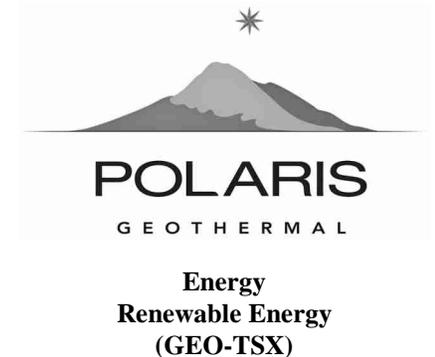


Polaris Geothermal Is Focused On Developing Geothermal Assets Initially In Nicaragua And In Multiple Locations Throughout South And Central America With An Eye On North America And Asia



John M. Clark
CFO and PGI Director

BIO: Mr. Clark has been acting as the CFO of Polaris since the company's inception in June 2004. Since January 1999, Mr. Clark has been the President of Investments and Technical Management Corp. ("ITM"); a Toronto based private investment manager. From 1987 to 1997 he was President and CEO of Laurasia Resources Limited a Canadian public company operating in the oil and gas sector and listed on the Toronto Stock Exchange.

Company Profile: Polaris Geothermal Inc. is a TSX-listed renewable energy

company focused on the development of geothermal energy projects in Latin America. Geothermal energy provides a clean, renewable, indigenous source for electrical power generation. Geothermal energy has been a source for electricity generation for more than 50 years. Through the generation of clean, geothermal power, Polaris also derives incremental income from the sale of Certified Emission Reductions, or carbon credits. As of April 8, 2006, Polaris registered with the United Nations Framework Convention on Climate Change as one of the largest carbon credit producers in the world.

To develop its initial project on the San Jacinto Tizate geothermal concession (a US \$370 million project), Polaris has assembled a world-class team including Sinclair Knight Merz, one of the world's leading geothermal science and engineering companies.

The San Jacinto Tizate project is the model on which Polaris intends to bring geothermal electricity generation to the forefront of the global energy economy. The company is already looking at new geothermal acquisitions in Chile, Central America and the Caribbean.

Interview conducted by:
Lynn Fosse, Senior Editor

CEOCFO: Mr. Clark, what is the vision at Polaris?

Mr. Clark: "The goal at Polaris is to develop geothermal assets initially in Nicaragua and ultimately in multiple locations throughout South and Central America, and potentially even through North America and Asia. Currently we have a project in Nicaragua, the San Ja-

cinto Tizate (SJT) project that currently produces 10 megawatts of geothermal power. Polaris brought this project into production in 2005 and it has the potential to expand to 200 megawatts and possibly even more."

CEOCFO: Why is geothermal something that interests you?

Mr. Clark: "Geothermal is a very green form of energy that has been in existence for over a hundred years, but it has been more focused on in the last 50-60 years. It also has the potential to have minimal depletion over time so long as you manage your resource appropriately. Therefore, you can produce power from that resource for decades, with only a modest decline in the power output. As a result, it is a very stable, green form of energy and it is a good power source for any type of utility, particularly in a time of rising fuel prices. Furthermore, in an environment where global warming is an issue, it is a great form of green renewable energy."

CEOCFO: How did you choose Nicaragua?

Mr. Clark: "Nicaragua is more of a happenstance of our CEO, Tom Ogryzlo. Tom was originally operating in Nicaragua as the CEO of a gold mining company with operations in Nicaragua. Whilst operating there he came across the geothermal potential of Nicaragua, in particular a geothermal resource that was close to a gold mine that he was operating down there. When Tom left his gold business, he maintained his interest in geothermal energy and decided to investigate developing this resource, at this stage he approached ITM and asked if we would we come in as partners. The rest, as they say, is history. Currently, Nicaragua has one of the largest undeveloped

geothermal resources in the world. Geothermal tends to occur wherever you have volcanic activity. Geothermal energy is really just hot water or steam, generated by water coming into contact with a heat source under the ground. As a general rule, wherever you have volcanic activity, there is a heat source that is close to the surface. Nicaragua has a large chain of volcanoes running down the center of the country and has potential for as much as 2000 megawatts of geothermal power making it a great place to look for geothermal energy."

