POLARIS

POLARIS INFRASTRUCTURE INC.
Management's Discussion and Analysis
For the Years Ended December 31, 2019 and 2018 **March 4, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Infrastructure Inc. and its subsidiaries ("Polaris Infrastructure," "we", "us", "our", or the "Company") for the year ended December 31, 2019, and reflects all material events up to March 4, 2020, the date on which this MD&A was approved by the Company's Board of Directors. All amounts, unless specifically identified as otherwise, both in the consolidated financial statements and this MD&A are expressed in U.S. dollars.

This MD&A supplements, but does not form part of, the Company's audited consolidated financial statements and accompanying notes for the years ended December 31, 2019, and 2018. Additional information relating to the Company, such as the Annual Information Form ("AIF") can be found on the System for Electronic Disclosure and Retrieval ("SEDAR") at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information or future-oriented financial information and, as such, is based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note at the end of this MD&A regarding the risks associated with the forward-looking information and the risk factors set out under the headings "RISKS AND UNCERTAINTIES" in this MD&A, and "Forward Looking Statements" and "Risk Factors" in the Company's AIF for the year ended December 31, 2019 available on SEDAR at www.sedar.com.

NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A 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.

This MD&A and certain of Polaris's press releases include references to the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA per share, cash flow from operations, cash flow from operations per share, free cash flow, and free cash flow per share, which are non-GAAP measures. These measures should not be considered alternatives to net earnings (loss) attributable to the owners of the Company, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Polaris's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris operating performance. For reconciliations of these non-GAAP measures to their nearest IFRS measure, refer to the *Non-GAAP Performance Measures section* below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported adjusted EBITDA and adjusted EBITDA per share, and for a reconciliation of cash provided by operating activities under IFRS to reported cash flow from operations, cash flow from operations per share, free cash flow and free cash flow per share.

Adjusted EBITDA

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, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and do not reflect its operating performance. Adjusted EBITDA is not intended to be representative of net earnings from operations or an alternative measure to cash provided by operating activities determined in accordance with IFRS.

Cash Flow from Operations

Cash flow from operations is used by the Company to determine cash flows from operating activities without the effects of certain volatile items that can positively or negatively affect changes in working capital and are viewed as not directly related to Polaris' operating performance. Cash flow from operations is not intended to be representative of cash flows from operating activities determined in accordance with IFRS.

Free Cash Flow from Operations

Free cash flow from operations represents the cash generated from the business that the Company believes is representative of cash available to pay dividends while preserving long-term value of the business. Free cash flow from operations is calculated as cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansionary capital expenditures; interest incurred on outstanding debt; scheduled principal repayments; exclusion of operating costs for projects under construction; net proceeds from sale of development assets and other adjustments as appropriate. Management believes free cash flow is a meaningful measure of Polaris' ability to generate cash flow after all on-going obligations (except common share dividends) to be available to invest in growth initiatives and fund dividend payments.

TABLE OF CONTENTS

2019 HIGHLIGHTS

- Construction of the Company's two hydroelectric facilities, the El Carmen facility ("El Carmen facility") and the 8 de Agosto facility ("8 de Agosto facility"), was completed during the fourth quarter of 2019.

- Commercial operation date ("COD") declared on November 30, 2019 for the El Carmen facility and December 25, 2019 for 8 de Agosto facility.

- We delivered a consolidated 570,934 MWh (net) from our geothermal facility in Nicaragua (the "San Jacinto facility") and hydroelectric facilities in Peru, with the Canchayllo facility ("Canchayllo facility") producing over the 25,000 MWh committed under the applicable power purchase agreement ("PPA").

- We generated $71.2 million in revenue from energy sales during 2019.

- We reported $14.5 million in total net earnings and comprehensive earnings attributable to us, equivalent to $0.92 per share - basic.

- We reported $58.9 million in Adjusted EBITDA(1), for the 2019 year. On a per share basis, we reported Adjusted EBITDA(1) of $3.75 per share.

- In May 2019 we completed an offering of C$25.0 million, 7% interest senior unsecured convertible debentures, due in 2024, obtaining net proceeds of $17.6 million.

- During 2019 we generated $44.6 million in cash flows from operating activities compared to $37.4 million in 2018.

- We remain committed to paying a quarterly dividend. We declared and paid $9.4 million in dividends during the year ended December 31, 2019 and paid the sixteenth quarterly dividend of $0.15 per outstanding common share on February 28, 2020.

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(1) The terms EBITDA, Adjusted EBITDA and Adjusted EBITDA per share are Non-GAAP measures. See the *Non-GAAP Performance Measures section* below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported EBITDA, adjusted EBITDA and Adjusted EBITDA per share.

OPERATIONS AND FINANCIAL HIGHLIGHTS

	Three Months Ended		Years Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Energy production				
Consolidated Power (MWh) net	144,760	148,498	570,934	548,510
Financials				
Revenue from energy sales	$ 17,766	$ 18,286	$ 71,190	$ 68,824
Net earnings	13,555	8,775	12,843	17,239
Net earnings attributable to owners	13,555	8,775	14,496	17,177
Adjusted EBITDA(1)	14,277	13,296	58,934	56,277
Cash flow				
Net cash flows related to operating activities	12,936	8,018	44,609	37,405
Cash flow from operations(2)	11,091	9,503	44,232	40,623
Free cash flow from operations(2)	6,725	6,095	28,338	26,708
Dividends paid	2,356	2,352	9,423	9,407
Balance Sheet				
Cash			32,597	37,809
Restricted cash			5,941	8,611
Total current assets			48,682	54,099
Total assets			463,744	465,550
Current and Long term debt (net)			183,671	180,053
Total Liabilities			256,518	262,061
Working Capital			13,635	14,036
Per share				
Net earnings attributable to owners - basic	$ 0.86	$ 0.56	$ 0.92	$ 1.10
Net earnings attributable to owners - diluted	$ 0.83	$ 0.52	$ 0.89	$ 1.04
Adjusted EBITDA(1)	$ 0.91	$ 0.85	$ 3.75	$ 3.59
Net cash flows related to operating activities	$ 0.82	$ 0.51	$ 2.84	$ 2.39
Cash flow from operations(2)	$ 0.71	$ 0.61	$ 2.82	$ 2.59
Free cash flow from operations(2)	$ 0.43	$ 0.39	$ 1.80	$ 1.70

(1) The terms Adjusted EBITDA and Adjusted EBITDA per share are Non-GAAP measures. See the *Non-GAAP Performance Measures section* below for a reconciliation of consolidated net earnings (loss) attributable to the owners of the Company reported under IFRS to reported EBITDA, adjusted EBITDA and Adjusted EBITDA per share.

