POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES Q1 2020 RESULTS

TORONTO, ON (May 21, 2020) – 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 audited financial and operating results for the period ended March 31, 2020. This earnings release should be read in conjunction with Polaris Infrastructure's Consolidated Financial Statements and Management's Discussion and Analysis, 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

- Necessary steps were taken to manage the impact of the novel coronavirus ("COVID-19") pandemic. Measures were implemented across our facilities to prevent the spread of COVID-19 and to ensure a safe working environment for all our employees and contractors, while we ensure continuity of operations as we provide an essential service. Our facilities in Nicaragua and Peru remained operational throughout the first quarter of 2020 and continue to operate to date.

- We delivered a consolidated 182,408 MWh (net) of energy during the first quarter of 2020, of which 135,344 MWh (net) was contributed by our geothermal facility in Nicaragua and 47,064 MWh (net) was contributed by our hydroelectric facilities in Peru, compared to a consolidated 147,602 MWh (net) in the first quarter of 2019.

- We generated $20.3 million in revenue from energy sales.

- We reported $17.0 million in Adjusted EBITDA(1) for the first quarter of 2020, compared to $15.9 million in Adjusted EBITDA(1) for the first quarter of 2019.

- During the first quarter of 2020 we generated $11.6 million in cash flow from operations(2) compared to $10.9 million in the first quarter of 2019.

- We reported $4.4 million in total net earnings and comprehensive earnings attributable to us, equivalent to $0.28 per share - basic.

- We remain focused on maintaining a quarterly dividend. We declared and paid $2.4 million in dividends during the period ended March 31, 2020 and will pay the seventeenth quarterly dividend of $0.15 per outstanding common share on May 29, 2020.

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(1) The terms Adjusted EBITDA and Adjusted EBITDA per share are Non-GAAP measures. Refer to *Use of Non-GAAP 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 Cash Flow from Operations and Cash Flow from Operations per share are Non-GAAP measures. Refer to *Use of Non-GAAP 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.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three months ended March 31, 2020 and 2019 are summarized below:

	Three Months Ended	
(all $ figures in thousands except loss per share)	March 31, 2020	March 31, 2019
Production MWh	182,408	147,602
Total revenue	$ 20,272	$ 18,601
Adjusted EBITDA (1)	17,032	15,875
Finance costs	(4,705)	(4,571)
Net earnings attributable to owners of the Company	4,360	3,380
Cash flow from operations(2)	11,625	10,941
Basic earnings per share attributable to owners of the Company	$ 0.28	$ 0.22
Diluted earnings per share attributable to owners of the Company	$ 0.27	$ 0.21
Basic cash flow from operations(2)	$ 0.74	$ 0.70

	As at March 31, 2020	**As at December 31, 2019**
Total assets	$ 457,836	$ 463,744
Long-term debt	161,996	166,754
Total liabilities	248,563	256,518
Cash	32,816	32,597
Working capital	20,454	13,635

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(2) The terms Cash Flow from Operations and Cash Flow from Operations per share are Non-GAAP measures. Refer to *Use of Non-GAAP 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.

During the three month period ended March 31, 2020 we increased our power production to 182,408 MWh (net) from 147,602 MWh (net) in the same period of 2019, as a result of additional production from the Generación Andina facilities coupled with an increase in the Canchayllo facility's production and partly offset by a decrease in MWh (net) produced by the San Jacinto facility during the quarter.

On a MW (net) basis, the San Jacinto facility produced 62.0 MW average (net) during the three-month period ended March 31, 2020, compared to 64.3 MW average (net) in the same quarter of 2019 and compared to 59.9 MW average (net) in the fourth quarter of 2019. The increase in the quarter over quarter generation was due to less cycling than normal from two of the wells that historically exhibit cyclical behavior.

During the first quarter of 2020, production at the Canchayllo facility increased to 4.3 MW average (net) from 4.1 MW average (net) in the same quarter of 2019. The increase in the Canchayllo facility's net power generation was the result of higher water volume during the period.

The 8 de Agosto and El Carmen facilities started production in late 2019, with the three months ended March 31, 2020 being their first reporting quarter. The 8 de Agosto facility produced 13 MW average (net) during the three-month period ended March 31, 2020, which was marginally lower than expected by approximately 15% to 20% and was a result of a combination of lower than expected water flows and typical operational and mechanical issues during the first several months of operation. In addition, it is customary to anticipate a period to ramp up to full operational capacity of approximately 6 to 12 months.

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. The necessary repairs to restart operations were expected to be completed by mid-March 2020; however, they are still ongoing as a result of the travel restrictions within the country implemented by the Peruvian government in response to the COVID-19 pandemic, with a new expected re-start date of July 2020. We expect production at the El Carmen facility to restart in July 2020. We are working with our insurance providers to determine the applicable coverage for this incident. It is important to note that before such incident occurred, the El Carmen facility was operating in line with expectations and we anticipate that to continue once it is back in service.

"I am very proud of the fact that Polaris has delivered record revenue and Adjusted EBITDA during such difficult times, and that the effects of diversification are starting to produce financial results" noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure.

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 72 MW average (net) geothermal project located in Nicaragua and three run-of-river hydroelectric facilities in Peru, with approximately 20 MW average (net), 8 MW average (net), and 5 MW average (net) of capacity.

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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.

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.

The table below reconciles Adjusted EBITDA and Net earnings and comprehensive earnings attributable to owners of the Company, calculated in accordance with IFRS.

Reconciliation of Adjusted EBITDA to Total earnings and comprehensive earnings attributable to Owners of the Company

		Three months ended		
(in thousands)		**March 31, 2020**		**March 31, 2019**
Net earnings and comprehensive earnings attributable to Owners of the Company	$	4,360	$	3,381
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest		31		-
Current and deferred tax expense		2,261		1,423
Finance costs		4,705		4,571
Interest income		(129)		(227)
Other losses		(537)		588
Acquisition costs		-		132
Decommissioning liabilities adjustments		54		36
Depreciation and amortization of plant assets		6,473		5,835
Share-based compensation		(186)		136
Adjusted EBITDA	$	17,032	$	15,875
Per Share:				
Basic weighted average number of shares outstanding		15,706,299		15,698,032
Adjusted EBITDA	$	1.08	$	1.01

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 Infrastructure's operating performance. Cash flow from operations is not intended to be representative of cash flows from operating activities determined in accordance with IFRS.

The table below reconciles Cash flow from operations and Net cash from operating activities, calculated in accordance with IFRS.

	Three Months Ended			
		March 31, 2020		**March 31, 2019**
Net cash from (used in) Operating activities	$	8,898	$	7,517
Adjust for:				
Changes in non-cash working capital:		3,498		4,105
Interest income		(129)		(227)
Other gains (losses)		(1,124)		182
Other adjustments		482		(768)
Cash flow from operations	$	11,625	$	10,809
Per Share:				
Basic weighted average number of shares outstanding	$	15,706,299	$	15,698,032
Cash flows from operations	$	0.74	$	0.69

Cautionary Statements

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities laws, which may include, but is not limited to, statements with respect to future events or future performance, maintaining the Company's dividend policy, the re-start date of the El Carmen facility and its expected operational performance. 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 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 for the year ended December 31, 2019 which is available on SEDAR. 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.