POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES 2016 SECOND QUARTER RESULTS

TORONTO, ON (August 9, 2016) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the “Company”), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, is pleased to report its financial and operating results for the quarter ended June 30, 2016. This earnings release should be read in conjunction with Polaris Infrastructure’s financial statements and management’s discussion and analysis (“MD&A”), which are available on the Company’s website at www.polarisinfrastructure.com and have been posted on SEDAR at www.sedar.com. The dollar figures below are denominated in US Dollars unless noted otherwise.

HIGHLIGHTS

San Jacinto-Tizate Project Highlights

- **Solid power generation and revenue:** The San Jacinto-Tizate Power Plant (the “San Jacinto project”) generated 101,515 MWh (net) (an average of 46.5 MW (net)), resulting in revenue of $12.1 million for the quarter ended June 30, 2016, compared to revenue of $12.8 million on generation of 110,485 MWh (net) (an average of 50.6 MW (net)), for the same period in 2015. The decrease in power generation was largely the result of temporary well shut-ins associated with the workover of four injection wells.
- **Strong Adjusted EBITDA driven by ongoing cost controls:** The Company generated Adjusted EBITDA (a non-GAAP measure) of $9.8 million in the second quarter of 2016, a 2.3% decrease from the same period in 2015, driven by decreased San Jacinto project revenues largely offset by reduced general and administrative expenses. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total loss and comprehensive loss.*
- **Substantial completion of 2015/2016 drilling program:** After commencing in October 2015, the drilling execution portion of the 2015/2016 San Jacinto project drilling program was substantially completed on July 21, 2016. While a more detailed discussion of the 2015/2016 drilling program can be found in our MD&A, highlights are as follows:
  - Drilling of the third and final new production well at the San Jacinto project, SJ 9-4, was completed on July 21, 2016, approximately one week ahead of schedule. As contemplated in the original drilling plan, a total loss of drilling fluids was experienced, indicating a zone of high permeability and the well was completed at a depth of 1,525 metres measured depth. While it is too early to estimate incremental MW contribution, the well has reached over 260°C and was able to successfully flow on its own in a discharge test performed last week, creating optimism with respect to the extent of incremental power generation. We expect to have SJ 9-4 connected to the San Jacinto power plant in late October 2016.
  - The first new production well, SJ 6-3, is in the final stages of thermal recovery. While the well has not yet reached its expected temperature, it is currently connected to the plant and contributing additional steam to improve overall plant generation.
  - Drilling of the second new well, SJ 14-1, was completed in late April 2016, and we anticipate bringing it into service as an injection well for cold condensate, which is a critical component of our overall geothermal fluid management strategy.
- **Highly successful injection well workover program:** Before drilling SJ 9-4, we completed the mechanical workover and acidization of four existing injection wells, with the primary objective being to increase overall reinjection capacity. The injection well workover program was highly successful, with highlights as follows:
  - Achieved approximately 31% increase in injection capacity;
  - Workovers were completed in 57 days, which is 13 days ahead of schedule and approximately $700,000 under budget;
  - Sufficient additional injection capacity was created such that we can accept incremental geothermal fluids from SJ 6-3 and SJ 9-4 as they come on-line, while also taking an in-field injection well, SJ 9-2, out of service. SJ 9-2 is currently heating up, with the aim of converting from an injection well to a production well. Given there is no drilling risk and nominal capital cost associated with the possible conversion of SJ 9-2, any incremental power generation is viewed favourably from a risk-adjusted return on capital perspective.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three and six months ended June 30, 2016 and 2015 are summarized below:

	Three months ended		Six months ended	
(all $ figures in thousands except loss per share)	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Average production	46.5 MW (net)	50.6 MW (net)	47.4 MW (net)	49.7 MW (net)
Total revenue	$ 12,145	$ 12,817	$ 24,705	$ 25,152
Adjusted EBITDA (1)	9,838	10,073	20,217	19,579
Finance costs	(4,239)	2,127	(8,486)	(4,270)
Net loss attributable to owners of the Company	(2,305)	(9,633)	(4,375)	(11,825)
Loss per share (basic and diluted) to owners of the Company	($0.15)	($1.16)	($0.28)	($2.78)

	As at June 30, 2016	As at December 31, 2015
Total assets	$ 413,387	$ 415,863
Long-term debt	177,913	180,366
Total liabilities	215,891	212,974
Cash	47,641	61,592
Working capital	40,563	53,027

(1) Refer to *Use of Non-GAAP Measures* section for further details with respect to calculation of Adjusted EBITDA.