(2) The terms Free Cash Flow from Operations and Free Cash Flow from Operations per share are Non-GAAP measures. See the *Non-GAAP Performance Measures section* below for a reconciliation of cash provided by operating activities under IFRS to reported free cash flow, and free cash flow per share.

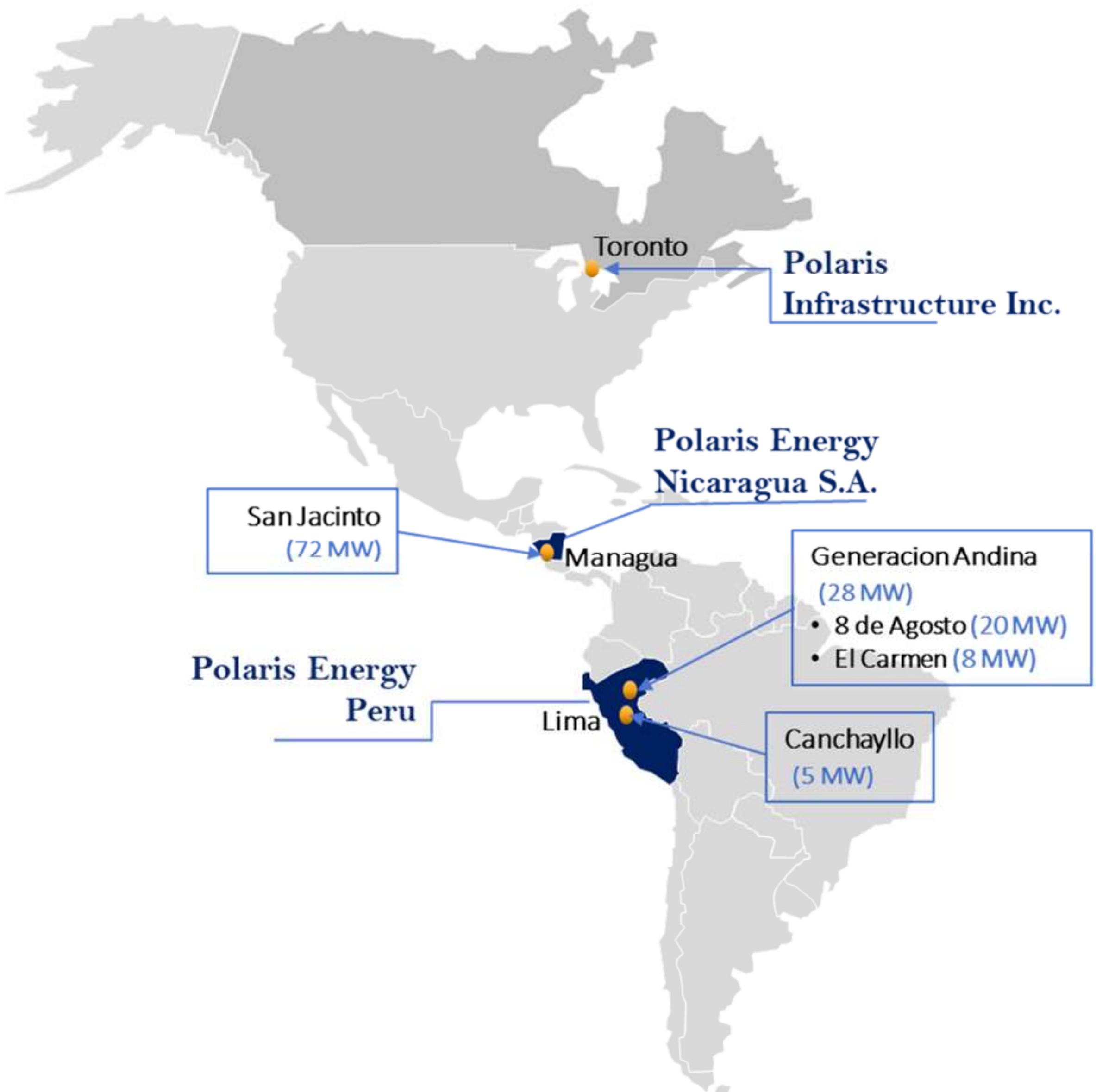
BUSINESS OVERVIEW AND STRATEGY

Polaris Infrastructure is a Toronto-based company engaged in the acquisition, development and operation of renewable energy projects in Latin America. Currently we operate a 72 MW (net) geothermal project in Nicaragua, and three run-of-river hydroelectric facilities in Peru, with approximately 5 MW (net), 8 MW (net) and 20 MW (net) capacity, each. Construction of two of the hydroelectric facilities was completed in late 2019, with COD achieved on November 30, 2019 and December 25, 2019.

Our mission is to be a Latin America-focused renewable power project developer and operator, while providing superior shareholder returns. Senior management has extensive experience in critical areas of renewable energy, finance, development and operations. The Board of Directors of the Company (the "Board") is comprised of individuals with a broad range of industry and business expertise who are well qualified to provide oversight and strategic direction to the Company and who, as a group, have deep knowledge and extensive experience operating in Latin America.

