



ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

MARCH 15, 2016

FORWARD-LOOKING INFORMATION

This Annual Information Form contains certain “forward-looking information” within the meaning of applicable securities laws, which may include, but are not limited to: statements regarding future events or future performance; the capacity and electricity generation expectations of our projects; management’s expectations regarding our growth; business prospects and opportunities; the prospects for advancement of our development and expansion projects; the timing for completion of financing and construction of our projects, the Company’s plans to retire, through refinancing, the long-term holding company bonds of Magma Energy Sweden A.B., arbitration timing and outcomes regarding a PPA related to an expansion of the Reykjanes power plant; estimates of energy resources, and our success in fulfilling the permitting and regulatory requirements related to any such plans. Often, but not always, forward-looking information can be identified by the use of words such as “anticipate”, “believe”, “forecast”, “plan”, “expect”, “is expected”, “budget”, “estimates”, “goals”, “intend”, “targets”, “aims”, “appears”, “likely”, “typically”, “potential”, “probable”, “continue”, “strategy”, “proposed”, or “project” 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” or “shall” be taken, or certain conditions may occur or be achieved. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management based on information available at the time.

A number of known and unknown risks, uncertainties and other factors may cause our actual results or performance to differ materially from future results or performance expressed or implied by forward-looking information. Such factors are discussed in detail in the “Risk Factors” section, and include, but are not limited to:

- volatility of renewable energy resources, including risks related to collection of data, forward looking studies based on historical results and seasonal and natural variances in renewable resources;
- failure to discover and establish economically recoverable and sustainable renewable resources through our development programs;
- imprecise estimation of renewable power resources or power generation capacities;
- meteorological or geological occurrences compromising our operations and their capacity to generate power;
- successful operation of our power plants, which is subject to various operational risks;
- delays and construction cost overruns in the construction of our projects;
- inability to enter into PPAs, power hedge or other revenue contracts on terms favourable to us, or at all;
- inability to refinance on favourable terms, or at all, existing financial indebtedness;
- a portion of our prospective power prices are subject to unpredictable fluctuations;
- reliance on transmission systems and infrastructure;
- equipment and manufacturing risks
- operational and maintenance risks;
- industry competition may impede our ability to access suitable renewable resources;
- environmental, permitting and other regulatory risks;
- adverse claims to title;
- developments regarding First Nations and other indigenous peoples;
- developments regarding political and social acceptance of renewable energy projects;
- health and safety risks;
- risks related to additional financing to achieve growth and development;
- financial leverage and restrictive covenants;

- risks related to legal proceedings;
- host country economics, as well as social and political conditions;
- employee recruitment, retention and human error;
- conflicts of interest;
- fluctuation in foreign currency exchange rates;
- fluctuations in interest rates;
- fluctuations in forward aluminum prices;
- integration of businesses or projects that we acquire in the future;
- potential unknown liabilities;
- insurance policies insufficient to cover losses;
- reliance on intellectual property and confidentiality agreements to protect our rights and confidential information;
- evolving regulation of corporate governance and public disclosure;
- common share price fluctuations;
- the issuance of additional equity securities may negatively impact the trading price of our common shares;
- discretion in the use of the net proceeds of any future offerings;
- significant shareholders of the Company could influence our business operations and sales of our common shares by such significant shareholders could influence our stock price;
- sale of a significant number of our common shares in the public markets, or the perception of such sales, could depress the market price of our common shares;
- enforcement of actions under U.S. federal securities laws;
- no history of dividends; and
- loss of our foreign private issuer status under U.S. federal securities laws.

Additional risk factors are discussed in the section entitled “Risk Factors” in this Annual Information Form.

