

**POLARIS INFRASTRUCTURE INC.**

**MANAGEMENT INFORMATION CIRCULAR**

**AND**

**NOTICE OF**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on June 28, 2016**

**May 19, 2016**

**LETTER TO SHAREHOLDERS OF POLARIS INFRASTRUCTURE INC.**

May 19, 2016

Dear Shareholder:

The board of directors and management of Polaris Infrastructure Inc. (the "**Corporation**") hereby invite you to attend the 2016 Annual and Special Meeting of Shareholders to be held at the offices of Stikeman Elliott LLP, 199 Bay St., Suite 5300, Toronto, Ontario on June 28, 2016 at 10:00 a.m. (Toronto Time).

The Notice of Annual and Special Meeting of Shareholders and the accompanying Management Information Circular describe the business to be conducted at the meeting, provide information on executive compensation and explain the Corporation's governance practices. At the meeting, shareholders will be asked to consider (i) the election of directors, (ii) the appointment of the Corporation's auditors and (iii) a shareholder resolution to amend the method of giving notice in the Company's amended and restated articles (as amended, the "Articles").

Please take the time to review this circular and execute your vote on the business items of the meeting. Your vote and participation is very important. Whether or not you plan to attend the meeting, please participate by completing and sending us the enclosed proxy (full voting instructions are provided inside).

On behalf of the Corporation, I would like to thank all shareholders for their ongoing support.

Yours very truly,

(signed) "*Marc Murnaghan*"

Marc Murnaghan  
Chief Executive Officer

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares in the capital of Polaris Infrastructure Inc. (the “**Corporation**” or “**Polaris**”) will be held at the offices of Stikeman Elliott LLP, 199 Bay Street, Suite 5300, Toronto, Ontario on June 28, 2016 at 10:00 a.m. (Toronto Time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the year ended December 31, 2015, together with the report of the auditors thereon;
2. to elect directors of the Corporation;
3. to appoint PricewaterhouseCooper LLP, Chartered Accountants, as the auditors of the Corporation and to authorize the directors of the Corporation to fix their remuneration; and
4. to approve, with or without variation, by ordinary resolution (the full text of which is set forth in Appendix B) an amendment to the Articles to clarify that a notice, statement, report or other record required or permitted by the British Columbia *Business Corporations Act* or the amended and restated articles (as amended, the “**Articles**”) can also be delivered in any manner as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.

This notice is accompanied by a form of proxy, a supplemental mailing return list card and request for paper copies. Reference should be made to the Corporation’s Management Information Circular dated May 19, 2016 (the “**Circular**”), which provides information relating to the matters to be dealt with at the Meeting and forms part of this notice.

### Notice-and-Access

The Corporation is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

### Website Where Meeting Materials are Posted

The Notice-and-Access Provisions are a set of rules that allow reporting issuers to post electronic versions of proxy-related materials and annual financial statements (including management proxy circulars) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, the annual audited consolidated financial statements of the Corporation for the year ended December 31, 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Corporation’s results of operations and financial condition for the year ended December 31, 2015 (“**MD&A**”) may be found on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and the Corporation’s website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com). The Corporation will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with the notice package.

### Obtaining Paper Copies of Materials

The Corporation anticipates that using the Notice-and-Access Provisions for delivery will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about the Notice-and-Access Provisions can call our transfer agent, CST Trust Company, toll-free at 1-800-387-0825. Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting CST Trust Company at the same toll-free number or upon request to the Corporation’s Corporate Secretary at +1-416-849-2587 (which is not a toll free number) or by email at [info@polarisinfrastructure.com](mailto:info@polarisinfrastructure.com).

### Voting

A proxy form is enclosed herewith. Registered shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed proxy form to CST Trust Company, by mail at Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by hand at 320 Bay Street, Banking Hall Level, Toronto, Ontario

M5H 4A6, not later than 10:00 a.m. (Toronto time) on the second business day preceding the date of the Meeting or any adjournment or postponement thereof. Proxies may also be sent by facsimile to CST Trust Company at toll-free fax: 1-866-781-3111 (toll-free telephone: 800-387-0825, local telephone: 416-682-3860) or by e-mail to proxies@canstockta.com.

Non-registered shareholders receiving these materials through their broker or other intermediary should complete and return the voting instruction form provided to them by their broker or other intermediary in accordance with the instructions provided therein, or otherwise follow the instructions provided by their broker or other intermediary.

**Please review the Circular prior to voting.**

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on May 19, 2016 as the record date for the determination of Shareholders entitled to notice of, and to vote at, the Meeting, and any adjournment or postponement thereof.

DATED this 19<sup>th</sup> day of May, 2016.

By order of the Board,

(signed) “*Marc Murnaghan*”

Marc Murnaghan  
Chief Executive Officer

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## **Cautionary Statement with Respect to Forward Looking Statements**

This management information circular contains certain “forward-looking information” which may include, but is not limited to, statements with respect to future events or future performance, management’s expectations regarding the Corporation’s growth, results of operations, performance, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal energy “reserves” or “resources” or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal resources and reserves described can be profitably produced in the future. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “predicts”, “intends”, “targets”, “aims”, “anticipates” or “believes” or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors, may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current geothermal energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the geothermal industry; political instability or insurrection or war; labour force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities or in the commencement of operations. The following Circular should be read in conjunction with the audited consolidated financial statements, Annual Information Form and the annual MD&A of the Corporation filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## Part One – Management Information Circular

### General Information

The information contained in this management information circular (this “Circular”) is presented as at May 19, 2016, unless otherwise indicated herein, and is furnished in connection with the solicitation of proxies by or on behalf of management of Polaris Infrastructure Corporation (the “Corporation” or “Polaris”) for use at the annual and special meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares in the capital of the Corporation (the “Common Shares”) to be held at the offices of Stikeman Elliott LLP, 199 Bay Street, Suite 5300, Toronto, Ontario on June 28, 2016 at 10:00 a.m. (Toronto Time). In this document, “you” and “your” refer to the Shareholders, and “we”, “us” and “our” refer to the Corporation.

#### Who can vote?

Shareholders who are registered at the close of business on May 19, 2016 (the “record date”) will be entitled to vote at the meeting or at any adjournment or postponement thereof, either in person or by proxy. As at the date hereof, there are 15,668,288 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one (1) vote at the Meeting.

#### What information is in this proxy circular?

This Circular contains all the information we are required by law to provide to you as well as other information we believe you should know in order for you to make a well informed decision when you vote. Such information includes, but is not limited to, director personal information, director compensation, meeting information for the Corporation’s board of directors (the “Board”) and Board committees, our compensation philosophy, our performance, and our named executive officers’ compensation. All references to dollars and compensation amounts in this Circular are to U.S. dollars unless otherwise indicated.

#### What will I be voting on?

Shareholders will be voting to (i) elect directors of the Corporation, (ii) appoint PricewaterhouseCoopers LLP as the auditors of the Corporation, and (iii) approve an amendment to the method of giving notice in the Corporation’s Articles.

#### How will these matters be decided at the Meeting?

All of the matters to be considered at the Meeting are to be approved by ordinary resolutions. Approval by ordinary resolution requires that a simple majority of the votes cast in respect of a resolution by or on behalf of the Shareholders present in person or represented by proxy at the Meeting be voted in favour of the resolution.

#### Who is soliciting my proxy?

The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation. Proxies will be solicited primarily by mail, but may also be solicited personally, by telephone, or by

facsimile by the regular employees of the Corporation at nominal costs, which shall be borne by the Corporation.

#### Who may I call with questions?

If you have questions about the information contained in this Circular or require assistance in completing your form of proxy, please contact the Corporate Secretary of Polaris Infrastructure Inc., at +1-416-849-2587 or by email at [info@polarisinfrastructure.com](mailto:info@polarisinfrastructure.com).

#### How can I contact the transfer agent?

You can contact the Corporation’s transfer agent by mail at CST Trust Company, P.O. Box 700, Station B, Montreal, QC H3B 3K3, by telephone at 1-800-387-0825 or 416-682-3860, by fax at 1-888-486-7660 or 514-985-8843 or by e-mail at [inquiries@canstockta.com](mailto:inquiries@canstockta.com).

#### How do I vote?

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or by proxy as explained below. If your Common Shares are held in the name of a nominee, please see the instructions below under “How do I vote if I am a non-registered Shareholder.”

#### How do I vote if I am a registered Shareholder?

##### (a) Voting in Person

You are a registered Shareholder if your name appears on your share certificate. If this is the case, you may attend and vote in person at the Meeting.

##### (b) Voting by Proxy

As a registered Shareholder, you may also appoint someone else as your proxy holder to attend and vote at the Meeting by using the enclosed form of proxy. The persons currently named as proxies in such form of proxy are the Chairman and the Corporate Secretary of the Corporation. **A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons designated in the enclosed form of proxy to attend the Meeting and to vote and act for and on behalf of such Shareholder at the Meeting, and any adjournment**



or postponement thereof. Such right may be exercised by inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it to the offices of CST Trust Company at the address and in the manner set forth in the accompanying Notice of Annual and Special Meeting (the "Meeting Notice").

- **How can I send in my form of proxy?**

Registered Shareholders who cannot attend and vote at the Meeting are urged to complete, sign, date and return the enclosed proxy form in one of the manners set out in the form of proxy. Only persons that were Shareholders as at the close of business on the record date are entitled to attend and vote at, or appoint a proxy holder to attend and vote at the Meeting.

- **What is the deadline for receiving the form of proxy?**

The deadline for receiving duly completed forms of proxy is 10:00 a.m. (Toronto time) on June 24, 2016, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

- **How will my Common Shares be voted if I give my proxy?**

**Your Common Shares will be voted or withheld from voting in accordance with your instructions indicated on the proxy. If no instructions are indicated, the Common Shares represented by such proxy will be voted FOR or IN FAVOUR of each matter identified in the Meeting Notice.** The enclosed form of proxy confers discretionary authority upon the persons named in the form of proxy with respect to amendments to or variations of matters identified in the Meeting Notice and with respect to other matters, if any, which may properly come before the Meeting. As at the date of this Circular, the management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting, other than the matters referred to in the Meeting Notice. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

- **If I change my mind, how can I revoke my proxy?**

A registered Shareholder who has given a proxy may revoke it (a) by depositing an

instrument in writing executed by such Shareholder or by such Shareholder's attorney authorized in writing, or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing (i) at the offices of CST Trust Company, by mail at Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by hand at 320 Bay Street, Banking Hall Level, Toronto, Ontario M5H 4A6 at any time up to 10:00 a.m. (Toronto time) on the second business day preceding the date of the Meeting or any adjournment or postponement thereof or (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (b) in any other manner permitted by law.

#### **How do I vote if I am a non-registered Shareholder?**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an intermediary such as a bank, trust company, securities dealer, trustee or administrator of self-administered RRSPs, RRFs, RESPs and similar plans (each an "**Intermediary**") that represents the Non-Registered Holder in respect of its Common Shares; or
- (b) in the name of a depository (a "**Depository**", such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), the Corporation will have distributed copies of the Meeting Notice, the Circular, the form of proxy, and the supplemental mailing return list card and consent to electronic delivery of documents, (collectively, the "**Meeting Materials**") to the Intermediaries for onward distribution to Non-Registered Holders. The Corporation is not using the notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102 - *Continuous Disclosure Obligations* as a means of sending the Meeting Materials to Registered Shareholders or Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive such materials. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will receive a package from their Intermediary containing either:

- (a) a voting instruction form that must be properly completed and signed by the Non-Registered Holder and returned to the Intermediary in accordance with the instructions on the voting instruction form;

or, less typically,

- (b) a form of proxy that has already been stamped or signed by the Intermediary that is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which otherwise has not been completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with CST Trust Company at the address set forth in the Meeting Notice.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of Common Shares that they beneficially own. Should a Non-Registered Holder, who receives either a voting instruction form or a form of proxy, wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and service companies. If you are a Non-Registered Holder and have not received a package containing a form of proxy or voting instruction form, please contact your Intermediary. The Corporation does not intend to pay for Intermediaries to forward to objecting beneficial owners under NI 54-101 the Meeting Materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*. The objecting beneficial owners will not receive the Meeting Materials unless the objecting beneficial owner's Intermediary assumes the cost of delivering the Meeting Materials.

