

# POLARIS

## **POLARIS INFRASTRUCTURE SIGNS LETTER OF INTENT TO ACQUIRE 10 MW RUN-OF-RIVER HYDRO PROJECT IN PANAMA**

TORONTO, ON (June 16, 2020) – Polaris Infrastructure Inc. (TSX:PIF) ("Polaris" or the "Company"), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, announced today that it signed a Memorandum of Understanding ("MOU") to acquire 100% of the equity of a Panama-based 10 MW run-of-river hydro project called Chuspa (the "Project") from Navitas Holdings Inc. ("Navitas").

The key terms of the MOU state that:

- Polaris has the option to acquire 100% of the equity for nominal up front consideration;
- Such option expires on December 31, 2020.
- To the extent Polaris elects to exercise its option, Polaris will invest the required equity capital to complete the Project, estimated to be approximately USD \$15 to \$20 million.
- Current shareholders of Navitas will receive certain payments in the event that, after having achieved Project completion, the cash flows generated by the Project exceed certain minimum defined thresholds. Such thresholds are based on Polaris generating a minimum return of 15% of the equity committed to complete the Project.

The Project has the following attributes:

- Construction ready project with all licenses and permits in hand that are required to both complete construction and operate the run-of-river hydro project;
- Minor construction works have already been completed such as road access, foundation preparation for turbine house;
- Significant down payments have already been made on two turbines by the sellers;
- Contracts for approximately 40-50% of expected production are in hand at US\$85 per Mwhr;
- Anticipated timeline to COD completion of 12-15 months once mobilization commences; and
- Polaris Infrastructure plans to fund the construction with cash on hand.

"We are very pleased to have signed this MOU" stated Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure, "It is structured in a way that enables Polaris to ensure that we are confident that key risks associated with Covid-19 can be managed before we commence construction of the project and close the acquisition. We are optimistic this can be done in the coming months. The addition of a further run-of-river hydro project provide further geographic diversification by investing in Panama and is in keeping with the strategy of diversification and growth in the renewable sector within the region. We are also leveraging the experience gained recently in Peru, as the transactions have many similarities. We strongly believe that by adding a third country to the generation platform is beneficial to our shareholders. In addition, we believe that there are other opportunities to grow in Panama and partnering with Navitas on this project will provide a platform from which to grow."

The MOU is non-binding and there is no assurance that the transaction will be completed on the terms described above or at all.

## **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 owns and operates a geothermal project located in Nicaragua and hydro projects located in Peru.

Investor Relations

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## **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, management’s expectations regarding the ability to complete the acquisition of the Project on the terms described in this press release or at all, the anticipated MW of the Project, the anticipated investments required to complete construction of the Project, the anticipated timeline required to achieve commercial operation, the ability to fund construction with cash on hand and funds generated through operations, the expected benefits from the acquisition of the Project and diversification into Panama and the availability of similar acquisition opportunities in Panama. 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 and hydro 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 and hydro power industries; 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 for the year ended December 31, 2019 which is available on SEDAR. These factors should be considered carefully, and readers of this press release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this press 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 press release, including such forward-looking information, is made as of the date of this press 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.