The Company operates in Peru and Nicaragua, which are both Latin American nations with rapidly growing energy needs and governments that have stated mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. According to the International Energy Agency, between 1990 and 2018, Peru's electricity consumption has risen by 291% compared with energy production growth of 127%. Similarly, Nicaragua's electricity consumption increased by 300% while is production increased by 100% over the same period. The Company believes that such underlying factors create a general economic and political environment that is very supportive of the renewable power projects that the Company develops and operates in both jurisdictions.

Events, transactions and activities relating to Polaris Infrastructure's properties which occurred during the year ended December 31, 2019 and to the date of this MD&A are discussed below.



OPERATING FACILITIES

San Jacinto facility- Tizate – San Jacinto, Nicaragua

Through our subsidiary, Polaris Energy Nicaragua S.A. ("PENSA"), we own and operate a 72 MW (net) capacity geothermal facility. The San Jacinto facility is located in northwest Nicaragua, near the city of Leon, approximately 90 km northwest of Managua.

PENSA has a PPA in place for the San Jacinto facility with Nicaraguan power distributors Disnorte-Dissur. PENSA entered into the San Jacinto exploitation agreement with the Nicaraguan Ministry of Energy and

Mines ("MEM") to develop and operate the San Jacinto facility. Under the PPA, the San Jacinto facility generated 532,987 MWh (average 60.8 MW (net)) and 543,313 MWh (average 62 MW (net)) for the years ended December 31, 2019 and 2018, respectively. These production figures are net of all plant downtime, both planned and unplanned.

For the years ended December 31, 2019, the San Jacinto facility generated revenue of $69.4 million.

Canchayllo facility – Canchayllo, Peru

The Canchayllo facility is a run-of-river hydroelectric facility with a rated capacity of approximately 5 MW located in the Canchayllo district of Peru. The facility was put into operation on January 1, 2015 and has a US dollar-denominated PPA with the MINEM that is effective until December 31, 2034. The current price of the PPA is $50.50 per MWh and has an inflation adjustment mechanism until the end of the PPA. The facility is expected to produce approximately 28,000 to 31,000 MWh per year.

For the year ended December 31, 2019 the Canchayllo facility generated revenue of $1.3 million, with 30,234 MWh and 3.5 MW (net) average production for the year.

Generación Andina facilities– Huanuco, Perú: El Carmen facility and 8 de Agosto facility

El Carmen facility (~ 8 MW expected capacity) and 8 de Agosto facility (~ 20 MW expected capacity) are two run-of-river hydroelectric facilities in the Huanuco region of Peru. The construction of both facilities was completed during the fourth quarter of 2019. The El Carmen facility declared COD on November 30, 2019 and the 8 de Agosto facility declared COD on December 25, 2019, both commencing the delivery of electricity to the grid and recognition of the associated revenue on such dates.

To complete the construction of the Generación Andina facilities, we spent approximately $40.1 million during 2019, plus $4.0 million in the fourth quarter of 2018 and an additional $1.9 million in costs and expenses, including legal fees in connection with the acquisition of Union Energy Group ("UEG") and its subsidiaries, completed in October 2018. Under the terms of the Generación Andina amended and restated term facility agreement with Deutsche Investitions- und Entwicklungsgesellschaft and Nederlandse Financierings-Maatschappij voor de Ontwikelingslanden N.V., the aggregate contributions and costs incurred (defined as "Additional Project Capital"), which includes the $1.9 million in transaction costs and expenses previously mentioned, accrue a 15% annual return from October 30, 2018, the acquisition date, up to COD of both projects which amount will be capitalized upon COD. After COD, a 15% return on investment on the Additional Project Capital is payable to us semi-annually, out of cash flows from the Generación Andina facilities, after senior debt service.

Both facilities are connected to the national grid through a 60 km transmission line owned by us, which is at approximately 50% of its capacity now that the facilities are operating. While not anticipated in the short-term, it is possible that in the future the excess capacity on the transmission line can be sold to other projects that may be developed in the region.

For the period between commencement of operations and December 31, 2019, the Generación Andina facilities generated $0.5 million in revenues, with average production for that period of 7.6 MW (net) for the El Carmen facility and 11.0 MW (net) for the 8 de Agosto facility.

DEVELOPMENT PROPERTIES

San Jacinto Binary Project

We have thoroughly assessed the ability to extract waste heat from the brine that is currently produced from the production wells at the San Jacinto facility, and then re-injected into the field. Such brine is of a sufficient temperature that we expect that the Organic Rankin Cycle can be used to produce approximately 10-12 MWs of additional power. A separate power contract would need to be negotiated in the event that we decide to pursue the addition of a binary unit to the current plant. Based on initial capital cost estimates and anticipated power contract pricing, the project looks attractive economically.

Peru Development Projects

The early stage development pipeline in Peru consists of four small scale projects (ie: < 20 MW (net) average production per project) totaling approximately 70 MW (net) average production and one large scale project of approximately 119 MW (net) average production.

We are currently evaluating the projects and their viability, and due to the current conditions of the merchant market, we have focused our efforts on other development opportunities in Peru and the region. However, we think that in the medium to long term, such projects will have a greater probability of being developed.

Casita Project

The Casita-San Cristobal project (the "Casita project") is located, in the Department of Chinandega, in northwest Nicaragua. In 2008, Cerro Colorado Power, S.A., an 85.5% owned subsidiary of the Company, was awarded the Casita project exploration concession with an area of 100 km^2. During the year ended December 31, 2019, we reassessed the conditions required to advance the project and concluded that securing development funding on attractive terms in the near term was unlikely. Accordingly, the historical capitalized costs of $11.6 million was written-off and recognized as an impairment loss as of December 31, 2019.