A Non-Registered Holder may revoke a proxy or voting instruction form which has been given to an Intermediary by written notice to the Intermediary or by submitting a proxy or voting instruction form bearing a later date. In order to ensure that an Intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

## Meeting Materials

## Notice-and-Access

The Corporation has decided to use the notice and access mechanism (the “**Notice-and-Access Provisions**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for the delivery of the Circular, the annual audited consolidated financial statements of the Corporation for the year ended December 31, 2015 (“**Financial Statements**”) and management's discussion and analysis of the Corporation's results of operations and financial condition for the year ended December 31, 2015 (“**MD&A**”) (collectively, the “**Meeting Materials**”) to Shareholders for the Meeting. The Corporation has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing, materials and mailing costs.

Under the Notice and Access Provisions, instead of receiving printed copies of the Meeting Materials, Shareholders will receive a notice (“**Notice**”) with information on the Meeting date, location and purpose, as well as information on how they may access the Meeting Materials electronically and how they may vote.

The Corporation will not use the procedures known as “stratification” in relation to the use of Notice-and-Access Provisions meaning that all shareholders will a Notice in accordance with the Notice-and-Access Provisions.

## Requesting Printed Meeting Materials

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year after the date the Circular was filed on SEDAR by calling our transfer agent, CST Trust Company, toll-free at 1-800-387-0825 or upon request to the Corporation's Corporate Secretary at +1-416-849-2587 (which is not a toll free number) or by email at [info@polarisinfrastructure.com](mailto:info@polarisinfrastructure.com).

Shareholders can also request paper copies in advance of the Meeting, the full details of which are set out on the accompanying Notice of Meeting under the heading “*Obtaining Paper Copies of Materials*”.

### ***Voting Securities and Principal Holders of Voting Securities***

As of the close of business on the record date, being May 19, 2016, there were 15,668,288 issued and outstanding Common Shares, being the only class of shares outstanding and entitled to vote at the Meeting. Each Shareholder on the record date will, unless otherwise specified in this Circular, be entitled to one (1) vote for each Common Share held by such holder on all matters proposed to come before the Meeting. The Corporation has made a list of all persons who are registered holders of Common Shares as of the close of business on May 19, 2016, and the number of Common Shares registered in the name of each person on that date.

Based on disclosure made on May 19, 2016, Goodwood Inc., an investment dealer that also acts as investment manager to certain investment funds and accounts (collectively, "Goodwood"), has ownership of, or exercises control and direction over, approximately 1,848,884 Common Shares, which represents 11.8% of the Corporation's issued and outstanding Common Shares.

To the knowledge of the directors and executive officers of the Corporation, with the exception of Goodwood, no persons, firms or corporations beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the total number of issued and outstanding Common Shares.

### **Part Two – Business of the Meeting**

#### **Annual Business of the Meeting**

##### ***Approval of Financial Statements***

The Corporation's Board has approved the audited annual financial statements of the Corporation for the fiscal year ended December 31, 2015, copies of which have been delivered to registered Shareholders.

##### ***Nominees for Election to the Board of Directors***

The tables below set forth the following information for each individual that the Corporation has nominated for election as a director: (i) name, positions held with the Corporation, municipality of residence and age; (ii) period of service as a director of the Corporation, if any; (iii) whether such individual has been determined by the Board to be independent (see a discussion of independence below under the heading "*Statement of Corporate Governance Practices*"); (iv) the principal occupation, and other biographical information of each nominee indicating the experience and qualifications of each nominee to serve as a director of the Corporation; (v) membership on committees of the Board and attendance at meetings of the Board and such committees during the year ended December 31, 2015, as applicable; and (vi) the number of Common Shares that are beneficially owned, controlled or directed by each nominee as of the date of this Circular, and the number of Common Shares that are subject to unexercised options or other awards granted under the Omnibus Plan (see the description of the Omnibus Plan below plan under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation Program - Omnibus Plan*") or other convertible securities beneficially owned, controlled or directed as of the date of this Circular. All current directors of the Corporation hold a term that ends at the close of the Meeting and all nominated directors who are elected at the Meeting will hold a term that will end at the close of the next annual meeting of Shareholders or until their successors are duly elected or appointed, or until a director vacates his office or is replaced in accordance with the Articles of the Corporation. Following Mr. Mitchell's retirement from the Board at the close of the Meeting, if elected, Mr. Bernhard will assume the role of Chairman of the Board.

<b>Jorge Bernhard</b> Chairman of the Board  <b>Age:</b> 60 <b>Residence:</b> Ontario, Canada <b>Director Since:</b> May, 2015  <b>Independent</b>		Mr. Bernhard is a consultant providing services relating to metals trading and risk management. He has sold and traded non-ferrous metals for more than 25 years. He also has substantial experience in developing large scale mining projects in various parts of the world, including jurisdictions similar to Nicaragua, and is fluent in Spanish. In 1992, Mr. Bernhard formed a joint venture with Western Mining Corporation of Australia ("WMC"), serving as partner and Chief Executive Officer responsible for selling all of WMC's nickel and intermediate production worldwide. Mr. Bernhard remained with that business until 2006. Following consistent profitability gains in WMC's nickel and intermediate product portfolios, the partnership was expanded to give Mr. Bernhard responsibility for the sale of uranium, copper and cobalt. Mr. Bernhard also pioneered a successful cobalt price discovery mechanism, which helped define and give clarity to cobalt metal pricing worldwide. Mr. Bernhard began his career as a junior trader at British Metals Corporation and was rapidly promoted. In 1987, Mr. Bernhard launched Sherritt Metals Marketing, a nickel marketing and trading company created in partnership with Sherritt Gordon Inc. Mr. Bernhard was a partner in the joint venture and also served as its Chief Executive Officer. Mr. Bernhard served as a director of Dacha Strategic Metals Inc., a then TSX Venture Exchange listed issuer, from November 2012 to September 2014.	
<b>2015 Committee Memberships:</b>		Audit Committee  Human Resources Committee	
<b>Securities beneficially owned, controlled or directed, at the date hereof:</b>		Meeting Attendance in 2015:	
<b>Common Shares</b>	<b>Securities Convertible into Common Shares</b>	<b>Board</b>	<b>Committees</b>
22,500	-	4/4	Audit Committee 2/2 Human Resources Committee 2/2

<b>James V. Lawless</b> Director  <b>Age:</b> 63 <b>Residence:</b> Auckland, New Zealand <b>Director Since:</b> March, 2011  <b>Independent</b>		Mr. Lawless was a Geothermal Practice Leader with SKM from 2008 through 2010. Mr. Lawless was an Earth Science Manager with Kingston Morrison Limited from 1993 through 1999. Mr. Lawless worked for KRTA Limited as a Senior Geologist from 1985 through 1993.		
<b>2015 Committee Memberships:</b>		Audit Committee Human Resources Committee		
<b>Securities beneficially owned, controlled or directed, at the date hereof:</b>		<b>Meeting Attendance in 2015:</b>		
<b>Common Shares</b>	<b>Securities Convertible into Common Shares</b>	<b>Board</b>	<b>Committees</b>	
199	610	6/6	Audit Committee	2/2
			Human Resources Committee	2/2

<b>Marc Murnaghan</b> Director  <b>Age:</b> 44 <b>Residence:</b> Ontario, Canada <b>Director Since:</b> May, 2015  <b>Not Independent</b>		Mr. Murnaghan has been Chief Executive Officer of Polaris Infrastructure Inc. since May 13, 2015, after leading the efforts that culminated with the 2015 recapitalization transaction. Mr. Murnaghan has over 20 years of experience in the investment banking business and prior to joining Harrington Global Inc. in September 2014, he was Co-Head of the Investment Banking group at Cormark Securities Inc. Prior to his role as Co-Head of Investment Banking, Mr. Murnaghan ran the Power and Alternative Energy group where he helped raise equity capital for companies in the sector in areas such as solar, wind, hydro, geothermal, biomass, power electronics, battery technologies and fuel cells. Over his career, Mr. Murnaghan has also acted as advisor to companies on strategic transactions, including corporate sales, asset sales and strategic investments. Mr. Murnaghan is Chairman of Catapult Environmental Inc., a Calgary based company focused on water remediation and disposal. In addition, he currently occupies the role of Chair of the Board of Directors at Autism Speaks Canada, the leading autism science and advocacy organization in Canada.		
<b>2015 Committee Memberships:</b>		None		
<b>Securities beneficially owned, controlled or directed, at the date hereof:</b>		<b>Meeting Attendance in 2015:</b>		
<b>Common Shares</b>	<b>Securities Convertible into Common Shares</b>	<b>Board</b>	<b>Committees</b>	
369,490	-	4/4	N/A	N/A

<b>Jaime Guillen</b> Director  <b>Age:</b> 54 <b>Residence:</b> London, United Kingdom <b>Director Since:</b> May, 2015  <b>Independent</b>		Mr. Guillen is the Managing Partner at Faros Infrastructure Partners LLC, an investment firm with offices in United Kingdom and United States. He has over 25 years of experience in the development, investment, financing, management and divestiture of energy and infrastructure projects. His experience ranges across Europe, North & Latin America, Middle East, and Asia and includes significant dealings with investors, developers, governments and industry players. 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. Mr. Guillen earned a BS in Nuclear Engineering from Massachusetts Institute of Technology and an MBA from Stanford University.	
<b>2015 Committee Memberships:</b>		Audit Committee Human Resources Committee	
<b>Securities beneficially owned, controlled or directed, at the date hereof:</b>		<b>Meeting Attendance in 2015:</b>	
<b>Common Shares</b>	<b>Securities Convertible into Common Shares</b>	<b>Board</b>	<b>Committees</b>
-	-	4/4	Audit Committee 2/2 Human Resources Committee 2/2

<b>C. Thomas Ogryzlo</b> Director  <b>Age:</b> 76 <b>Residence:</b> San Jose, Costa Rica <b>Director Since:</b> N/A  <b>Independent</b>		Mr. Ogryzlo has over fifty years of worldwide experience with mining, energy, and industrial projects. He has been responsible for the development, financing, engineering, construction and operations of projects in many different countries. He holds a Bachelor of Mechanical Engineering degree from McGill University in Montreal, Quebec and speaks Spanish, Portuguese and French. At the end of 2010 he retired as VP - Latin America of Ram Power Corporation a renewable energy company that owns the \$450 million, 72 MW San Jacinto geothermal power project through its subsidiary Polaris Energy Nicaragua S.A. Mr. Ogryzlo was one of the founders, President and CEO of predecessor entity to Polaris from 2000 to the end of 2009 when Polaris merged with two other geothermal companies to form Ram Power. Mr. Ogryzlo has served as a long term advisor to Franco-Nevada Corporation with his services relating primarily to transaction due diligence. During 2011, Mr. Ogryzlo returned to an active executive role as Interim CEO of Aura Minerals Inc., a mid-tier gold producer, until a permanent replacement could be recruited. Mr. Ogryzlo has been President of several producing precious and base metal mining companies, including Black Hawk Mining, Triton Mining and Cerro Matoso S.A. For many years he held the position of President of Kilborn Engineering Ltd. And Kilborn SNC-Lavalin, one of the world's largest engineering contractors. Prior to Kilborn, he served in the capacity as a Senior VP of Fluor Daniel Wright and its predecessor Wright Engineering of which he was a principle. Mr. Ogryzlo has served as a board director of more than 20 public companies including: Franco-Nevada Mining Corp., Vista Gold, Aura Minerals, Birim Goldfields, Tiomin Resources and Atlas Corp.	
<b>2015 Committee Memberships:</b>		N/A	
<b>Securities beneficially owned, controlled or directed, at the date hereof:</b>		<b>Meeting Attendance in 2015:</b>	
<b>Common Shares</b>	<b>Securities Convertible into Common Shares</b>	<b>Board</b>	<b>Committees</b>
1,150	N/A	N/A	N/A

*Orders, Bankruptcies, Penalties or Sanctions*

As of the date of this Circular, none of the Corporation's directors or proposed directors is or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any corporation (including the Corporation) that (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation (collectively, an "order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the proposed director 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.