The forward-looking information contained in this Annual Information Form is based on assumptions that management believes are reasonable but which may prove to be significantly incorrect, including, but not limited to:

- our estimates of the quality, quantity, production and generation from our resources;
- the success and timely completion of planned development and construction programs;
- our ability to refinance existing financial indebtedness on favourable terms, or at all;
- our ability to comply with local, state, provincial and federal regulations dealing with operational standards and environmental protection measures;
- our ability to negotiate and obtain PPAs, power hedges or other revenue contracts on favourable terms, and that the counterparties to those agreements will abide by their terms;
- our estimates of merchant or other power prices;
- the growth rate in net electricity consumption;
- support and demand for renewable power generation; government initiatives to support the development of renewable power generation;
- availability of capital to fund development and expansion programs;
- our competitive position within our industry; 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 statements, there may be other

factors that cause actions, events or results not to be as anticipated, estimated or intended. The forward-looking statements contained in this Annual Information Form are based on the beliefs, expectations and opinions of management as of the date such statements are made. There can be no assurance that the forward-looking statements included in this Annual Information Form will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements. Forward-looking statements are made as of the date of this Annual Information Form and, other than as required by applicable securities laws, we assume no obligation to update or revise such forward-looking information to reflect new events or circumstances.

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INTRODUCTION

In this Annual Information Form, unless otherwise noted or the context otherwise indicates, “Alterra”, the “Company”, “we”, “us” and “our” refers to Alterra Power Corp. and its direct and indirect subsidiaries.

Unless otherwise indicated, the information contained herein is as at December 31, 2015.

See the Glossary of Terms at page G-1 for definitions of capitalized terms used herein but not otherwise defined.

Certain of the Information contained in this Annual Information Form may be found in other documents filed by the Company with Canadian securities regulators, which are made available via SEDAR and which can be accessed at www.sedar.com under the Company’s public profile. Please also see the section in this Annual Information Form entitled “Additional Information”.

Reporting Currency

Unless otherwise indicated, all references to “\$” or “dollars” or in this Annual Information Form are to United States dollars. References to “C\$” are to Canadian dollars. References to “ISK” are to Icelandic Krona.

Accounting Policies

All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board.

Scientific and Technical Information

The disclosure in this Annual Information Form of a scientific nature or technical information for each of the HS Orka properties and Mariposa project, which consists of the Laguna del Maule and Pellado concessions, is based on the following technical reports, respectively. These reports have been filed on SEDAR and are available for viewing and downloading at www.sedar.com.

- The HS Orka Report – Geothermal Resources and Properties of HS Orka, Reykjanes Peninsula, Iceland: Independent Technical Report dated January 29, 2010 prepared by Mannvit hf.
- The Mariposa Report – Mariposa Geothermal Resource, Laguna del Maule and Pellado Concessions, Chile dated July 17, 2010 prepared by Philip James White of Sinclair Knight Merz Limited.

None of the persons referenced above received or has received a direct or indirect interest in the property of the Company. As of December 31, 2015, to the Company’s knowledge, the authors referenced above beneficially own, directly or indirectly, in total, less than one percent of the securities of the Company.

Geothermal properties and operations differ from mining or oil and gas properties and operations and Canadian securities regulators have not prescribed a form of technical report for geothermal properties, such as ours. Accordingly, the foregoing technical reports have not been prepared in accordance with NI 43-101 or NI 51-101. Furthermore, the authors of these technical reports are not qualified persons for the purposes of NI 43-101 or qualified reserves evaluators or auditors for the purposes of NI 51-101, however they are qualified persons under the Australian Code and the Canadian Code (as defined below). The HS Orka Report has been prepared in accordance with the standards set by the Australian Code. On January 18, 2010, the Canadian Geothermal Energy Association announced the release of the Canadian Code. The Mariposa Report complies with the Canadian Code. The Australian and Canadian Codes are considered as the geothermal standard for several countries in the world. All of the other technical reports have been prepared in accordance with accepted practices within the geothermal industry. The technical reports are available for review on the Internet on SEDAR at www.sedar.com.

For an explanation of the technical terms used in this Annual Information Form, please see “Glossary of Terms” beginning on page G-1 of this Annual Information Form.

This Annual Information Form contains information from public sources on properties adjacent to our geothermal projects. The accuracy and completeness of this data is not guaranteed. The information presented in this Annual Information Form regarding adjacent properties is not necessarily indicative of the geothermal resources on our properties.