Other North America Development Projects

We have been pursuing a course of action to divest various lease interests and otherwise reduce annual costs associated with these non-core assets, with strategic focus on maximizing the cash flow and profitability of our producing assets in Nicaragua and Peru. On November 1, 2019, we entered into an agreement with a third party to sell the right, title and interest in the Orita project, including the geothermal leases for a purchase price of $0.3 million plus interest. The Orita project had no carrying value but a decommissioning liability of approximately $2.0 million, which has been reversed as of December 31, 2019.

SOCIAL AND ENVIRONMENTAL ACTIVITIES

Social and Environmental Programs, Nicaragua

The Company is committed to investing in the local communities surrounding its Nicaraguan and Peruvian facilities through programs aimed at improving the quality of education, sustainability of the environment, health of individuals, access to sports and agricultural processes.

PENSA has a variety of initiatives geared towards the educational context. In February 2019, PENSA implemented an initiative to help bring education-related technologies to local elementary and high schools in the surrounding areas of the San Jacinto facility. Other initiatives include the ¡Quiero Leer Para Aprender! ("I Want to Read so I can Learn") program, the "Learning Roots" project and the "Educational Robotics" pilot project. PENSA has also assisted with the implementation of the LEGO Education methodology in local schools, which has beneficial impacts on students' social, technical and cognitive development. PENSA's focus on environmental protection can be seen through the various campaigns it is part of, some of which include the planting of trees, cleanup of the community and prevention of forest fires. It has also created an environmental training program aimed at students and PENSA employees. With the assistance of other organizations, PENSA implemented the San Jacinto-Tizate Community Water Rehabilitation Project which is benefitting the five communities surrounding the San Jacinto facility. It has also donated equipment for the local health post, including a dentistry station and an ultrasound station. In October 2019, PENSA built its fifth sports-related facility. PENSA also focuses its efforts in the agricultural context by assisting local farmers who produce a variety of products and donating useful machinery to help create efficiency in the agricultural process.

Social and Environmental Programs, Peru

With its Peruvian facilities now in full operation, the Company continues to undertake a rigorous review of its social and environmental programs in the region with the aim of developing Peruvian programs similar to those undertaken and operating successfully in Nicaragua. The Company's first Peruvian initiative is aimed at assisting local farmers in the Monzon Valley district with crop yields and access to ready markets, the goal of which is to help improve their production practices, development and market strategy. For further details about our social and environmental initiatives, please visit our corporate website at https://polarisinfrastructure.com/corporate-responsibility/.

OPERATIONAL RESULTS

	Three Months Ended		Years Ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Power production in MWh				
Nicaragua				
San Jacinto (Geothermal)	132,182	143,301	532,987	543,313
Peru				
Canchayllo (Hydroelectric)	4,866	5,197	30,234	5,197
Generación Andina: 8 de Agosto (Hydroelectric)	1,848	-	1,848	-
Generación Andina: El Carmen (Hydroelectric)	5,865	-	5,865	-
Total Peru in MWh	12,579	5,197	37,948	5,197
Total consolidated power production in MWh	**144,760**	**148,498**	**570,934**	**548,510**

During the three months period ended December 31, 2019 we decreased our power production to 144,760 MWh (net) from 148,498 MWh (net) in the same period of 2018, as a result of a decrease in MWh (net) produced by San Jacinto partly offset by the additional production from Generación Andina projects. During the three months period ended December 31, 2019, the San Jacinto facility produced 59.9 MW average (net), compared to 64.9 MW average (net) in the same quarter of 2018 and compared to 60.2 MW average (net) for the third quarter of 2019. The decrease in San Jacinto's net power generation was mainly the result of the fact that well SJ 12-5 had only been online since April 2018 and geothermal fields can take between 12 to 18 months to stabilize after new large wells are brought onto production. The decrease in Canchayllo's net power generation was the result of lower water volume at the river and planned maintenance performed in the fourth quarter of 2019.

During the year ended December 31, 2019 we increased our power production by 4% to 570,934 MWh (net) from 548,510 MWh (net) in the 2018 year, as a net result of additional production from our Peruvian facilities, partly offset by a 2% decrease in production from San Jacinto. During the first half of 2019, San Jacinto production benefited from lower than expected downtime and additional steam flows resulting from new wells connected in the first half of 2018; however, over the second half of the year production at the plant decreased due to expected natural decline coupled with cyclical behavior in certain wells, compared to 2018. We are noticing a stabilization in the field and production in the first quarter to date has marginally increased from the third and fourth quarters of 2019.

On February 25, 2020 the El Carmen facility reported a failure on one of its air-release valves, which resulted in water escaping from the penstock and into the powerhouse for approximately 30 minutes. Fortunately, no injuries were reported. We dispatched the appropriate technical teams to assess the impact of this incident, for which cleanup is currently ongoing. A full assessment of downtime and necessary repairs to restart operations is expected to be completed by mid-March 2020.

FINANCIAL RESULTS

	Three Months Ended		Years Ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue	$ 17,795	$ 18,286	$ 71,251	$ 68,824
Direct costs				
Other direct costs	(2,227)	(2,205)	(7,709)	(7,241)
Depreciation and amortization of plant assets	(5,879)	(5,801)	(23,414)	(22,857)
General and administrative expenses	(1,300)	(2,560)	(5,009)	(4,274)
Impairment loss	-	-	(11,564)	-
Other operating costs	(90)	(287)	(403)	(458)
Operating income	**$ 8,299**	**$ 7,433**	**$ 23,152**	**$ 33,994**
Interest income	195	1,042	1,062	1,581
Finance costs	(4,608)	(4,436)	(18,102)	(16,633)
Other gains (losses)	3,725	5,838	3,930	5,399
Earnings and comprehensive earnings before income taxes	**$ 7,610**	**$ 9,877**	**$ 10,042**	**$ 24,341**
Income tax recovery (expense)	5,945	(1,102)	2,801	(7,102)
Total earnings and comprehensive earnings	**$ 13,556**	**$ 8,775**	**$ 12,843**	**$ 17,239**
Total earnings and comprehensive earnings attributable to:				
Owners of the Company	13,555	8,775	14,496	17,177
Non-controlling interests	-	1	(1,653)	62
Basic earnings per share	$ 0.86	$ 0.56	$ 0.92	$ 1.10
Diluted earnings per share	$ 0.83	$ 0.52	$ 0.89	$ 1.04