None of the Corporation's directors or proposed directors, except as described below: (a) is as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any corporation (including the Corporation) 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 Circular, 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 has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

None of the Corporation's directors or proposed directors have 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 securityholder in deciding whether to vote for a proposed director.

#### ***Appointment of Auditors***

On September 25, 2015, Deloitte LLP, on its own initiative, submitted its resignation as the auditor of the Corporation effective as of that date. The Corporation appointed PricewaterhouseCoopers LLP as the auditor of the Corporation to fill the resulting vacancy as of September 25, 2015. Unless the Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld from voting in the appointment of auditors, the person named in the enclosed proxy intends to vote in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation to hold office until the next annual meeting of Shareholders, and to authorize the directors to fix the remuneration of the auditors. A copy of the Corporation's Notice of Change of Auditors dated September 25, 2015 along with the letters from Deloitte LLP and PricewaterhouseCoopers LLP are attached hereto as Appendix "C". There were no "reportable events" (as defined in Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*).

#### ***Amendment to the Method of Giving Notice in the Articles of the Corporation***

In order to clarify that a notice, statement, report or other record required or permitted by the British Columbia *Business Corporations Act* ("BCBCA") or pursuant to the Articles can be sent by or to a person in any manner permitted under applicable securities laws, such as "notice-and-access", the Board has determined that it is appropriate to amend Section 24.1 *Method of Giving Notice* of the Articles to indicate that delivery as otherwise permitted by applicable securities legislation is also an acceptable method of providing notice pursuant to the aforementioned section of the Articles. This amendment is of a housekeeping nature and is intended to clarify that the Corporation is permitted to use "notice-and-access" or any other method of giving notice that may in the future be permitted by applicable securities legislation.

The foregoing description of the amendments to Section 24.1 *Method of Giving Notice* is intended as a summary only and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Articles, which are set out in Appendix B and contain the full text of all of the proposed amendments to the Articles. Only amendments to the Articles that are duly approved by Shareholders at the Meeting will be reflected in the amended and restated Articles.

**It is the intention of the person(s) named in the enclosed form of proxy, if not expressly directed to the contrary in such instrument of proxy, to vote such proxies FOR the ordinary resolution authorizing the approval of the amendment to the method of giving notice in the Corporation's Articles.**

#### **Part Three – Statement of Corporate Governance Practices**

The Corporation and its Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its employees, Shareholders and other stakeholders. The Corporation's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* requires the Corporation to disclose its approach to corporate governance. National Policy 58-201 – *Corporate Governance Guidelines* is not intended to be prescriptive, but encourages the Corporation to apply the guidelines set out therein to the development of the Corporation's governance practices.

#### ***Constitution of the Board of Directors***

As at the date of the Circular, the Board is comprised of five (5) directors. The size and composition of the Board reflects a breadth of backgrounds and experience that is important for effective governance and oversight of an international corporation in the geothermal energy industry. Shareholders will be asked to elect five (5) directors for a term that will end at the close of the next annual meeting of Shareholders or until their successors are duly elected or appointed or until a director vacates his office or is replaced in accordance with the Articles.

In accordance with securities laws applicable in Canada, a director is "independent" if he or she has no direct or indirect material relationship with the Corporation. The securities laws applicable in Canada outline certain situations in which a director is considered to be in a material relationship with the Corporation. In addition, the Board may determine that a director is not "independent" if, in the view of the Board the director has a relationship which could be reasonably expected to interfere with the exercise of such director's independent judgement.



Currently, as laid out below, the majority of the Board is independent with three (3) of the five (5) directors considered independent. The non-independent directors are not independent by virtue of the fact that they are or were executive officers of the Corporation. In order to facilitate the exercise of independent judgment, the independent members of the Board may schedule meetings as they see fit at which the non-independent directors and members of management are not in attendance. In addition, the Board holds *in camera* sessions for independent members during each Board meeting to facilitate open and candid discussion amongst the independent directors. Following Mr. Mitchell's retirement at the close of the Meeting and the election of Mr. Ogryzlo, the Board will have four (4) of the (5) directors considered independent.

INDEPENDENT STATUS		
Name	Independent	Not Independent
Antony Mitchell		✓ Not independent by virtue of the fact that he was an executive officer of the Corporation.
Marc Murnaghan		✓ Not independent by virtue of the fact that he is an executive officer of the Corporation.
Jorge Bernard	✓	
Jaime Guillen	✓	
James V. Lawless	✓	

#### ***Board of Directors Mandate***

The Board is responsible for the stewardship of the Corporation and for the supervision of the management of the business and affairs of the Corporation. The Board has adopted a formal mandate setting out the role and responsibilities of the Board, a text of which is set out in Appendix "A" to this Circular (the "**Board Charter**"). Please note that the Board Charter is the process of being updated to reflect the reorganization of the committees that occurred over the course of 2014 and as a result of the 2015 Transaction (defined below under the heading "*Statement of Executive Compensation – Performance Graph*"). A final version of the Board Charter will be posted to the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com) once complete.

#### ***Chairman of the Board***

The role of the Chairman is to provide leadership to the Board, manage the affairs of the Board and seek to ensure that the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman presides at each meeting of the Board and is responsible for coordinating with management to seek to ensure that documents are delivered to the directors in sufficient time in advance of Board meetings for a thorough review, that matters are properly presented for the Board's consideration at meetings and that the Board has an appropriate opportunity to discuss issues at each meeting, such that the Board is able to carry out its duties to oversee the management of the business and affairs of the Corporation. The Chairman is responsible for communicating with each Board member, seeking to ensure that each director has the opportunity to be heard, that each director is accountable to the Board and that the Board and each committee is discharging its duties. The Chairman is also responsible for organizing the Board to function independently of management, and arranging for the independent directors to meet without non-independent directors and management present. Mr. Antony Mitchell has acted as Chairman of the Board since his appointment in April 2010.

#### ***Lead Independent Director of the Board***

As Mr. Mitchell was not considered to be "independent" by virtue of the fact that he was an executive officer of the Corporation, in 2015 the Board appointed Jorge Bernhard, an independent outside director, as lead independent director of the Board (the "**Lead Director**") in 2015. The Lead Director is responsible for facilitating the functioning of the Board independently of management and ensuring that directors have a formal independent leadership contact. The key roles of the Lead Director are to (1) provide leadership to the independent directors; (2) be accountable to the Board for maintaining the independent functioning of the Board; and (3) ensure compliance with the Board's governance policies. The Lead Director is entitled to convene meetings of the independent directors to consider those matters that the independent directors may deem appropriate. Following Mr. Mitchell's retirement from the Board at the close of the Meeting, if elected, Mr. Bernhard will assume the role of Chairman of the Board.

### ***Position Descriptions***

The Board has developed a written position description for the Chairman, a summary of which is set out above. The full text of this description is available on the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com).

While the Board has not codified written descriptions of the chair of each committee, the Board has developed terms of reference for each of its standing committees (the "**Terms of Reference**"). The Terms of Reference describe the functions and responsibilities of the committees and by inference their chairs' roles and responsibilities. The full text is available on the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com). In addition, please see below for a report from each of the standing committees of the Corporation, setting out its structure, mandate, and significant achievements during 2014.

The Board and the CEO have not developed a written position description for the CEO. However, the Corporation and the Board intend to delineate the roles and responsibilities of the CEO through frequent and transparent communication between the Board and the CEO regarding such roles and responsibilities.

### ***Orientation and Education***

New members of the Board are provided with the necessary information about the role of the Board and its committees and the Corporation, its business and the factors that affect its performance by management and by other members of the Board. In addition, the Board and the committees receive updates as necessary with respect to applicable regulatory or other requirements relating to the role and responsibilities of directors, the Board or the relevant committee. As part of their continuing education, the Board and the committees also receive regular presentations from management related to specific aspects of the Corporation's business.

The Human Resources Committee (defined below under the heading "*Committees of the Board – Human Resources Committee*"), by its Terms of Reference, is responsible for considering, organizing, reviewing and recommending to the Board continuing education programs and policies. The Corporation intends to provide all directors with appropriate opportunities when required to maintain or enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Corporation's business remains current. A full text of the Terms of Reference is available on the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com).

In addition, management of the Corporation regularly meets with external counsel to discuss regulatory changes and corporate governance best practices that affect the Corporation.

### ***Ethical Business Conduct***

The Corporation has adopted a Code of Business Conduct and Ethics (the "**Code**"). The Code applies to all directors, officers, employees and consultants of the Corporation and its subsidiaries. The Code provides a framework of guidelines and principles to encourage ethical and professional behaviour in conducting the business of the Corporation and its subsidiaries. The full text of the Code is available at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com). The Corporation established a toll-free compliance hotline to allow for anonymous reporting of any suspected Code violation, including concerns regarding accounting, internal accounting controls or other auditing matters.

Those that are subject to the Code are expected to be familiar with the Code and may be required, from time to time, to affirm their agreement and compliance with the Code. The Code includes procedures for reporting suspected violations of the Code. The Board expects management to operate the business of the Corporation in a manner that enhances Shareholder value and is consistent with the highest levels of integrity.

The Code was developed by the Corporation in consultation with the Nominating and Governance Committee (now the Human Resources Committee). The Audit Committee exercises oversight with respect to the Code and receives periodic reports from management with respect to any reports of alleged violations of the Code. Employees are required to complete annual certification confirming that they understand and agree to abide by the requirements of the Code, that they are in compliance with the requirements of the Code and that they are not aware of any potential misconduct under the Code that has not been reported to appropriate Corporation management.

### ***Nomination of Directors***

In making recommendations to the Board regarding individuals qualified to become directors, the Human Resources Committee considers the desired qualifications, skills and attributes for service on the Board. These are:

- high personal and professional ethics, integrity, practical wisdom and mature judgement;

- board training or prior public company board service, and/or senior executive experience in business, government or energy;
- willingness to devote the required amount of time to carrying out the duties and responsibilities of Board service; and
- willingness to represent the best interest in the Corporation and its operations and objectively appraise management's performance.

The Human Resources Committee will also consider additional attributes such as other directorships, change in employment status, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee would bring to the Board. In carrying out its responsibilities, the Human Resources Committee is expected to have the authority to retain an outside advisor to assist in its duties, subject to the approval of the Board or the Audit Committee.

### ***Compensation of Directors***

As discussed in further detail below under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*", the Human Resources Committee is responsible for establishing, administering and evaluating the compensation philosophy, policies and plans for non-employee directors and executive officers, and making recommendations to the Board regarding director and executive compensation and to review the performance of the executive officers of the Corporation, based on criteria including the Corporation's performance and accomplishment of long-term strategic objectives.

### ***Committees of the Board***

The Board has approved a mandate for each committee and delegated responsibilities as set out in those mandates. Every year, each committee reviews its mandate and determines whether it has fulfilled that mandate. Any revisions to a mandate are also reviewed annually by the Nominating and Governance Committee and approved by the Board. For the financial year ended 2015, each committee is satisfied that it has fulfilled its mandate.

#### *Audit Committee*

National Instrument 52-110 - *Audit Committees* requires issuers to include the charter of the Audit Committee and disclose information with respect to the composition, education and experience of the members of the Audit Committee, as well as all fees paid to external auditors in their annual information form. Please refer to Appendix "A" of the Corporation's 2015 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) and our website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com) for a copy of the Audit Committee charter.

The Audit Committee is charged with a mandate of assisting the Board in overseeing the financial reporting and disclosure of the Corporation. This oversight includes (a) reviewing the financial statements and the financial disclosure that is provided to the Shareholders and disseminated to the public, (b) reviewing the systems of internal controls to maintain integrity in the financial reporting of the Corporation, and (c) overseeing and monitoring the independence and performance of the Corporation's external auditors and reporting directly to the Board on the work of the external auditors.

