POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES 2018 YEAR END RESULTS

TORONTO, ON (March 6, 2019) – Polaris Infrastructure Inc. (TSX: PIF) ("Polaris Infrastructure" or the "Company"), a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America, is pleased to report its audited financial and operating results for the year ended December 31, 2018. This earnings release should be read in conjunction with Polaris Infrastructure's Consolidated Financial Statements and Management's Discussion and Analysis, which are available on the Company's website at www.polarisinfrastructure.com and have been posted on SEDAR at www.sedar.com. The dollar figures below are denominated in US Dollars unless noted otherwise.

HIGHLIGHTS

- **Record-level annual power generation and revenue:** The San Jacinto project achieved its highest ever annual levels of power generation and revenue in 2018. Total generation at San Jacinto was 543,312 MWh (net) (an average of 62.0 MW (net)) versus generation of 490,765 MWh (net) (an average of 56.0 MW (net)) in the prior year. This increase in production drove a revenue increase of 14.5% to $68.8 million from the San Jacinto project.

- **Peruvian Acquisition Operating Facility**: In addition, the Company's recently purchased run-of-river project, Canchayllo, was consolidated for two months, which added 5,196 MWh, resulting in revenue recorded of $0.3 million in 2018.

- **Significant increase in Adjusted EBITDA:** The Company generated Adjusted EBITDA (a non-GAAP measure) of $57.8 million in 2018, a 15% increase from 2017, driven primarily by increased San Jacinto project revenues. Adjusted EBITDA margins remained stable at 84% for 2018. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total income (loss) and comprehensive income (loss).*

- **Completion of new well, 12-5, at the San Jacinto-Tizate Power Plant (the "San Jacinto project"):**

  - Production well SJ 12-5 was completed in early January 2018 and successfully flow-tested later that month. SJ 12-5 was connected to the plant in March 2018. 12-5 is currently flowing at a rate of approximately 8-10 MW, which makes it one of the stronger wells in the field. As such, this was a very important milestone for the Company. It is important to note that geothermal wells take time to reach stabilization, however at approximately one year from connection, management is of the view that we are at, or very close to, reaching a stable state for the well.

- **Completion of UEG Acquisition:** The Company completed the acquisition of 100% of Union Energy Group Corp. on October 30, 2018. This acquisition added a portfolio of run-of-river hydro assets at different stages of development located in Peru. The portfolio includes a 5 MW operating project called Canchayllo, which has been in operation since 2015 and has a long-term US dollar-denominated power purchase agreement ("PPA") until 2034. The main focus of the acquisition was two projects, El Carmen (8 MW) and 8 de Agosto (20 MW), that are in late stages of construction. These projects have long-term US dollar-denominated PPAs until 2039. Construction activities have now been fully-mobilized and we are targeting having both projects completed and connected to the grid in the fourth quarter of this year. The portfolio also included earlier stage development projects with an estimated capacity of over 180 MW. Further details on the construction progress of El Carmen and 8 de Agosto will be provided on future earnings calls.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three months and year ended December 31, 2018 and 2017 are summarized below:

	Three months ended		Year Ended	
(all $ figures in thousands except income (loss) per share)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Average production	64.9 MW (net)	57.8 MW (net)	62 MW (net)	56 MW (net)
Total revenue	$ 18,286	$ 15,559	$ 68,824	$ 60,107
Adjusted EBITDA (1)	14,860	12,940	57,848	50,302
Finance costs	(4,395)	(4,335)	(16,592)	(17,341)
Total earnings attributable to Owners of the Company	3,735	752	12,137	1,664
Basic earnings per share attributable to owners of the Company	$0.23	$0.05	$0.77	$0.11
Diluted earnings per share attributable to owners of the Company	$0.22	$0.05	$0.74	$0.11

	As at December 31, 2018	As at December 31, 2017
Total assets	$ 467,858	$ 407,258
Long-term debt	172,743	156,354
Total liabilities	269,409	220,049
Cash	37,809	37,217
Working capital	13,755	28,327

(1) Refer to *Use of Non-GAAP Measures* section for further details with respect to calculation of Adjusted EBITDA.

