

POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES AMENDED AND EXTENDED PENSA POWER PURCHASE AGREEMENT

TORONTO, ON (December 17, 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 announce that its board of directors has approved revised terms to its Power Purchase Agreement ("PPA") at its San Jacinto geothermal facility in Nicaragua by its wholly-owned subsidiary Polaris Energy Nicaragua, S.A. ("PENSA").

After extensive discussions with the Ministry of Energy and Mines in Nicaragua, the Company is proud to announce the following as it relates to the continuing commitment to provide renewable, clean, baseload power to the country of Nicaragua at long-term competitive rates:

- The term of the PPA has been extended for an additional 10 years to January 2039.
- A non-indexed \$110.00 USD per Mwhr price versus the current \$130.712 USD per Mwhr price in 2020.
- Contractual confirmation for Polaris Infrastructure to include a Binary Unit of up to 10MW's.
- An extension of two years to the income tax holiday such that income taxes will now be payable in 2025 versus 2023.
- The previous price penalty clause requiring a minimum power production delivered has been eliminated.
- The amended terms are to take effect immediately.

The amended PPA has been signed by both parties and has received consent from all project lenders and the board of directors. The concession agreement and generation license will be amended to incorporate such changes, which we expect to be completed in January.

The desire to construct the binary unit at the San Jacinto facility, combined with the 2029 expiration of our existing PPA, provided the context to renegotiate the terms of the existing contract. The Company believes the aforementioned parameters of this revised PPA will allow for significant realization of free cash flow over an extended period of time. The Company is confident that the combination of the extended term, increased tax holiday, long-life of the asset and the addition of the binary unit will provide the opportunity to refinance the existing project loan on terms that are favourable to shareholders.

The Company reiterates its continued commitment to its current dividend policy for the foreseeable future.

"The revised terms of the PPA enable Polaris to provide a competitive source of baseload, renewable energy to the Nicaraguan market. The combination of the long-life nature of our asset and the ability to grow the production provides a win-win for both parties" commented Marc Murnaghan, CEO of Polaris Infrastructure. "In my opinion, such new terms and the fact that our Company now has an average remaining life of over 18 years on all its PPAs should be viewed positively by market participants"

The Company will be holding an investor call on Friday, December 18th, 2020 at 09:00 am (eastern standard time), which will be made available through the following call-in details in order to discuss the amended and extended PPA and answer any questions associated with this announcement:

Topic: Polaris Infrastructure Announces Amended and Extended PENSA Power Purchase Agreement

Company name: Polaris Infrastructure Inc.

Participant Toll Free Dial-In Number: 1 (888) 231-8191

Participant International Dial-In Number: (647) 427-7450

A digital recording of the earnings call will be available for replay two hours after the call's completion.

Replay Call Information

Toronto and international: 1 (416) 849-0833, **Passcode:** 2856157

North America (toll-free): 1 (855) 859-2056, **Passcode:** 2856157

Encore Replay Expiration Date: 12/25/2020

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, the construction of the Company’s binary unit in San Jacinto, the opportunity to refinance the San Jacinto project loan on terms that are attractive to shareholders, the ability to off-set any short-term reduction in revenue from the lower price per Mwhr under the amended PPA and the maintenance of the Company’s existing dividend policy. 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”, “estimates”, “goals”, “intends”, “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, events or results “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: 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, labour 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, labour 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 a 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 “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.

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 and a 5MW as well as another 28 MW of run-of-river projects located in Peru.

Investor Relations

Polaris Infrastructure Inc.

Phone: +1 416-849-2587

Email: info@polarisinfrastructure.com