In addition, the Audit Committee holds regular *in camera* sessions following regularly scheduled Audit Committee meetings, during which it meets separately with the acting Chief Financial Officer and the head of the external financial auditors separately as a Committee. The mandate of the Audit Committee grants it sole authority to retain and terminate any legal, accounting or other advisors to the Audit Committee, including sole authority to approve the advisors' fees and other retention terms. The Audit Committee's mandate also requires that it evaluate its functioning on an annual basis, including a review of its charter.

2015 Responsibilities and Highlights		
Financial Reporting	External Auditors	Internal Controls
<ul style="list-style-type: none"> <li>• Review the integrity of the Corporation's financial statements and financial disclosure and recommend for Board approval;</li> <li>• Review the consolidated annual and interim financial statements, external auditors' report and Management's Discussion and Analysis and recommend for Board approval; and</li> <li>• Review any material changes in accounting policies and practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and approve the external auditors' annual audit plan;</li> <li>• Review the qualifications and performance of the external auditors annually;</li> <li>• Review the external auditor's compensation and recommend compensation for the external auditors for Board approval annually;</li> <li>• Review and approve non-audit services to the Corporation or its subsidiaries by the external auditors; and</li> <li>• Select and recommend external auditors for appointment by shareholders annually.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor the Corporation's system of internal controls; and</li> <li>• Review the effectiveness of the design and operation of the Corporation's system of internal controls annually.</li> </ul>

The Board believes that the composition of the Audit Committee reflects a high level of financial literacy and experience. All members of the Audit Committee are "financially literate" as required by securities laws applicable in Canada. The Board has made such a determination based on the experience and education of each Committee member. The current members of the Audit Committee are Jaime Guillen (Chair), Jorge Bernhard, and James V. Lawless, each of whom is independent under National Instrument 52-110 - *Audit Committees*. The following is a description of the education and experience of each current member of the Audit Committee as at the date of this Circular that is relevant to the performance of his responsibilities as a member of the Audit Committee.

#### Jaime Guillen (Chair)

Mr. Guillen is the Managing Partner at Faros Infrastructure Partners LLC, an investment firm with offices in United Kingdom and United States. He has over 25 years of experience in the development, investment, financing, management and divestiture of energy and infrastructure projects. His experience ranges across Europe, North & Latin America, Middle East, and Asia and includes significant dealings with investors, developers, governments and industry players. 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. Mr. Guillen earned a BS in Nuclear Engineering from Massachusetts Institute of Technology and an MBA from Stanford University.

#### Jorge Bernhard

Mr. Bernhard is a consultant providing services relating to metals trading and risk management. He has sold and traded non-ferrous metals for more than 25 years. He also has substantial experience in developing large scale mining projects in various parts of the world, including jurisdictions similar to Nicaragua, and is fluent in Spanish. In 1992, Mr. Bernhard formed a joint venture with Western Mining Corporation of Australia ("**WMC**"), serving as partner and Chief Executive Officer responsible for selling all of WMC's nickel and intermediate production worldwide. Mr. Bernhard remained with that business until 2006. Following consistent profitability gains in WMC's nickel and intermediate product portfolios, the partnership was expanded to give Mr. Bernhard responsibility for the sale of uranium, copper and cobalt. Mr. Bernhard also pioneered a successful cobalt price discovery mechanism, which helped define and give clarity to cobalt metal pricing worldwide. Mr. Bernhard began his career as a junior trader at British Metals Corporation and was rapidly promoted. In 1987, Mr. Bernhard launched Sherritt Metals Marketing, a nickel marketing and trading company created in partnership with Sherritt Gordon Inc. Mr. Bernhard was a partner in the joint venture and also served as its Chief Executive Office. Mr. Bernhard served as a director of Dacha Strategic Metals Inc., a then TSX Venture Exchange listed issuer, from November 2012 to September 2014.

#### James V. Lawless

Mr. Lawless brings 30 years of experience in geology and the geothermal industry and previously served as an independent geological consultant for Sinclair Knight Mertz Pty Ltd. (“SKM”). His education background includes a Master of Science from the University of Waikato with expertise in geology and volcanology related to geothermal exploration, resource evaluation and development. In addition, Mr. Lawless bring extensive experience with the Corporation’s San Jacinto-Tizate power project. As Practice Leader at SKM, Mr. Lawless was responsible for the technical direction and quality on all SKM projects related to geothermal resources, including the oversight of 56MW drilled by Polaris Geothermal Inc. at San Jacinto-Tizate.

#### *Human Resources Committee*

Subsequent to the 2015 Transaction, the Board met and amalgamated the Nominating and Governance Committee and the Compensation Committee and renamed the new, amalgamated committee the Corporate Human Resources Committee (the “**Human Resources Committee**”). The members of the Human Resources Committee are the three independent directors: Jaime Guillen, Jorge Bernhard and James Lawless.

The Human Resources Committee shall be governed by the Terms of Reference adopted by the Board, except where modified by the charter of the Human Resources Committee. The Board has delegated to the Human Resources Committee the following powers and duties, which are to be performed by the Human Resources Committee on behalf of and for the Board:

- Discharge, and assist the Board in discharging, the responsibility of the Board relating to leadership, human resource planning and compensation;
- Set performance objectives for the CEO, which encourage the Corporation’s long-term financial success and regularly measure the CEO’s performance against these objectives;
- Recommend compensation for the CEO to the Board for approval, and determine compensation for certain senior officers in consultation with independent advisors; and
- Oversee a succession planning and development process, including review and approval of the succession plans for the senior officer positions and heads of control functions.

#### *Board and Committee Self Evaluation*

The annual Board and committee self-evaluation process was adopted by the Board based on the review and recommendation of the Nominating and Governance Committee (now the Human Resources Committee). The process considers such matters as: participation and involvement of Board and committee members; oversight and effectiveness of the Board and its committees as to key functions; quality and adequacy of materials and information provided to the Board and committees, both for and between meetings; Board and committee composition; and, with respect to the committees, fulfillment of accountabilities delegated from the Board and outlined in the individual committee charters. Feedback is solicited from Board and committee members on these and other important areas through a set of detailed questionnaires administered by the Corporation’s Corporate Secretary.

The Board’s questionnaire also uses questions designed to solicit responses related to the performance of individual directors and members of senior management. Board members submit a completed survey via the Corporation’s Board portal, and Board members are free to submit any additional comments directly to the CEO or Corporate Secretary for inclusion in the findings.

The results of the surveys are now reviewed by the Human Resources Committee (previously the Nominating and Governance Committee) to fulfill its oversight role, to facilitate the evaluation process, and so that any areas of improvement for the Board and/or any committee surface through the self-evaluations, including any suggestions for improvement in the self-evaluation process, are reviewed and, if appropriate, addressed.

The Human Resources Committee reviews the Board and committee self-evaluation process annually. As a result of this review, the Human Resources Committee may revise the form and content of the questionnaires and/or other aspects of the overall process to reflect changing circumstances, to include feedback from directors, or to incorporate modifications designed to improve the overall process.

#### *Term Limits*

Industry and institutional knowledge along with commitment and expertise are vital to the successful functioning of the Board. Given the nature and size of the Corporation’s business and its industry, the Board has determined that while it is committed to fostering diversity among Board members, it would be unduly restrictive and not in the best interest of the

Corporation to adopt specific director term limits. Diversity and Board renewal will be supported through the other mechanisms designed to address the needs of the Corporation (as described below under the heading “*Diversity and Representation of Women*”) and not through the imposition of term limits on directors. The Corporation takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the board solely because of length of service. It is in the best interest of the Corporation not to have a mandatory retirement requirement for directors.

### ***Diversity and Representation of Women***

The Corporation is committed to diversity and inclusion at all levels in the workplace and on the Board. This includes a commitment to ensuring there are no systemic barriers or biases in the Corporation’s policies, procedures and practices. The Corporation believes that diversity, including gender diversity, is an important consideration for any Board or senior management appointment. However, the Corporation has not adopted a written policy or implemented specific targets or quotas for gender or other diversity representation as, due to the small size of the Board and senior management, the Corporation needs to consider a balance of criteria in each individual appointment to ensure that the overall composition of the Board and senior management meets the needs of the Corporation and Shareholders. While gender diversity is one of the primary criteria, the Corporation does not believe that any Board nominee or senior manager should be chosen nor excluded solely or largely because of gender. Rather, the merits of the candidate and the needs of the Corporation at the relevant time are also critically important.

As of the date of this Circular, there are no women on the Board and none of the Corporation’s two executive officers is a woman. At the level of the Corporation’s major subsidiary (as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Reporting Exemptions*), Polaris Energy Nicaragua, S.A., there are no executive officers or board members that are women.

### ***Majority Voting Policy***

The Board has adopted a majority voting policy to ensure that each member of the Board carries the confidence and support of the Shareholders (the “**Policy**”). In an uncontested election of directors of the Corporation to which the Policy applies, each director should be elected by the vote of a majority of the Common Shares represented in person or by proxy at the Shareholders meeting convened for such election of directors. If any nominee for director receives a greater number of votes “withheld” from his or her election than votes “for” such election, the Policy requires that such director promptly tenders his or her resignation to the Board following the meeting, to be effective upon acceptance by the Board. In such a case, the Human Resources Committee will review the circumstances of the election and make a recommendation to the Board as to whether or not to accept the tendered resignation. Any director who has tendered his or her resignation may not participate in the deliberations of the Human Resources Committee or the Board. The Board must accept the tendered resignation, except in situations where exceptional circumstances would warrant the director to continue to serve on the Board, as soon as reasonably possible and in any event within 90 days of the election and announce its decision through a press release.

Subject to any corporate law restrictions or requirements, if a resignation is accepted, the Board may leave the resulting vacancy unfilled until the next annual meeting of Shareholders. Alternatively, it may fill any resulting vacancy through the appointment of a new director whom the Board considers to merit the confidence of the Shareholders, or it may call a special meeting of Shareholders at which there will be presented a management nominee or nominees to fill the vacant position or positions. The Policy does not apply in circumstances involving contested director elections.

### ***Advance Notice Requirements***

The Corporation has adopted advance notice requirements in its Articles (the “**Advance Notice Requirement**”).

The purpose of the Advance Notice Requirement is to provide Shareholders, directors and management of the Corporation with direction on the nomination of directors. The Advance Notice Requirement implements a deadline by which Shareholders must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders. It also sets forth the information that a Shareholder must include in the director nomination notice such as Shareholder gives to the Corporation in order for the notice to be considered in proper written form.

The Corporation and the Board believe that the Advance Notice Requirement (i) provides a clear process for Shareholders to follow to nominate directors and (ii) sets out a reasonable time frame for Shareholders to submit nominations, which together with the requirement for specific accompanying information, allows the Corporation and all of the Shareholders to effectively evaluate all of the director nominees’ qualifications and suitability for the Board. The purpose of the Advance Notice Requirement is to treat all Shareholders fairly by ensuring that all Shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the director nominations to be considered at a meeting and sufficient information with respect to such nominees and can thereby exercise their voting

rights in an informed manner. In addition, the Advance Notice Requirement should assist in facilitating an orderly and efficient meeting process.

In the case of an annual meeting of Shareholders, notice to the Corporation of director nominations must be given not less than 30 and not more than 65 days prior to the date of the annual meeting. However, in the event that the first public announcement of the annual meeting was made less than 50 days prior to the day of the meeting, notice may be given up until the close of business on the 10th day following such public announcement.

In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation of director nominations must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive the application of the Advance Notice Requirement. For the purposes of the Advance Notice Requirement, “public announcement” means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document publicly filed by the Corporation under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Part Four – Statement of Executive Compensation**

### ***Report of the Human Resources Committee***

#### *Objectives of Compensation Program*

The Corporation’s overall policy regarding compensation of the executive officers is structured to provide competitive salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain suitable and qualified executive management, and establish a compensation framework that is competitive relative to the geothermal energy industry in which the Corporation operates its business. The Corporation’s executive compensation programs have been designed to accomplish the following specific goals and objectives:

- Retain the services of proven executives whose experience and expertise are an important foundation upon which future profit and Shareholder value will be built;
- Reward individuals for their contribution to the overall success of the Corporation, and for successfully achieving objectives in their own area of responsibility;
- Connect the long-term interests of each executive officer with the Shareholders’ desire to achieve a superior level of investment return; and
- Attract outstanding executive candidates to the Corporation who are able to deliver superior management skills.