CEOCFO: What is the political climate like?

Mr. Clark: "The political climate has been interesting. We have been here now for 6 or 7 years. The current political climate for us has been very positive. The government has been supportive of our project. They have passed legislation enabling us to develop the project. They have raised the tariffs on geothermal power to a level that corresponds with the current financial environment that we face. They have provided tax incentives and have generally put a fiscal regime in place governing geothermal power that is quite conducive to development. Our current relationship with the government is nothing but solid and we find them to be very supportive of our project."

CEOCFO: Where do you go from here?

Mr. Clark: "As we stand at the moment, we are currently in the process of expanding our 10 megawatt production to a level of 34 megawatts and we are doing that by installing a 24 megawatt, modular condensing turbine unit. We have the construction contract and a feasibility study in place. We are currently in the process of raising the necessary funding to commence construction. We have drilled our resource to a point that we have the steam necessary to do the expansion. We have in excess of 56 megawatts of steam available behind pipe and production tested. What we are doing now is coordinating the financing with our lead bankers, the Central American Bank of Economic Integration ("CABEI"), a regional development bank headquartered in Teguci-

galpa, Honduras. CABEI are leading a \$77 million debt financing for us, which we are in the process of finalizing. This debt financing, together with an equity component will enable us to fund this approximately \$120 million project. We anticipate putting all of this in place sometime in the 2nd Quarter of this year."

CEOCFO: What has been the impact of the current financial climate?

Mr. Clark: "Well it certainly makes things more difficult. On the equity side, we have seen our share price, which had been in the \$1.00 to \$1.50 per share range drop to a low of high \$0.20's per share and currently trades in the \$0.30's to mid \$0.40's range. So that obviously has had an impact on us in terms of the dilution that will be required to raise our

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equity. On the debt side, what we have found is that the parties who had originally been interested in the debt financing last year, are mostly still there. This is mainly because many of them are multi-lateral institutions. However, what we are finding is that the cost of borrowing is going higher. In other words, risk is being priced higher and notwithstanding the fact that interest rates are dropping globally, the spreads that projects like ours have to pay above LIBOR are expanding rapidly. So it becomes a more expensive exercise to get your financing."

CEOCFO: What do people misunderstand about Polaris?

Mr. Clark: "I'm not sure to what extent people really appreciate the long term reliability of geothermal power. It is a power source that actually operates in the mid to high 90% capacity range. It is a very reliable form of power and a green energy source that is far more reliable

than wind which operates maybe in a great project in a high or mid-30% or 40% of capacity and most probably in the low 30% and mid-20s % of capacity. It is also more reliable than hydro. It makes a great base load power source for any country that is fortunate enough to have good reserves of geothermal energy."

CEOCFO: Are there special techniques you employ in our project?

Mr. Clark: "There's no rocket science in geothermal energy, it has been around for a long time, and generally speaking, it's very standard technology. The difficult part on the geothermal side is finding a good, reliable resource, so once you have a resource, the actual production side is based on established steam turbine technology. The turbines that process steam and produce power don't really care where the steam comes from, whether it is coal-fire or geothermal. What we are blessed with is a very high quality resource, which gives us the ability to produce potentially 200 megawatts and quite possibly even more. When you are at 200 megawatts, it's a large project. You are looking at a project that would have capital costs approaching \$1 billion, with cash flows in excess of \$100 million. So it is very robust and pretty straight forward."

CEOCFO: In closing, for potential investors, why pick Polaris Geothermal out of the crowd?

Mr. Clark: "The key element for us would be that in Polaris, you have the ability to invest in an early stage company that has a potential to produce a significant resource. With the resources that we have in development today, we could be producing in excess of 300-400 megawatts of power within the next 5 years. Few, if any, of our peers have a pipeline like ours. We have a project that has been in production for 3 years and we have proven ourselves capable operators of the power and now it is just a matter of expanding on those operations. We have an experienced operating and management team, and we have the possibility to grow extremely fast, once we can close out this first stage of our expansion financing."