitchell and James Lawless (each of whom was an existing director of the Company).
- Marc Murnaghan was appointed as Chief Executive Officer of the Company.

As mentioned, amendments to the Credit Facilities became effective concurrently with the closing of the Recapitalization Transaction. The amendments included the following:

- A potential reduction in the interest rates of the phase I and II senior debt facilities under the Credit Facilities 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 of the following periods:

- from May 13, 2015 - May 31, 2017: 58 MW (net);
- from June 1, 2017 - May 31, 2018: 55.1 MW (net); and
- from June 1, 2018 - May 31, 2019: 52.3 MW (net).
- The subordinated debt facilities under the Credit Facilities were modified as follows:
 - the interest rate was modified from a range of between 4.95% to 7.16%, to 6.00%;
 - the return enhancement feature was reduced from 6.88% of PENZA’s aggregate annual EBITDA to 3.00%;
 - the sum of the return enhancement paid and interest paid on the subordinated debt facilities during the applicable period shall not exceed an amount equal to 13% of the aggregate principal amount of the subordinated debt facilities during such period.
- The term to maturity of the Credit Facilities was extended by approximately four years.
- The minimum production requirement was eliminated (it was previously required that the San Jacinto project achieve a minimum 55 MW (net) average hourly output).

4. DESCRIPTION OF BUSINESS

4.1 General Description of the Business

The Company is a renewable energy company focused on the development, production and sale of electricity from geothermal energy. The Company is currently operating a 72 MW capacity (net) geothermal electrical energy production facility located in northwest Nicaragua near the city of Leon (the “San Jacinto project”), and is also actively involved with the exploration and possible development of a second production facility in the Department of Chinandega in Nicaragua (the “Casita Project”).

Overview of Geothermal Energy

Geothermal energy is a clean, renewable energy source that, because it does not utilize combustion in the production of electricity, releases significantly lower levels of emissions than result from energy generation from burning of fossil fuels. Geothermal energy is derived from the natural heat of the earth when water comes sufficiently close to hot molten rock to heat the water to temperatures of 150°C or more. The heated water then ascends toward the surface of the earth where, if geological conditions are suitable for its commercial extraction, it can be extracted by drilling geothermal wells. The geothermal reservoir is a renewable source of energy if natural ground water sources and the re-injection of extracted geothermal fluids are adequate over the long term to replenish the geothermal reservoir after the withdrawal of geothermal fluids.

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

Distribution Methods

The Company currently sells all geothermal electric energy produced pursuant to the terms of the San Jacinto PPA.

Specialized Skill and Knowledge

The core management team of Polaris Infrastructure and the Company's operating subsidiary, PENSA, includes individuals with extensive project development experience in the renewable energy industry, including in land acquisition, permitting, geothermal exploration and drilling, power plant construction, negotiation of PPAs, transmission, project operation and maintenance, asset management and financing.

Competitive Conditions

Geothermal energy production in Latin American countries, particularly in Central America, is both abundant and cost-competitive. Currently, the energy matrix primarily consists of generators run by internal combustion engines burning bunker fuel or diesel which is imported from other countries. These generators are typically approximately 2-3 MW (net) in size, making the marginal cost of generation higher in comparison with the cost of geothermal. An additional benefit of geothermal is its independence from seasonal variations in the weather, unlike wind, solar and hydropower generation which are not available for extensive periods each year and require large backup capacity or cold reserves, contributing to higher marginal cost for electricity throughout the region. Geothermal energy produces consistent base load power directly to a national transmission grid.

Economic Dependence

The Company's only operating geothermal power plant is the San Jacinto project. Substantially all revenues expected to be realized from the operation of the San Jacinto project will come from the sale of energy and capacity under the San Jacinto PPA. Under the San Jacinto PPA, the Off-taker is required to purchase all of the electricity and capacity, up to 72 MW (net) from the San Jacinto project through January 30, 2029. The government of Nicaragua holds a 16% ownership interest in the Off-taker.

The contemplated binary unit expansion of the San Jacinto project is not currently covered by the San Jacinto PPA and therefore amendments to the existing PPA will be required.

Employees

At the date of this AIF, the Company has 118 full time employees, of whom 2 are employed directly by Polaris Infrastructure, 100 are employed at PENSA's San Jacinto project and 16 at PENSA's office in Managua, Nicaragua. As operations require, the Company also retains geoscientists, engineers and other consultants on an independent contract basis.

Foreign Operations

The Company's primary activities are carried out in Nicaragua and, as such, the Company's operations may be affected by possible political or economic instability and government regulations relating to the energy industry and foreign investors therein. Geothermal energy production may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, environmental legislation, land use, land claims of local people, water use and property safety. The effect of these factors on the Company cannot be accurately predicted.

Revenue Generation

During the year ended December 31, 2015 the Company generated approximately \$50.1 million dollars in revenue primarily as a result of the operations of the San Jacinto project.

Social and Environmental Programs, Nicaragua

The Company has implemented social policies to benefit communities and people that are influenced by the San Jacinto project. These policies are focused on understanding the community's needs and developing strategic and sustainable projects under the areas of (i) social infrastructure, (ii) education, (iii) Environment, (iv) health, (v) sports and (vi) agriculture. The Company has taken an active role in contributing to schools in the Tizate district, Department of Leon. The Company has also provided materials for school uniforms and maintenance equipment for school facilities. The Company provides hands-on field experience for students in environmental awareness and reforestation. In addition, the Company has entered into an agreement with a Nicaraguan engineering university to provide seminars and conferences to its students, with the goal of raising an understanding of the uses, benefits and importance of geothermal power.

The Company implemented the San Jacinto-Tizate Community Water Rehabilitation Project, co-funded by the Development Bank of Austria (OeEB), Inter-American Development Bank (IDB), the NGO Catholic Relief Services (CRS) and PENSA. This water project represented an investment of \$1.2 million and is benefiting the five nearby communities. This project had three main objectives: 1) Increase access to quality water for target communities, 2) Increase access to quality water and sanitation systems for local schools, 3) Improve the hygiene and sanitation of the San Jacinto Health Post. In total, 915 households were benefited by this project and now enjoy a reliable water system. The six local schools with 950 students now have access to quality water and sanitation infrastructure; and the community Health Post was connected to the water system and their hygiene infrastructure was rehabilitated, to provide a proper care of the local population.

The Company also invests in environmental protection campaigns, having planted over 100,000 trees since 2005, promotes cleanups in town with students and the community, has a forest fire prevention program and also an environmental training program for the protection and conservation of ecosystems aimed at students and company employees.

4.2 Operating Project

San Jacinto project– San Jacinto, Nicaragua

Project Description and Location

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

The San Jacinto project is being developed under an exploitation agreement (the “San Jacinto Exploitation Agreement”) between PENSA and the Nicaragua Ministry of Energy and Mines (“MEM”) signed on January 25, 2001. The term of the San Jacinto Exploitation Agreement is for 30 years, extendable for an additional 30-year term (currently terminates on January 25, 2031). The generation license held by PENSA allows for generation of 72 MW (net) from the San Jacinto project for a 30-year term that commenced in December 18, 2003 (currently terminates on December 18, 2033). Under the San Jacinto PPA, which presently expires on January 30, 2029, PENSA is able to sell 100% of generation and capacity up to 72 MW (net).

