
Alterra Power Announces Results for the Quarter Ended June 30, 2017

(under IFRS and all amounts in US dollars unless otherwise stated)

Vancouver, B.C., Canada, August 10, 2017 – Alterra Power Corp. (TSX: AXY) ("Alterra" or the "Company") is pleased to report its financial and operating results for the quarter ended June 30, 2017. For further information on these results please see Alterra's Condensed Consolidated Interim Financial Statements and Management's Discussion and Analysis ("MD&A").

At June 30, 2017, Alterra consolidated 100% of the results of operations from its Icelandic subsidiary HS Orka, while Alterra's interests in the Toba Montrose, Dokie 1, Shannon, Jimmie Creek, and Kokomo renewable power projects were accounted for as equity investments. In certain statements in this news release, Alterra's results are disclosed as Alterra's "net interest", by which the Company means the operating results that the Company would have reported if each of HS Orka (66.6%), Toba Montrose (40%), Dokie 1 (25.5%), Shannon (50% sponsor equity interest), Jimmie Creek (51%), and Kokomo (90% sponsor equity interest) were reported in the proportional ownership interests shown above. Management believes that net interest reporting, although a non-IFRS measure, provides the clearest view of Alterra's performance. Refer to our MD&A for further information on non-IFRS measures. The Company also has disclosed information below regarding Adjusted EBITDA, another non-IFRS measure. Please refer to the Company's definition of Adjusted EBITDA and further commentary thereto, which is incorporated in the Financial Results table below.

Highlights for the quarter and subsequent period include:

- **Record generation:** The Company achieved its highest second quarter generation ever (8% over the comparative quarter), due primarily to increased output at Shannon and first-time second quarter output from Jimmie Creek. The Company achieved 97.2% of its budgeted generation (net interest) for the quarter, with strong hydro performance offsetting continued unusually low wind production.
- **Over 20% increase in revenue and Adjusted EBITDA:** Consolidated revenue increased by 24% to \$17.2 million in 2017, and net interest revenue increased by 20% to \$22.2 million predominantly due to a strengthening Icelandic krona in the quarter and first-time output from Jimmie Creek and Kokomo, and increased winds at Shannon. Consolidated Adjusted EBITDA increased by 26% to \$13.6 million, and net interest Adjusted EBITDA increased by 31% to \$11.2 million, primarily due to increased generation at Shannon and first time output from Jimmie Creek.
- **Geothermal field improvement at Reykjanes:** Recent field enhancement efforts (including well venting and turbine pressure adjustments) have resulted in increased generation (plant currently running at highest output level in 14 months, 75 MW). Quarterly generation increased 5% compared to the fourth quarter of 2016 and 3% over the previous quarter. The Company expects further increases in plant output in 2018 from the drilling of planned new wells, well work-overs, and potentially from the recent deep drilling project.
- **200 MW Flat Top wind project:**
 - **New partner:** On July 19, the Company entered into a partnership agreement under which a fund managed by BlackRock Real Assets acquired a 49% sponsor equity interest in the project. Alterra will continue to own 51% of the sponsor equity and will continue to manage the project.
 - **Project financing completed:** On July 19, the Company closed a \$287.2 million non-recourse credit facility for Flat Top supplied by Citi, Santander and the Royal Bank of Canada, consisting of a \$216.7 million construction loan plus \$70.5 million in letters of credit. The loan

facility is expected to be retired by a \$221.1 million tax equity investment to be supplied by subsidiaries of Berkshire Hathaway Energy and Citi (subject to typical conditions precedent). Alterra's total equity contribution for its 51% sponsor equity stake was \$43.2 million.