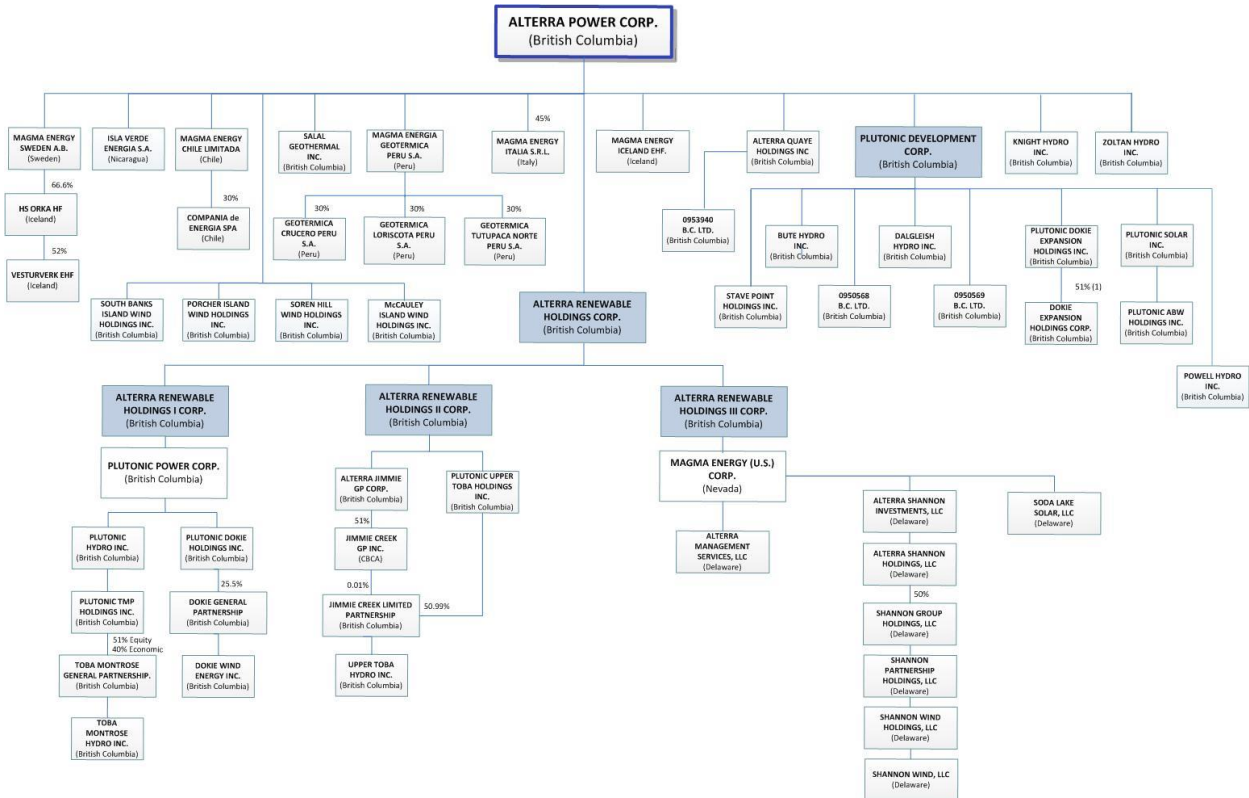
CORPORATE STRUCTURE

Name, Address and Incorporation

Alterra was incorporated as Magma Energy Corp. under the *Business Corporations Act* (British Columbia) on January 22, 2008. The Company’s name was changed from “Magma Energy Corp.” to “Alterra Power Corp.” on May 13, 2011. Our head office and registered and records office are located at Suite 600, 888 Dunsmuir Street, Vancouver, British Columbia, Canada, V6C 3K4. We also have offices in Reykjanesbær, Iceland and Powell River, British Columbia.

Intercorporate Relationships

The following diagram illustrates the organizational structure of Alterra, including all its material subsidiaries, as of the date hereof. Other than as indicated herein, each of the material subsidiaries is wholly owned by the Company.