Nicaraguan legislation requires that electrical generation projects obtain an environmental permit from the Ministry of the Environment and Natural Resources (“MARENA”). Issuance of the permit requires an Environmental Impact Assessment (“EIA”) demonstrating that the plant’s activities will not cause significant environmental impacts. An EIA for the San Jacinto project (the “San Jacinto project EIA”) was submitted to MARENA in July 2003. It concluded that the main environmental impacts of the San Jacinto project are on air quality and noise, which can be mitigated through chimneys, silencers, forestry, sound barriers and the use of personal protection by staff. The project was viewed as generating significant positive socio-economic impact in the form of employment and electricity generation, and also positive environmental impact in the form of mitigating climate change. MARENA issued its final environmental permit for the San Jacinto project on September 18, 2003. Subsequently, on October 14, 2008, MARENA issued an environmental permit to PENSA for the expansion of the San Jacinto project to 72 MW (net).

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The San Jacinto project site is located near the village of San Jacinto, a small settlement adjacent to the established base camp. The San Jacinto project is accessible by the Pan-American Highway and has internal roads to access work sites. Leon, the second largest city in Nicaragua, is located 20 km to the west and provides the main pool of labor. Labor is also sourced from Managua which is 90 km to the southeast. The San Jacinto project is connected to the high voltage electrical grid through a dedicated 13 km power line that connects both the Leon and Santa Barbara substations. Water for plant operation is available from local wells. The climate in the area is generally hot and dry, but with seasonal heavy rainfall.

History of the San Jacinto project

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

Jacinto-Tizate area, with an apparent high resistivity zone at 1,500 to 1,600 metres, which was interpreted to correspond to the bottom of the productive reservoir.

In late 1992, Intergeoterm, a joint venture company owned by ENEL (Nicaraguan Electricity Company) (77%) and Burgazgeoterm (23%), a wholly-owned subsidiary of Gazprom (a Russian gas company), began work on a feasibility study for development of the San Jacinto project concession for power generation. This work included further surface exploration and the drilling of seven commercial diameter wells. The wells ranged in depth from 728 to 2,339 meters and were completed between 1993 and 1995. The drilling of these wells provided significant additional data on the sub-surface conditions, including geological information and downhole temperature and pressure profiles, and confirmed that the highest temperatures were present in the vicinity of Tizate. Five of the wells were tested, by production and/or injection, and three (SJ-4, 5 and 6) were considered to be commercial producers. Interference tests were also conducted during 1995 to provide additional information on the degree of interconnection between the various wells.

Geological Setting

The San Jacinto-Tizate field is located in the vicinity of several young to active volcanoes that make up part of the Maribios range, a chain of volcanic mountains in northwestern Nicaragua. The volcanoes, like essentially all of the principal volcanoes of Central America, are created by the subduction of one tectonic plate (the Cocos plate) under another (the Caribbean plate) near the Pacific coast of Central America. The volcanoes of western Nicaragua differ from the majority of the other Central American volcanoes in an important respect: they occur within the Nicaraguan Depression, a major topographic and tectonic feature that extends the length of western Nicaragua and is evidenced by Lake Managua, Lake Nicaragua and other low-lying areas. The depression has been interpreted as a half-graben (a zone of structural subsidence) that is bounded on its southwest side by steeply dipping faults.

Exploration

In the past several years, including at present, work has been undertaken to increase the production and injection capacity of the field in order to meet the generation capacity of the Phase I and Phase II expansions of the San Jacinto project. This work has included a comprehensive geo-electrical survey of the concession area using magnetotelluric resistivity methods, additional integrated evaluation of the resource (including conceptual and numerical modeling of the reservoir), and beginning in 2007, the drilling of additional deep, commercial-diameter wells.

Drilling

To enhance steamfield production, the Company has executed a series of production enhancement initiatives, largely centered on the drilling of additional production and injection wells.

2012 Drilling Plan

The 2012 Plan included, among other things, the conversion of well SJ 6-1 from an injection well to a production well and use of well SJ 12-1 as an injection well.

2013 / 2014 Remediation Plan

The Company and Jacobs determined that the remediation of four production wells was going to be the most cost effective alternative to drilling new production wells. A description of the remediation efforts is as follows:

Well SJ 6-1

During August 2013, the remediation team successfully replaced 367 meters of damaged liner and perforated a 60 meter section of liner which had demonstrated increased temperature and permeability.

Well SJ 6-2

During September 2013, the remediation team successfully perforated 60 meters of blank liner to recover production at an upper major zone that may have been affected by prior mineral deposition.

Well SJ 9-3

The remediation program for well SJ 9-3 began on August 25, 2013 and was completed in late February, 2014. Well SJ 9-3 was remediated in three phases:

- Initial work resulted in the Company successfully retrieving the K10 survey tool and 1,600 meters of wire line which were left in the well bore following a mechanical problem during the 2011 drilling campaign;
- In the second phase, the Company successfully deepened the initial leg of the well from 1,682 meters to 1,980 meters and perforated approximately 78 meters of blank liner; and
- In the final phase, the Company successfully drilled a fork leg to a total depth of 1,900 meters.

Well SJ 12-3

The remediation program for well SJ 12-3 began in late October 2013 and was completed in January 2014. The remediation plan included the perforation, deepening and forking of the well.

The 2013 Remediation Drilling Program was completed in May 2014 and contributed a total gross increase of 8 MW to the output capacity of the San Jacinto project. This increase was offset by declines in the steamfield of 5 MW, mainly attributable to well SJ 12-2, which resulted in average net production of 52.7 MW (net)/day during the performance test required by the Credit Facilities. Towards the end of 2013, and into early 2014, the degradation of the resource stabilized, and current decline is estimated to be approximately 3-4% per year which is in line with standard trends in geothermal steam field management. The Company continues to engage in active dialogue with Jacobs regarding improvements to the steamfield to increase production.

2015/2016 Drilling Program

The 2015/2016 drilling program began in October 2015, and is expected to conclude in June/July 2016. This program is expected to consist of three new production wells and the mechanical work-over of four existing injection wells, with the objective of bringing average generation closer to the 72 MW (net) capacity under the San Jacinto PPA and generation license.

Well SJ 6-3

Drilling of the first new well of the 2015/2016 drilling program, SJ 6-3, commenced October 12, 2015 and was completed December 29, 2015. The well was drilled off of an existing pad (pad 6), which will allow existing infrastructure to be utilized in tying the well into the power plant. Presently, SJ 6-3 continues to be in thermal recovery, effectively a post-drilling heating-up period where natural regeneration is required to achieve production-level temperature and well head pressure. The longer than expected drilling time resulted in a correspondingly greater volume of cold fluids being injected into the well during drilling, which has caused the well to take longer than would otherwise be required to achieve thermal recovery. We are confident that SJ 6-3 is a commercial well but we are unable to give specific guidance yet as to what the additional steam flows and hence MW contribution will be. Given the close proximity of the pad to existing plant infrastructure, we anticipate having SJ 6-3 plugged in to the San Jacinto plant during second quarter 2016.

Well SJ 14-1

Drilling of the second new production well of the 2015/2016 drilling program, SJ 14-1, commenced January 9, 2016, and the Company is currently approaching target depth of approximately 2,399 metres. The well is expected to be completed shortly, at which point the Company will start the thermal recovery period and production testing prior to tying the well into the power plant.