- **Construction activities:** The final phase of on-site construction activities commenced in June 2017 including excavation and concrete work for the turbine foundations, yard construction, maintenance building and substation. All transmission line equipment has been received and line work has commenced. The Company expects commercial operations to commence in the first half of 2018.
- **Acquisition of Boswell Springs:** In April, the Company acquired the 320 MW Boswell Springs project, a four-project portfolio of wind development projects located in Albany County, Wyoming. The Company expects the project to achieve commercial operations in 2020, selling 100% of its output under four 20-year power purchase agreements with PacifiCorp. The Company commenced construction of the project's main power transformers in 2016 in anticipation of closing the acquisition in 2017, and the project is expected to qualify for production tax credits at the full rate.
- **Spartan acquisition and financing completed:**
 - In June, the Company acquired the Spartan solar project in conjunction with the execution of a partnership agreement with Inovateus Solar, LLC. The final net equity contribution was \$3.4 million, with ownership of at least 85% of the project subject to final project economics and other factors.
 - Subsequent to the quarter, the Company secured a non-recourse project financing for the project. The financing features a \$19.8 million construction loan, which will be retired by a \$10.2 million term loan and a \$9.7 million tax equity investment provided by 1st Source Bank, a subsidiary of 1st Source Corporation subject to typical conditions precedent. Construction commenced in March 2017, and the project is expected to achieve commercial operations in late 2017.
- **Construction begins on Brúarvirkjun project:** The Company has commenced construction on the 10 MW Brúarvirkjun hydro project in southern Iceland, and is in final stage documentation with an Icelandic lender for a construction loan for the project (the loan will serve other corporate purposes as well). The project and the loan will be held in the Company's Icelandic subsidiary, HS Orka.
- **Advancement of other USA wind projects:** The Company continued advancement of several other wind projects in its USA development portfolio (comprised both of projects that are owned and projects subject to cooperation with other developers), including transformer construction, meteorological tower procurement, resource and transmission studies, submissions into offtake requests for proposals and other activities.
- **Settlement of \$71 million Icelandic bond:** On July 27, the Company's subsidiary Magma Energy Sweden signed an agreement to fully settle and extinguish the \$71.3 million liability associated with the Reykjanesbær bond. Under the terms of the settlement agreement, the Company obtained a release of the \$71.3 million liability under the bond and delivered the collateral (a 12.7% ownership stake in HS Orka).
- **Expansion of AMP loan facility:** On July 19, the Company received funding for an expansion of its North American holding company loan (provided by affiliates of AMP Capital Investors Limited). The proceeds (\$21.1 million, gross) funded a portion of Alterra's sponsor equity contribution for Flat Top

and \$3.1 million for working capital purposes. The interest rate for the new tranche is LIBOR plus 5.75% and in conjunction with funding the loan expansion, the interest rate for existing two tranches of the facility was reduced from CDOR plus 6.5% to 5.75%.

- **Termination of Blue Lagoon sales process:** The Company ended the sales process for the 30% stake in the Blue Lagoon held by HS Orka. Although multiple offers were received in excess of €90 million, Alterra's partner, Jarðvarmi slhf, whose consent was required, decided against selling the stake at this time.
- **Distributions:** The Company received distributions during the quarter from equity investments of \$5.0 million and another C\$7.2 million subsequent to quarter-end.
- **Shareholder dividends:** On June 15, the Company paid its regular quarterly cash dividend of C\$0.0125 per common share, and subsequent to the quarter approved the next regular dividend (also C\$0.0125 per common share), which will be distributed in cash on or about September 15, 2017 to common shareholders of record as of the close of business on August 31, 2017.
- **Dividend increase:** The Company expects to increase its quarterly dividend in 2018 following completion of the Flat Top wind project.

Financial Results

The following table shows Alterra's net interest in select operating and financial results for the quarter, in addition to key financial information extracted from the consolidated results (\$000):

For the three months ended June 30, 2017	HS Orka (66.6%)	Toba Montrose (40%)	Dokie 1 (25.5%)	Shannon (50%)	Jimmie Creek (51%)	Kokomo (90%)	Development and head office	Net interest total	Consolidated results
Generation (MWh)	184,344	92,613	14,776	97,664	26,793	2,573	—	418,763	276,793
Total revenue ^(a)	11,431	6,229	958	1,853	1,516	200	—	22,187	17,163
Gross profit (loss)	1,808	4,648	235	(280)	824	78	—	7,313	2,714
Adjusted EBITDA ^(b)	4,711	5,202	512	1,071	1,149	154	(1,595)	11,204	13,564

For the three months ended June 30, 2016	HS Orka (66.6%)	Toba Montrose (40%)	Dokie 1 (25.5%)	Shannon (50%)	Development and head office	Net interest total	Consolidated results
Generation (MWh)	184,011	110,014	16,841	76,205	—	387,071	276,293
Total revenue ^(a)	9,189	6,900	1,368	1,088	—	18,545	13,797
Gross profit (loss)	2,392	5,028	466	(1,111)	—	6,775	3,591
Adjusted EBITDA ^(b)	4,465	5,550	807	(67)	(2,228)	8,527	10,765

(a) Revenue for Shannon above excludes power hedge accounting adjustments.