#### ***Compensation Discussion and Analysis***

This compensation discussion and analysis describes and explains the Corporation’s policies and practices with respect to the 2015 compensation of its named executive officers (the “NEOs”): Marc Murnaghan, Chief Executive Officer, Shane Downey, Chief Financial Officer, Antony Mitchell, Former Executive Chairman of the Corporation, Ashlee Taylor, Former Acting Chief Financial Officer and Former Director of Financial Reporting of the Corporation, and Steven Scott, Former Corporate Secretary and Former Director of Investor Relations of the Corporation.

#### *Overview of the Corporation’s Compensation Program*

The Corporation’s compensation practices are designed to be effective, industry-competitive and aligned with the Corporation’s performance. Total compensation levels, both the fixed and variable components, are designed to reward executive officers at a level commensurate with the median of the market (50<sup>th</sup> percentile). At the same time, the Human Resources Committee understands that at times it may go outside this median in order to ensure that Shareholders have access to necessary management expertise.

#### *Elements of the Corporation’s Compensation Program*

As discussed in further detail below, the Corporation’s compensation program is comprised of the following principal elements: (1) base salaries; (2) the employee bonus program; and (3) the Omnibus Plan.

#### Base Salary

The primary element of the Corporation's compensation program is base salary. The Corporation's view is that a competitive base salary is a necessary element for retaining qualified executive officers and employees. Individual salary levels are determined according to a number of factors, including the individual's performance, responsibilities and experience. To ensure that the Corporation will continue to attract and retain qualified and experienced executives, base salaries are reviewed and adjusted annually in view of corporate and personal performance objectives as well as individual levels of responsibility. The Human Resources Committee recommends any changes in base salary to the Board.

#### Employee Bonus Program

As the Corporation was going through a strategic process, the Human Resources Committee did not recommend a bonus program for the Corporation for 2015, with the exception that, during 2015, the Corporation paid a Cdn.\$25,000 discretionary bonus to Shane Downey, Chief Financial Officer.

#### Omnibus Plan

<i>Omnibus Long-Term Incentive Plan (the "Omnibus Plan")</i>	
<b>Term</b>	<b>Description</b>
<u>Administration</u>	The Board shall administer and interpret the Omnibus Plan. The Board may decide by resolution to appoint a committee to administer and interpret the Omnibus Plan. Such a committee must have at least three members.
<u>Eligibility</u>	The persons eligible to receive Awards are Eligible Participants.
<u>Reserve Maximum</u>	<p>Subject to adjustment, the total number of shares reserved and available for grant and issuance pursuant to Awards shall not exceed a number of Common Shares equal to ten percent (10%) of the total issued and outstanding Common Shares of the Corporation at the time of granting of Awards (on a non-diluted basis) or such other number as may be approved by the Toronto Stock Exchange ("TSX") and the Shareholders of the Corporation from time to time.</p> <p>The Omnibus Plan is a "rolling plan" or "evergreen plan". This means any increase in the issued and outstanding Common Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Common Shares that may be issued on Awards outstanding at any time and any increase in the number of Awards granted will, upon exercise, make new grants available under the Omnibus Plan.</p>
<u>Current Reserve</u>	As of May 19, 2016, there were 15,668,288 Common Shares issued and outstanding. Therefore, 1,566,828 Common Shares are available to be reserved for issuance under the Omnibus Plan.
<u>Currently Issuable</u>	As of May 19, 2016, there were 203,385 Awards outstanding under the Omnibus Plan. Therefore, a total of 203,385 Common Shares are potentially issuable. This represents 1.3% of the issued and outstanding Common Shares.
<u>Participation Limits</u>	The aggregate number of Common Shares (i) issued to insiders and associates of such insiders under the Omnibus Plan or any other proposed or established share compensation arrangement within any one-year period and (ii) issuable to insiders and associates of such insiders at any time under the Omnibus Plan or any other proposed or established share compensation arrangement, shall in each case not exceed ten percent (10%) of the issued and outstanding Common Shares (on a non-diluted basis)
<u>Market Value as of Grant</u>	<p><u>Restricted Shares</u> Restrictions and conditions on the disposition of Restricted Shares that are granted are determined by the Board at the time of grant.</p> <p><u>Options</u> The option price for Common Shares that are the subject of any Option shall be determined by the Board at the time the Option is granted, but may not be less than Market Value at the time of grant. The terms of the Omnibus Plan allow for the exercise of an Option on a cashless basis. The number of Common Shares received on the cashless exercise of an Option is determined by taking (i) the difference between (A) the Market Value and (B) the exercise price of such Option, (ii) multiplying that difference by the number of Common Shares to which such Option relates, and then (iii) dividing that product by the Market Value.</p>



DSUs

Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs. The number of DSUs an Eligible Participant is entitled to receive is calculated by taking (i) the percentage elected by the Eligible Participant, (ii) multiplying that percentage by the Eligible Participant's annual retainer, and then (iii) dividing that product by the Market Value.

RSUs

The purchase price of an RSU is determined by the Board and may be zero.

SARs

The exercise price of a SAR shall be fixed by the Board, but may not be less than the Market Value at the time of grant. Upon exercise, the holder is entitled to receive the number of Common Shares equal to the excess of the Market Value on the effective date of such exercise over the exercise price of the SAR.

Retention Awards

A retention award entitles an Eligible Participant to receive the number of Common Shares that is equal to the retention payment divided by the Market Value on the vesting date of the retention award, disregarding fractions and less any amounts withheld for taxes.

"**Market Value**" means at any date when the Market Value of Common Shares of the Corporation is to be determined, the closing price of the Common Shares on the trading day prior to the date of grant on the principal stock exchange on which the Common Shares are listed, or if the Common Shares are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith.

Market  
Appreciation/Dividend  
Payment

The Omnibus Plan contemplates the award of SARs.

A holder of DSUs is entitled to receive additional DSUs (or fractions thereof) when dividends are declared and paid on Common Shares. The additional DSUs are based on (i) the actual amount of dividends that would have been paid if the Participant had held Common Shares under the Omnibus Plan on the applicable record date divided by (ii) the Market Value on the date on which the dividends on Common Shares are payable.

Vesting

Restricted Shares

The Omnibus Plan does not contemplate any required vesting of the Restricted Shares. Restrictions and conditions on the disposition of Restricted Shares are determined by the Board at the time of grant.

Options

The Board shall, from time to time by resolution, determine the vesting provisions of the Options.

DSUs

The Board may, at the time of grant, make DSUs subject to restrictions and conditions (i.e. continuing employment or achievement of pre-established performance goals). DSUs are exercisable immediately following the date a Participant resigns or is terminated.

RSUs

The relevant conditions and vesting provisions of a RSU are determined by the Board (including the performance period and criteria, if any). In making its determination regarding the vesting requirements applicable to any RSUs, the Board shall ensure that such requirements are not considered a "salary deferral arrangement" for purposes of applicable legislation.

The Board also sets a date upon which it is determined whether the vesting conditions with respect to RSUs have been met (the "**RSU Vesting Determination Date**"). This then establishes the number of RSUs that become vested. The RSU Vesting Determination Date cannot fall outside the period (the "**Restricted Period**") that ends on December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made. Any RSU that remains unvested on the RSU Vesting Determination or at the end of the Restricted Period, whichever is earlier, is cancelled.

SARs

The relevant conditions and vesting provisions of a SAR are determined by the Board (including the performance period and criteria, if any).

Retention Awards

The relevant conditions and vesting provisions of a Retention Award are determined by the Board (including the performance period and criteria, if any).

Term

Restricted Shares

Determined by the Board.

Options

The Board shall determine the period in which an Option is exercisable. An Option cannot expire later than five (5) years from the date it is granted.

DSUs

A Participant may redeem his or her DSUs up to the 90<sup>th</sup> day after the date of his or her termination.

RSUs

The Board shall determine the Restricted Period, provided such Restricted Period cannot expire later than December 31 of the year that is three (3) years after the calendar year in which the grant of RSUs was made.

SARs

The Board shall determine the period during which a SAR is exercisable, provided such period cannot expire more than five (5) years from the date the SAR was granted.

Retention Awards

The relevant conditions and vesting provisions of a Retention Award are determined by the Board (including the performance period and criteria, if any).

Cessation

Options, SARs and Retention Awards

*Termination for Cause.* Any Option, SAR or Retention Award, or any unexercised or unvested portion thereof, shall terminate when a Participant ceases to be an Eligible Participant for "cause".

*Death.* Any vested Option, SAR or Retention Award or the unexercised portion thereof ("**Vested Award**"), may be exercised by the estate of a Participant if such Participant dies while he or she is an Eligible Participant. However, a Vested Award must be exercised (i) within one (1) year of the Participant's death or (ii) prior to the expiration of the original term of such Vested Award, whichever is earlier.

*Disability.* Any Option, SAR or Retention Award, or any unexercised portion thereof, may be exercised by the Participant or his/her representative as the rights to exercise accrue. However, the Award must be exercised (i) within three (3) years of the disability, (ii) until the Participant becomes eligible for long-term disability benefits, or (iii) prior to the expiration of the original term of the Award, whichever is earlier.

*Other.* If a Participant ceases to be an Eligible Participant for any reason other than for "cause", death, or disability, the right to exercise an Option, SAR or Retention Award shall be limited to and expire on the earlier of (i) sixty (60) days after the date the Participant ceases to be an Eligible Participant or (ii) the expiry date of the Award set forth in the agreement pursuant to which the Award was granted.

RSUs

*Termination for Cause.* Any unvested RSUs credit to a Participant's account shall be forfeited and cancelled immediately upon such Participant ceasing to be an Eligible Participant for "cause" or by resignation.

*Cessation of Employment.* When a Participant retires, becomes eligible to receive long-term disability benefits, or has his or her employment terminated for reasons other than "cause" or by reason of injury or disability, such Participant's participation in the Omnibus Plan shall be terminated immediately. Unvested RSUs shall remain in effect until the applicable RSU Vesting Determination Date.

*Retirement.* If a Participant retires and becomes involved in another business or activity in the geothermal power industry prior to the applicable RSU Determination Date, then (i) if the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date,

the unvested RSUs of such Participant shall be forfeited and cancelled, or (ii) if the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

*Death.* If a Participant dies, his or her participation in the Omnibus Plan terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such deceased Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such deceased Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

*Leave of Absence.* If a Participant voluntarily takes a leave of absence, his or her participation in the Omnibus Plan terminates immediately. All unvested RSUs remain in effect until the RSU Vesting Determination Date. If the Board determines the vesting conditions have not been met on the RSU Vesting Determination Date, the unvested RSUs of such Participant shall be forfeited and cancelled. If the Board determines the vesting conditions have been met on the RSU Vesting Determination Date, such Participant is entitled to receive the number of Common Shares he or she is entitled to in respect of such RSUs adjusted for the length of service provided by the Participant to the Corporation.

#### Restricted Shares

Upon a Participant ceasing to be an Eligible Participant for any reason, any Restricted Shares that have not vested at such time shall automatically be deemed to have been reacquired by the Corporation.

#### Assignability

Awards granted under the Omnibus Plan are transferrable or assignable only to a “permitted assign”. A permitted assign means the spouse of a Participant or a trustee, holding entity, or RRSP/RRIF of the Participant or his or her spouse.

#### Amendments

The Board may amend the Omnibus Plan or any Award with consent of the Participants provided that the amendment shall:

- not adversely alter or impair any Award previously granted;
- be subject to any regulatory approvals;
- be subject to Shareholder approval, where required, provided that Shareholder approval is not required for following amendments and the Board may make any changes which may include but are not limited to:
  - amendments of a “housekeeping” nature;
  - a change to the vesting provisions of any Award;
  - the introduction or amendment of a cashless exercise feature;
  - the addition of or amendment to any form of financial assistance; and
  - the addition of a provision that results in Participants receiving securities while no cash consideration is received.