Once well SJ 14-1 is completed, the Company will proceed with the mechanical clean out and acid stimulation of four existing injection wells to recover lost injection capacity attributable to silica scaling and mineral deposition.

The Company continues to evaluate and refine likely alternatives with respect to drilling a third new well, which will occur following completion of the injection well workovers.

Resource Estimates

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

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

Using various input assumptions, a model based on the stored heat approach was run 2,000 times to obtain frequency distribution and cumulative probability distributions. The calculated parameters indicated that the estimated capacity of the entire San Jacinto project resource had a mean value of 277 MWe. The cumulative probability distribution showed there is a 90% probability that the resource capacity will be greater than 203 MWe and a 50% probability that it will be greater than 274 MWe. This value does not mean that there is a 50% probability that a 270 MWe development will be economic, nor even that there is a 50% probability that sufficient fluid for a 270 MWe development can be extracted for 20 years. There are numerous factors not considered in a stored heat assessment which could down-rate the available steam. There are also positive factors which can mean that a stored heat estimate can, in some cases, significantly under-estimate the long term resource capacity, most notably the fact that it does not include any allowance for heat or fluid recharge from depth.

The eastern sector of the San Jacinto project was initially estimated by the Jacobs' 2008 study to supply 686 tonnes per hour steam capacity (89 MW) for 20 years.

Operations

The Company has the right and obligation to sell all energy produced, up to the 72MW (net) capacity of the Phase I and II turbines of the San Jacinto project, under the San Jacinto PPA.

There is minimal dispatch or price risk to the Company under the San Jacinto PPA. Full dispatch of the San Jacinto project plant is assured by regulation and by merit order. The average 2015 price under the San Jacinto PPA of \$115.80/MWh was generally in line with the average Nicaraguan wholesale market price (which reflects a significant cost reduction owed to the decline in market prices for bunker oil), and remains below regional long-run marginal costs. The Company believes that the resource is competitive not just in Nicaragua, but throughout Central America, which as a regional market is expected to grow considerably over the next decade. The Company's current and future prices under the San Jacinto PPA are not limited by the spot market price cap for renewable energy projects.

The Company has recently reinitiated its efforts to verify and sell its Certified Emission Reductions ("CERs") under the United Nations Framework Convention on Climate Change ("UNFCCC") Clean Development Mechanism for CERs generated after June 2009. CERs generated by the project in the first six months of 2009 were certified via a UNFCCC Project Development Document ("PDD"), verified by TÜV SÜD Industrie Service GmbH in 2011 and sold in early 2012.

Asociación Española de Normalización y Certificación ("AENOR"), the Company's Designated Operational Entity, is reviewing a PDD for the new plant design that will be submitted to the UNFCCC to re-certify the project and enable the Company to verify and sell CERs that were generated after June 2009. Management is exploring alternatives to sell future CERs.

Exploration and Development

Pursuant to the terms of the San Jacinto Exploitation Agreement, the San Jacinto project was developed in two phases, Phase I and Phase II. Both Phases I and II of the San Jacinto project are concentrated in

the eastern sector of the San Jacinto project concession. Phase I and II each have a capacity of 36 MW (net), allowing aggregate generation of 72 MW (net), consistent with the San Jacinto PPA.

There is a requirement in the San Jacinto PPA that the amount of electricity generated by the San Jacinto project be above a minimum prescribed amount. Until November 10, 2014, that minimum prescribed amount was 90% of the 72 MW (net) capacity of the San Jacinto project, at which date the requirement was reduced to 70% of the 72 MW (net) capacity.

A description of the San Jacinto project's Phase I, Phase II and Binary Unit development follows:

Phase I: Single Flash Condensing Turbine Development

Single flash technology, which is the most commonly used technology for geothermal projects worldwide, provides for the most efficient extraction of energy from the steam supply. Fuji has been building steam turbines for geothermal applications since 1977 and currently has 57 machines operating worldwide. Fuji has the necessary expertise in geothermal turbine design to meet the performance and reliability required by the San Jacinto project.

The San Jacinto project Phase I power plant was mechanically completed in October 2011. In December 2011, the Phase I expansion was successfully synchronized to the Nicaraguan national integrated electrical grid, and the plant was declared in commercial operation on March 27, 2012.

Phase II: Single Flash Condensing Turbine Development

The Phase II project is located on the existing prepared platform adjacent to Phase I. Completion of the San Jacinto Phase II power plant brought the total San Jacinto project capacity to 72 MW (net). On December 19, 2012, the Phase II expansion was successfully synchronized to the Nicaraguan national integrated electrical grid, and the plant was declared officially in commercial operation on February 8, 2013.

The 138 kV switchyard was expanded during Phase I construction to allow for a further transformer bay for the new unit. In the fourth quarter of 2011, the Company transferred all of its rights, title and interests in the transmission and substation assets for the San Jacinto project to Empresa Nacional de Transmisión Eléctrica ("ENATREL"), the owner and operator of the national transmission system in Nicaragua, in accordance with applicable Nicaraguan law and the terms of the Credit Facilities. ENATREL assumed sole responsibility for the operation and maintenance of the transmission assets and the interconnection of the plant to the Nicaraguan national transmission system.

Phase III: Binary Unit

The Company is in the early stages of evaluating the feasibility and financing alternatives with respect to a binary unit bottoming cycle power generation plant (the "Binary Unit") at the San Jacinto project site. Binary Unit construction would begin after the available brine flow is confirmed following completion of the 2015/2016 Drilling Program. The Binary Unit will use the geothermal fluids separated from the geothermal steam used to power the San Jacinto Phase I and II units as its source of heat for power

generation, meaning there is no incremental exploration or drilling risk associated with the Binary Unit. Depending on final brine volumes, temperature and other characteristics, the Binary Unit is expected to add approximately 8 MW (net) of additional generation to that being generated by the Phase I and II turbines of the San Jacinto project.

Casita Project - Nicaragua

Project Description and Location

The Casita Project is located in northwest Nicaragua in the Department of Chinandega, approximately 60 km from the San Jacinto project. The Casita Project currently consists of an exploration concession (the “Casita Project Exploration Concession”) with an area of 100 km². In 2008, through an international bid, Cerro Colorado Power, S.A., a subsidiary of the Company, was awarded the Casita Project Exploration Concession. The Company has certain investment obligations under the Casita Project Exploitation Concession. Non-compliance with these obligations may cause the Casita Project Exploitation Concession to be terminated. The Company is in compliance with these obligations.

MARENA has granted the required environmental permit for the Casita Project and the Company believes that it has all the required permits to conduct exploration of the Casita Project.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Department of Chinandega has a population of 470,000 inhabitants, of which 38% live in rural areas and the rest in the municipalities of Posoltega, Chichigalpa, and Chinandega. The access to the Casita Project is through the Chinandega main highway. The nearby cities of Leon and Chinandega are in close proximity to the project site. The temperatures at the Casita Project range from 22°C to 38°C throughout the year. The estimated precipitation is above 1800mm annually. Water for drilling will need to be sourced from special purpose water wells. Potential locations for these wells include the lower slopes of the Casita Mountain or within La Pelona Caldera.