Three-month periods ended December 31, 2019 versus December 31, 2018

The decrease in production to 144,760 MWh during the three months ended December 31, 2019 from 148,498 MWh in the same quarter of 2018 resulted in a $0.5 million decrease in revenue during the three months ended December 31, 2019. The decrease in consolidated MWh production was the net result of a decrease in power generation from the San Jacinto facility, to 132,182 MWh in the 2019 period from 143,301 MWh in the 2018 period, coupled with a slight decrease in Canchayllo's production and partially offset by the addition of 7,713 MWh power generated by Generación Andina, which started delivering energy to the grid late in the fourth quarter of 2019, as mentioned above.

Direct costs of energy production (other than depreciation and amortization) were $2.2 million for both the three months ended December 31, 2019 and 2018. The depreciation and amortization expense associated with energy production (included in direct costs) for the three months ended December 31, 2019 was $5.9 million, which was $0.1 million higher than the same period in 2018 as a result of Canchayllo facility depreciation charges recognized in the fourth quarter of 2019.

General and administrative expenses for the three months ended December 31, 2019 decreased to $1.3 million from $2.6 million in the same period as 2018, primarily since the 2018 balance included $1.6 million of costs recognized in connection with the acquisition of the Peruvian projects in October 2018.

Interest income for the three months period ended December 31, 2019 was $0.2 million, a decrease of $0.8 million from the $1.0 million balance in the prior period in 2018, due to the impact of the gain from the write off of a principal and interest loan recognized in the three month period ended December 31, 2018.

For the three months ended December 31, 2019, finance costs of $4.6 million was recorded, a slight increase of $0.2 million from the prior year period, which resulted from the accretion on the debentures issued in May 2019. Interest of $0.4 million incurred on the Generación Andina facilities debt was capitalized during the three-month period ended December 31, 2019.

Other gains for the three months ended December 31, 2019 decreased to $3.7 million from $5.8 million in the same period as 2018, mainly as the 2018 balance included the gain from the acquisition of the Peruvian projects, completed in October 2018.

We recognized earnings attributable to us of $13.6 million for the three months ended December 31, 2019 compared to $8.8 million for the same period in 2018. The $4.8 million increase in earnings was driven primarily by the recognition of income tax recovery coupled with the decrease in general and administrative expenses, and partly offset by a decrease in revenue contributed by the San Jacinto facility, interest income and other gains (losses), noted in the last three months of 2019.

On a quarter over quarter basis, Adjusted EBITDA increased to $14.3 million from $13.3 million principally as a result of a $1.3 million decrease in general and administrative costs, partly offset by the $0.5 million decrease in revenue driven by the San Jacinto facility. *See the Non-GAAP Performance Measures section below for reconciliation of Adjusted EBITDA to Net earnings (loss) and comprehensive earnings (loss).*

Cash flow from operations during the three months ended December 31, 2019 increased by $1.6 million to $11.1 million from $9.5 million, due to a decrease in general and administrative costs, coupled with lower interest paid when compared to the same period of 2018, partly offset by the $0.5 million decrease in revenue from the San Jacinto facility noted above. Free cash flow from operations increased by $0.6 million in the fourth quarter of 2019 to $6.7 million from $6.1 million in the same period of 2018 due to $1.2 million higher repayment of debt partly offset by lower capital expenditures incurred in the three months ended December 31, 2019. *Please refer to the Non-GAAP Performance Measures section below for reconciliation of Cash flow from operations and Free cash flow from operations to Cash provided by (used in) operating activities under IFRS.*

During the three months ended December 31, 2019, we incurred $13.7 million for additions to construction and progress and PP&E, which mainly related to our Generación Andina facilities.

Years ended December 31, 2019 versus December 31, 2018

During the year ended December 31, 2019, we generated a consolidated average of 570,934 MWh compared to a consolidated average of 548,510 MWh in the year ended 2018, representing an increase of 22,425 MWh as a result of a full year of production from Canchayllo and the completion of the Generación

Andina facilities in the fourth quarter of 2019, which began producing and delivering power to the grid upon COD, as noted above. During the year ended December 31, 2019, we generated a consolidated average of 82.9 MW (net) compared to a consolidated average of 65.6 MW (net) in the year ended 2018, representing an increase of 17.4 MW (net) or 27%. The San Jacinto facility reported a decline of 10,326 MWh or 1.2 MW average (net) due to anticipated natural declines, coupled with an increase in cycling of wells SJ 9-3 and SJ 6-2 as well as the stabilization of the field after there was sufficient time for well SJ 12-5 to be online. These production figures are net of all plant downtime, both planned and unplanned.

Revenue for the year ended December 31, 2019 was $71.3 million compared to $68.8 million recognized as revenue on December 31, 2018. The $2.4 million increase in consolidated revenue was driven by the additional production generated by the Generación Andina facilities, coupled with the 3% annual increase in the PPA price of the San Jacinto facility arrangement, and partly offset by the decrease in generation by San Jacinto facility.

Direct costs of energy production (other than depreciation and amortization) for the year ended December 31, 2019 of $7.7 million were up by $0.5 million compared to the same period in 2018, principally as a result of the addition of the Canchayllo facility. The depreciation and amortization expense associated with energy production (included in direct costs) for the year ended December 31, 2019 of $17.5 million was $0.4 million higher than the same period in 2018, driven by the increase in average PP&E balance stemming from drilling costs put into service and the addition of the Canchayllo facility.

General and administrative expenses for the year ended December 31, 2019 increased $0.7 million to $5.0 million, compared to $4.3 million reported in the same period in 2018. The increase was mainly due to higher share-based compensation expense related to the restricted share units, which value increased as a result of the increase in our share price, partly offset with a decrease in legal and professional fees given the services engaged in relation to the acquisition of the Peruvian projects in late October 2018.