For the three months ended December 31, 2018, the Company reported revenue of $18.3 million and Adjusted EBITDA of $14.9 million, compared to revenue of $15.6 million and Adjusted EBITDA of $12.9 million for the same period in 2017. The significant increase in revenue was as a result of exceptional power generation at the San Jacinto facility, as well as the 3% annual tariff increase under the power purchase agreement. The higher average generation in the period resulted from higher than typical steam flows from two new wells connected to the San Jacinto facility in the first quarter of 2018. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total income (loss) and comprehensive income (loss).*

For the year ended December 31, 2018, the Company reported revenue of $68.8 million and Adjusted EBITDA of $57.8 million, compared to revenue of $60.1 million and Adjusted EBITDA of $50.3 million, for the same period in 2017. The 14.5% increase in revenue was primarily owed to the increase in average generation, as well as the 3% annual tariff increase. Adjusted EBITDA growth of $7.5 million was also primarily the result of the above-mentioned revenue growth at the San Jacinto facility. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total income (loss) and comprehensive income (loss).*

For the year ended December 31, 2018, the Company had net operating cash inflows of $37.4 million, net investing cash outflows of $14.7 million (substantially related to the 2017/2018 San Jacinto drilling program) and net financing cash outflows of $22.1 million (related to dividends and repayment of debt). As at December 31, 2018, the Company had consolidated cash of $37.8 million.

"We are very pleased with the financial results for 2018 which justify the investments made to optimize the San Jacinto project" noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure. "While there continue to be opportunities to optimize the San Jacinto project, we anticipate that 2019 will see lower capital investment into this facility, which will allow for increased emphasis on other growth opportunities. This includes the capital investment required to complete the two key construction projects in Peru. Once completed, our revenue and cash flow will become more diversified by both asset class and jurisdiction. We strongly believe that such diversification will benefit all shareholders going forward."

About Polaris Infrastructure

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America. Currently, the Company operates a 72 MW geothermal project located in Nicaragua and a 5 MW run-of-river project in Peru. The Company is also completing the construction of another 28 MW of run-of-river projects also located in Peru.

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USE OF NON-GAAP MEASURES

Certain measures in this document do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") and, therefore, are not considered generally accepted accounting principles ("GAAP") measures. Where non-GAAP measures or terms are used, definitions are provided. In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

EBITDA is a non-GAAP metric used by many investors to compare companies on the basis of ability to generate cash from operations. The Company uses Adjusted EBITDA to assess its operating performance without the effects of (as applicable): current and deferred tax expense, finance costs, interest income, other gains and losses, impairment loss, depreciation and amortization of plant assets, share-based compensation and other non-recurring items. The Company adjusts for these factors as they may be non-cash, unusual in nature and are not factors used by management for evaluating the performance of the Company. The Company believes the presentation of this measure will enhance an investor's understanding of its operating performance. Adjusted EBITDA is not intended to be representative of cash provided by operating activities or results of operations determined in accordance with GAAP. The table below reconciles between Adjusted EBITDA and Net income (loss) and comprehensive Income (loss), calculated in accordance with IFRS.

Reconciliation of Adjusted EBITDA to total loss and comprehensive loss attributable to Owners of the Company

	Three months ended		Year Ended	
(in thousands)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Total earnings (loss) attributable to Owners of the Company	$ 3,735	$ 752	$ 12,137	$ 1,664
Add (deduct):				
Net gain(loss) attributable to non-controlling interest	-	11	62	10
Current and deferred tax expense	1,102	2,024	7,102	8,254
Finance costs	4,395	4,335	16,592	17,341
Interest income	(225)	(119)	(764)	(536)
Other losses	(1,620)	121	(1,181)	612
Acquisition costs	1,572	-	1,572	-
Decommissioning liabilities adjustments	243	(19)	207	(41)
Depreciation and amortization of plant assets	5,846	5,493	22,903	21,732
Share-based compensation	(188)	342	(782)	1,266
Adjusted EBITDA	$ 14,860	$ 12,940	$ 57,848	$ 50,302

Cautionary Statements

This news release contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenue, requirements for additional capital, revenue and production costs, future demand for and prices of electricity, business prospects and opportunities. In addition, statements relating to estimates of recoverable energy "reserves" or "resources" or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective energy resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the geothermal and hydroelectric industries; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals or in the completion of development or construction activities, or in the commencement of operations; the ability of the Company to continue as a going concern and general economic conditions, as well as those factors discussed in the section entitled "Risk Factors" in the Company's Annual Information Form. These factors should be considered carefully and readers of this news release should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this news release is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The information in this news release, including such forward-looking information, is made as of the date of this news release and, other than as required by applicable securities laws, Polaris Infrastructure assumes no obligation to update or revise such information to reflect new events or circumstances.