History of the Property

The geothermal potential of the Casita Project was initially recognized following regional geothermal surveys undertaken by Texas Instruments Inc., GeothermEx and Unocal Corporation, a subsidiary of Chevron Corporation.

MEM commissioned GeothermEx to review the Casita Project as part of the development of the Plan Maestro Geotérmico de Nicaragua.

Geological Setting

As a whole, Volcan Casita (“V. Casita”) forms an east-west ridge of andesitic volcanic products. A set of prominent northeast-trending normal faults cut the summit area bounding the central crater at the top of the mountain. The central crater (Ollade crater) may be an eruption crater but, given its size and the degree of dissection of the mountain flanks, it is unlikely that the original crater morphology would be

so well preserved. Hence, it is possible that this feature is a summit caldera. A further older crater is transected by one of the northeast trending structures.

Volcan San Cristobal (“V. San Cristobal”) is the most prominent part of the chain in the immediate vicinity and it has been more recently active than V. Casita. It forms a composite cone complex with four other eruptive centers, most notable in this case with V. Casita to the east-southeast, where V. San Cristobal has grown on its northwest flank. V. San Cristobal is historically active, with eruptions recorded from 1522 to 1997.

Both V. San Cristobal and V. Casita have asymmetric distributions of pyroclastics and lavas within their volcanic piles because the prevailing winds are northeasterlies (Van Wyk de Vries and Borgia, 1996). Pyroclastics have therefore been concentrated on the southwest slopes and lava flows predominate on the northeast slopes. This is likely to be a contributory factor in the slope instability on the southern side of Casita and would favor a predominance of groundwater flow down to the northeastern slopes. The latter is a result of a greater amount of precipitation on that side and the greater permeability of fresh lavas in comparison to pyroclastics

The tectonic environment in Nicaragua favors there being many potential heat sources for geothermal fields; however they may not necessarily be large fields. The importance of this is that a number of fields with deep central upflows may be present in close proximity.

Exploration

A geophysical survey was undertaken and has been supplemented by sampling and analysis of steam and gas from the Casita Project, along with mapping of geothermal surface activity. The combined assessment of geochemistry from the natural fumarole discharges, geophysical structures, and overall heat discharge distribution provided evidence that a geothermal resource potentially lies beneath the Casita Project.

As the system is centered on the relatively high mountain of Casita and its eastern ridge, the terrain and geological structures will present some challenges for access to drilling sites, however much of the resource may be accessible from lower elevations on the flank of the mountain. The geochemistry data present no indications of acid fluids or similar development constraints within this resource.

Resource Estimates

Estimates of energy potential for the Casita Project have been developed using indications of resource area derived from modeling the geophysics surveys and indications of resource temperature derived from the interpretation of the steam discharge at the Casita Project. Probabilistic modeling using estimated ranges of parameters indicates that the resource has a 50% probability of supporting over 132 MWe for 20 years and a 90% probability of supporting 85 MWe for 20 years. These estimates are for gross generation capacity of the indicated resource and were developed by Jacobs in an updated Casita San Cristobal Geothermal Projected-Updated Resource Assessment completed in February 2012. These estimates are subject to the useful productivity of the resource being proven by exploration drilling.

Exploration and Development

The Nicaragua National Expansion Plan for electricity generation contemplates up to 35 MW from the Casita Project. In July 2011, the Company commenced drilling of its first slim hole at the Casita Project, which was drilled to a depth of 842 m with a total loss of circulation. A temperature survey conducted in the well has indicated temperature readings exceeding 230°C (446°F). The temperature results obtained and the permeability found indicate that the location has the characteristics of a commercial resource. The drilling of the slim hole and the interpretation of geoscientific data has been carried out with the technical support of Jacobs. As a result of the first slim hole testing, the Company approached MEM to obtain an exploitation concession for the Casita Project.

The Company submitted an application for rights to obtain the exploitation concession on December 13, 2012, and was awarded the exploitation concession on February 11, 2013 .

During the second quarter 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 began negotiating a PPA. The Environmental Permit issued was issued by MARENA in July 2015.

The Company has had, and continues to have productive discussions with MEM regarding the signing of an Exploitation Concession Contract for the Casita Project. Further, the Company is actively engaged in discussions with The World Bank Group (the “World Bank”) with respect to early stage risk mitigation capital funding.

4.4 Exploration and Development Properties

In addition to the San Jacinto and Casita Projects, the Company holds interests in the following projects.

Project Name	Location	Status
Orita Project	Imperial Valley, California, USA	Not active
Clayton Valley Project	Clayton Valley, Nevada, USA	Not active
South Meager Project	British Columbia, Canada	Not active

The Company is not actively conducting exploration operations on these sites and does not believe that they are currently material to the Company’s operations.

Orita Project

The Orita Project is accessible from paved and unpaved state and county roads and is approximately 11 miles east of Brawley, California. The Company secured geothermal and surface leases at the Orita Project in 2009. Given the Company’s strategic focus in Nicaragua specifically, and Latin America more generally, we have no current plans to further develop the Orita project and are exploring alternatives to exit these leases.

Clayton Valley Project

The Clayton Valley Project is located in Esmeralda County in west central Nevada approximately midway between Reno and Las Vegas along US highway 95, approximately 25 miles southwest of the town of Tonopah, Nevada. Twelve (12) federal Bureau of Land Management geothermal resource leases are held for the Clayton Valley Project. All leases were acquired by competitive bid between 2008 and 2010 or through the acquisition of Sierra in September 2010. All leases are subject to the terms and conditions within the Federal Code of Regulations. Given the Company's strategic focus in Nicaragua specifically, and Latin America more generally, we have no current plans to further develop the Clayton Valley project and are exploring alternatives to exit these leases.

South Meager Project

Under the terms of two licenses of occupation and one geothermal lease, all of which were granted by the British Columbia Ministry of Energy and Mines (expiring in 2017), the Company holds a 100% interest in approximately 4,267 hectares of land located approximately 170 km north of Vancouver, British Columbia. Given the Company's strategic focus in Nicaragua specifically, and Latin America more generally, we have no current plans to further develop the South Meager project and are exploring alternatives to exit this lease.

5. DIVIDENDS

On March 10, 2016, Polaris Infrastructure declared its first quarterly dividend in the amount of \$0.10 per Common Share, which is payable on May 30, 2016.

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

6. DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Polaris Infrastructure is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, at the date hereof 15,513,157 Common Shares are issued and outstanding as fully paid and non-assessable. The Shareholders are entitled to dividends at dates, if any, declared by the Board, to one vote per Common Share at meetings of Shareholders and, upon dissolution, to share equally in such assets of Polaris Infrastructure as are distributable to the Shareholders. The Common Shares are not exchangeable, convertible, redeemable or retractable.

Warrants

The Company has 50,855,000 Warrants outstanding, which expire at 5:00 pm (Toronto time) on March 27, 2018. The Warrants are governed by a warrant indenture dated March 27, 2013 between the Company and CST Trust Company, as warrant agent (the “Warrant Indenture”).

As a result of the Recapitalization Transaction, and pursuant to the terms of the Warrant Indenture, certain adjustments were made to the Warrants. The adjustments included an increase in of both the exchange ratio and the exercise price of the Warrants. Prior to the Recapitalization Transaction, each Warrant could be exchanged for one Common Share at a price of Cdn\$0.30 per Common Share. Now, after the Recapitalization Transaction, a total of 2,000 Warrants must be exchanged for one Common Share of the Company at a price of Cdn\$600 per Common Share.