We recognized $11.6 million impairment at December 31, 2019, due to the write-off of the Casita project, located in Nicaragua.

Interest income as at December 31, 2019 decreased $0.5 million from $1.6 million on December 31, 2018 to $1.1 million on December 31, 2019, as a result of the gain from the write off of a principal and interest loan recognized in 2018.

For the year ended December 31, 2019, finance costs of $18.1 million were recorded, an increase of $1.5 million from the prior year's period, reflecting an increase as a result of accretion on the Debentures, which were issued in May 2019, debt acquired for the Canchayllo facility, and an increase in market interest rates, offset by a decrease associated with reduction in average loan balance. Interest of $1.6 million incurred on the Generación Andina facilities debt was capitalized during the year ended December 31, 2019.

We recognized earnings attributable to us of $14.5 million for the year ended December 31, 2019 compared to earnings of $17.2 million for the year ended 2018. The $2.7 million decrease in earnings was driven primarily by an $11.6 million impairment loss related to the Casita project, the increase in finance costs and decrease in other gains reported at December 31, 2019 and offset by an increase in revenues from the Peruvian facilities.

For the year ended December 31, 2019, Adjusted EBITDA totaled $58.9 million, compared to $56.3 million for the same period in 2018. The increase was a result of increased contributions from the San Jacinto facility as well as the contributions from Canchayllo and Generación Andina's production, offset by increases in direct costs and general and administrative expenses (ignoring share-based compensation and acquisition costs). *See the Non-GAAP Performance Measures section below for reconciliation of Adjusted EBITDA to Net earnings (loss) and comprehensive earnings (loss).*

Cash flow from operations during the year ended December 31, 2019 increased by $3.6 million due mainly to the $2.4 million increase in revenue previously noted, partly offset by a $0.6 million increase in general and administrative costs reported in 2019. Free cash flow from operations increased by $1.6 million in fiscal 2019 to $28.3 million from $26.7 million in the same period of 2018. *Please refer to the Non-GAAP Performance Measures section below for reconciliation of Cash flow from operations and Free cash flow from operations to Cash provided by (used in) operating activities under IFRS.*

During the year ended December 31, 2019, we incurred costs of $40.8 million for additions to its construction and progress and PP&E, from which $40.2 million related to the Generación Andina facilities.

NON-GAAP PERFORMANCE MEASURES

The following tables reconcile Non-GAAP Performance Measures used by us in analyzing the operational performance of Polaris to their nearest IFRS measure, and should be read in conjunction with the Consolidated statement of operations and comprehensive earnings (loss) and Consolidated statement of cash flows included in the Consolidated financial statements as of December 31, 2019 and 2018.

EBITDA and Adjusted EBITDA

The following table reconciles net earnings and comprehensive earnings (loss) attributable to owners of the Company to our Non-GAAP Performance Measures EBITDA and Adjusted EBITDA:

	Three Months Ended		Year Ended	
(in thousands)	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Net earnings and comprehensive earnings (loss) attributable to Owners of the Company	$ 13,555	$ 8,775	$ 14,496	$ 17,177
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest	-	1	(1,653)	62
Current and deferred tax expense	(5,945)	1,102	(2,801)	7,102
Finance costs	4,608	4,436	18,102	16,633
Interest income	(195)	(1,042)	(1,062)	(1,581)
Other losses	(3,725)	(5,838)	(3,930)	(5,399)
Acquisition costs	-	-	199	-
Decommissioning liabilities adjustments	(2)	249	68	208
Impairment loss	-	-	11,564	-
Depreciation and amortization of plant assets	6,027	5,801	23,562	22,857
Share-based compensation	(46)	(188)	389	(782)
Adjusted EBITDA	$ 14,277	$ 13,296	$ 58,934	$ 56,277
Add (deduct):				
Acquisition costs	-	-	(199)	-
Decommissioning liabilities adjustments	2	(249)	(68)	(208)
Impairment loss	-	-	(11,564)	-
Share-based compensation	46	188	(389)	782
EBITDA	$ 14,325	$ 13,235	$ 46,714	$ 56,851
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,679,777	15,704,261	15,678,514
Adjusted EBITDA	$ 0.91	$ 0.85	$ 3.75	$ 3.59
EBITDA	$ 0.91	$ 0.84	$ 2.97	$ 3.63

Cash Flow from Operations and Free Cash Flow from operations

The following table reconciles Net cash from (used in) Operating activities to our Non-GAAP Performance Measures Cash flow from operations and Free cash flow from operations:

	Three Months Ended		Years Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Net cash from (used in) Operating activities	$ 12,937	$ 8,018	$ 44,609	$ 37,405
Adjust for:				
Changes in non-cash working capital:	(2,069)	1,910	525	4,216
Interest income	(195)	(1,042)	(1,062)	(1,581)
Other gains (losses)	276	458	103	933
Other adjustments	143	159	57	(350)
Cash flow from operations	$ 11,091	$ 9,503	$ 44,232	$ 40,623
Adjust for:				
Capital expenditures	(85)	(288)	(830)	(1,240)
Repayment of debt	(4,281)	(3,120)	(15,064)	(12,675)
Free Cash Flow from operations	$ 6,725	$ 6,095	$ 28,338	$ 26,708
Per Share:				
Basic weighted average number of shares outstanding	15,706,299	15,679,777	15,704,261	15,678,514
Cash flows from operations	$ 0.71	$ 0.61	$ 2.82	$ 2.59
Free Cash Flow from operations	$ 0.43	$ 0.39	$ 1.80	$ 1.70

FINANCIAL POSITION AND LIQUIDITY

Liquidity and Capital Resources

The following is a summary and explanation of our cash flow activities:

	Year Ended	
(in thousands)	December 31, 2019	December 31, 2018
Net cash from (used in)		
Operating activities	$ 44,609	$ 37,405
Investing activities	(42,926)	(14,736)
Financing activities	(6,903)	(22,082)
Foreign exchange gain on cash held in foreign currency	8	5
Increase (decrease) in cash	$ (5,212)	$ 592

- Net cash from operating activities for the year ended December 31, 2019 of $44.6 million increased by $7.2 million from the same period in 2018, principally resulting from a $2.4 million increase in revenue related to the San Jacinto facility, Canchayllo facility and Generación Andina facilities.
- Net cash used for investing activities increased for the year ended December 31, 2019 by $28.2 million to $43.5 million from $14.7 million due to spending in the construction of the Generación Andina facilities, El Carmen and 8 de Agosto facilities, which construction was completed in late December 2019, partly offset by lower capital expenditures incurred in fiscal 2019.
- Net cash used in financing activities for the year ended December 31, 2019 of $6.9 million decreased by $15.2 million compared to the same period in 2018, as a result of $17.6 million in proceeds from the issuance of the Debentures, completed in May 2019, partly offset by the increase in repayment of debt.

As of December 31, 2019, we held total cash of $32.6 million (2018 - $37.8 million) and restricted cash of $5.9 million (2018 - $8.6 million). In addition to the amounts recorded as restricted cash, cash in the amount of $23.1 million held by us as at December 31, 2019 (2018 - $27.9 million) is restricted for use in the San Jacinto facility and governed by the terms of the Trust and the Credit Agreements, where the process to withdraw funds is considered perfunctory to the agreement, as long as the required covenants and balances are met. Therefore, as these amounts are demand deposits that are held for the purpose of meeting short-term cash commitments of the San Jacinto facility, the Company considers them as available cash, since they are available for current use.

During the year ended December 31, 2019, PENSA repaid $13.7 million of principal on its San Jacinto facility credit facilities. As at December 31, 2019, PENSA had $144.7 million outstanding on those credit facilities.

As of December 31, 2019, there was $4.4 million outstanding on the Canchayllo credit facilities, with repayments of $0.7 million during the year. In addition, as at December 31, 2019, there was $19.7 million outstanding on the Generación Andina credit facilities.

Liquidity Risk

Liquidity risk is the risk that we will be unable to meet our financial obligations as they become due. We manage liquidity risk by seeking to arrange to have sufficient cash, available credit facilities and other financial resources to allow us to meet our obligations. We forecast cash flows for a period of at least 12 months to identify financial requirements.

We believe that we have adequate liquidity to fund the routine capital expenditures associated with maintaining the San Jacinto facility, the Generación Andina project and the Canchayllo facility. Total days outstanding of receivables for the San Jacinto facility increased marginally in 2018 as a result of current political instability in Nicaragua. To date, total days outstanding of receivables has been stable, however we continue to monitor the situation closely.

During the year ended December 31, 2019, certain provisions of the San Jacinto facility PPA related to the payment guarantee were not fully complied with. Management agreed with the lenders to waive any potential non-compliance with the agreement through June 30, 2020.

The following are the maturities for the non-derivative and derivative financial liabilities as at December 31, 2019:

(in thousands)	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years	Total
Accounts payable and accrued liabilities	$ 17,878	$ -	$ -	$ -	$ 17,878
Debt, current and long-term	17,917	43,588	63,843	87,195	212,543
Interest obligations	10,080	16,334	10,492	7,460	44,366
	$ 45,875	$ 59,922	$ 74,335	$ 94,655	$ 274,787

The following are the annual principal obligations on our project credit facilities for the remaining terms of the loans:

(in $ thousands)	*San Jacinto*	*Canchayllo*	*Generación Andina*
2020	16,203	714	1,000
2021	18,055	766	2,010
2022	19,908	818	2,030
2023	21,760	876	2,050
2024	16,898	936	2,071
2025	14,703	242	2,092
2026	13,811	-	2,113
2027	14,534	-	2,134
2028	7,717	-	2,155
2029	1,384	-	2,177
2030	-	-	2,198
2031	-	-	2,220
2032	-	-	2,243
2033	-	-	2,265
2034	-	-	2,288
2035	-	-	2,310
2036	-	-	2,334
2037	-	-	4,726
2038	-	-	3,553
Total	$ 144,973	$ 4,352	$ 19,831

Interest on the San Jacinto facility credit facilities is due and payable quarterly and is currently estimated to be approximately $3.2 million each quarter. Interest on the Canchayllo credit facilities is due and payable quarterly and is currently estimated to be $0.1 million each quarter. We plan to make payments of interest on the San Jacinto and Canchayllo facility credit facilities out of our current cash and cash generated by operations. The Generación Andina credit facility bears no interest.

We believe that operating cash flow will be sufficient to allow us to fulfill our current obligations and continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, we expect we could satisfy these requirements through debt restructurings, capital raises or asset sales. However, the outcome of these matters cannot be predicted with certainty at this time.

SHARE CAPITAL AND FINANCINGS

As of March 4, 2020, we had:

- 15,706,299 common shares outstanding,
- 300,000 share purchase warrants ("Warrants") to be issued in connection with the acquisition of the Peruvian projects, expiring on October 30, 2020, with an exercise price of Cdn$11.77, which may be exchanged for one Share per Warrant.
- 600,386 outstanding stock options, with a weighted average exercise price of Cdn$15.66 and 2.7 year remaining contractual life. The outstanding stock options' exercise prices range from Cdn$9.93 to Cdn$16.89 and expire from December 2021 to September 2024.

- Of the outstanding stock options, 363,386 are exercisable. We had 155,132 restricted shares outstanding as of March 4, 2020, all of which had vested.

SELECTED ANNUAL INFORMATION

The information provided below highlights the Company's annual results for the past three years.

