

POLARIS

Management's Discussion and Analysis For the period ended June 30, 2021

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Polaris Infrastructure Inc. ("Polaris Infrastructure" or the "Company") for the period ended June 30, 2021, and reflects all material events up to August 5, 2021, the date on which this MD&A was approved by the Board. This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended June 30, 2021, and most recently issued annual consolidated financial statements for the year ended December 31, 2020. This MD&A supplements, but does not form part of, the Company's interim and annual financial statements. All amounts, unless specifically identified as otherwise, both in this MD&A are expressed in U.S. dollars.

This MD&A contains forward-looking information or future-oriented financial information and, as such, is based on an assumed set of economic condition 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 annual information form ("AIF") for the year ended December 31, 2020 available on SEDAR at www.sedar.com.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). Certain financial measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. The Company uses non-GAAP financial measures, which the Company believes, that together with measures in accordance with IFRS, provide investors with a wholesome ability to evaluate the underlying performance of the Company. Non-GAAP financial measures do not have a standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures used by other companies. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-GAAP financial measures in this MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA per share, operating cash flow and operating cash flow per share. Reconciliations and definitions associated with the above-noted non-GAAP financial measures can be found in Section 11: Non-GAAP Performance Measures in this MD&A.

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1. 2021 HIGHLIGHTS

- Quarterly consolidated energy production of 150,676 MWh (net) for the period ended June 30, 2021, of which 111,848 MWh (net) was contributed by the Company's geothermal facility in Nicaragua, known as the San Jacinto facility ("San Jacinto"), and an aggregate of 38,828 MWh (net) was contributed by the Company's hydroelectric facilities in Peru, being the Canchayllo facility ("Canchayllo"), the El Carmen facility ("El Carmen") and the 8 de Agosto facility ("8 de Agosto").
 - The Company generated \$14.2 million in revenue from energy sales for the three months ended June 30, 2021, lower compared to the same period in 2020. This was the second quarter under the amended power purchase agreement's ("PPA") price in respect of San Jacinto, which was the largest contributor to the decline in revenue. The lower PPA price was part of the broader negotiation with the Government of Nicaragua which included an extension of the concession period and inclusion of the binary unit. Lower production at San Jacinto was partly offset by higher production from the hydroelectric facilities in Peru.
 - Net earnings attributable to owners was \$0.2 million or \$0.01 per share – basic for the three months ended June 30, 2021, compared to net loss of \$1.0 million or \$(0.07) per share – basic in 2020. Net earnings increased due to other gains recorded during the period compared to other losses in 2020 partly offset by lower revenue. Adjusted EBITDA⁽¹⁾ was \$10.0 million for the three months ended June 30, 2021, compared to Adjusted EBITDA⁽¹⁾ of \$15.1 million in the same period in 2020.
 - For the six months ended June 30, 2021, the Company generated \$24.2 million in net cash flow from operating activities and \$16.3 million in operating cash flow⁽¹⁾, ending with a strong cash position of \$106.5 million⁽²⁾.
 - Consistent with its plans of maintaining a quarterly dividend, the Company declared and paid \$2.9 million in dividends during the period ended June 30, 2021. The Company will pay the twenty-second consecutive quarterly dividend of \$0.15 per outstanding common share on August 27, 2021.
 - On June 9, 2021, the Company announced that it had entered into an agreement to sell two tranches of Certified Emission Reductions ("CERs") generated in 2017 from San Jacinto for aggregate gross proceeds of approximately \$400,000. A total deposit of \$100,000 was received. The sales are conditional upon receiving verification per the United Nation's Convention on Climate Change ("UNFCCC") protocols. The Company is in the process of finalizing the verification of CERs and anticipates completion by the fourth quarter of 2021, at which time, the Company will be able to sell any past, present or future verified CERs.
 - The Company continued to advance its environmental, social and governance ("ESG") initiatives while continuing to maintain an excellent health and safety record. During the second quarter, in Nicaragua, the Company signed a cooperation agreement with the American Nicaraguan Foundation to support small farmers to take advantage of natural waste from livestock. In Peru, the Company continues to invest in the local community and donated educational supplies to students from schools located in the Monzón Valley.
 - Subsequent to the quarter end:
 - The Company signed a definitive supply agreement for the 10 MW Binary Unit at San Jacinto with Ormat Systems Limited, a wholly owned subsidiary of Ormat Technologies Inc (NYSE: ORA).
 - The Company received insurance proceeds of \$1.03 million due to the Company as a result of the 2020 operating failure at El Carmen.
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- (1) A Non-GAAP measure used by the Company. Refer to Section 11: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure.
- (2) Includes Restricted cash.

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Energy production				
Consolidated Power (MWh) net	150,676	165,541	331,659	347,949
Consolidated Power, average (MW) net	68.98	75.81	76.35	81.82
Financials				
Revenue	\$ 14,161	\$ 18,923	\$ 29,840	\$ 39,195
Net earnings attributable to owners	159	(1,025)	(753)	3,335
Adjusted EBITDA (i)	9,978	15,121	21,842	32,107
Net cash flow from operating activities			24,152	18,416
Operating cash flow (i)			16,302	26,297
Per share				
Net earnings attributable to owners - basic	\$ 0.01	\$ (0.07)	\$ (0.04)	\$ 0.21
Net earnings attributable to owners - diluted	\$ 0.01	\$ (0.07)	\$ (0.04)	\$ 0.20
Adjusted EBITDA (i)	\$ 0.51	\$ 0.96	\$ 1.20	\$ 2.04
Operating cash flow (i)			\$ 0.90	\$ 1.67
Balance Sheet				
			As at June 30, 2021	As at December 31, 2020
Cash			\$ 104,690	\$ 60,058
Restricted cash			\$ 1,780	\$ 1,785
Total current assets			\$ 114,670	\$ 80,344
Total assets			\$ 513,435	\$ 491,118
Current and Long-term debt (ii)			\$ 177,204	\$ 189,295
Total liabilities			\$ 249,668	\$ 264,349
Working Capital (iii)			\$ 83,151	\$ 45,303

(i) A Non-GAAP measure used by the Company. Refer to Section 11: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure.

(ii) Net of transaction costs.

(iii) Working capital is the excess of current assets over current liabilities including the current portion of debt.

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3. 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. The Company operates a 72 MW (net) geothermal facility 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. The Company's mission is to be a Latin America-focused renewable power leader, while providing superior shareholder returns.

Senior management has extensive experience in critical areas of renewable energy, finance, development, governance and sustainable operations. 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.

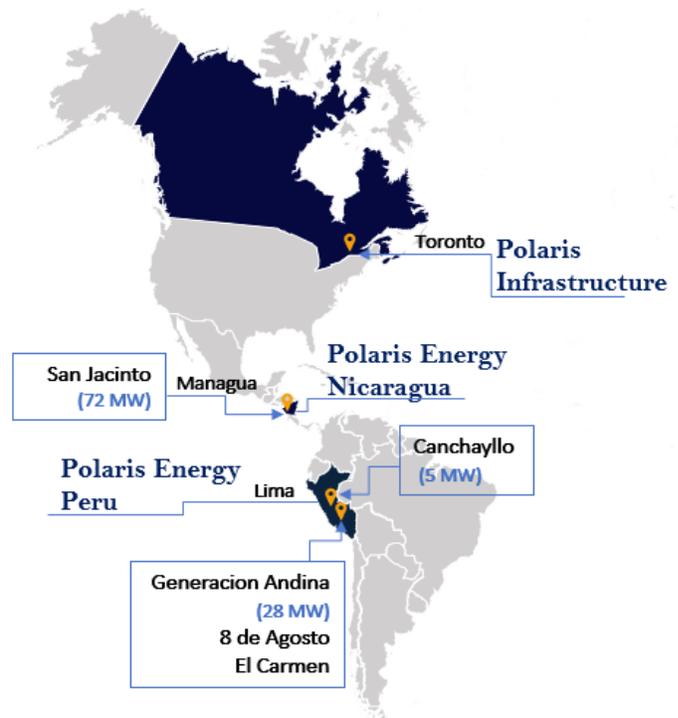
The Company operates in Nicaragua and Peru, which are both Latin American nations with rapidly growing energy needs and governments that have stated mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. Polaris Infrastructure is committed to its strategic goals of continued growth, both organically and through acquisitions, and diversification of its renewable energy portfolio. Additionally, the Company is committed to investing in the local communities surrounding its facilities through programs aimed at improving the quality of education, sustainability of the environment, health of individuals, access to sports and agricultural processes.

While continuing to pursue opportunities to enhance its current operations, the Company also has the following key near-term goals:

- Additional progress on corporate development and acquisition initiatives;
- Optimization of the balance sheet while maintaining a low level of corporate debt;
- Advancement of carbon credit certification process at all operating facilities;
- Continued enhancement of ESG strategies; and
- Maintenance of an excellent health and safety record at all operating facilities.

The Company's long-term goals are to continue to grow and diversify its operations in the Latin American region through renewable energy projects with attractive return profiles. Latin America hosts some of the world's most dynamic renewable energy markets. The Company firmly believes there is significant potential for renewable energy projects in various Latin American countries that have not been developed. Furthermore, the emphasis on renewable energy is growing and provides attractive, long-term return profiles and renewable energy credit options.

Events, transactions and activities relating to Polaris Infrastructure's properties which occurred during the period ended June 30, 2021 and to the date of this MD&A are discussed below.



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4. OPERATING SEGMENT PERFORMANCE

CONSOLIDATED RESULTS

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Power production in MWh⁽ⁱ⁾				
Nicaragua (Geothermal)	111,848	129,678	231,702	265,022
Peru (Hydroelectric)	38,828	35,863	99,957	82,927
Total consolidated power production in MWh	150,676	165,541	331,659	347,949
Power production in MW (net)⁽ⁱ⁾				
Nicaragua (Geothermal)	51.21	59.38	53.34	60.67
Peru (Hydroelectric)	17.77	16.43	23.01	21.15
Total consolidated power production in MW (net)	68.98	75.81	76.35	81.82

(i) Production is net of plant use and plant downtime both planned and unplanned.

During the three months ended June 30, 2021, quarterly consolidated power production was lower than the same period in 2020, due to planned and unplanned shutdowns and the natural decline in steam availability at San Jacinto.

Compared to the second quarter of 2020, lower production at San Jacinto was mainly due to the planned annual maintenance shut down that lasted 15 days in May 2021, which occurred in August in 2020. Production for the remainder of the quarter averaged 55.1 MWs (net), compared to 55.4 MWs (net) in the first quarter of 2021.

Consolidated production in Peru for the three months ended June 30, 2021 was higher than the comparative period in 2020 due to the operating failure at El Carmen in 2020 forcing a shut down for approximately 5 months. This increase was partly offset by lower production at 8 de Agosto as a result of an unexpected shut down due to operating failure with the bearing lubricant pumps in April and May as well as planned major maintenance. As a result of the shutdowns in the second quarter, the Company estimates a total of 10,520 MWhrs of lost production, of which 9,093 MWhrs were unplanned and 1,627 MWhrs were planned for downtime. Insurance proceeds of \$1.03 million due to the Company as a result of the operating failure at El Carmen were received on July 16, 2021.

During the six months ended June 30, 2021, power production was 331,659 MWh (net) compared to 347,949 MWh (net) in the six months ended June 30, 2020, due to the decrease in production from San Jacinto, partly offset by an increase in production the Company's Peru facilities.

During the first half of 2021 and consistent with its strategy, the Company continued to enhance its ESG initiatives while continuing to maintain an excellent health and safety record.

THE COVID-19 PANDEMIC

The health and safety of the Company's employees and contractors, and the communities in which it operates continues to be a top priority. COVID-19 protocols were maintained through the end of the period ended June 30, 2021. As of August 5, 2021, all operations and related supply chain activities have not been significantly impacted by the various restrictions that local governments have instituted to date. Vaccination efforts continue to ramp up in Nicaragua and Peru by local authorities. However, given the unpredictable nature of the situation, no guarantee can be made that COVID-19 will not impact operations in the future. The Company continues to closely monitor events and actions taken by local governments, including those affecting vendors, supply chain, customers and the collection of accounts receivable, to determine their potential impact and any additional actions required to ensure operations continue without major disruption.

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NICARAGUA – Geothermal Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Power production				
San Jacinto - MWh	111,848	129,678	231,702	265,022
San Jacinto - MW (net)	51.21	59.38	53.34	60.67
Financial				
Revenue	\$ 12,437	\$ 17,462	\$ 25,765	\$ 35,600

(ii) Production is net of plant use and plant downtime both planned and unplanned.

San Jacinto - Tizate – San Jacinto, Nicaragua

Through its subsidiary, Polaris Energy Nicaragua S.A. ("PENSA"), the Company owns and operates a 72 MW (net) capacity geothermal facility. San Jacinto is located in northwest Nicaragua, near the city of Leon, approximately 90 km northwest of Managua. PENSA has the San Jacinto PPA in place with Nicaraguan power distributors Distribuidora De Electricidad del Norte, S.A. and Distribuidora De Electricidad del Sur, S.A. PENSA entered into the San Jacinto exploitation agreement with the Nicaraguan Ministry of Energy and Mines to develop and operate San Jacinto. The current effective price of the PPA is \$111.20 per MWh.

Compared to the second quarter of 2020, lower production at San Jacinto was mainly due to a planned maintenance shut down that lasted 15 days in May 2021, which in 2020 occurred in August. Lower production was also due to lower steam given the expected natural decline of the field. Compared to the previous quarter, production at San Jacinto was also negatively impacted by the same factors.

During the six months ended June 30, 2021, power production was lower compared to the six months ended June 30, 2020, due to the combined effect of the planned maintenance shut down, cyclical behavior in certain wells that have been off-line more often during this period and lower steam production given the expected natural decline of the field. For comparative purposes, it is important to note that the first and second quarters of 2020 were higher than expected with production of 60.67 MW average (net). Management anticipates that, in the absence of further drilling, declines from current levels of production will lower over time. This is due to the fact that changes were made in 2018 to the reinjection system, which has resulted in higher declines in the short-term, but should result in lower net declines over the long-term. Increasing "outfield" injection in 2018 into the recently drilled Well 11-2 was done to promote enthalpy in the reservoir, which had the effect of reduced pressure support. It is management's view that this is the best strategy for the long-term management of the resource, particularly in light of the recently extended PPA.

Lower revenue for the six months ended June 30, 2021 is consistent with the lower production, as indicated above and was also impacted by the lower PPA price of \$111.20 per MWh compared to \$133.62 in the same period in 2020. The lower PPA price was part of the broader negotiation with the Government of Nicaragua which included an extension of the concession period and inclusion of the binary unit.

ESG Programs, Nicaragua

In the first half of 2021:

- For the fifth consecutive year, PENSA has achieved the "Great Place to Work" certification, issued by the Great Place to Work organization. This raises PENSA's ranking to 34th overall in the Latin America & Caribbean region.
- PENSA supported the WINGman Program, which promotes gender equality in the organization through training and development of assignments carried out by the different groups of employees that are part of the Special Work Force.
- The Company signed a cooperation agreement with the American Nicaraguan Foundation (ANF) to support small farmers to take advantage of natural waste from livestock. Five biogas systems will be built to enable families in

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the local area to reduce their CO2 emissions per year. At the same time, 20 watermelon cultivation blocks will be established to contribute to the income generation capabilities of the local families.

- The main environmental activities that have been carried out are focused on meeting environmental objectives and indicators related to waste generation/recycling, environmental education, reforestation and prevention of forest fires.
- The Company continues to support initiatives geared towards education, sports, and employee health which continue to demonstrate positive results in the community at large.

PERU – Hydroelectric Energy Production

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Power production				
Canchayllo - MWh	7,233	8,442	14,801	17,898
Generación Andina: 8 de Agosto - MWh	21,414	27,421	58,385	55,711
Generación Andina: El Carmen - MWh	10,181	-	26,771	9,318
Total Peru in MWh	38,828	35,863	99,957	82,927
Financial				
Revenue	\$ 1,724	\$ 1,461	\$ 4,075	\$ 3,595

(i) Production is net of plant use and plant downtime both planned and unplanned.

Canchayllo – Canchayllo, Peru

Canchayllo is a run-of-river hydroelectric facility with a rated capacity of approximately 5 MW (net) located in the Canchayllo district of Peru. Canchayllo has a US dollar denominated PPA effective until December 31, 2034. The current price under the Canchayllo PPA is \$53.20 per MWh, an increase of 5% following a recent application of the inflation adjustment mechanism effective until the end of the term.

Second quarter production at Canchayllo was lower than in 2020, mainly as a result of lower water volume during the period. Typically, the dry season in Peru begins in May and ends in October, which impacts energy production levels to various degrees at the Company's operating facilities located in Peru.

During the six months ended June 30, 2021, power production was lower compared to the six months ended June 30, 2020, due to the lower water availability and the previously discussed unplanned maintenance.

El Carmen and 8 de Agosto – Huanuco, Perú:

El Carmen (approximately 8 MW (net) capacity) and 8 de Agosto (approximately 20 MW (net) capacity) are two run-of-river hydroelectric facilities in the Huanuco region of Peru. El Carmen reached the commercial operation date ("COD") on November 30, 2019, and 8 de Agosto declared COD on December 25, 2019, both commencing the delivery of electricity to the grid and recognition of the associated revenue on such dates.

For the three months ended June 30, 2021, lower production at 8 de Agosto was due to an unexpected shut down resulting from an operating failure at the bearing lubricant pumps in April and May and planned major maintenance. As a result of the shutdowns in the second quarter, the Company estimates a total of 10,520 MWhrs of lost production, of which 9,093

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MWhrs were unplanned and 1,627 MWhrs were planned for downtime. While in repair, the Company took the opportunity to implement re-design efficiencies of the bearing lubricant pumps.

El Carmen had higher production for the three months ended June 30, 2021, compared to the same period in 2020. This resulted from the shut down due to the operating failure in February 2020. The plant resumed operations on July 30, 2020, and all pre-commissioning and commissioning tests were successfully completed on August 3, 2020, with official restart on August 4, 2020. Insurance proceeds of \$1.03 million due to the Company as a result of the failure at El Carmen were received on July 16, 2021, in addition to the \$0.6 million received in July 2020.

During the six months ended June 30, 2021, production was higher than in the six months ended June 30, 2020, due to the increase in hydrology year-over-year, partly offset by the unexpected and planned shutdowns.

For the six months ended June 30, 2021, the increase in revenue in Peru is consistent with the increase in production year-over-year and was negatively offset by lower prices, as each applicable PPA is subject to price penalties resulting from deviations from the energy committed. At El Carmen, the effective price for the first quarter was \$43.90 per MWh, 21% lower than the PPA price of \$55.90 per MWh, following the incident reported in 2020. For the second quarter, the effective price was \$55.90 per MWh. The effective price for the first quarter at 8 de Agosto was \$39.30 per MWh, 27% lower than the PPA price of \$53.90 per MWh, due to capacity constraints. For the second quarter, the effective price was \$43.10 per MWh, 20% lower than the PPA price following the May 2021 incident. Based on the terms of each PPA, the Company has the right to file a one-time request to reduce the committed energy by up to 15% in order to reduce the risk that penalties are applied and, as such, receive the defined PPA prices. The Company expects to be able to file for relevant adjustments effective the first quarter of 2022.

ESG 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. In the first half of 2021, the Company:

- Continued to assist 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 as well as achieve new economic income for local families through productive diversification. The project is currently producing honey, pickles, passion fruit and is also providing technical assistance with coffee plantation.
- The Company donated educational supplies to students from schools located in the Monzón Valley.
- Made donations to the local municipality, including pipelines used to improve the local infrastructure.

5. DEVELOPMENT PROPERTIES

SAN JACINTO BINARY PROJECT

The Company has thoroughly assessed the ability to extract waste heat from the brine that is currently produced from the production wells at San Jacinto, and then re-inject it into the field. Such brine is of a sufficient temperature that the Organic Rankine Cycle ("ORC") Power Plant can be used, and the Company expects to produce approximately 10 MW of additional power, depending on the configuration of the injection system. The brine therefore represents a usable energy source for which the costs of production and injection are already incurred as part of the San Jacinto current production and is economically attractive since direct costs are expected to be minimal. As previously noted, with the recent PPA amendment in respect of San Jacinto, the Company received contractual confirmation to include the expected production of the ORC Power Plant of up to 10 MW. The Company completed the tendering process as it signed a definitive supply agreement with Ormat Systems Limited with a goal of initial operations by early 2023 (subject to COVID-19 and other unforeseen restrictions). The Company has budgeted approximately \$25 million to bring the project online and expects to fund with current cash on hand.

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PERU DEVELOPMENT PROJECTS

The Company holds interests in various long-term exploration and development stage projects in Peru representing approximately 189 MW of expected energy production potential. These projects are in the early stages of development. Additionally, the Company does not anticipate that the market for long-term power purchase agreements will strengthen for 2 to 3 years in Peru. It is the Company's view that such contracts are necessary to be able to advance these projects further. As such, the intention is to focus on other growth opportunities in the short term.

6. CONSOLIDATED FINANCIAL RESULTS

	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Consolidated Statement of Operations and Comprehensive Earnings				
Revenue	\$ 14,161	\$ 18,923	\$ 29,840	\$ 39,195
Direct costs				
Other direct costs	(2,644)	(2,681)	(5,224)	(4,611)
Depreciation and amortization of plant assets	(6,467)	(6,380)	(13,285)	(12,807)
General and administrative expenses	(1,589)	(1,611)	(3,394)	(2,761)
Other operating costs	(18)	(42)	(15)	(116)
Operating income	\$ 3,443	\$ 8,209	\$ 7,922	\$ 18,900
Interest income	39	21	112	150
Finance costs	(4,344)	(4,414)	(8,672)	(9,119)
Other (losses) gains	1,770	(3,270)	1,890	(2,733)
Earnings and comprehensive earnings before income taxes	\$ 908	\$ 546	\$ 1,252	\$ 7,198
Income tax expense	(749)	(1,571)	(2,005)	(3,832)
Total earnings and comprehensive earnings	\$ 159	\$ (1,025)	\$ (753)	\$ 3,366
Total earnings (loss) and comprehensive earnings (loss) attributable to:				
Owners of the Company	\$ 159	\$ (1,025)	\$ (753)	\$ 3,335
Non-controlling interests	\$ -	\$ -	\$ -	\$ 31
Basic earnings per share	\$ 0.01	\$ (0.07)	\$ (0.04)	\$ 0.21

Three months ended June 30, 2021 versus June 30, 2020

Revenue was \$14.2 million during the three months ended June 30, 2021, compared to \$18.9 million in the same period of 2020, lower due to the amended PPA price at San Jacinto and lower energy production, as discussed above, partly offset by higher production from 8 de Agosto and El Carmen.

Direct costs of energy production (other than depreciation and amortization) were \$2.6 million for the three months ended June 30, 2021, compared to \$2.7 million in the same period of 2020. The depreciation and amortization expense associated with energy production (included in direct costs) for the three months ended June 30, 2021 was \$6.5 million, higher than the expense in the same period in 2020 from higher Property, Plant and Equipment costs following the impairment reversal in the last quarter of 2020.

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General and administrative expenses for the three months ended June 30, 2021 were \$1.6 million in line with the expenses in the same period of 2020.

Interest income for the three months ended June 30, 2021 was \$0.1 million, in line with the interest income of the same period of 2020.

For the three months ended June 30, 2021, finance costs were \$4.3 million, compared to \$4.4 million finance costs recorded in the same period of 2020. The decrease was mainly due to lower interest rates from San Jacinto's debt when compared to the same period in 2020.

Other Gains/(Losses) for three months ended June 30, 2021 was a \$1.8 million gain, compared to a \$3.3 million loss for the same period in 2020. The gain during the period was due to a gain on the valuation of conversion option liability.

Earnings attributable to owners was \$0.2 million for the three months ended June 30, 2021, compared to \$1.0 million loss for the same period in 2020. Net earnings increased due to other gains recorded during the period compared to other losses in 2020 partly offset by lower revenue.

Adjusted EBITDA (*a Non-GAAP measure used by the Company*) was \$10.0 million for the three months ended June 30, 2021, compared to \$15.1 million for the same period in 2020, principally as a net result of lower revenue, higher direct costs and expenses. (*Refer to Section 11: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure*).

Six months ended June 30, 2021 versus June 30, 2020

Revenue was \$29,840 during the six months ended June 30, 2021, compared to \$39,195 in the same period of 2020, lower due to the amended PPA price at San Jacinto and expected lower energy production, as discussed above, partly offset by higher production from 8 de Agosto and El Carmen.

Direct costs of energy production (other than depreciation and amortization) increased to \$5.2 million for the six months ended June 30, 2021, compared to \$4.6 million in the same period of 2020 mainly due to inflationary pressures, higher municipal taxes and additional production costs from the GASAC facilities. The depreciation and amortization expense associated with energy production (included in direct costs) for the six months ended June 30, 2021 was \$13.3 million, higher than the expense in the same period in 2020 from higher Property, Plant and Equipment costs following the impairment reversal in the previous quarter.

General and administrative expenses for the six months ended June 30, 2021 were \$3.4 million, approximately \$0.6 million higher than in the same period of 2020, mainly due to non-cash mark-to-market accounting adjustments on stock-based compensation following a share price increase during the period, compared to a gain in the previous period, and higher professional costs on several corporate initiatives.

Interest income for the six months ended June 30, 2021 was \$0.1 million, compared to the \$0.2 million in the same period of 2020.

For the six months ended June 30, 2021, finance costs were \$8.7 million, compared to \$9.1 million finance costs recorded in the same period of 2020. The decrease was mainly due to lower interest rates from San Jacinto's debt when compared to the same period in 2020.

Other Gains/(Losses) for six months ended June 30, 2021 was a \$1.8 million gain, compared to a \$2.7 million loss for the same period in 2020. The gain during the period was due to the \$1.4 million gain from the sale of MCDC and a net gain on valuation of conversion option liability.

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Loss attributable to owners was \$0.8 million for the six months ended June 30, 2021, compared to \$3.3 million earnings for the same period in 2020. The decrease was attributed mainly to lower revenue and higher direct costs and general and administrative expenses. The decrease was partly offset by other gains resulting from the sale of certain investments and the mark-to-market accounting adjustment on certain liabilities reflecting the 9% share price increase during the period.

Adjusted EBITDA (a Non-GAAP measure used by the Company) was \$21.8 million for the six months ended June 30, 2021, compared to \$32.1 million for the same period in 2020, principally as a net result of lower revenue, higher direct costs and expenses. (Refer to Section 11: Non-GAAP Performance Measures in this MD&A for a cautionary note regarding their use, descriptions and reconciliations to the most directly comparable IFRS measure).

7. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

The following is a summary and explanation of cash inflows and outflows for the following periods:

	Six Months Ended	
	June 30, 2021	June 30, 2020
Net cash from (used in)		
Operating activities	\$ 24,152	\$ 18,416
Investing activities	(1,493)	(2,477)
Financing activities	21,979	(290)
Foreign exchange gain on cash held in foreign currency	(6)	(4)
Increase (decrease) in cash	\$ 44,632	\$ 15,645

- Net cash from operating activities for the six months ended June 30, 2021 of \$24.2 million, increased by \$5.7 million from the same period in 2020, mainly due to a favourable change in non-cash working capital due to the improved accounts receivable collection during the period and lower interest paid, partly offset by lower revenue and higher costs compared to the same period in 2020.
- Net cash used in investing activities for the six months ended June 30, 2021 was \$1.5 million, compared to \$2.5 million in the same period of 2020, largely due to the decrease in spending related to the construction of the GASAC facilities, El Carmen and 8 de Agosto.
- Net cash from financing activities for the six months ended June 30, 2021 of \$22.0 million, compared to \$0.3 million net cash used in financing activities reported in the same period in 2020. The increase was driven by higher net proceeds relating to the common share offering during the six months ended June 30, 2021, compared to lower net proceeds of debt issuance in the comparative period.

The following is a summary of key balance sheet items as at the following period ends:

	As at	
	As at June 30, 2021	December 31, 2020
Cash ⁽ⁱ⁾	104,690	60,058
Restricted cash	1,780	1,785
Total current assets	114,670	80,344
Total assets	513,435	491,118
Current and Long-term debt ⁽ⁱⁱ⁾	177,204	189,295
Total liabilities	249,668	264,349
Working Capital ⁽ⁱⁱⁱ⁾	83,151	45,303

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- (i) Cash in the amount of \$35.3 million and (December 31, 2020 - \$29.2 million) held by the Company is restricted for use in the San Jacinto project 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. The Credit Agreements require certain amounts to be held in reserve for future debt service as well as for future investment in the San Jacinto project through the major maintenance reserve account. Therefore, as these amounts are demand deposits that are held for the purpose of meeting short-term cash commitments of the San Jacinto project, the Company considers them as available cash, since they are available for current use.
- (ii) Net of transaction costs.
- (iii) Working capital is the excess of current assets over current liabilities including the current portion of debt.

Total assets were \$513.4 million as at June 30, 2021 compared to total assets of \$491.1 million as of December 31, 2020. The increase is mainly due to higher cash following the Company's offering of common shares in February 2021. The Company believes that it has adequate liquidity to fund the routine capital expenditures associated with maintaining San Jacinto, the GASAC facilities and Canchayllo. The Company believes that its current working capital and future operating cash flows will be sufficient to allow it to fulfill current obligations (including those obligations and commitments noted below) and allow it to continue to operate for the foreseeable future. Should additional capital requirements or the replacement of debt be necessary, the Company expects to satisfy these requirements through financing transactions or monetization of assets or undertake activities as appropriate under the specific circumstances. However, additional funding requirements or the outcome of these matters cannot be predicted with certainty at this time.

Total liabilities as at June 30, 2021 were \$249.7 million, a decrease of \$14.7 million from December 31, 2020. This resulted from lower debentures following a conversion in February, settlement of the RSU liability in March and additional debt repayment during the period. During the six months ended June 30, 2021, PENSA repaid \$9.0 million of principal on its San Jacinto credit facilities. As at June 30, 2021, PENSA had \$119.7 million outstanding on those credit facilities.

As at June 30, 2021, the Company is in compliance with all of its covenants. During the year ended December 31, 2020, certain provisions of the San Jacinto 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 December 31, 2021, with a periodic increase to the debt service reserve account of up to \$14.0 million.

Remaining contractual maturities of the Company's financial liabilities as at June 30, 2021 are as follows:

<i>(in thousands of USD)</i>	Less than 1		More than 5		Total
	Year	1-3 Years	4-5 Years	Years	
Accounts payable and accrued liabilities	\$ 10,237	\$ -	\$ -	\$ -	10,237
Debt, current and long-term (i)	21,001	45,864	52,851	84,201	203,917
Interest obligations	10,215	10,215	10,215	10,215	40,860
	\$ 41,453	\$ 56,079	\$ 63,066	\$ 94,416	\$ 255,014

- (i) Debt includes the convertible debentures of \$13.8 million with a maturity date of May 31, 2024. The Company has the option to satisfy its obligations to pay on redemption or maturity, the principal amount on the Debentures, in whole or in part, by delivering shares of the Company.

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

<i>(in thousands of USD\$)</i>	<i>San Jacinto</i>	<i>Generación Andina</i>	<i>APG Ltd. (BVI)</i>
2021	9,028	1,010	-
2022	19,908	2,030	-
2023	21,760	2,050	300
2024	16,898	2,071	950
2025	14,703	2,092	950
2026	13,811	2,113	1,300
2027	14,534	2,134	1,300
2028	7,717	2,155	20,200
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	-	3,551	-
Total	\$ 119,743	\$ 41,967	\$ 25,000

Interest on the San Jacinto credit facilities is due and payable quarterly and is currently estimated to be approximately \$1.9 million each quarter. Interest on the APG Ltd. (BVI) credit facility is due and payable semi-annually and is currently estimated to be \$1.3 million each period. The Company plans to make payments of interest on the San Jacinto and APG Ltd. (BVI) credit facilities out of current cash and cash generated by operations. The GASAC credit facility bears no interest.

Additional discussion relating to the above financial instruments are included in Note 15 to the Condensed Consolidated Interim Financial Statements for the period ended June 30, 2021. Readers are also encouraged to refer to discussion relating to the Company's Capital Management in Note 30 to the Consolidated financial statements for the year ended December 31, 2020.

OTHER CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company enters into agreements for geothermal concessions. Below are the minimum annual payments required as at June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
No later than one year	\$ 30	\$ 30
For years 2 - 5	120	150
Thereafter	300	300
Total commitments for expenditures	\$ 450	\$ 480

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OUTSTANDING SHARE INFORMATION

The following table summarizes the Company's common shares and securities potentially convertible into common shares as at the following dates:

As at	August 5, 2021	December 31, 2020
Common shares issued and outstanding (i)	19,422,053	15,706,299
Share options outstanding (ii)	531,323	531,323
Restricted share units (fully vested)	-	155,131

- (i) The Company has also authorized 100,000 shares reserved for issue under the UEG acquisition (Refer to Note 13(iii) "Share Capital" of the Company's condensed consolidated interim financial statements for the three months ended June 30, 2021).
- (ii) The outstanding stock options have a weighted average exercise price of Cdn\$15.54 and 1.3 year remaining contractual life. Exercise prices range from Cdn\$9.93 to Cdn\$16.89 and expire from December 2021 to June 2024. Of the outstanding stock options, 262,823 are exercisable.
- (iii) On March 31, 2021, the Company settled the 155,132 fully vested RSUs outstanding by issuing 114,637 common shares and the cash equivalent for the remaining RSUs.

8. SUMMARY OF UNAUDITED QUARTERLY RESULTS

The information provided below highlights unaudited quarterly results for the past two years:

(In thousands of USD, except for earnings (loss) per share)	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Production MWh	150,676	180,984	171,933	142,187
Revenue	\$ 14,161	\$ 15,679	\$ 18,471	\$ 17,054
Direct cost of energy production	\$ (9,111)	\$ (9,398)	\$ (9,186)	\$ (9,351)
Net earnings (loss) attributable to owners of the Company	\$ 159	\$ (912)	\$ 24,230	\$ 1,322
Basic weighted average number of shares outstanding	18,144	16,851	15,706	15,706
Diluted weighted average number of shares outstanding	18,425	16,851	16,335	16,375
Earnings per share attributed to owners of the Company - basic	\$ 0.01	\$ (0.05)	\$ 1.54	\$ 0.08
Earnings per share attributed to owners of the Company - diluted	\$ 0.01	\$ (0.05)	\$ 1.48	\$ 0.08
Adjusted EBITDA	\$ 9,978	\$ 11,851	\$ 13,574	\$ 13,006
Cash	\$ 104,690	\$ 107,962	\$ 60,058	\$ 58,627
Restricted cash	\$ 1,780	\$ 1,782	\$ 1,785	\$ 1,897
Total equity attributable to Owners of the Company	\$ 265,743	\$ 268,492	\$ 228,745	\$ 206,844

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<i>(In thousands of USD, except for earnings (loss) per share)</i>	June 30, 2020		March 31, 2020		December 31, 2019		September 30, 2019	
Production MWh		165,441		183,332		144,761		142,436
Revenue	\$	18,923	\$	20,272	\$	17,795	\$	17,586
Direct cost of energy production	\$	(9,061)	\$	(8,357)	\$	(8,106)	\$	(7,798)
Net earnings (loss) attributable to owners of the Company	\$	(1,025)	\$	4,360	\$	13,556	\$	2,634
Basic weighted average number of shares outstanding		15,706		15,706		15,706		15,706
Diluted weighted average number of shares outstanding		15,706		16,369		16,330		16,371
Earnings per share attributed to owners of the Company - basic	\$	(0.07)	\$	0.28	\$	0.86	\$	0.17
Earnings per share attributed to owners of the Company - diluted	\$	(0.07)	\$	0.27	\$	0.83	\$	0.17
Adjusted EBITDA	\$	15,121	\$	17,032	\$	14,130	\$	14,283
Cash	\$	48,242	\$	32,816	\$	32,597	\$	40,102
Restricted cash	\$	1,921	\$	2,116	\$	5,941	\$	4,757
Total equity attributable to Owners of the Company	\$	207,867	\$	211,249	\$	209,233	\$	196,108

9. CRITICAL ACCOUNTING POLICIES AND ESTIMATES

RECENT PRONOUNCEMENTS ISSUED AND EARLY ADOPTION OF STANDARDS

The Company's consolidated financial statements are prepared in accordance with IFRS. The significant accounting policies applied and recent accounting pronouncements are described in Note 2 and Note 3 to the Company's consolidated financial statements for the year ended December 31, 2020.

The Company reviewed new and revised accounting pronouncements that have been issued and are effective for periods beginning on or after January 1, 2020. There are currently no pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

CRITICAL ACCOUNTING ESTIMATES

In preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Critical accounting estimates represent estimates that are uncertain, and for which changes in those estimates could materially impact the Company's consolidated financial statements. 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. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Significant estimates and judgments made by management in the application of accounting policies are outlined in Note 4 to the consolidated financial statements and the notes thereto for the year ended December 31, 2020.

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10. RISKS AND UNCERTAINTIES

The acquisition, development and operation of renewable energy projects involves numerous risks due to the inherent nature of the business and influence by global economic trends. Additionally, there are also risks related to local social, political, environmental, and economic conditions, as well as currency and inflation-related risks in the emerging market of Latin America. As such, the Company is subject to several financial and operational risks that may significantly impact its production, profitability, financial instruments, and levels of operating cash flows. 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.

The following discussion summarizes the Company's principal financial risks and related uncertainties:

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by seeking to arrange to have sufficient cash, available credit facilities and other financial resources to meet obligations. The Company forecasts cash flows for a period of at least 12 months to identify financial requirements and ensure that these are met. To maintain or adjust its capital structure, the Company, upon approval by the Board, may issue shares, pay dividends, or undertake activities as appropriate under the specific circumstances. As part of its capital allocation strategy, the Company examines opportunities to divest non-core assets that fail to meet the Company's investment portfolio criteria.

CURRENCY RISK

Currency fluctuations may affect the Company's capital costs and the costs incurred as a result of the Company's operations. Although most of the Company's power purchase agreements are denominated in US dollars, a portion of the Company's operating and capital expenses are incurred in Nicaraguan Córdoba, Peruvian Nuevo Sol and Canadian dollars. The appreciation of these foreign currencies against the US Dollar would increase the costs of production and administration, which could materially and adversely affect the Company's earnings and financial condition. The Company may enter into forward contracts or other risk management strategies, from time to time, to hedge against the risk of an increase in the value of these foreign currencies.

CREDIT RISK

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. The Company is exposed to various counterparty risks including, but not limited to financial institutions that hold the Company's cash and short-term investments, companies/government entities that have payables to the Company, insurance providers and lenders. The Company seeks to limit counterparty risk by entering into business arrangements with high credit-quality counterparties, limiting the amount of exposure, and monitoring their financial condition.

INTEREST RATE RISK

Interest rate risk is the risk that the future cash flow or fair value of a financial instrument will fluctuate due to changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to interest rate risk with respect to its cash flow. The risk that the Corporation will realize a loss due to a decline in the fair value of any short-term securities included in cash and cash equivalents and short-term investments is limited because these investments, although readily convertible into cash, are generally held to maturity. The Corporation's cash flow exposure to interest

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rate risk relates principally to its floating rate senior facilities and other debt. Management mitigates this risk by entering into fixed-rate financing agreements or, from time-to-time, may enter into hedging agreements.

11. NON-GAAP PERFORMANCE 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 include references to the Company's adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA per share, operating cash flow and operating cash flow per share which are non-GAAP measures. These measures should not be considered in isolation or as an alternative 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 Infrastructure's results since the Company believes that the presentation of these measures will enhance an investor's understanding of Polaris Infrastructure's operating performance. Management's determination of the components of non-GAAP performance measures are evaluated on a periodic basis in accordance with its policy and are influenced by new transactions and circumstances, a review of stakeholder uses and new applicable regulations. When applicable, changes to the measures are noted and retrospectively applied.

ADJUSTED EBITDA

The Company uses Adjusted EBITDA and Adjusted EBITDA per share to assess its operating performance without the effects of the following items (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, items not related to or having a disproportionate effect on results for a particular period, and not reflective of operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA per share to evaluate the Company's performance. The presentation of Adjusted EBITDA and Adjusted EBITDA per share is not meant to be a substitute for Net Earnings/Loss and Net Earnings/Loss per share presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

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

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	Three Months Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net earnings and comprehensive earnings (loss) attributable to Owners of the Company	\$ 159	\$ (1,025)	\$ (753)	\$ 3,335
Add (deduct):				
Net earnings (loss) attributable to non-controlling interest	-	-	-	31
Current and deferred tax (recovery) expense	749	1,571	2,005	3,832
Finance costs	4,344	4,414	8,672	9,119
Interest income	(39)	(21)	(112)	(150)
Other losses (gains)	(1,770)	3,270	(1,890)	2,733
Decommissioning liabilities adjustments	(3)	(12)	17	42
Depreciation and amortization	6,522	6,485	13,391	12,912
Share-based compensation	16	439	512	253
Adjusted EBITDA	\$ 9,978	\$ 15,121	\$ 21,842	\$ 32,107
Basic weighted average number of shares outstanding	19,422,053	15,706,299	18,143,626	15,706,299
Adjusted EBITDA per share	\$ 0.51	\$ 0.96	\$ 1.20	\$ 2.04

OPERATING CASH FLOW

Operating Cash Flow and Operating Cash Flow per share are 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 the Company's operating performance. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use Operating Cash Flow to evaluate the Company's performance. The presentation of Operating Cash Flow and Operating Cash Flow per share are not meant to be a substitute for cash flows from operating activities presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

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

	Six Months Ended	
	June 30, 2021	June 30, 2020
Net cash from (used in) Operating activities	\$ 24,152	\$ 18,416
Adjust for:		
Changes in non-cash working capital:	(7,216)	7,034
Interest income	(112)	(150)
Other gains (losses)	172	295
Other adjustments	(694)	702
Operating cash flow	\$ 16,302	\$ 26,297
Basic weighted average number of shares outstanding	18,143,626	15,706,299
Operating cash flow per share	\$ 0.90	\$ 1.67

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12. 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 the Company's 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 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 of June 30, 2021.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls 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 period ended June 30, 2021 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws, 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 the Company's growth, results of operations, business prospects and opportunities, and the effects of the COVID-19 pandemic. 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 "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.

Forward-looking information in this MD&A includes, but is not limited to: the future development of and costs related to the binary unit at San Jacinto, including the date of initial operations and the costs associated therewith; the expected production capacity of the binary unit at San Jacinto; additional changes to the wells and steamfield to increase production; potential strategic alternatives and the potential sale of geothermal and exploration and development properties; expected annual energy production; sufficiency of operating cash flows; the use of net proceeds of the Offering and the ability to satisfy capital requirements and the replacement of debt; the result of changes to the reinjection system over the long-term; and the verification process and timing regarding the sale of CERS.

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 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 the Company's 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; the ability to file adjustments in respect of applicable power purchase agreements; 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 the Company's properties; insufficient insurance coverage; inability to obtain equity or debt financing; fluctuations in the market price of Shares and Warrants; impact of issuance of additional equity securities on the trading price of 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 in which the Company operates; uncertainty of the ability of Nicaragua and Peru to sell power to neighbouring 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

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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: the Company's 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 the Company's ability to comply with local, state and federal regulations dealing with operational standards and environmental protection measures; the Company's ability to negotiate and obtain PPAs on favourable terms; the Company's ability to obtain necessary regulatory approvals, permits and licenses in a timely manner; the availability of materials, components or supplies; the Company's 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 the Company's properties; geological, geophysical, geochemical and other conditions at the Company's 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; the Company's competitive position; the ability to continue as a going concern and general economic conditions.

Although the Company has 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 the Company disclaims 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, 2020 is available on SEDAR at www.sedar.com and on the Company's website at www.polarisinfrastructure.com.