Due to the adjustments described above and the insignificant trading volume of the Warrants, the TSX has delisted the Warrants from the TSX.

Debentures

All of the Company’s previously outstanding Debentures, together with any and all accrued and unpaid interest, were converted into Common Shares as part of the Recapitalization Transaction.

Equity Incentives

At the annual and special meeting of Shareholders held in June 2015, the Shareholders approved the Company’s amended and restated omnibus long term incentive plan (the “Omnibus Plan”). The Omnibus Plan was initially approved by the Board in 2012 and adopted at the Company’s 2012 annual and special meeting of Shareholders. The Omnibus Plan permits the granting of options (“Options”), restricted shares (“Restricted Shares”), restricted share units (“RSUs”), deferred share units (“DSUs”), share appreciation rights (“SARs”) and retention awards (“Retention Awards”, and together with the Options, the Restricted Shares, the RSUs, the DSUs and the SARs, the “Awards”). The Omnibus Plan provides that the Board, or a committee appointed by a resolution of the Board, may from time to time, in its discretion, and in accordance with the requirements of the TSX, grant Awards to individuals eligible under the Omnibus Plan, provided that the number of Common Shares reserved for issuance does not exceed 10% of the issued and outstanding Common Shares.

7. MARKET FOR SECURITIES

From October 20, 2009 to May 12, 2015, the Common Shares were listed for trading on the TSX under the trading symbol RPG. As a result of the Recapitalization Transaction and subsequent name change of the Company, the Common Shares currently trade under the symbol PIF. The following chart sets out the monthly high, low and closing trading prices and monthly volume of shares traded for the period January 1, 2015 through December 31, 2015:

Month Ended	High	Low	Close	Volume
January 2015	0.010	0.005	0.005	3,775,565
February 2015	0.010	0.005	0.005	22,116,221
March 2015	0.010	0.005	0.010	41,563,962

April 2015	0.015	0.005	0.005	29,212,157
May 2015	14.00	9.10	14.00	41,777
June 2015	18.70	13.50	15.50	41,012
July 2015	14.20	12.23	12.31	10,383
August 2015	12.50	7.90	9.50	243,083
September 2015	11.55	8.30	10.89	2,067,554
October 2015	11.00	9.20	9.75	451,257
November 2015	9.80	9.25	9.34	469,830
December 2015	9.46	7.50	8.05	562,929

8. DIRECTORS AND OFFICERS

8.1 Name, Occupation and Security Holding

The following table and notes thereto disclose the name, municipality and country of residence of each director and executive officer of the Company, their current position and office with the Company, the date on which they were first elected or appointed as a director or officer of the Company, the approximate number of Common Shares of the Company beneficially owned, directly or indirectly, or over which they exercise control or direction at the date of this AIF:

Name, Province or State and Country of Residence	Current Office with the Company	Since	Principal Occupation During the Previous Five Years	Number (and Percentage) of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Antony Mitchell Florida, United States	Chairman of the Board	April 26, 2010	Mr. Mitchell has been since 1995, and is currently, the President of Warburg Investment Corp. He is also the CEO of Emergent Capital Inc., a position he has held since 2007. Mr. Mitchell was previously Chief Operating Officer of Peach Holdings Inc. from February 2001 to January 2007.	27,425 (0.18%)
Marc Murnaghan Ontario, Canada	Chief Executive Officer and Director	May 13, 2015	Mr. Murnaghan led the Recapitalization Transaction and became the CEO of the Company upon closing. He is a partner with Harrington Global, an investment firm, and was previously Managing Director, Investment Banking, with Cormark Securities.	214,359 (1.38%)
Jorge Bernhard ^(1,2) Ontario, Canada	Director	May 13, 2015	Mr. Bernhard served as a director of Dacha Strategic Metals Inc. from November 2012 to September 2014, which, at the time, was listed on the TSX Venture Exchange. Much of Mr. Bernhard's career has been spent in metals trading. He launched	22,500 (0.15%)

Name, Province or State and Country of Residence	Current Office with the Company	Since	Principal Occupation During the Previous Five Years	Number (and Percentage) of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
			Sherritt Metals Marketing in 1987.	
James V. Lawless Hillsborough, New Zealand ^(1,2)	Director	March 7, 2011	From 1999 through 2010, Mr. Lawless was a Geothermal Practice Leader with Jacobs. From 1993 to 1999, he was an Earth Science Manager with Kingston Morrison Limited, and from 1985 to 1993, was a Senior Geologist for KRTA Limited.	199 (0.001%)
Jaime Guillen London, United Kingdom ^(1,2)	Director	May 13, 2015	Mr. Guillen is Managing Partner at Faros Infrastructure Partners LLC, an investment firm with offices in United Kingdom, United States and Mexico. He has worked for other major international firms, including as VP with Bechtel Financing Services, Managing Director for Bechtel Enterprises and CEO of Alterra Partners (a joint venture with Singapore Changi Airport).	Nil
Shane Downey Ontario, Canada	Chief Financial Officer	June 1, 2015	Mr. Downey has served as CFO of the Company since June 2015. Previously, he spent 5 years with BMO Corporate Finance, as Managing Director. Prior work experience was with KPMG and PwC in Toronto and London, UK. Mr. Downey is a Chartered Accountant / Chartered Professional Accountant.	1,200 (0.008%)

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Human Resource Committee.

The term of office of the directors will expire on the date of the next annual meeting of the Shareholders expected to be held in June 2016.

The directors and executive officers of the Company, as a group, beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 265,683 Common Shares, representing 1.71% of the issued and outstanding Common Shares.

8.2 Committees of the Board of Directors

Board Committees

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

Human Resource Committee

The Human Resource Committee is comprised of Jorge Bernhard, Jaime Guillen and James Lawless. The Human Resources Committee has overall responsibility for discharging the responsibilities of the Board related to the Company's Chief Executive Officer and other senior officers of the Company, compensation matters involving senior officers and the Board, monitoring the effectiveness of the Board and, if and as necessary, identifying individuals qualified to become new members of the Board. The Human Resources Committee, under the supervision of the Board, also has overall responsibility to monitor and address matters related to the governance of the Board and of the committees of the Board.

Audit Committee

The Audit Committee is comprised of Jaime Guillen, Jorge Bernhard and James Lawless, each of whom is financially literate and an independent director. The Audit Committee is charged with a mandate of providing independent review and oversight of the Company's financial reporting process, the system of internal controls and financial management, and the audit process, including selection, oversight and compensation of the Company's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.

Attached at Appendix "A" is the Charter for the Company's Audit Committee.

Relevant Education and Experience of the Members of the Audit Committee

Jaime Guillen

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

Jorge Bernhard

Mr. Bernhard has over 25 years of experience throughout Central America and the Caribbean, mostly via Canadian-based businesses. He spent much of his career in metals trading, launching Sherritt Metals Marketing, a nickel marketing and trading company created in partnership with Sherritt Gordon Inc. in 1987, and forming a joint venture with Western Mining Corporation of Australia in 1992. Jorge served as a director of Dacha Strategic Metals Inc., a then TSX Venture Exchange listed issuer, from November 2012 to September 2014.