The Board needs Shareholder approval to make the following amendments:

- any change to the maximum number of Common Shares issuable under the Omnibus Plan, except any increase due to an adjustment or due to the evergreen nature of the plan;
- any amendment that reduces the exercise price of an Award;
- any amendment that extends the expiry date of an Award;
- any amendment that changes the Eligible Participants, including a change that would have the potential to broaden the participation by insiders;
- any amendment that would permit an Award to be transferable or assignable other than as currently permitted;
- any amendment that increases the maximum number of shares issuable or issued to insiders and associates of such insiders; and
- any amendment to the amendment provisions of the Omnibus Plan.

Common Shares held directly or indirectly by insiders that may benefit from certain amendments shall be excluded from voting when obtaining Shareholder approval.

#### Financial Assistance

The Omnibus Plan does not contain any form of financial assistance.

<u>Ratification</u>	The Board has not made any grant of Awards that is subject to ratification.
<u>Black-out Period</u>	If the expiration date of an Option or SAR falls within a black-out period or within the nine (9) business days following the end of the black-out period, then the expiration of the Option is extended to the tenth business day following the end of the black-out period.
<u>Change of Control</u>	<p>In the event of a “Change in Control”, a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the <i>Securities Act</i> (British Columbia)) for all of the Common Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances.</p> <p>“<b>Change in Control</b>” means an event whereby (i) any person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Common Shares or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally; (ii) any person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation; or (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets.</p>
<u>Adjustments</u>	The Omnibus Plan may be adjusted if certain changes are made to the Corporation’s capitalization (e.g. subdivision, consolidation or reclassification of or a distribution of assets on (other than an ordinary course dividend) the Common Shares) in order to preclude a dilution or enlargement of the benefits due to Participants under the Omnibus Plan.

#### Compensation of the Chairman

The Human Resources Committee is responsible for reviewing and making recommendations to the Board in respect of the compensation of directors, including the Chairman. The Human Resources Committee is also responsible for evaluating the Chairman’s performance in light of achievement of the Corporation’s goals and objectives, and making recommendations to the Board with respect to the Chairman’s compensation level.

#### Circumstances Triggering Termination and Change of Control Benefits

As noted below under the heading “*Termination and Change of Control Benefits*”, there are certain circumstances that trigger payments or the provision of other benefits to a NEO upon the termination of the NEO’s employment and/or a change of control of the Corporation. Change of control provisions are necessary in order to attract and retain highly skilled executives and to encourage NEOs to pursue transactions, including mergers and take-overs, which are beneficial to the Corporation but may result in the termination of the NEO’s employment.

#### Variable or “At Risk” Compensation

The compensation practices of the Corporation rely heavily upon variable or “at risk” compensation. The variable portions of each executive’s total compensation target introduce flexibility into such compensation allowing for compensation to be adjusted year to year to reflect varying performance of both the individual and the geothermal energy industry, or to assist in advancing the Corporation’s objectives. The variable, or “at risk” compensation is also linked to the individual’s and the Corporation’s performance throughout the year. As a result, poor performance will be reflected in a lower total compensation being paid to an executive. Likewise, a high level performer will receive higher total compensation.

The variable equity incentive target allocates a significant proportion of total executive compensation in the form of future equity based vehicles. The actual mix of cash and equity incentives varies per individual with equity levels increasing with each executive level. The establishment of an executive compensation program with a significant portion of total compensation at risk and in equity encourages executives to focus on the Corporation’s long term goals such as sustained performance, value growth and long term strategy of the Corporation and encourages retention of key talent.

Based upon the Corporation’s approach to variable and “at risk” compensation, the actual compensation paid to an executive at the end of the financial year will vary depending on whether the various incentive targets for the year have been attained.

#### Compensation Risk

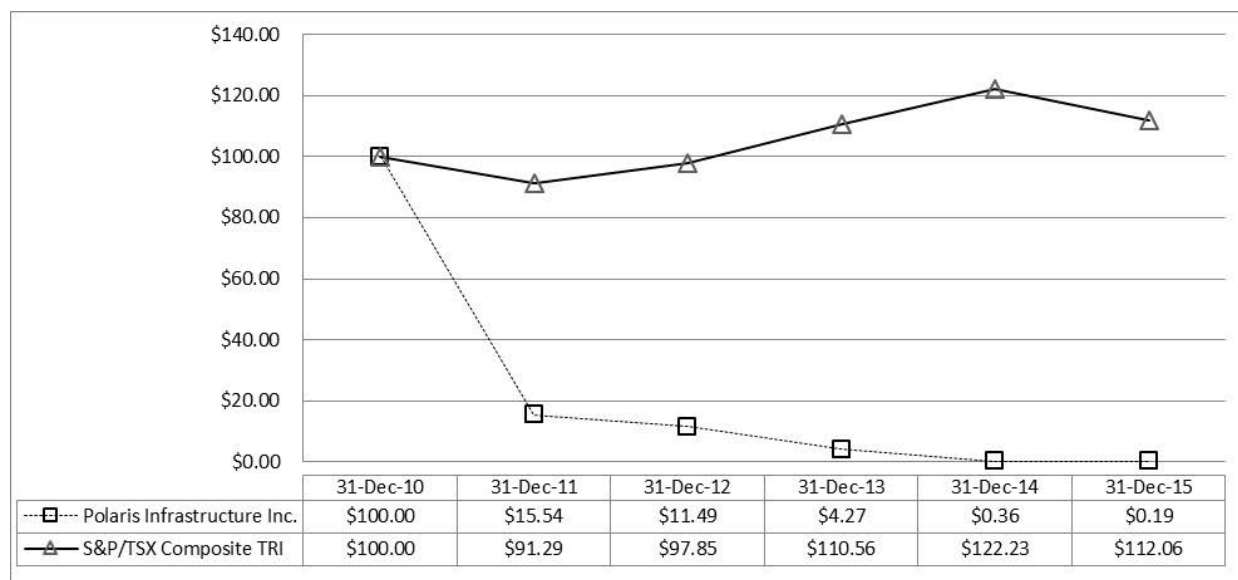
The Human Resources Committee has not formally considered the implications of risks associated with the Corporation's compensation policies and practices as, in their view, the current structure of the Corporation's executive compensation arrangements is focussed on long-term value and is designed to correlate to the long-term performance of the Corporation, which includes but is not limited to performance of its share price.

#### Hedging/Anti-Hedging Policy

The NEOs and the directors are, as a matter of policy, not permitted to purchase financial instruments designed to hedge or offset a decrease in the market value of shares, including shares granted as or underlying share-based compensation or otherwise held directly or indirectly by a NEO or a director. The full text of this description is covered in the *Corporate Policy Manual – Insider Trading Policy*, which is available on the Corporation's website at [www.polarisinfrastructure.com](http://www.polarisinfrastructure.com).

#### **Performance Graph**

The following graph illustrates, over the period January 1, 2011 to December 31, 2015, the total cumulative Shareholder return of an investment in Common Shares compared to the cumulative return of an investment in the S&P/TSX Composite Index, assuming that Cdn.\$100 was invested on January 1, 2011. Historical share prices have been adjusted to reflect the 2,000:1 share consolidation which occurred on May 13, 2015, as further discussed below.



On May 13, 2015, the Corporation underwent a recapitalization transaction (the “**2015 Transaction**”), which involved a private placement of subscription receipts that were automatically exchanged for Common Shares upon the satisfaction of certain conditions. These conditions included, among other things, a conversion of the Corporation's outstanding 8.5% senior secured debentures into Common Shares, the change of the Corporation's name from “Ram Power, Corp.” to “Polaris Infrastructure Inc.” and a consolidation of the Common Shares on a 2,000:1 basis. As a result of the 2015 Transaction, the Common Shares now trade on the TSX under the symbol “PIF”.

The market prices for the Corporation's shares are impacted by a number of external factors including the overall market sentiment and confidence in the future of the alternative energy technology sector. While the total Shareholder return trend does not reflect the increase in NEO compensation, the achievement of other significant Corporation and individual milestones such as strategic initiatives, project advancement and the need to retain executive talent in a competitive market accounted for the increase in compensation during the period.

#### Share Based and Option Based Awards

The granting of share-based and option-based awards to NEOs is approved by the Board, upon recommendation from the Human Resources Committee. Please see the discussion above under “*Statement on Executive Compensation - Compensation Discussion and Analysis - Elements of Compensation Program – Omnibus Plan*” for a discussion regarding the process the Corporation uses to grant share-based and option-based awards to executive officers, including the role of the Human Resources Committee in setting or amending any equity incentive plan under which a share-based and option-based award is granted. Previous grants of share-based or option-based awards may be taken into account when considering new grants, however, varying circumstances each year are also considered.

## Part Six – Report on Executive Compensation

### Named Executive Officer Summary Compensation

The following table sets forth information with respect to executive compensation paid to the NEOs for services rendered in all capacities to the Corporation and its subsidiaries for the three (3) most recently completed financial years. Other than those individuals who are included in the following table, no other individuals are considered “NEOs” as such term is defined in Form 51-102F6 – *Statement of Executive Compensation*.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(6)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$) <sup>(7)</sup>	Total compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)		
MARC MURNAGHAN, Chief Executive Officer <sup>(1)</sup>	2015	102,749	1,375,878	-	-	-	2,654	1,481,281
SHANE DOWNEY, Chief Financial Officer <sup>(2)</sup>	2015	85,625	35,114	49,570	19,150	-	2,654	192,112
ANTONY MITCHELL, Chairman of the Board and Former Executive Chairman <sup>(3)</sup>	2015	66,667	-	-	-	-	-	66,667
	2014	153,639	35,786	-	-	-	-	189,425
	2013	214,749	175,572	-	-	-	-	390,321
ASHLEE TAYLOR, Former Acting Chief Financial Officer, Former Director of External Financial Reporting <sup>(4)</sup>	2015	133,509	-	-	-	-	355,562 <sup>(4)</sup>	489,071
	2014	286,883	5,368	-	-	-	20,483	312,734
	2013	144,307	76,336	-	58,551	-	9,091	288,285
STEVEN SCOTT, Director of Investor Relations and Corporate Secretary <sup>(5)</sup>	2015	133,521	-	-	-	-	362,445 <sup>(5)</sup>	495,966
	2014	286,876	13,303	-	-	-	37,060	337,239
	2013	150,000	76,336	-	75,000	-	3,824	305,160

#### Notes:

- (1) Mr. Murnaghan’s employment start date is May 13, 2015.
- (2) Mr. Downey’s employment start date is June 1, 2015.
- (3) Mr. Mitchell was Executive Chairman until May 13, 2015, at which point he became Chairman of the Board.
- (4) Ms. Taylor ceased to be an employee on May 13, 2015 and received termination and transaction related payments totalling \$337,500.
- (5) Mr. Scott ceased to be an employee on May 13, 2015 and received termination and transaction related payments totalling \$337,500.
- (6) For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of the grant.
- (7) Where not separately disclosed, all other compensation represents health insurance premiums and 401K contributions.

The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Common Share price, expected dividend yield, and risk-free interest rate. The fair value of options granted during the years ended December 31, 2015, 2014, and 2013 was estimated at the date of each grant using the Black-Scholes pricing model with the following assumptions:

Grant Date	Exercise Price	Volatility	Expected Life	Risk-free interest rate	Expected Dividend Yield
May 15, 2015	Cdn.\$10.00	104%	5.00	1.00%	-

**Named Executive Officer Outstanding Share-Based Awards and Option-Based Awards**

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price <sup>(2)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(3)</sup>	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have not vested (\$)	Market value or payout value of share-based awards not paid out or distributed (\$)
MARC MURNAGHAN	-	N/A	N/A	Nil	232,697	1,353,396	1,804,528
SHANE DOWNEY	24,000	Cdn.\$10.00	May 14, 2020	Nil	12,000	69,794	Nil
ANTONY MITCHELL	1,000	Cdn.\$750	September 29, 2016	Nil	N/A	N/A	Nil
	537	Cdn.\$470	November 15, 2017	Nil	N/A	N/A	Nil
ASHLEE TAYLOR	80	Cdn.\$470	November 15, 2017	Nil	N/A	N/A	Nil
STEVEN SCOTT	150	Cdn.\$750	September 29, 2016	Nil	N/A	N/A	Nil
	200	Cdn.\$470	November 15, 2017	Nil	N/A	N/A	Nil

*Notes:*

- (1) The number of securities listed in this column reflect the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (2) The exercise prices listed in this column reflect the adjustments triggered by the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (3) Value based on the 'in-the-money' amount (the difference between the closing price of the Common Shares on the TSX on December 31, 2015 of Cdn.\$8.05 and the exercise price of the option) of options held as of December 31, 2015.