(b) Here and elsewhere, adjusted EBITDA ("Adjusted EBITDA") is defined by the Company as earnings before interest, taxes, foreign exchange, depreciation and amortization, as well as adjustments for changes in the fair value of holding company bonds (Sweden) and derivatives, write-offs of development costs, other income (expense) except business interruption insurance proceeds, amortization of below market contracts, value assigned to options granted, share of results of equity investments, the Company's proportionate interest in Adjusted EBITDA of its equity investments, research and development costs for deep drilling program and non-recurring items (insurance deductibles, litigation and arbitration costs). Adjusted EBITDA has been calculated on a consistent basis with the comparative period. The Company discloses Adjusted EBITDA as it is a measure used by analysts and by management to evaluate the Company's performance. As Adjusted EBITDA is a non-IFRS measure, it may not be comparable to Adjusted EBITDA calculated by others. In addition, Adjusted EBITDA is not a substitute for net earnings. Readers should consider net earnings in evaluating the Company's performance. For a reconciliation of consolidated Adjusted EBITDA to Alterra's consolidated financial statements refer to the Company's Management's Discussion and Analysis for the three and six months ended June 30, 2017 available on SEDAR at www.sedar.com.

Consolidated Results

Revenue was \$17.2 million for the quarter, up 24% from the comparative quarter predominantly due foreign exchange, with the Icelandic Krona strengthening in the quarter, in addition to increased retail sales and an increase in aluminum prices.

The Company recorded a net loss of \$2.8 million (comparative quarter \$3.4 million net income), primarily due to non-cash changes including changes in the fair value of derivatives and foreign exchange movements, and increased finance costs.

Consolidated cash and cash equivalents at June 30, 2017 were \$2.7 million of which \$0.1 million is held in the Company's Icelandic subsidiary (\$31.6 million and \$0.3 million, respectively at December 31, 2016). The decrease in consolidated cash is primarily a result of the significant development and construction activities undertaken by the Company during the quarter.

The Company's consolidated working capital deficit at June 30, 2017 was \$133.8 million compared to a working capital deficit of \$62.3 million at December 31, 2016, resulting primarily from two of the holding company bonds (Sweden) valued at \$108.0 million being classified as current at June 30, 2017 (one bond valued at \$60.0 million at December 31, 2016). Subsequent to the quarter, the Company received C\$7.2 million in project distributions, completed an expansion to its holding company loan facility (\$21.1 million, gross), and settled its \$71.3 million Icelandic bond as discussed above.

Net Interest Results

Alterra's net interest revenue increased by \$3.6 million to \$22.2 million and net interest Adjusted EBITDA increased 31% to \$11.2 million in the current quarter primarily due to first time output from the Jimmie Creek and Kokomo projects, stronger generation at Shannon, and lower general and administrative costs as a result of non-recurring legal fees associated with the HS Orka arbitration that occurred in the comparative quarter.

The net interest cash position at June 30, 2017 was \$8.2 million.

Operating Results

The Company achieved fleet-wide generation of 97.2% of its budgeted generation (net interest) for the current quarter.

Q2 2017 Generation (MWh)					
Facility	Total		Net Interest		% of Budget
	Budget	Actual	Budget	Actual	
Reykjanes	141,960	146,819	94,545	97,781	103.4%
Svartsengi	134,316	129,974	89,454	86,563	96.8%
Toba Montrose	228,814	231,532	91,526	92,613	101.2%
Jimmie Creek	43,273	52,535	22,069	26,793	121.4%
Dokie 1	68,132	57,947	17,374	14,776	85.0%
Shannon	226,698	195,328	113,349	97,664	86.2%
Kokomo	2,975	2,859	2,678	2,573	96.1%
TOTAL	846,168	816,994	430,995	418,763	97.2%

• Budgeted amounts include planned maintenance outages.

“We are pleased to report record second quarter revenue and generation on a net interest basis.” said Lynda Freeman, CFO of Alterra Power Corp. “Now that project financing is complete at Flat Top and Spartan we look forward to completing construction of these projects and adding them to our large and diversified fleet of operating assets”.

Alterra will host a conference call to discuss financial and operating results on Friday, August 11, 2017 at 11:30 am ET (8:30 am PT).

North American participants dial 1-888-390-0546 and International participants dial 1-416-764-8688; the conference ID is 55372321

The call will also be broadcast live on the Internet at <http://event.on24.com/r.htm?e=1474989&s=1&k=DEC3E2A73E31BC39B58FA92F01408656>

The call will be available for replay for one week after the call by dialing 1-416-764-8677 and entering replay PIN 956675#

For further information please contact:

Peter Lekich, Corporate Communications
Alterra Power Corp.
Phone: 604.235.6719
Email: info@alterrapower.ca