James Lawless

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

Reliance on Certain Exemptions

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

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

PricewaterhouseCoopers LLP (“PwC”) was appointed as the Company’s external auditor on September 25, 2015, contemporaneously with the resignation of Deloitte LLP (“Deloitte”).

Fees payable by Polaris Infrastructure for audit and other services provided by PwC for the fiscal year ended December 31, 2015 and by Deloitte for the fiscal years ended December 31, 2014 and 2015, were as follows:

Fees	Year ended December 31, 2015	Year ended December 31, 2014	Description of Services
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Audit Fees	Cdn\$316,000	Cdn\$405,500	The audit services related to professional services rendered for audits of the Company's annual financial statements.
Audit Related Fees	-	-	The Audit related services relate principally advice pertaining to accounting and matters in connection with acquisitions, financial accounting and reporting standards, and other regulatory audits and filings.
Tax-Related Fees	-	-	The Tax services related to services for tax compliance, tax planning and tax advice.
All Other Fees	-	Cdn\$7,409	IFRS implementation
Total	Cdn\$316,000	Cdn\$412,909	

8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Corporate Cease Trade Orders

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

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

Bankruptcies

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

- a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity,

or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

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

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

8.3 Conflicts of Interest

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

9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

9.1 Legal Proceedings

There are no outstanding legal proceedings material to Polaris Infrastructure to which Polaris Infrastructure is a party or in respect of which any of its assets or properties are subject, nor are there any such proceedings known to be contemplated.

9.2 Regulatory Actions

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

10. RISK FACTORS

10.1 Risks Related to the Business and Industry of Polaris Infrastructure

Ability to develop additional renewable energy projects depends on ability to raise necessary capital

If Polaris Infrastructure identifies a geothermal property that it may seek to acquire or to develop, a substantial capital investment often will be required. Polaris Infrastructure's continued access to capital, through project financing, credit facilities or other arrangements with acceptable terms is necessary for the success of its growth strategy. Polaris Infrastructure's attempts to secure the necessary capital may not be on favorable terms, or successful at all. Market conditions and other factors may not permit future project and acquisition financing on terms favorable to Polaris Infrastructure. Polaris Infrastructure's ability to arrange for financing on favorable terms, and the costs of such financing, are dependent on numerous factors, including general economic and capital market conditions, investor confidence, the continued success of current projects, the credit quality of the project being financed, the political situation in the jurisdiction in which the project is located and the continued existence of tax laws which are conducive to raising capital. If Polaris Infrastructure is unable to secure capital through credit facilities or other arrangements, it may have to finance its projects using equity financing which would have a dilutive effect on the Common Shares of Polaris Infrastructure. Also, in the absence of favorable financing or other capital raising options, Polaris Infrastructure may decide not to build new plants or acquire properties from third parties. Any of these factors could have a material adverse effect on Polaris Infrastructure's growth prospects and financial condition.

Financial leverage and restrictive covenants may restrict our current and future indebtedness and limited future business dealings

The Company's operating subsidiary, PENZA is subject to contractual restrictions governing its current and future indebtedness. The degree to which the Company and its subsidiaries are leveraged could have important consequences to shareholders, including: (i) the Company's and its subsidiaries' ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Company's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations; and (iii) the Company and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures. The Company and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions prohibit or limit the Company's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantee for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate,

consolidate or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit the Company's and its subsidiaries' ability to obtain additional financing, withstand downturns in the Company's and its subsidiaries' business and take advantage of business opportunities. If the Company or a subsidiary defaults in respect of its obligations under any of the loan agreements, including without limitation servicing existing indebtedness, or to refinance any such indebtedness, lenders may be entitled to demand repayment and enforce their security against certain projects or other assets.

Existing production wells at the San Jacinto project may not produce sufficient commercially viable geothermal resources to support Polaris Infrastructure's possible expansion programs

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

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

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

infrastructure, capital costs to construct a power plant and related infrastructure, and energy prices. Many of these factors are beyond Polaris Infrastructure's control.

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

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

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

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

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

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

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

Polaris Infrastructure's financial performance depends on its successful operation of geothermal power plants, which is subject to various operational risks

Polaris Infrastructure's financial performance depends on its successful operation of geothermal power plants that are owned and operated by its subsidiaries. At present, Polaris Infrastructure has only a single power plant in operation, which is the San Jacinto project owned and operated by PENZA. The cost of operation and maintenance and the operating performance of a geothermal power plant may be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

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

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

It is very costly to place geothermal resources into commercial production

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

Uncertainty in the calculation of geothermal resources and probabilistic estimates of gross MW capacity

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

of these assumptions prove to be materially incorrect, it may affect the gross MW capacity of a property.

Geological occurrences beyond Polaris Infrastructure's control may compromise its operations and their capacity to generate power

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

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

Energy prices are subject to dramatic and unpredictable fluctuations

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

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

Industry competition may impede Polaris Infrastructure's ability to access suitable geothermal resources

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

Polaris Infrastructure may be unable to enter into PPAs on terms favorable to Polaris Infrastructure, or at all

The electrical power generation industry, of which geothermal power is a sub-component, is highly competitive, and Polaris Infrastructure may not be able to compete successfully or grow its business. The industry is complex, as it is composed of public utility districts, cooperatives and investor-owned power companies. Many of the participants produce and distribute electricity. Their willingness to purchase electricity from an independent producer may be based on a number of factors and not solely on pricing and surety of supply. If Polaris Infrastructure cannot enter into PPAs on favorable terms, or at all, it would negatively impact its revenue and its decisions regarding development of additional properties.

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

The power generation industry is characterized by intense competition from electric utilities, other power producers and power marketers. In recent years, there has been increasing competition in the sale of electricity, in part due to excess capacity in a number of U.S. markets and an emphasis on short-term or "spot" markets, and competition has contributed to a reduction in electricity prices. For the most part, Polaris Infrastructure expects that power purchasers interested in long-term arrangements will engage in "competitive bid" solicitations to satisfy new capacity demands. This competition could adversely affect Polaris Infrastructure's ability to obtain PPAs and the price paid for electricity by the relevant power purchasers. There is also increasing competition between electric utilities. This competition has put pressure on electric utilities to lower their costs, including the cost of purchased electricity, and increasing competition in the future will put further pressure on power purchasers to reduce the prices at which they would purchase electricity from Polaris Infrastructure.

Environmental and other regulatory requirements may add costs and uncertainty

Polaris Infrastructure's current and future operations, including exploration and development activities and electricity generation from power plants, require licenses and permits from various governmental authorities, and such operations are and will be subject to laws and regulations governing exploration

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

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

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

The success of Polaris Infrastructure's business relies on attracting and retaining key personnel

Polaris Infrastructure is dependent upon the services of its senior management team. The loss of any of their services could have a material adverse effect upon Polaris Infrastructure.

Polaris Infrastructure's officers and directors may have conflicts of interests arising out of their relationships with other companies

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

Polaris Infrastructure may face adverse claims to title

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

Fluctuation in foreign currency exchange rates may affect Polaris Infrastructure's financial results

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

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

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

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

Polaris Infrastructure's insurance policies may be insufficient to cover losses

As protection against operating hazards, Polaris Infrastructure intends to maintain insurance coverage against some, but not all, potential losses. Polaris Infrastructure may not fully insure against all risks associated with its business either because such insurance is not available or because the cost of such coverage is considered prohibitive. The occurrence of an event that is not covered, or not fully covered, by insurance could have a material adverse effect on Polaris Infrastructure's financial condition and results of operations.

