POLARIS

POLARIS INFRASTRUCTURE ANNOUNCES 2019 SECOND QUARTER RESULTS

TORONTO, ON (August 8, 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 financial and operating results for the quarter ended June 30, 2019. This earnings release should be read in conjunction with Polaris Infrastructure's financial statements and management's discussion and analysis ("MD&A"), 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

- **Continued Strong Power Generation:** The San Jacinto project generated 129 GWh (net) (an average of 59.0 MW (net)), resulting in revenue of $17.3 million for the three months ended June 30, 2019, versus revenue of $17.7 million on generation of 139 GWh (net) (an average of 63.7 MW (net)) in the prior year period. The 2% revenue decrease was mainly due to the maintenance shutdown at San Jacinto in April 2019. The maintenance shutdown in 2018 was in March 2018 and accordingly the second quarter of 2019 is not directly comparable with the second quarter of 2018. The 5 MW capacity Canchayllo facility contributed $0.4 million of revenue for the quarter and produced total net 7.2 MWh for the quarter and 17.0 MWh for the six months ending June 30, 2019.

  Year over year Company revenue for six months ending June 30, 2019 was $35.8 million versus $32.4 million in 2018, adjusting for maintenance periods in the first quarter of 2018 and the second quarter of 2019, respectively. Furthermore, on a year over year basis for six months ending June 30, 2019 the San Jacinto project generated 268 GWh (net) (an average of 61.6 MW (net)), versus generation of 256 GWh (net) (an average of 58.6 MW (net)) in the prior year six month period, again normalizing for maintenance periods that did not coincide year over year.

- **Continued Cash Flow Generation:** The Company generated Adjusted EBITDA (a non-GAAP measure) of $14.5 million in the three months ended June 30, 2019, down $0.6 million from the prior year period, primarily as a result of the maintenance shutdown. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total income (loss) and comprehensive income (loss).*

  For the six months ended June 30, 2019 the Adjusted EBITDA was $30.4 million versus $27.5 million for the same period in 2018, which represents an increase of $2.9 million or 10.6%.

- **Continued Construction Progress in Peru**: The Company continues to execute on its build-out and completion of the El Carmen and 8 de Agosto projects acquired October 30, 2018. Progress continues towards a commercial operations date in October 2019. Both projects are estimated to be at a construction progress of 84% of completion. Excavation of new tunnels at both El Carmen and 8 de Agosto has been completed successfully and we are now in the process of final reinforcement. Inspections of all conduction lines have been completed and repairs where required are being undertaken. All rights-of-way for transmission line access have been finalized for both rural and urban tranches. Pre-commissioning activities in the Sub-stations commenced in early July and are proceeding per schedule.

- **Successful Close of Financing**: The Company successfully closed a private placement offering on May 28, 2019 of an aggregate principal amount of CAD $25 million 7% senior unsecured convertible debentures due 2024. The net proceeds from the offering will be used for general corporate purposes and to provide the flexibility to pursue further corporate development opportunities in Peru and similar jurisdictions in Latin America. The offering was upsized from CAD $12,000,000.

FINANCIAL OVERVIEW

The financial results of Polaris Infrastructure for the three and six months ended June 30, 2019 and 2018 are summarized below:

	Three months ended		Six months ended	
(all $ figures in thousands except income (loss) per share)	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Total revenue	$ 17,269	$ 17,657	$ 35,870	$ 32,387
Adjusted EBITDA (1)	14,496	15,128	30,372	27,458
Finance costs	(4,111)	(3,850)	(8,683)	(8,089)
Total earnings attributable to Owners of the Company	(6,731)	3,910	(3,351)	4,422
Basic earnings per share attrbutable to owners of the Company	($0.41)	$0.25	($0.21)	$0.28
Diluted earnings per share attrbutable to owners of the Company	($0.40)	$0.25	($0.20)	$0.28
			As at June 30, 2019	As at December 31, 2018
Total assets			$ 467,364	$ 465,788
Long-term debt			172,623	165,676
Total liabilities			273,387	262,342
Cash			55,534	37,809
Working capital			36,129	13,755

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

For the three months ended June 30, 2019, the Company reported revenue of $17.3 million and Adjusted EBITDA of $14.5 million, compared to revenue of $17.7 million and Adjusted EBITDA of $15.1 million, for the same period in 2018. The decrease in revenue resulted from the down-time associated with our second quarter maintenance at San Jacinto offset by the 3% annual tariff increase combined with a contribution from our newest Peruvian facility Canchayllo. The negative earnings attributable to owners of the Company of $6.7 million is due to a one-time, non-cash charge of $11.5 million in conjunction with the write-down of historical costs at the development project at Casitas in Nicaragua. Earnings attributable to owners of the Company before such write-down was $4.8 million compared to $3.9 million for the same period last year. *See Use of Non-GAAP Measures section below for reconciliation of Adjusted EBITDA to Total loss and comprehensive loss.*

For the quarter ended June 30, 2019, the Company had net operating cash inflows of $21.4 million, net investing cash outflows of $9.5 million and net financing cash inflows of $5.7 million. At June 30, 2019, the Company had cash of $55.5 million.

“The continued growth in cash flow generation at San Jacinto is reflected in these numbers and will provide the basis to continue to grow and diversify” noted Marc Murnaghan, Chief Executive Officer of Polaris Infrastructure. “The construction of the two projects in Peru is in full mobilization now and we expect to complete construction by the 4th quarter of this fiscal year, which will be another significant milestone for the Company.”

Polaris Infrastructure will hold its earnings call to discuss financial and operating results for the quarter ended June 30, 2019 on Thursday, August 8th, 2019 at 10:00 am EST.
To listen to the call, please dial +1 (647) 427-7450 or +1 (888) 231-8191.

A digital recording of the earnings call will be available for replay two hours after the call's completion, until May 13, 2019. Please dial +1 (416) 849-0833 or +1 (855) 829-2056; Conference ID: 1161728.

About Polaris Infrastructure

Polaris Infrastructure is a Toronto-based company engaged in the operation, acquisition and development of renewable energy projects in Latin America. Currently, the Company operates a 72MW geothermal project located in Nicaragua and a 5MW 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.

(in thousands)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Total earnings (loss) attributable to Owners of the Company	$ (7,723)	$ 3,910	$ (4,343)	$ 4,422
Add (deduct):				
Net loss attributable to non-controlling interest	(1,653)	26	(1,653)	32
Income tax (expense) recovery	1,715	2,017	3,138	4,063
Finance costs	4,883	3,850	9,454	8,089
Interest income	(290)	(161)	(516)	(292)
Other losses	(513)	149	75	185
Acquisition costs	199	-	199	-
Decommissioning liabilities adjustments	35	(10)	69	(29)
Impairment loss	11,564	-	11,564	-
Depreciation and amortization of plant assets	5,952	5,788	11,786	11,335
Share-based compensation	464	(441)	600	(347)
Adjusted EBITDA	$ 14,632	$ 15,128	$ 30,372	$ 27,458

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, timelines for construction, revenue and production costs, future demand for and prices of electricity, business prospects and opportunities. In addition, statements relating to estimates of recoverable geothermal energy “reserves” or “resources” or energy generation are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the geothermal 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 geothermal energy production, development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective geothermal resources; changes in project parameters as plans continue to be refined; possible variations of production rates; failure of plant, equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the geothermal industry; 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.