Notes:

- (1) The Company holds a 51% interest. Following the completion of an agreement with an affiliate of GE EFS, the Company is expected to own 100%.

DESCRIPTION OF THE BUSINESS

General

Alterra Power Corp. is a leading global renewable power company, formed in 2011 through the merger of Magma Energy Corp. and Plutonic. We operate six power plants totaling 757 MW of capacity, including two geothermal facilities in Iceland, a 235 MW run-of-river hydro facility and 144 MW wind facility in British Columbia and a 204 MW wind facility in Texas.

Alterra's share of this production capacity is 349 MW (not including an additional 15 MW from a geothermal plant in Nevada which we sold in early 2015) and our fleet is projected to generate over 1,600 GWh of clean energy annually. The Company also has an extensive portfolio of development projects.

Key Developments over the Last Three Financial Years

<u>Year</u>	<u>Key Developments</u>
2015	<ul style="list-style-type: none">Continued to advance construction at Jimmie Creek which is expected to commence generation in summer 2016Achieved record annual generation at each of the Company's Toba Montrose and Dokie projectsCompleted construction of the Shannon project and commenced commercial operations on December 10, 2015. Concurrently completed a tax equity investment of \$219 million into Shannon, the proceeds of which were primarily used to retire the project's construction loan facilitySigned land leases for two wind development projects in the United States (up to 350 MW of potential generation capacity)Signed a power purchase agreement with Thorsil ehf in October 2015 to supply up to 32MW of the silicon metal plants power needs in Helguvik, Iceland, subject to conditions on behalf of Thorsil ehf and HS OrkaAcquired the water rights for four hydroelectric development projects, each with a 10-15 MW generation capacity, situated along the Toba Montrose transmission line, approximately 20-30 km from the Company's Toba Montrose and Jimmie Creek projects, in October 2015Continued development activities on the Mariposa project in Chile with its joint venture partner EDC; however, the planned drilling campaign was postponedCompleted Shannon partnership agreement with Starwood on June 30, 2015 under which Starwood acquired a 50% indirect equity interest in the project as of financial closing and the Company continued to manage the projectCompleted a \$286.8 million non-recourse credit facility for the Shannon project, consisting of a \$212.2 million construction loan plus \$74.6 million in various letters of credit in June 2015 and subsequently retired in December 2015Signed a memorandum of understanding with Klahoose First Nation to jointly develop the 15 MW Tahumming project, located in the Toba

Year	Key Developments
	<p>Valley near the Toba Montrose and Jimmie Creek projects in March, 2015</p> <ul style="list-style-type: none"> • Acquired the rights to develop a solar project of up to 40 MW at the Soda Lake site • Sold its interest in the Soda Lake facility in Nevada, U.S.A. and certain development assets to an affiliate of Cyrq Energy, Inc. for \$8.5 million on January 30, 2015
2014	<ul style="list-style-type: none"> • Remobilized onsite construction at Shannon in December 2014 • Completed non-recourse loan facility of C\$176.5 million for Jimmie Creek in October 2014 • Completed multi-tranche holding company financing with total proceeds of up to C\$110 million in August 2014 • Insurance-related waiver from Toba Montrose project's credit agreement was released allowing resumption of regular equity distributions from the project in July 2014 • Completed Jimmie Creek partnership arrangements with Axium in April 2014 under which Axium will hold 49% of the project upon financial closing • Acquired remaining 49% of Jimmie Creek ownership interest from GE EFS in March 2014 • Commenced construction at Jimmie Creek in March 2014 • Acquired remaining 90% interest in Shannon in February 2014 for \$0.3 million in consideration plus contingent fees to be paid upon financial closing for the project • Completed second joint venture with EDC to jointly develop the Company's remaining Peruvian assets in January 2014