Urbanizing activities and related developments may limit geothermal activities in the areas of Polaris Infrastructure projects

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

Employee Recruitments, Retention and Human Error

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

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

10.2 Risks Relating to the Political and Economic Climates of Countries in which Polaris Infrastructure Operates

There are risks associated with inter-regional transmission grids

The electrical power generated by Polaris Infrastructure's operations may be used by consumers in the jurisdiction where such operations are located, such as Nicaragua in the case of the San Jacinto project, or sold to other neighboring jurisdictions through an inter-regional transmission grid. Applicable laws,

inter-regional agreements and the structure and functioning of the power markets between a host state or country and its neighboring states or countries are all critical to the success of Polaris Infrastructure's geothermal projects.

Host country economic, social and political conditions can negatively affect Polaris Infrastructure's operations

Some of Polaris Infrastructure's properties are located in Nicaragua. As Polaris Infrastructure conducts exploration, development and commercial operations in Nicaragua, it is exposed to a number of risks and uncertainties, including:

- difficulties enforcing judgments obtained in Canadian or United States courts against assets located outside of those jurisdictions;
- difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of geothermal properties and power plants;
- changes to royalty and tax regimes;
- expropriation or nationalization without adequate compensation;
- the imposition of trade barriers;
- labor unrest;
- internal security issues;
- potential fluctuations in currency exchange rates;
- volatile local political and economic developments, which could affect, among other things, the availability of new project financing; and
- difficulty obtaining key equipment and components for equipment.

Host country economic, social and political uncertainty can arise as a result of lack of support for Polaris Infrastructure's activities in local communities in the vicinity of its properties. Such uncertainties also arise as a result of the relatively new and evolving promotion of private-sector power development. Though the effects of competition will increase the likelihood of market efficiencies and benefit Polaris Infrastructure's properties, elimination of energy cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives, and have an adverse impact on its properties and operations.

Economic and Political Developments in Countries in which the Company Operates

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

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

The Company's financial condition and results of operations may also be affected by changes in the political climate in Nicaragua to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, wealth taxes, expropriation of property, environmental legislation and site safety. There can be no assurance that the government of Nicaragua will continue to pursue business friendly and open-market economic policies or policies that stimulate economic growth and social stability.

10.3 Risks Related to the Common Shares and Trading Market

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

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

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

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

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

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

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

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

Current global financial conditions have been subject to increased volatility

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact Polaris Infrastructure's ability to obtain equity or debt financing in the future and, if obtained, on favorable terms to it. If these increased levels of volatility and market turmoil continue, Polaris Infrastructure's operations could be adversely impacted and the trading price of its Common Shares could be adversely affected.

11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

The following persons were insiders of Polaris Infrastructure at the time of the Recapitalization Transaction, or are currently insiders of Polaris Infrastructure, and received Common Shares in connection with the Recapitalization Transaction.

Person	Insider Status	Common Shares Received (% of currently issued and outstanding)
Goodwood Inc. (including funds managed thereby)	Current insider (10% securityholder)	1,787,523 (11.5%)
Sprott Asset Management Inc. (including funds and accounts managed thereby)	Former insider (10% securityholder)	1,074,304 (6.9%)
Murray Sinclair	Former director	643,180 (4.2%)
Marc Murnaghan	Current director, CEO	214,359 (1.4%)
Antony Mitchell	Current director	26,857 (0.2%)
Jorge Bernhard	Current director	12,500 (0.1%)

The aggregate number of Common Shares received by current insiders of the Company as a result of the Recapitalization Transaction is 2,041,239, or 13.2% of the currently issued and outstanding Common Shares.

12. TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is:

CST Trust Company
 1600 – 1066 West Hastings St.
 Vancouver, BC V6E 3X1
 Tel: 604-891-3025
 Fax: 604-891-3025

Transfers may be affected in Toronto, Ontario and registration facilities are maintained in Toronto, Ontario.

13. MATERIAL CONTRACTS

The following contracts, entered into by the Company within the last financial year, are material and were not entered into in the ordinary course of business:

- First Supplemental Indenture dated January 8, 2015 between the Company and Equity Financial Trust Company, which provided for the amendment of the debenture indenture governing the Debentures (the "Indenture") to permit the amount of interest due on December 31, 2014 to be added to the principal amount of the Debentures.
- Second Supplemental Indenture dated April 20, 2015 between the Company and Equity Financial Trust Company, which provided for the further amendment of the Indenture to permit the conversion of the Debentures into Common Shares as part of the Recapitalization Transaction.

- Private Placement Agreement dated April 20, 2015 between the Company and Goodwood Inc, which set out the terms and conditions that governed, among other things, the private placement offering of subscription receipts that was conducted in connection with the Recapitalization Transaction.
- Subscription Receipt Agreement dated April 23, 2015 among the Company, Goodwood Inc. and CST Trust Company, which provided for, among other things, the issue by the Company of up to 18,598,500,000 subscription receipts at a price of \$0.004 per subscription receipt in connection with the Recapitalization Transaction.
- Third Omnibus Waiver and Amendment to the Common Terms Agreement, Third Omnibus Amendment to the Collateral Account Agreement, Waiver and Amendment No.10 to the Amended and Restated Credit Agreement, Amendment No.1 to the Senior Loan Agreements and Waiver and Amendment No. 1 to the Subordinated Loan Agreement dated May 13, 2015 among the Company, PENSA, Central American Bank for Economic Integration, International Finance Corporation, Citibank, N.A., and other parties, which provided for, among other things, the amendment of the Credit Facilities.

The Company's material contracts, related documentation, and related material change reports have been filed on SEDAR at www.sedar.com.

14. INTERESTS OF EXPERTS

14.1 Name of Experts

The Company's financial statements for the year ended December 31, 2015, have been audited by PwC.

Information of a technical nature regarding the Casita Project included in this AIF is based on the Casita Report prepared by Jacobs.

14.2 Interests of Experts

As of the date hereof, PwC is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

As of the date hereof, the partners, employees and consultants of Jacobs own, directly or indirectly, less than 1% of the issued and outstanding Common Shares.

15. ADDITIONAL INFORMATION

Financial information about the Company is contained in its consolidated comparative financial statements and Management's Discussion and Analysis for fiscal years ended December 31, 2015, and December 31, 2014. Additional information relating to the Company is on SEDAR at www.sedar.com or the Company's website, www.polarisinfrastructure.com.

Additional information, including directors' and officers' remuneration and indebtedness and information concerning the principal holders of the Company's securities authorized for issuance under

equity compensation plans, where applicable, will be contained in the Company's information circular expected to be filed on SEDAR at www.sedar.com in advance of the Company's annual meeting of Shareholders to be held in June 2016.

GLOSSARY OF TERMS

(The following acronyms and terms appear throughout the document)

“**capacity**” means the maximum load that a power plant can carry under existing conditions, less auxiliary power.

“**kV**” means kilovolt, which is equivalent to 1,000 volts.

“**MW**” means megawatt, which is equivalent to one million watts.

“**MWe**” means megawatt electrical.