As reflected in the above table there are a number of options unexercised by NEOs that have yet to expire. All options listed above, except those expiring on May 14, 2020, have fully vested.

**Named Executive Officer Incentive Plan Awards – Value Vested or Earned During Year**

For each NEO, the following table sets forth the value vested or earned on option-based, share-based and non-equity incentive plan awards during the most recently completed financial year.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
MARC MURNAGHAN	Nil	621,845	-
SHANE DOWNEY	Nil	Nil	19,150
ANTONY MITCHELL	Nil	Nil	N/A
ASHLEE TAYLOR	Nil	Nil	N/A
STEVEN SCOTT	Nil	Nil	N/A

### ***Pension Plan Benefits***

The Corporation does not pay any pension plan benefits to its NEOs.

### ***Termination and Change of Control Benefits***

The following is a summary of the estimated incremental payments, payables and benefits that are due from the Corporation to each NEO, that are triggered by, or result from any termination (whether without cause or with cause), resignation, retirement, a change in control of the Corporation or a change in such NEO's responsibilities, as applicable.

Except as otherwise described below, the Corporation currently does not have any employment agreements nor any compensatory plans or arrangements with respect to the NEOs that results, or will result, in the payment of amounts or benefits due to: the resignation, retirement or any other termination of employment of such NEO's employment or engagement with the Corporation (and its subsidiaries); a change of control of the Corporation (and its subsidiaries); or a change in the NEO's responsibilities following a change of control.

### **Employment Agreements**

Mr. Murnaghan and Mr. Downey have each accepted offer letters of employment with the Corporation. The employment letters call for a payment equal to one (1) year full base salary following the occurrence of termination for reasons other than (i) reasons relating to moral turpitude; (ii) conviction of any crime amounting to a felony; or (iii) upon one's own volition. The payment due in respect of termination for reasons other than those listed in (i) to (iii) above is to be made within thirty (30) days of termination and is conditional upon Mr. Murnaghan and Mr. Downey providing a full release of claims against the Corporation.

### **Actual Incremental Payments – Completion of the 2015 Transaction**

The 2015 Transaction was a "Material Transaction" under the employment agreements of Ms. Taylor and Mr. Scott. As such, the following payments were made to Ms. Taylor and Mr. Scott upon completion of the 2015 Transaction:

Name	Type of Incremental Payment, Payable or Benefit (\$)					
	Salary	Incentive Payment	Share-based Awards	Option-based Awards	Employee Benefits	Total
ASHLEE TAYLOR	168,750	168,750	N/A	N/A	N/A	337,500
STEVEN SCOTT	168,750	168,750	N/A	N/A	N/A	337,500

## **Part Five – Report on Director Compensation**

### ***Director Compensation Program***

The Board, with the assistance of the Human Resources Committee reviews its director compensation periodically to conform to the evolving needs of the Corporation. The Human Resources Committee recommends changes in director compensation to the Board for approval when considered appropriate or necessary to:



- recognize the workload, time commitment and responsibility of Board and committee members;
- align the interests of members of the Board with the Shareholders through equity incentives; or
- recruit and retain qualified individuals to serve as members of the Board and to contribute to the overall success of the Corporation.

#### ***Director Compensation Components***

As provided in the table below, an annual retainer was paid to each of the directors in 2015; an additional fee was paid to the Lead Independent Director:

<b>Annual Retainer</b>	\$40,000/year
<b>Lead Independent Director Fee</b>	\$24,000/year

Certain directors who fulfilled important roles that were critical to the execution of strategic corporate goals were paid a retainer in excess of the amount set out above.

In his role as Executive Chairman, Mr. Mitchell received an annual retainer of \$150,000.

#### ***Director Summary Compensation***

The following table sets forth all amounts of compensation provided to the non-executive directors for the Corporation's most recently completed financial year.

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Jorge Bernhard	37,044	4,691	-	-	-	-	41,735
Jaime Guillen	25,620	4,691	-	-	-	-	30,311
Antony Mitchell	23,333	4,691	-	-	-	-	28,024
James V. Lawless	40,000	4,691	-	-	-	-	44,691
Daryl S. Clark <sup>(1)</sup>	111,904	-	-	-	-	-	111,904
A. Murray Sinclair <sup>(1)</sup>	99,512	-	-	-	-	-	99,512
Fraser Buchan <sup>(1)</sup>	99,512	-	-	-	-	-	99,512

Notes:

(1) Directors Clark, Sinclair and Buchan resigned from the Corporation on May 13, 2015.

#### ***Director Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth all share-based awards and option-based awards outstanding at the end of the most recently completed financial year for each of the Corporation's non-executive directors.

Name	Option Based Awards				Share Based Awards		
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	Option exercise price (\$) <sup>(2)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market value or payout value of share-based awards that have not vested (\$)	Market value or payout value of share-based awards not paid out or distributed (\$)
Jorge Bernhard	-	N/A	N/A	Nil	1,613	9,381	9,381
Jaime Guillen	-	N/A	N/A	Nil	1,613	9,381	9,381
Antony Mitchell	-	N/A	N/A	Nil	1,613	9,381	9,381
James V. Lawless	-	N/A	N/A	Nil	1,613	9,381	9,381
	125	Cdn.\$920	June 14, 2016	Nil	N/A	N/A	Nil
	325	Cdn.\$750	September 29, 2016	Nil	N/A	N/A	Nil
	160	Cdn.\$470	November 15, 2017	Nil	N/A	N/A	Nil

*Notes:*

- (1) The number of securities listed in this column reflect the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (2) The exercise prices listed in this column reflect the adjustments triggered by the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (3) Value based on the 'in-the-money' amount (the difference between the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2015 of Cdn.\$8.05 and the exercise price of the option) of options held as of December 31, 2015.

As reflected in the table above, there are a number of options unexercised by non-executive directors that have yet to expire. All options listed above have fully vested.

Upon a non-executive director ceasing to be a director of the Corporation, his right to exercise an option shall be limited to and shall expire on the earlier of sixty days after the date he ceased to be a director, or the expiry date of the option, to the extent such option was exercisable by the optionholder on the date he ceased to be a director.

**Director Incentive Plan Awards – Value Vested or Earned During Year**

The following table sets forth the value vested or earned on option-based, share-based and non-equity incentive plan awards during the most recently completed financial year for each of the Corporation's non-executive directors.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jorge Bernhard	N/A	Nil	N/A
Jaime Guillen	N/A	Nil	N/A
Antony Mitchell	N/A	Nil	N/A

James V. Lawless	Nil	Nil	N/A
Daryl S. Clark	Nil	Nil	N/A
A. Murray Sinclair	Nil	Nil	N/A
Fraser Buchan	N/A	N/A	N/A

## Part Seven – Other Matters

### ***Securities Authorized for Issuance under Equity Compensation Plans***

#### *Equity Compensation Plan Information*

The following table sets forth certain summary information concerning the Corporation's equity compensation plans as at December 31, 2015. Please see above discussion under the heading "Statement on Executive Compensation - Compensation Discussion and Analysis - Elements of Compensation Program - Omnibus Plan" for discussion of the Omnibus Plan.

<b>Plan Category</b>	<b>(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>(b) Weighted-average exercise price of outstanding options, warrants and rights<sup>(2)</sup></b>	<b>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(3)</sup></b>
Equity compensation plans approved by securityholders	26,451	Cdn.\$70.54	1,524,864
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	26,541	Cdn.\$70.54	1,546,012

#### *Notes:*

- (1) The number of securities listed in this column reflect the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (2) The exercise prices listed in this column reflect the adjustments triggered by the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.
- (3) The number of securities listed in this column reflect the 2,000:1 share consolidation that occurred as part of the 2015 Transaction.

### ***Indebtedness of Directors and Executive Officers***

No director, proposed nominee for director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

### ***Interest of Informed Persons in Material Transactions***

Except as set out below, as of the date of this Circular, no informed person or proposed nominee for director of the Corporation and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Corporation or any of its subsidiaries.

### ***Additional Information***

The Corporation regularly files quarterly and annual financial statements, as well as material change reports, MD&As and other important information with the securities commissions or similar authorities in each of the provinces of Canada. Financial information of the Corporation is contained in the audited and consolidated comparative financial statements and MD&A of the Corporation for the year ended December 31, 2015. Copies of such documents are available on SEDAR at [www.sedar.com](http://www.sedar.com). Election cards have been delivered to Shareholders with this Circular whereby Shareholders can elect to receive interim financials and/or annual financials and the corresponding MD&As.

**APPROVAL OF CIRCULAR BY THE CORPORATION'S BOARD OF DIRECTORS**

The contents of this Circular and its sending to the Shareholders have been unanimously approved by the Board.

Dated this 19<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS,**

(signed) "*Marc Murnaghan*"

Marc Murnaghan  
Chief Executive Officer

## Appendix "A"

### Charter of the Board of Directors

#### GENERAL

The Canadian Securities Administrators have published a number of instruments with respect to corporate governance matters. These instruments mandate corporate governance policies for reporting issuers and provide the framework for disclosure of these policies to the public.

The board of directors (the "**Board**") of Polaris Infrastructure Inc. (the "**Company**") considers good corporate governance to be essential to the director's fiduciary obligations to the shareholders of and integral to the ongoing good management and development of the Company. The Board has developed this Charter to set out the role of the Board. This Charter is subject to the provisions of the Company's articles and by-laws and to applicable laws. This Charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by the Company's articles and by-laws and applicable laws.

#### OPERATIONS OF THE BOARD

The Board is responsible under law for the management of the Company's business and affairs. The Board shall operate by delegating certain of its authorities to management, including the day to day conduct of the business of the Company, while it oversees the activities of management. The Board shall reserve certain powers to itself, including the responsibility of managing its own affairs. Subject to the articles and by-laws of the Company and the Business Corporations Act (British Columbia) (the "**BCBCA**"), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board and shall do so where it considers appropriate.

#### COMPOSITION OF THE BOARD

The Board shall be comprised of at least five directors.

To the extent possible, a majority of the members of the Board shall be independent directors. An "independent director" means directors that have no direct or indirect material relationship with the Company, where a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Schedule "A" to this Charter sets out guidance on what would be considered a material relationship in accordance with National Policy 58-201 Corporate Governance Guidelines. As the guidelines set out in Schedule "A" to this Charter may be revised, updated or replaced from time to time, the Board shall update such schedule as required.

The Chair of the Board shall be appointed annually by the Board to oversee the Board in carrying out its responsibilities effectively.

Each member of the Board shall have the skills and abilities appropriate to his or her appointment as a director, as shall be determined by the Board.

#### GENERAL RESPONSIBILITIES

The Board's fundamental responsibilities are to foster the long-term success of the Company consistent with the Board's fiduciary responsibility to the Company, to enhance and preserve long-term shareholder value and to provide stewardship in order that the Company meets its obligations on an ongoing basis and operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests that its other stakeholders, such as employees, customers and local communities, may have in the Company.

#### SPECIFIC RESPONSIBILITIES

The Board's specific duties and responsibilities fall into the categories outlined below.

### *Legal Requirements*

The Board has the oversight responsibility to direct the activities of management such that the Company meets its legal and regulatory requirements and that the appropriate documents and records are properly prepared, approved and maintained.