(in thousands, except for loss per share)	**For the Year Ended December 31, 2019**	**For the Year Ended December 31, 2018**	**For the Year Ended December 31, 2017**
Production MWh	570,934	548,510	490,765
Revenue	$ 71,251	$ 68,824	$ 60,107
Adjusted EBITDA (1)	58,934	56,277	50,302
Net earnings (loss) and comprehensive loss attributable to owners of the Company	14,496	17,177	1,664
Total loss per share attributable to owners of the Company	$ 0.92	$ 1.10	$ 0.11
Cash	32,597	37,809	37,217
Restricted cash	5,941	8,611	1,509
Total current assets	48,682	54,099	50,167
Total assets	463,744	465,550	407,258
Total long-term liabilities	221,471	221,998	198,209
Total equity attributable to the owners of the Company	209,233	203,843	187,624

SUMMARY OF UNAUDITED QUARTERLY RESULTS

The information provided below highlights our quarterly results for the past two years.

(in thousands, except for earnings (loss) per share)	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Production MWh	144,760	142,436	136,136	147,602
Revenue	$ 17,795	$ 17,586	$ 17,269	$ 18,601
Direct cost of energy production	(8,106)	(7,798)	(7,691)	(7,528)
General and administrative expenses	(1,300)	(970)	(1,501)	(1,238)
Other operating costs	(90)	(120)	(94)	(99)
Adjusted EBITDA	14,278	14,283	14,497	15,875
Finance costs	(4,608)	(4,812)	(4,111)	(4,571)
Loss on impairment of assets and goodwill	-	-	(11,564)	-
Net earnings attributable to owners of the Company	13,555	2,634	(6,958)	3,380
Basic and diluted weighted average number of shares outstanding	15,680	15,678	15,678	15,673
Earnings per share (basic and diluted) attributed to owners of the Company	$ 0.86	$ 0.17	$ (0.44)	$ 0.22
Cash	32,597	40,102	55,534	33,011
Restricted cash	5,941	4,757	3,957	5,908
Total equity attributable to Owners of the Company	209,233	196,108	195,756	200,040

(in thousands, except for earnings (loss) per share)	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Production MWh	148,498	144,411	139,143	116,458
Revenue	$ 18,286	$ 18,151	$ 17,657	$ 14,730
Direct cost of energy production	(8,006)	(7,563)	(7,469)	(7,060)
General and administrative expenses	(2,560)	(475)	(360)	(879)
Other operating costs	(287)	(52)	(36)	(83)
Adjusted EBITDA	13,296	15,495	15,138	12,348
Finance costs	(4,436)	(4,108)	(3,850)	(4,239)
Net earnings (loss) attributable to owners of the Company	8,775	3,980	3,910	512
Basic and diluted weighted average number of shares outstanding	15,675	39,916	34,485	34,756
Earnings (loss) per share (basic and diluted) attributed to owners of the Company	$ 0.56	$ 0.10	$ 0.11	$ 0.01
Cash	37,809	39,916	34,485	34,756
Restricted cash	8,612	1,507	1,505	1,509
Total equity attributable to Owners of the Company	203,843	189,104	187,442	185,850

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Recent Pronouncements Issued and Early Adoption of Standards

We have reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2019 and accordingly adopted IFRS 16 – Leases and IFRIC 23 - Uncertainty over Income Tax Treatments. For details with respect to these new accounting standards please refer to Note 3 of the consolidated financial statements and the notes thereto for the period ended December 31, 2019.

Critical accounting estimates

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

Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined in Note 3 of the consolidated financial statements and the notes thereto for the year ended December 31, 2019.

OTHER DISCLOSURES

Commitments

The Company enters into agreements for geothermal concessions, which minimum annual payments required as at December 31, 2019 and 2018 are:

	December 31, 2019	December 31, 2018
No later than one year	$ -	$ 30
For years 2 - 5	315	120
Thereafter	727	300
Total commitments for expenditures	$ 1,042	$ 450

RISKS AND UNCERTAINTIES

The risks and uncertainties described in the Company's AIF for the year ended December 31, 2019 are considered by management to be the most important in the context of our business. The risks and uncertainties included in the AIF are not inclusive of all the risks and uncertainties the we may be subject to and other risks may apply.

In addition, as the Company's principal projects are based in Nicaragua and Peru, the Company faces risks associated with its operations in emerging markets including social, political and economic distress as well as currency and inflation-related risks. The Company believes that it has undertaken prudent measures, policies, practices and procedures to manage such risks and uncertainties but there can be no assurance that such challenges will not impact the Company's financial condition in the future.

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

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

The Company has filed certificates signed by its Chief Executive Officer and Chief Financial Officer certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting as at December 31, 2019.

Internal Controls over Financial Reporting

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

Internal controls over financial reporting includes those policies and procedures that:

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

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

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

There has been no change in the internal controls over financial reporting during the year ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation, which may include, but is not limited to, financial and other projections as well as statements with respect to future events or future performance, management's expectations regarding our growth, results of operations, and business prospects and opportunities. In addition, statements relating to estimates of recoverable energy "resources" or energy generation capacities are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that electricity can be profitably generated from the described resources in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plan", "expect", "is expected", "budget", "estimates", "goals", "intend", "targets", "aims", "likely", "typically", "potential", "probable", "projects", "continue", "strategy", "proposed", or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would" or "shall" be taken, occur or be achieved.

Forward-looking information in this MD&A includes, but is not limited to: the future development of the San Jacinto facility; additional changes to the wells and steamfield to increase production; the future development and execution of the recently acquired hydroelectric facilities in Peru; the costs of construction of a binary unit for the San Jacinto facility; development of the Casita project including obtaining the necessary permits and financing to begin exploitation drilling and initial development; potential strategic alternatives and the potential sale of geothermal and exploration and development properties.

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

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

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

Additional information about the Company, including the Company's AIF for the year ended December 31, 2019 is available on SEDAR at www.sedar.com and on our website at www.polarisinfrastructure.com.