“**MWh**” means megawatt hour(s).

“**PPA**” means Power Purchase Agreement.

METRIC CONVERSION TABLE

<u>Metric Unit</u>	<u>U.S. Measure</u>	<u>U.S. Measure</u>	<u>Metric Unit</u>
1 meter (m)	3.2808 feet	1 foot	0.3048 meters
1 kilometer (km)	0.6214 miles	1 mile	1.6093 kilometers
1 hectare (ha)	2.4711 acres	1 acre	0.4047 hectares
1 sq. kilometer (km ²)	247.1054 acres		

APPENDIX "A"

CHARTER OF THE AUDIT COMMITTEE

Polaris Infrastructure Inc.
(the "Company")

PURPOSE

The purpose of the Audit Committee (the "Committee") is to oversee that management of the Company (the "Management") has in place an effective system of internal financial controls for reviewing and reporting on the Company's financial statements; to monitor the independence and performance of the Company's external auditor (the "Auditor"); to oversee the integrity of the Company's financial disclosure and reporting and to monitor Management's compliance with legal and regulatory requirements; and to report on the Committee's activities on a regular and timely basis to the Company's board of directors (the "Board").

CONSTITUTION AND MEMBERSHIP

1. The Board will appoint Directors to form the Committee annually at the Board Meeting following the Annual Shareholders Meeting;
2. The Board has determined that the Committee will be comprised of at least three Directors (the "Member" or "Members"). The Board may remove or replace a Member at any time. A Member will serve on the Committee until the termination of the appointment or until a successor is appointed;
3. All members of the Committee will meet the "independence and financial literacy" qualifications under applicable securities law, including National Instrument 52-110 under Canadian securities laws and Rule 10A-3 of the United States Securities and Exchange Act of 1934, as amended, and one Member shall meet the definition of a "financial expert" as defined by the United States Securities & Exchange Commission;
4. The Board will appoint the Chairman of the Committee. The Corporate Secretary of the Company will keep minutes of each meeting;
5. The Committee or a Committee Member is able to engage any outside advisors at the Company's expense that it determines is necessary in order to assist in fulfilling its responsibilities. The engagement and payment by the Company for the services of an outside advisor is subject to approval by the Chairman of the Committee;
6. The Committee will be provided appropriate funding as determined by the Committee for payment of compensation to the Auditor engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company, compensation of advisors employed by the Committee and ordinary administrative expenses that are necessary and appropriate for the Committee carrying out its duties.

MEETINGS

1. Meetings of the Committee will be held at the request of a Member of the Committee, the Chief Executive Officer, the Corporate Secretary or the Auditor of the Company at such times and places as may be determined, but in any event at least to review the Company's quarterly and annual financial disclosure. Twenty-four (24) hours advance notice of each meeting given orally, by telephone, or in writing delivered by facsimile or electronic mail together with an agenda will be given to each Member unless all Members are present and waive notice and any absent waive notice in writing;
2. A majority of members of the Committee will constitute a quorum. Decisions of the Committee will be by an affirmative vote of the majority of those Members voting at a meeting. Powers of the Committee may also be exercised by resolution in writing signed by all the Members of the Committee;
3. The Committee will have access to the Auditor and Management, exclusive of each other, for purposes of performing its duties. The Committee will meet with the Auditor independent of Management at least once a year;
4. The Auditor will be notified of meetings of the Committee and will attend if requested to do so by a Member or by Management.

RESPONSIBILITIES

The Committee will have the following duties and responsibilities:

1. Review with the Auditor and with the Management prior to the recommendation of the approval of the consolidated financial statements of the Company by the Board:
 - (a) the audited annual and unaudited quarterly financial statements including the notes thereto;
 - (b) appropriateness of the Management's Discussion and Analysis ("MD&A") of operations contained in each audited annual and unaudited quarterly report and its consistency with the financial statements;
 - (c) any report or opinion proposed to be rendered in connection with the financial statements, including independent expert reports;
 - (d) any significant transactions which are not a normal part of the Company's business;
 - (e) the nature and substance of significant accruals, accounting reserves and other estimates having a material effect on the financial statements;
 - (f) carrying values of financial assets and liabilities, including key assumptions and practices used to determine fair value accounting and related mark-to-market adjustments;
 - (g) if applicable, any off balance sheet financing arrangement;
 - (h) if applicable, significant transactions with or involving an unconsolidated affiliate;

- (i) issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls, including a discussion of the responsibilities of the Company's internal audit function;
 - (j) all significant adjustments proposed by Management or by the Auditor;
 - (k) the specifics of any unrecorded audit adjustments;
 - (l) if applicable, any impairment provisions based on ceiling test calculations and including the carrying value of Goodwill;
 - (m) independently and periodically, the adequacy of procedures in place for the review of public disclosure of financial information as stated or derived from the financial statements;
 - (n) financial statements and MD&A and annual and interim earning disclosure before they are released to the public; and
 - (o) with the Board proficient in the technical aspects of preparing a reserve and resource calculation, the mineral reserve calculation procedure and the credentials of the qualified person.
2. Quarterly, review compliance with the Company's investment policy governing investments of excess cash balances.
 3. Review and approve the audit and review and pre-approve non-audit services, except those non-audit services permitted by applicable regulatory authorities or legislation; and related fees and expenses, and determine the independence of the Auditor.
 4. Establish guidelines for the retention of the Auditor for any non-audit service.
 5. Recommend to the Board the appointment of the Auditor to be proposed at the annual shareholders' meeting and the compensation of the Auditor. The Auditor is ultimately accountable to the Board and the Committee as representatives of the shareholders.
 6. Require the Auditor to report to the Committee and:
 - (a) oversee the work of the Auditor;
 - (b) assess the audit team;
 - (c) assist in the resolution of disagreements between Management and the Auditor regarding financial reporting.
 7. Review and approve hiring policies regarding present and former employees of the present and former Auditor.

8. Review with Management major financial risk exposures and the steps Management has taken to monitor and control such exposures.
9. Review all related party transactions prior to recommendation to the Board of the approval of such transactions.
10. Establish a complaint process and “whistle-blowing” procedures. Establish procedures for the receipt, retention, and treatment of any complaints regarding accounting, internal accounting controls, or auditing matters. Establish procedures for employees’ confidential, anonymous submissions in accordance with the Company’s “Whistle Blower Policy”.
11. Advise the Board with respect to the Company’s policies and procedures regarding compliance with new developments in generally accepted accounting principles, laws and regulations and their impact on the consolidated financial statements of the Company.
12. Review with Management and the Auditor, the Company’s internal accounting and financial systems and controls to assess that the Company maintains and reports on:
 - (a) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company’s transactions;
 - (b) effective internal control systems; and
 - (c) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud.
13. Assist the Board with oversight of the performance of the Company’s internal audit function.
14. Review the Auditor’s Management Letter and Report. Such Report to be directed to the Committee.
15. Review Management’s report on and the Auditor’s assessment of Internal Controls and report all deficiencies and remedial actions to the Board.
16. Discuss the Company’s earnings disclosure, as well as financial information and earnings guidance provided to analysts and rating agencies.
17. Direct and supervise the investigation into any matter brought to its attention within the scope of its duties.
18. Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.
19. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

20. Assess the Committee's performance of the duties specified in this charter and report its finding to the Board.