Cautionary Note Regarding Forward-Looking Statements and Information

Certain of the statements and information included in this news release constitute forward-looking statements and information within the meaning of applicable securities laws. All statements, other than statements of historical fact, are forward-looking statements or information. This information may involve known and unknown risks, assumptions and uncertainties, and other factors which may cause the Company's actual results, performance or achievements to be materially different from the future results, performance or achievements implied by such statements or information. Specifically, forward-looking statements within this news release relate to, among other things: successful development, financing (including construction debt, tax equity and sponsor interest sales) and construction of our pre-operational projects and properties, Alterra's successful acquisition from or partnership with the owners of projects currently owned by other developers, marketing of power and ability to secure power purchase or offtake agreements in respect of the same and the expected timing to implement such agreements; successful development, construction and financing (or achievement of conditions precedent related to equity funding thereto) of the Flat Top wind project, the Spartan solar project, the Brúarvirkjun hydro project and the Boswell Springs wind project, and the timing of each of the same, timing for commercial operations for the Flat Top, Boswell Springs, Brúarvirkjun and Spartan projects, the equity ownership expectations of the Spartan project, Alterra's continued management of the Flat Top project, potential to increase production resulting from deep drilling, programs to upgrade, return capacity and develop the Company's geothermal resources, including expectations for further field and plant output improvements and the continued success thereof, estimates of recoverable geothermal energy resources or power generation capacities, the success of Alterra's project acquisition, development and expansion programs and greenfield development efforts, whether the wind development projects actually or ultimately qualify for all, or a portion of, the production tax credits, the number of projects and generation capacity that may ultimately achieve commercial operations, Alterra's successful acquisition from or partnership with the owners of projects currently owned by other developers, the success of Alterra's project acquisition and greenfield development efforts, all statements regarding the Company's plans and expectations for the declaration of future dividends, including the timing, amount thereof and any increase following successful completion of the Flat Top project, the timing of HS Orka distributions, the reduction of HS Orka ownership interest, successful completion of the settlement agreement and release of liability under the bond, refinancing, repayment or the return of collateral of other the holding company bonds, all statements relating to the potential sale or retention of the Blue Lagoon, including the purchase price in respect thereof, if any, prospective generation, and management's assumptions related to, and all instances of, forward-looking financial information.

These statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include, among others, the expected power generation from our operations, the success and timely completion of financing efforts (including satisfaction of conditions precedent to release of capital related thereto), the success and timely completion of planned development, expansion and construction programs, and modeling and budgeting based on historical trends, whether Alterra's on-site and off-site early-stage construction activities will be sufficient to qualify the wind development projects for the full value of the PTCs; rules, regulation or other guidance may be promulgated pursuant to the Internal Revenue Code of 1986 (as the same may be amended, updated or otherwise modified from time to time) that could jeopardize or otherwise impede the effectiveness of such on-site and off-site early-stage construction activities qualifying such projects for the full value of the PTCs and securing tax equity financing on such basis, our use of proceeds from any equity financings

is as currently forecasted, that third party transmission infrastructure will be operational within projected timelines, the expected timing for realizing the output capacity of the well, if any, due to the conceptual nature of the deep drilling preliminary output potential, the risk that there has been insufficient testing to define geothermal resource, assumptions concerning temperature and underground fluids, that the Company will successfully complete the settlement agreement with respect to the holding company bond, that the Company and its partners will continue to retain the Blue Lagoon, current conditions and expected future developments. Forward-looking statements and information also involve known and unknown risks that may cause actual results to differ materially from those expressed by such statements or information, and the Company has made assumptions and estimates based on or related to many of these factors. These risks include volatility of renewable energy resources, inherent risks in operating and constructing power plants and development programs related to the same, contractual risks related to credit facilities, partnership and power purchase agreements, prospective power, currency and commodity price fluctuations, the implementation of lower corporate tax rates may impede our ability to obtain sufficient amounts of tax equity investment or achieve desired economic returns, successful closing of the acquisition of certain of the wind development projects including without limitation successful completion of due diligence on such projects, negotiation of definitive purchase agreements, satisfaction or waiver of all conditions precedent thereto and the approval of Alterra's Board of Directors, successful development of each of the wind development projects, including the financing thereof and if applicable, completion of third party infrastructure, within a timeframe that permits Alterra to obtain the value of such PTCs with respect to each project, future issuances of equity securities, future declarations of dividends and the amounts thereof, risks related to the settlement of the holding company bond and financing or refinancing of other bonds, health, safety, social and environmental risks and risks related to reliance on third parties (including with respect to transmission). Additional risks, assumptions and influential factors are set out in the Company's management discussion analysis and Alterra's most recent annual information form, copies of which are available on SEDAR at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, given the inherent uncertainties in such forward-looking statements and information, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Investors are cautioned against undue reliance on any such forward-looking statements or information, which apply only as of their dates. Other than as specifically required by law, Alterra undertakes no obligation to update any forward-looking statements or information to reflect new information.