For the three months ended June 30, 2016, the Company reported revenue of $12.1 million and Adjusted EBITDA of $9.8 million, compared to revenue of $12.8 million and Adjusted EBITDA of $10.1 million, for the same period in 2015. The decrease in revenue resulted lower average power generation, which stemmed largely from the injection well workover program necessitating the temporary shut-in of production wells, exceeding the impact from the 3% annual tariff increase. The small decrease in Adjusted EBITDA reflects the decrease in contribution from the San Jacinto project, largely offset by reduced general and administrative expenses. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total loss and comprehensive loss.*

For the six months ended June 30, 2016, the Company reported revenue of $24.7 million and Adjusted EBITDA of $20.2 million, compared to revenue of $25.2 million and Adjusted EBITDA of $19.6 million, for the same period in 2015. The decrease in revenue was the result of the 3% annual tariff increase being more than offset by lower average power generation. The increase in Adjusted EBITDA reflects the strong emphasis on cost control at each of corporate head office in Toronto, regional head office in Managua and at the San Jacinto project. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total loss and comprehensive loss.*

For the six months ended June 30, 2016, the Company had net operating cash inflows of $9.9 million, net investing cash outflows of $18.0 million and net financing cash outflows of $5.8 million. The Company expended $19.3 million with respect to the 2015/2016 San Jacinto drilling program. At June 30, 2016, the Company had cash of $47.6 million, of which $19.7 million was held for current use in the San Jacinto project.

“We are pleased with the operating results of the second quarter of 2016, particularly in light of the effort and short-term disruption associated with the drilling program,” said Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure. “The underlying core of our Company, the San Jacinto steamfield, continues to deliver strong and sustainable steam flows. We look forward to seeing the tangible results of the drilling program in the upcoming quarters.”

Polaris Infrastructure will hold its earnings call to discuss financial and operating results for the quarter ended June 30, 2016 on Tuesday, August 16, 2016 at 10:00 am EDT. To listen to the call, please dial +1 (647) 788-4919 or +1 (877) 291-4570.

About Polaris Infrastructure

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

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USE OF NON-GAAP MEASURES

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

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

	Three months ended		Six months ended	
(in thousands)	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Total loss and comprehensive loss attributable to Owners of the Company	$ (2,305)	$ (9,633)	$ (4,375)	$ (11,825)
Add (deduct):				
Net loss attributable to non-controlling interest	(19)	-	(36)	-
Current and deferred tax expense	1,760	(711)	3,596	1,130
Finance costs	4,239	(2,127)	8,486	4,270
Interest income	(93)	(21)	(168)	(28)
Other losses (gains)	23	4,968	165	1,810
Depreciation and amortization of plant assets	5,955	6,681	11,943	13,306
Share-based compensation	278	820	606	820
Adjusted EBITDA	$ 9,838	$ 10,073	$ 20,217	$ 19,579

Cautionary Statements

This news release 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 Company's growth, results of operations, estimated future revenue, requirements for additional capital, revenue and production costs, future demand for and prices of electricity, 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, labor disputes and other risks of the geothermal industry; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled “Risk Factors” in the Company’s Annual Information Form. These factors should be considered carefully and readers of this news release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The information in this news release, including such forward-looking information, is made as of the date of this news release and, other than as required by applicable securities laws, Polaris Infrastructure assumes no obligation to update or revise such information to reflect new events or circumstances.