The Board has the statutory responsibility to:

- (a) manage or supervise the management of the business and affairs of the Company;
- (b) act honestly and in good faith with a view to the best interests of the Company;
- (c) exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances;
- (d) act in accordance with its obligations contained in the BCBCA and the regulations thereto, the securities legislation of each province and territory in which it is a reporting issuer, other relevant legislation and regulations applicable to the Company, and the Company's articles and by-laws; and
- (e) on the recommendation of the Audit Committee, recommend to the shareholders the appointment of an external auditor and fix the remuneration of the external auditor if it has not been fixed by the shareholders.

### *Composition of Board*

The Board shall from time to time examine its size and composition and undertake, on the recommendation of the Corporate Nominating and Governance Committee and where it considers appropriate, a program to reduce or increase the number of directors to a number which facilitates more effective decision making.

### *Compensation of Directors*

The Compensation Committee shall from time to time review the adequacy and form of the compensation of the directors so that such compensation realistically reflects the responsibilities and risks involved in being a director of the Company.

### *Outside Advisers*

The Board shall implement a system whereby individual directors may engage, at the expense of the Company, an outside advisor (including legal counsel) to provide consultation and advice in appropriate circumstances, subject to approval by the Chief Executive Officer of the Company (the "CEO") or the Board.

### *Independence*

The Board has the responsibility to implement appropriate structures and procedures to permit the Board to function independently of management. Such structures and procedures shall, at a minimum, include:

- (a) the appointment of a Chair of the Board, who to the extent possible, shall be independent of the Company and who shall be responsible for ensuring that the Board discharges its responsibilities independently of management;
- (b) in the absence of an independent Chair of the Board, nominate an independent director to act as lead director;
- (c) the requirement that, to the extent possible, a majority of the members of the Board shall be independent; and
- (d) the adoption of alternative means of ensuring independence from management such as, when appropriate, assignment of responsibility to a committee of the Board.

### *Strategy Determination*

The Board has the responsibility:

- (a) to determine long-term goals, to establish a strategic planning process for the Company, and to participate with management directly or through its committees in approving the mission of, and the annual strategic plan for the Company; and
- (b) to monitor progress in respect of the achievement of the goals established in the strategic plan and to initiate corrective action when required.

#### *Committees of the Board*

The Board shall appoint committees of directors and such committees shall have the responsibilities of meeting regularly and carrying out the duties and powers delegated to them by the Board. The committees of the Company shall at a minimum consist of the following:

- (a) Audit Committee;
- (b) Compensation Committee; and
- (c) Corporate Nominating and Governance Committee.

#### *Managing Risk*

The Board has the responsibility to understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company. The Board also has a responsibility to understand and review, where applicable, the derivative and hedge policies of the Company.

#### *Appointing, Training and Monitoring Directors and Management*

The Board has the responsibility:

- (a) to appoint the CEO, to monitor and assess the CEO's performance, to determine the CEO's compensation in conjunction with recommendations from the Compensation Committee, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to consider the advice of the CEO and the recommendations of the Compensation Committee and the Corporate Nominating and Governance Committee in approving the appointment and remuneration of all Company officers;
- (c) to consider the advice and recommendation of the Corporate Nominating and Governance Committee to satisfy itself that adequate provision has been made for the training, development, continuing education, and, when appropriate, the orderly succession of management;
- (d) to consider the advice and recommendation of the Corporate Nominating and Governance Committee to satisfy itself that adequate provision has been made for the orientation and continuing education of directors; and
- (e) to satisfy itself as to the integrity of the CEO, the integrity of the other executive officers of the Company, and to satisfy itself that the CEO and other executive officers seek to maintain a culture of integrity throughout the Company.

#### *Reporting and Communication*

The Board has the responsibility:

- (a) to verify that the Company has in place policies and programs to enable the Company to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) to verify that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;



- (c) to verify that the financial results are reported fairly and in accordance with generally accepted accounting principles and standards;
- (d) to verify the timely reporting of any other developments that have a significant and material impact on the value of the securities of the Company; and
- (e) to report annually to shareholders on its stewardship of the affairs of the Company for the preceding year.

*Monitoring and Acting*

The Board has the responsibility:

- (a) to verify that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Company is operated, including its Code of Business Conduct and Ethics;
- (c) to review and approve the annual budget, annual financing plans, any payment of dividends and any new financings;
- (d) to review and approve quarterly financial reports and the annual report;
- (e) to verify that the Company sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (f) to verify that the Company has in place appropriate programs and policies for the health and safety of its employees in the workplace;
- (g) to monitor the Company's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (h) to take action it deems appropriate when performance falls short of its goals and objectives or when other special circumstances warrant;
- (i) to review and direct management to establish the necessary processes and procedures to meet the Board's expectations regarding timely scheduling of Board and committee meetings and receipt of materials, reports, presentations and other information from management in a timely and efficient manner, in order to permit the Board to properly carry out its duties and responsibilities; and
- (j) to verify that the Company has implemented adequate internal control and information systems which assist in the effective discharge of its responsibilities.

**OTHER RESPONSIBILITIES**

The Board shall also be responsible for:

- (a) reviewing and assessing this Charter annually and revising it in accordance with the recommendations of the Compensation Committee, the Audit Committee, and the Corporate Nominating and Governance Committee;
- (b) considering the recommendations of the Compensation Committee, the Audit Committee, and the Corporate Nominating and Governance Committee with respect to the charter of each of the committees of the Board and revising such charters accordingly, as appropriate;
- (c) performing any other activities consistent with this Charter, the Company's articles and by-laws and any other governing law and regulation as the Board deems necessary or appropriate in order to carry out its charter; and
- (d) assessing the Board, its committees and each individual director on a regular basis regarding his, her or its effectiveness and contribution. An assessment is to consider:

- (e) in the case of the Board or a Board committee, its charter; and
- (f) in the case of an individual director, the applicable position description(s), if any, the competencies and skills each individual director is expected to bring to the Board, and the attendance of the director at Board or committee meetings.

This Charter shall not be taken to create a level of duty, or increase the liability of the Company, the Board, or any of its directors or management, beyond that otherwise provided by applicable law. The systematic identification, management and delegation of the business and affairs of the Company contained in this Charter are intended to improve the process of the Company's corporate governance.

#### **MEETINGS OF THE BOARD**

The Board shall meet at such times and places as designated by the Chair of the Board at least on a quarterly basis, and whenever a meeting is requested by a member of the Board or a senior officer of the Company.

Notice of each meeting of the Board shall be given to each member of the Board.

Notice of a meeting of the Board shall:

- (a) be in writing (which may be communicated by electronic facsimile or other communication facilities);
- (b) state the nature of the business to be conducted at the meeting in reasonable detail;
- (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
- (d) be given at least 24 hours preceding the time stipulated for the meeting.

All members of the Board are expected to attend all meetings, to have read all of the meeting documents prior to the meeting and to come to the meetings fully prepared to discuss all of the "tabled" issues.

A quorum for the transaction of business at a meeting of the Board shall consist of a majority of the members of the Board and such quorum of directors may exercise all the powers of the directors.

A director may participate in a meeting of the Board by means of such telephonic, electronic or other communication facilities as to permit all persons participating in the meeting to communicate adequately with each other. A director participating in the meeting by any such means is deemed to be present at that meeting.

In the absence of the Chair of the Board, the directors present at any such meeting shall choose one of the directors present at the meeting to be chair of the meeting and, in the absence of the Corporate Secretary, the Board shall choose one of the directors present at the meeting to be the corporate secretary of the meeting.

Minutes shall be kept of all meetings of the Board and shall be signed by the chair and corporate secretary of the meeting. The minutes shall be maintained with the Company's records, shall include copies of all resolutions passed at each meeting, and shall be available for review by members of any committee, the Board and management.

The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

#### **EFFECTIVE DATE**

This Charter was implemented by the Board on August 18, 2010.

## Appendix "B"

### ORDINARY RESOLUTION APPROVING AN AMENDMENT TO THE METHOD OF GIVING NOTICE IN THE ARTICLES

**In order to be effective, the following ordinary resolution requires approval by a majority of the votes duly cast in person or by proxy by the Shareholders at the Meeting. See "Approval of an Amendment to the Method of Giving Notice in the Articles."**

"WHEREAS,

1. The Board of Directors of the Corporation that the Corporation amend the Articles of the Corporation to clarify that a notice, statement, report or other record required or permitted by the BCBCA or pursuant to the Articles can be sent by or to a person in any manner permitted under applicable securities laws (the "Notice Amendment"); and
2. In order for the Notice Amendment to become effective, an amendment to the Articles must be approved at the Meeting by ordinary resolution.

BE IT RESOLVED, as an ordinary resolution, that:

1. The Articles of the Corporation be amended by adding subsection (6) to Section 24.1 Method of Giving Notice as set out below:

"(6) as otherwise permitted by any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Corporation and all regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation.";

2. The Corporation be authorized to include the Notice Amendment approved above in the amended and restated Articles attached as Appendix B to the Proxy Statement; and

3. Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution."

**It is the intention of the Corporation proxyholders named in the accompanying form of proxy, if not expressly directed to the contrary in the proxy, to vote FOR the ordinary resolution authorizing the approval of the Notice Amendment.**

**Appendix "C"**

Change of Auditor Reporting Package

# POLARIS

Polaris Infrastructure Inc.  
2 Bloor St W, Suite 2700  
Toronto, ON M4W 3E2

## NOTICE OF CHANGE OF AUDITOR

September 25, 2015

**To:** Deloitte LLP

**And To:** PricewaterhouseCoopers LLP

**And To:** Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Office of the Superintendent of Securities (Prince Edward Island)  
Office of the Superintendent of Securities Service Newfoundland and Labrador

**Re:** Notice of Change of Auditor - Polaris Infrastructure Inc. (the "Corporation")

Notice is made pursuant to Section 4.11 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("NI 51-102") as follows:

- a. Deloitte LLP, on its own initiative, has submitted its resignation as the auditor of the Corporation effective as of September 25, 2015 (the "**Effective Date**"). The Corporation appointed PricewaterhouseCoopers LLP as the auditor of the Corporation to fill the resulting vacancy as of the Effective Date
- b. The acceptance of Deloitte LLP's resignation and the appointment of PricewaterhouseCoopers LLP was, in each case, considered and approved by the Board of Directors, following consideration and recommendation by the Audit Committee, and constitutes the "resignation" of Deloitte LLP and the "appointment" of PricewaterhouseCoopers LLP for the purposes of NI 51-102.
- c. The auditor's reports of Deloitte LLP on the financial statements of the Corporation for the fiscal years ended December 31, 2014 and 2013 did not express a modified opinion.
- d. There have been no "reportable events" (as defined in Section 4.11 of NI 51-102).

[Remainder of page intentionally left blank. Signature page follows.]

DATED this 25<sup>th</sup> day of September, 2015.

**POLARIS INFRASTRUCTURE INC.**

By:

A handwritten signature in black ink, appearing to be 'S. Downey', written over a horizontal line.

Name: Shane Downey

Title: Chief Financial Officer



September 25, 2015

**To:**

**Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Office of the Superintendent of Securities (Prince Edward Island)  
Office of the Superintendent of Securities Service Newfoundland and Labrador**

We have read the statements made by Polaris Infrastructure Inc. in the attached copy of change of auditor notice dated September 25, 2015, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated September 25, 2015.

Yours very truly,

**(Signed) "PricewaterhouseCoopers LLP"**

**Chartered Professional Accountants, Licensed Public Accountants**

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*PricewaterhouseCoopers LLP  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215 [www.pwc.com/ca](http://www.pwc.com/ca)*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

September 25, 2015

Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
The Manitoba Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Office of the Superintendent of Securities (Prince Edward Island)  
Office of the Superintendent of Securities Service Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Polaris Infrastructure Inc. – Change of Auditor

Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations, we have reviewed the information contained in the Notice of Change of Auditor of Polaris Infrastructure Inc. dated September 25, 2015 (the “Notice”) and, based on our knowledge of such information at this time, we agree with the statements made in the Notice. Deloitte provided its resignation to the management of Polaris Infrastructure Inc. effective September 25, 2015.

Yours very truly,



Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants









