

POLARIS

Management's Discussion and Analysis For the period ended September 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 September 30, 2021, and reflects all material events up to November 3, 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 September 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.

Contents

| | | |
|-----|---|----|
| 1. | 2021 HIGHLIGHTS..... | 2 |
| 2. | OPERATIONS AND FINANCIAL HIGHLIGHTS | 3 |
| 3. | BUSINESS OVERVIEW AND STRATEGY | 4 |
| 4. | OPERATING SEGMENT PERFORMANCE | 5 |
| 5. | DEVELOPMENT PROPERTIES | 9 |
| 6. | CONSOLIDATED FINANCIAL RESULTS | 10 |
| 7. | FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION | 12 |
| 8. | SUMMARY OF UNAUDITED QUARTERLY RESULTS | 15 |
| 9. | CRITICAL ACCOUNTING POLICIES AND ESTIMATES | 16 |
| 10. | RISKS AND UNCERTAINTIES..... | 17 |
| 11. | NON-GAAP PERFORMANCE MEASURES..... | 18 |
| 12. | DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING | 19 |

POLARIS

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

1. 2021 HIGHLIGHTS

- Quarterly consolidated energy production of 149,320 MWh (net) for the three-month period ended September 30, 2021, of which 120,838 MWh (net) was contributed by the Company's geothermal facility in Nicaragua, the San Jacinto facility ("San Jacinto"), and an aggregate of 28,482 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 \$14.8 million in revenue from energy sales for the three months ended September 30, 2021, lower compared to the same period in 2020. This was the third 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 additional binary unit.
- Net earnings attributable to owners was \$2.2 million or \$0.11 per share – basic for the three months ended September 30, 2021, compared to net earnings of \$1.3 million or \$0.08 per share – basic in 2020. Net earnings increased due to other gains recorded during the period relating to disposal of non-core North American assets compared to other losses in 2020 partly offset by lower revenue. Adjusted EBITDA⁽¹⁾ was \$10.9 million for the three months ended September 30, 2021, compared to Adjusted EBITDA⁽¹⁾ of \$13.0 million in the same period in 2020.
- For the nine months ended September 30, 2021, the Company generated \$33.9 million in net cash flow from operating activities and \$25.4 million in operating cash flow⁽²⁾, ending with a strong cash position of \$104.6 million⁽²⁾.
- During the third quarter, the Company signed a definitive supply agreement with Ormat Systems Limited, a wholly owned subsidiary of Ormat Technologies Inc. (NYSE: ORA), to purchase equipment for the construction, commissioning and operation of an additional geothermal binary power plant at San Jacinto with a goal of initial operations by early Q1 2023. The Company also engaged the services of STEAM Group, an Italian company with expertise in geothermal development projects, to act as the owner engineer during the construction and commissioning phases.
- Consistent with its plans of maintaining a quarterly dividend, the Company declared and paid a \$0.15 dividend per share during the three-months ended September 30, 2021. The Company will pay the twenty-third consecutive quarterly dividend of \$0.15 per outstanding common share on November 26, 2021.
- The Company continued to advance its environmental, social and governance ("ESG") initiatives while continuing to maintain an excellent health and safety record. During the third quarter, in Nicaragua, the Company implemented Phase II of its educational robotics project engaging local students from grades one to nine and donated COVID-19 prevention and treatment supplies to local health centers. In Peru, the Company signed a cooperation agreement to grant a university scholarship to the highest ranked student graduating from the local school.

(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 the increase of which relates to a Letter of Credit relating to the Binary Unit in San Jacinto.

POLARIS

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

2. OPERATIONS AND FINANCIAL HIGHLIGHTS

| | Three Months Ended | | Nine Months Ended | |
|---|-----------------------|-----------------------|--------------------------------|-------------------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Energy production | | | | |
| Consolidated Power (MWh) net | 149,320 | 142,194 | 480,981 | 490,143 |
| Consolidated Power, average (MW) net | 67.63 | 65.21 | 73.41 | 77.20 |
| Financials | | | | |
| Revenue | \$ 14,806 | \$ 17,054 | \$ 44,646 | \$ 56,249 |
| Net earnings attributable to owners | 2,175 | 1,322 | 1,422 | 4,657 |
| Adjusted EBITDA (i) | 10,857 | 13,032 | 32,699 | 38,666 |
| Net cash flow from operating activities | | | 33,903 | 30,140 |
| Operating cash flow (i) | | | 25,418 | 30,351 |
| Per share | | | | |
| Net earnings attributable to owners - basic | \$ 0.11 | \$ 0.08 | \$ 0.08 | \$ 0.30 |
| Net earnings attributable to owners - diluted | \$ 0.11 | \$ 0.08 | \$ 0.08 | \$ 0.28 |
| Adjusted EBITDA (i) | \$ 0.56 | \$ 0.83 | \$ 1.76 | \$ 2.46 |
| Operating cash flow (i) | | | \$ 1.37 | \$ 1.93 |
| Balance Sheet | | | | |
| | | | As at September 30, 2021 | As at December 31, 2020 |
| Cash | | | \$ 99,858 | \$ 60,058 |
| Restricted cash | | | \$ 4,780 | \$ 1,785 |
| Total current assets | | | \$ 111,337 | \$ 80,344 |
| Total assets | | | \$ 509,772 | \$ 491,118 |
| Current and Long-term debt (ii) | | | \$ 174,011 | \$ 189,295 |
| Total liabilities | | | \$ 246,442 | \$ 264,349 |
| Working Capital (iii) | | | \$ 78,263 | \$ 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.

POLARIS

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

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.

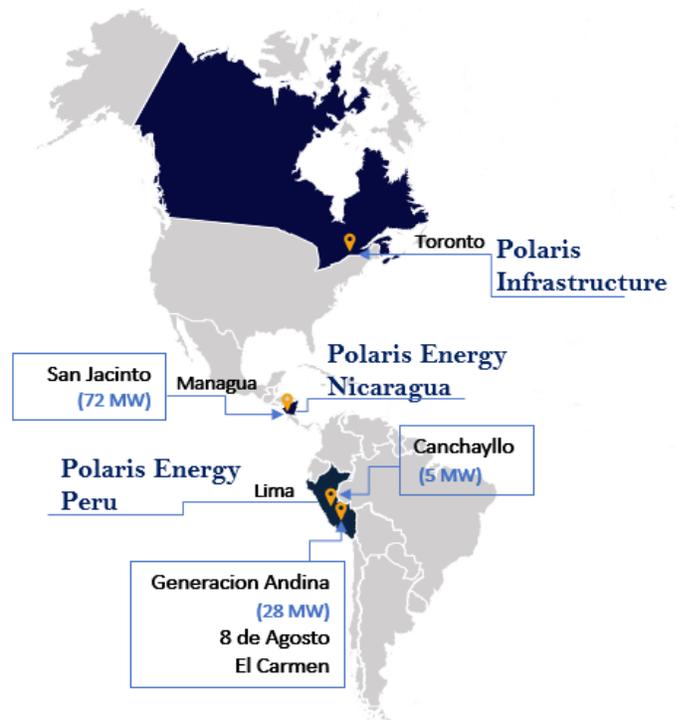
The Company operates in Nicaragua and Peru, which are both Latin American nations with rapidly growing energy needs and governments that have stated mandates and economic policies aimed at supporting the growth of domestic renewable energy sources. Polaris Infrastructure is committed to its strategic 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 September 30, 2021 and to the date of this MD&A are discussed below.



POLARIS

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

4. OPERATING SEGMENT PERFORMANCE

CONSOLIDATED RESULTS

| | Three Months Ended | | Nine Months Ended | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Power production in MWh⁽ⁱ⁾ | | | | |
| Nicaragua (Geothermal) | 120,838 | 118,857 | 352,540 | 383,879 |
| Peru (Hydroelectric) | 28,482 | 23,337 | 128,441 | 106,264 |
| Total consolidated power production in MWh | 149,320 | 142,194 | 480,981 | 490,143 |
| Power production in MW (net)⁽ⁱ⁾ | | | | |
| Nicaragua (Geothermal) | 54.73 | 53.83 | 53.81 | 58.38 |
| Peru (Hydroelectric) | 12.90 | 11.38 | 19.60 | 18.82 |
| Total consolidated power production in MW (net) | 67.63 | 65.21 | 73.41 | 77.20 |

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

During the three months ended September 30, 2021 quarterly consolidated power production was higher than the same period in 2020, both in Nicaragua and Perú.

For Nicaragua, third quarter 2021 production was higher mainly due to planned annual maintenance with one unit down for 16 days in August 2020, while in 2021 the planned annual maintenance was performed in May 2021. Production for the third quarter averaged 54.7 MWs (net), compared to 51.2 MWs (net) in the second quarter of 2021.

Consolidated production in Peru for the three months ended September 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. Insurance proceeds of \$1.03 million due to the Company following the operating failure at El Carmen were received on July 16, 2021.

During the nine months ended September 30, 2021, power production was 480,981 MWh (net) compared to 490,143 MWh (net) in the nine months ended September 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 nine months of 2021 and consistent with its strategy, the Company continued to progress on its ESG initiatives at each of the operating sites 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 September 30, 2021. As of November 3, 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. Corporate headquarters in Canada is 100% fully vaccinated. 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.

POLARIS

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

NICARAGUA – Geothermal Energy Production

| | Three Months Ended | | Nine Months Ended | |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Power production | | | | |
| San Jacinto - MWh | 120,838 | 118,857 | 352,540 | 383,879 |
| San Jacinto - MW (net) | 54.73 | 53.83 | 53.81 | 58.38 |
| Financial | | | | |
| Revenue | \$ 13,437 | \$ 15,842 | \$ 39,202 | \$ 51,442 |

(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 third quarter of 2020, higher production at San Jacinto was mainly due to the timing of a planned maintenance shut down, which in 2020 occurred in August and in 2021 occurred in May.

During the nine months ended September 30, 2021, power production was lower compared to the nine months ended September 30, 2020, due to the combined effect of the 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 nine months of 2020 were higher than expected with production of 60.12 MW average (net), excluding August due to the shutdown. 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 nine months ended September 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, inclusion of the additional binary unit and refinancing of the credit agreement to provide a longer-term amortization period to match the PPA.

ESG Programs, Nicaragua

In the first nine months 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 were built to enable families in

POLARIS

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

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

- PENSA implemented Phase II of its educational robotics project. In this phase II, the Company is engaging with local students from grades one to nine. Thanks to this project, the local school is the first and only school in the entire region that has this type of educational technology.
- PENSA donated COVID-19 prevention and treatment supplies to local health centers, including oxygen tanks, masks, thermometers, oximeters.
- 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 | | Nine Months Ended | |
|---|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Power production | | | | |
| Canchayllo - MWh | 7,262 | 8,406 | 22,064 | 26,304 |
| Generación Andina: 8 de Agosto - MWh | 14,882 | 11,418 | 73,267 | 67,129 |
| Generación Andina: El Carmen - MWh | 6,338 | 3,513 | 33,110 | 12,831 |
| Total Peru in MWh | 28,482 | 23,337 | 128,441 | 106,264 |
| Financial | | | | |
| Canchayllo - MW (net) | 3.29 | 3.81 | 3.37 | 4.00 |
| Generación Andina: 8 de Agosto - MW (net) | 6.74 | 5.17 | 11.18 | 10.21 |
| Generación Andina: El Carmen - MW (net) | 2.87 | 2.40 | 5.05 | 4.61 |
| Total Peru in MW (net) (i) | 12.90 | 11.38 | 19.60 | 18.82 |
| Financial | | | | |
| Revenue | \$ 1,369 | \$ 1,212 | \$ 5,444 | \$ 4,807 |

(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, following a recent application of the inflation adjustment mechanism effective until the end of the term.

Third 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 nine months ended September 30, 2021, power production was lower compared to the nine months ended September 30, 2020, due to the lower water availability and unplanned maintenance at the beginning of the year as one unit was shutdown for two weeks.

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

POLARIS

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

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 September 30, 2021, higher production at 8 de Agosto compared to 2020 was due to higher hydrology in 2021, compared to 2020.

El Carmen had higher production for the three months ended September 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.

During the nine months ended September 30, 2021, production was higher than in the nine months ended September 30, 2020, due to the increase in hydrology year-over-year and the five-month shut down of El Carmen in 2020 as indicated above, partly offset by the unexpected and planned shutdowns in 2021.

For the nine months ended September 30, 2021, the increase in revenue in Peru is consistent with the increase in production year-over-year and was partly 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 and third quarters, 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. For the third quarter, the effective price was \$42.30 per MWh, 24% lower than the PPA price. 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, notwithstanding challenges due to the COVID-19 Pandemic, with the aim of developing Peruvian programs similar to those undertaken and operating successfully in Nicaragua. In the first nine months 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 and made donations to the local municipality, including pipelines used to improve the local infrastructure.
- In Jauja, valley of the District of Canchayllo, the Company signed a cooperation agreement to grant a university scholarship to the highest ranked student graduating from the local school.
- The Company carried out environmental activities focused on meeting objectives and indicators related to reforestation.

POLARIS

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

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. 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. During the third quarter, the Company signed a definitive supply agreement with Ormat Systems Limited, a wholly owned subsidiary of Ormat Technologies Inc (NYSE: ORA), to purchase equipment for the construction, commissioning and operation of an additional geothermal binary power plant with a goal of initial operations by early Q1 2023. The Company also engaged the services of STEAM Group, an Italian company with expertise in geothermal development projects, to act as the owner engineer during the construction and commissioning phases. The Company has budgeted approximately \$25 million to bring the project online and expects to fund with current cash on hand. As at September 30, 2021, a total of \$4.1 million has been spent by the Company mainly on advances for equipment.

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 regional growth opportunities in the short term.

POLARIS

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

6. CONSOLIDATED FINANCIAL RESULTS

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Consolidated Statement of Operations and Comprehensive Earnings | | | | |
| Revenue | \$ 14,806 | \$ 17,054 | \$ 44,646 | \$ 56,249 |
| Direct costs | | | | |
| Other direct costs | (2,863) | (2,955) | (8,087) | (7,566) |
| Depreciation and amortization of plant assets | (6,356) | (6,396) | (19,641) | (19,203) |
| General and administrative expenses | (1,359) | (1,094) | (4,753) | (3,855) |
| Other operating costs | (4) | (20) | (19) | (136) |
| Operating income | \$ 4,224 | \$ 6,589 | \$ 12,146 | \$ 25,489 |
| Interest income | 115 | 154 | 227 | 304 |
| Finance costs | (4,136) | (4,117) | (12,808) | (13,236) |
| Other gains (losses) | 2,950 | (646) | 4,840 | (3,379) |
| Earnings and comprehensive earnings before income taxes | \$ 3,153 | \$ 1,980 | \$ 4,405 | \$ 9,178 |
| Income tax expense | (978) | (658) | (2,983) | (4,490) |
| Total earnings and comprehensive earnings | \$ 2,175 | \$ 1,322 | \$ 1,422 | \$ 4,688 |
| Total earnings (loss) and comprehensive earnings (loss) attributable to: | | | | |
| Owners of the Company | \$ 2,175 | \$ 1,322 | \$ 1,422 | \$ 4,657 |
| Non-controlling interests | \$ - | \$ - | \$ - | \$ 31 |
| Basic earnings per share | \$ 0.11 | \$ 0.08 | \$ 0.08 | \$ 0.30 |

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

Revenue was \$14.8 million during the three months ended September 30, 2021, compared to \$17.1 million in the same period of 2020, lower due to the amended PPA price at San Jacinto, 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 \$2.9 million for the three months ended September 30, 2021, compared to \$3.0 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 September 30, 2021 was \$6.4 million, in line with the expense in the same period in 2020.

General and administrative expenses for the three months ended September 30, 2021 were \$1.4 million, higher than the \$1.1 million expense in the same period of 2020 mainly from non-cash share-based compensation issued during the quarter.

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

For the three months ended September 30, 2021, finance costs were \$4.1 million, compared to \$4.1 million finance costs recorded in the same period of 2020.

POLARIS

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

Other Gains/(Losses) for three months ended September 30, 2021 were \$3.0 million gain, compared to a \$0.6 million loss for the same period in 2020. The gain during the period was mainly due to a gain on the valuation of conversion option liability and the receipt of insurance proceeds relating to the El Carmen.

Earnings attributable to owners was \$2.2 million for the three months ended September 30, 2021, compared to \$1.3 million for the same period in 2020. Net earnings increased due to other gains recorded during the period, compared to other losses in 2020. The increase was partly offset by lower revenue.

Adjusted EBITDA (*a Non-GAAP measure used by the Company*) was \$10.9 million for the three months ended September 30, 2021, compared to \$13.0 million for the same period in 2020, principally as a net result of lower revenue. (*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.*)

Nine months ended September 30, 2021 versus September 30, 2020

Revenue was \$44.6 million during the nine months ended September 30, 2021, compared to \$56.2 million 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 \$8.1 million for the nine months ended September 30, 2021, compared to \$7.6 million in the same period of 2020 mainly due to inflationary pressures, higher municipal taxes and additional production costs. The depreciation and amortization expense associated with energy production (included in direct costs) for the nine months ended September 30, 2021 was \$19.6 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.

General and administrative expenses for the nine months ended September 30, 2021 were \$4.8 million, approximately \$0.9 million higher than in the same period of 2020, mainly due to higher salaries and benefits, 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 nine months ended September 30, 2021 was \$0.2 million, compared to the \$0.3 million in the same period of 2020.

For the nine months ended September 30, 2021, finance costs were \$12.8 million, compared to \$13.2 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 nine months ended September 30, 2021 were \$4.8 million gain, compared to a \$3.4 million loss for the same period in 2020. The gain during the period was due to the gain from the sale of a non-core North American asset, insurance proceeds received and a net gain on valuation of conversion option liability.

Earnings attributable to owners was \$1.4 million for the nine months ended September 30, 2021, compared to \$4.7 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, insurance proceeds and the mark-to-market accounting adjustment on certain liabilities.

Adjusted EBITDA (*a Non-GAAP measure used by the Company*) was \$32.7 million for the nine months ended September 30, 2021, compared to \$38.7 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.*)

POLARIS

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

7. FINANCIAL CONDITION, LIQUIDITY AND SHARE CAPITAL INFORMATION

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

| | Nine Months Ended | |
|--|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 |
| Net cash from (used in) | | |
| Operating activities | \$ 33,903 | \$ 30,140 |
| Investing activities | (8,610) | (2,223) |
| Financing activities | 14,510 | (1,891) |
| Foreign exchange gain on cash held in foreign currency | (3) | 4 |
| Increase (decrease) in cash | \$ 39,800 | \$ 26,030 |

- Net cash from operating activities for the nine months ended September 30, 2021 of \$33.9 million, increased by \$3.8 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 nine months ended September 30, 2021 was \$8.6 million, compared to \$2.2 million in the same period of 2020, largely due to the increase in restricted cash and purchases related to the construction of the Binary unit in San Jacinto.
- Net cash from financing activities for the nine months ended September 30, 2021 of \$14.5 million, compared to \$1.9 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 nine months ended September 30, 2021, compared to lower net proceeds of debt issuance in the comparative period and higher dividends.

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

| | As at September 30, 2021 | As at December 31, 2020 |
|--|-----------------------------|----------------------------|
| Cash ⁽ⁱ⁾ | 99,858 | 60,058 |
| Restricted cash | 4,780 | 1,785 |
| Total current assets | 111,337 | 80,344 |
| Total assets | 509,772 | 491,118 |
| Current and Long-term debt ⁽ⁱⁱ⁾ | 174,011 | 189,295 |
| Total liabilities | 246,442 | 264,349 |
| Working Capital ⁽ⁱⁱⁱ⁾ | 78,263 | 45,303 |

(i) Cash in the amount of \$37.0 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 \$509.8 million as at September 30, 2021 compared to total assets of \$491.1 million as of December 31, 2020. The increase is mainly due to higher cash mainly 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 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.

POLARIS

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

Total liabilities as at September 30, 2021 were \$246.4 million, a decrease of \$18.0 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 nine months ended September 30, 2021, PENZA repaid \$13.5 million of principal on its San Jacinto credit facilities. As at September 30, 2021, PENZA had \$115.2 million outstanding on those credit facilities.

As at September 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 September 30, 2021 are as follows:

| <i>(in thousands of USD)</i> | Less than 1 Year | 1-3 Years | 4-5 Years | More than 5 Years | Total |
|--|---------------------|------------------|------------------|----------------------|----------------|
| Accounts payable and accrued liabilities | \$ 11,333 | \$ - | \$ - | \$ - | 11,333 |
| Debt, current and long-term <i>(i)</i> | 21,464 | 44,868 | 51,853 | 80,749 | 198,934 |
| Interest obligations | 9,938 | 9,938 | 9,938 | 9,938 | 39,752 |
| | \$ 42,735 | \$ 54,806 | \$ 61,791 | \$ 90,687 | 250,019 |

(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.

POLARIS

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

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 | 4,513 | 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 | \$ 115,228 | \$ 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 September 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 September 30, 2021 and December 31, 2020:

| | September 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 |

POLARIS

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

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 | November 3, 2021 | December 31, 2020 |
|--|---------------------|----------------------|
| Common shares issued and outstanding (i) | 19,428,095 | 15,706,299 |
| Share options outstanding (ii) | 645,281 | 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 September 30, 2021).
- (ii) The outstanding stock options have a weighted average exercise price of Cdn\$16.08 and 1.8 year remaining contractual life. Exercise prices range from Cdn\$9.93 to Cdn\$18.44 and expire from December 2021 to August 2026. Of the outstanding stock options, 286,781 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) | September 30, 2021 | | June 30, 2021 | | March 31, 2021 | | December 31, 2020 | |
|--|-----------------------|---------|---------------|---------|----------------|---------|----------------------|---------|
| Production MWh | 149,320 | | 150,676 | | 180,984 | | 171,933 | |
| Revenue | \$ | 14,806 | \$ | 14,161 | \$ | 15,679 | \$ | 18,471 |
| Direct cost of energy production | \$ | (9,219) | \$ | (9,111) | \$ | (9,398) | \$ | (9,186) |
| Net earnings (loss) attributable to owners of the Company | \$ | 2,175 | \$ | 159 | \$ | (912) | \$ | 24,230 |
| Basic weighted average number of shares outstanding | 18,575 | | 18,144 | | 16,851 | | 15,706 | |
| Diluted weighted average number of shares outstanding | 18,867 | | 18,425 | | 16,851 | | 16,335 | |
| Earnings per share attributed to owners of the Company - basic | \$ | 0.12 | \$ | 0.01 | \$ | (0.05) | \$ | 1.54 |
| Earnings per share attributed to owners of the Company - diluted | \$ | 0.12 | \$ | 0.01 | \$ | (0.05) | \$ | 1.48 |
| Adjusted EBITDA | \$ | 10,857 | \$ | 9,978 | \$ | 11,851 | \$ | 13,574 |
| Cash | \$ | 99,858 | \$ | 104,690 | \$ | 107,962 | \$ | 60,058 |
| Restricted cash | \$ | 4,780 | \$ | 1,780 | \$ | 1,782 | \$ | 1,785 |
| Total equity attributable to Owners of the Company | \$ | 265,306 | \$ | 265,743 | \$ | 268,492 | \$ | 228,745 |

POLARIS

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

| <i>(in thousands of USD, except for earnings (loss) per share)</i> | September 30, 2020 | | June 30, 2020 | | March 31, 2020 | | December 31, 2019 | |
|--|--------------------|---------|---------------|---------|----------------|---------|-------------------|---------|
| Production MWh | | 142,187 | | 165,441 | | 183,332 | | 144,761 |
| Revenue | \$ | 17,054 | \$ | 18,923 | \$ | 20,272 | \$ | 17,795 |
| Direct cost of energy production | \$ | (9,351) | \$ | (9,061) | \$ | (8,357) | \$ | (8,106) |
| Net earnings (loss) attributable to owners of the Company | \$ | 1,322 | \$ | (1,025) | \$ | 4,360 | \$ | 13,556 |
| Basic weighted average number of shares outstanding | | 15,706 | | 15,706 | | 15,706 | | 15,706 |
| Diluted weighted average number of shares outstanding | | 16,375 | | 15,706 | | 16,369 | | 16,330 |
| Earnings per share attributed to owners of the Company - basic | \$ | 0.08 | \$ | (0.07) | \$ | 0.28 | \$ | 0.86 |
| Earnings per share attributed to owners of the Company - diluted | \$ | 0.08 | \$ | (0.07) | \$ | 0.27 | \$ | 0.83 |
| Adjusted EBITDA | \$ | 13,006 | \$ | 15,121 | \$ | 17,032 | \$ | 14,130 |
| Cash | \$ | 58,627 | \$ | 48,242 | \$ | 32,816 | \$ | 32,597 |
| Restricted cash | \$ | 1,897 | \$ | 1,921 | \$ | 2,116 | \$ | 5,941 |
| Total equity attributable to Owners of the Company | \$ | 206,844 | \$ | 207,867 | \$ | 211,249 | \$ | 209,233 |

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.

POLARIS

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

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

POLARIS

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

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 in a given period*): current and deferred tax expense, finance costs, interest income, depreciation and amortization of plant assets, other gains and losses, impairment loss, share-based compensation, decommissioning liabilities adjustments 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:

POLARIS

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

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Net earnings and comprehensive earnings (loss) attributable to Owners of the Company | \$ 2,175 | \$ 1,322 | \$ 1,422 | \$ 4,657 |
| Add (deduct): | | | | |
| Net earnings (loss) attributable to non-controlling interest | - | - | - | 31 |
| Current and deferred tax (recovery) expense | 978 | 658 | 2,983 | 4,490 |
| Finance costs | 4,136 | 4,117 | 12,808 | 13,236 |
| Interest income | (115) | (154) | (227) | (304) |
| Other losses (gains) | (2,950) | 646 | (4,840) | 3,379 |
| Decommissioning liabilities adjustments | - | (12) | 17 | 42 |
| Depreciation and amortization | 6,410 | 6,485 | 19,801 | 12,912 |
| Share-based compensation | 223 | (30) | 735 | 223 |
| Adjusted EBITDA | \$ 10,857 | \$ 13,032 | \$ 32,699 | \$ 38,666 |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Basic weighted average number of shares outstanding | 19,424,089 | 15,706,299 | 18,575,137 | 15,706,299 |
| Adjusted EBITDA per share | \$ 0.56 | \$ 0.83 | \$ 1.76 | \$ 2.46 |

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:

| | Nine Months Ended | |
|---|--------------------|--------------------|
| | September 30, 2021 | September 30, 2020 |
| Net cash from (used in) Operating activities | \$ 33,903 | \$ 30,140 |
| Adjust for: | | |
| Changes in non-cash working capital: | (6,908) | 7,034 |
| Interest income | (227) | (150) |
| Other gains (losses) | (523) | 295 |
| Other adjustments | (827) | (6,968) |
| Operating cash flow | \$ 25,418 | \$ 30,351 |
| Basic weighted average number of shares outstanding | 18,575,137 | 15,706,299 |
| Operating cash flow per share | \$ 1.37 | \$ 1.93 |

POLARIS

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

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 September 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 September 30, 2021 that has materially affected, or is reasonably likely to materially affect, the internal controls over financial reporting.

POLARIS

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

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

POLARIS

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

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.