Year	Key Developments
2013	<ul style="list-style-type: none"> • Completed the initial phase of on-site construction by Mortenson and commencement of Shannon’s main power transformer manufacturing by Siemens Energy Inc. in December 2013 • Completed purchase of 10% interest in Shannon in December 2013 • Sold 25.5% interest in Dokie 1 to Axium in December 2013 for initial sale proceeds of C\$28,625,000 and right to receive potential further earn-out payments of up to C\$2,250,000 • Sold interest in ABW Solar project to Axium in December 2013 • Commenced drilling a new large-diameter well in support of field maintenance program at Reykjanes in November 2013 • Entered into a joint venture with an affiliate of Graziella Green Power for development of the Mensano and Roccastrado geothermal concessions in November 2013 • Completed amendment to PPA with BC Hydro in November 2013 to extend the commercial operations date for Jimmie Creek to August 2016 • Resumed operations for the Montrose hydro facility in September 2013 • Completed purchase of 10% interest in ABW Solar project in August 2013

Overview of our Operations and Properties

The following provides a brief overview of our hydro operations and properties.

Property and Location	Property Type	Potential Megawatt Capacity (MW)	Status
British Columbia			
East Toba River ⁽¹⁾⁽²⁾	Production	147	Production capacity is 147 MW
Montrose Creek ⁽¹⁾⁽²⁾	Production	88	Production capacity is 88 MW
Jimmie Creek ⁽³⁾	Construction	62	Construction underway
Tahumming	Early-Stage Development	15	Hydrological studies being undertaken
Bute Inlet ⁽⁴⁾	Early-Stage Development	> 1,000	Hydrological studies being undertaken
Green Power Corridor ⁽⁵⁾	Early-Stage Development	> 750	Hydrological data collection on multiple sites
Fir Point pumped-storage	Early-Stage Development	~ 1,000	Preliminary development work underway

Property and Location	Property Type	Potential Megawatt Capacity (MW)	Status
Iceland			
Bulandsvirkjun ⁽⁶⁾	Early-Stage Development	150	Pre-feasibility environmental assessment
Hvalá ⁽⁷⁾	Early-Stage Development	55	Pre-feasibility environmental assessment
Brúarvirkjun ⁽⁸⁾	Early-Stage Development	10	Hydrological and environmental studies being undertaken
Skúfnavatnavirkjun ⁽⁹⁾	Early-Stage Development	10	Hydrological studies being undertaken
Total.....		>3,287	

Notes:

- (1) Together, comprise the Toba Montrose facility.
- (2) Of which the Company's share is 40% economic, 51% equity (the Company's economic share adjusts to 51% in 2045).
- (3) Of which the Company's share is 51%.
- (4) Comprised of a number of run-of-river hydro sites within a radius of approximately 50 kilometres of the head of Bute Inlet.
- (5) A number of hydro sites on the southwestern coast of British Columbia.
- (6) HS Orka owns 50% of Bulandsvirkjun, and Alterra owns 66.6% of HS Orka.
- (7) As at December 31, 2015, HS Orka indirectly owns through Vesturverk ehf 52.5% of Hvalá, and Alterra owns 66.6% of HS Orka.
- (8) HS Orka owns 100% of Brúarvirkjun, and Alterra owns 66.6% of HS Orka.
- (9) As at December 31, 2015, HS Orka indirectly owns through Vesturverk ehf 52.5% of Skúfnavatnavirkjun, and Alterra owns 66.6% of HS Orka.

The following provides a brief overview of our wind operations and properties.

Property and Location	Property Type	Potential Megawatt Capacity (MW)	Status
British Columbia			
Dokie 1	Production	144	Production capacity is 144 MW ⁽¹⁾
Dokie 2	Development	> 150	Wind resource data being collected and evaluated ⁽²⁾
Coastal Wind	Development	500	Wind resource data being collected and evaluated

USA

Shannon	Production	204	Production capacity is 204 MW ⁽³⁾
Other USA Wind	Development	350	Resource assessment and development activities in progress
		<u>> 1348</u>	

Notes:

- (1) Of which the Company's share is 25.5%.
- (2) Of which the Company's share is 51% and is expected to increase to 100% subject to documenting the transfer of GE EFS's 49% interest to the Company.
- (3) The Company operates and holds a 50% sponsor equity ownership interest and the remaining 50% sponsor equity interest is held by an affiliate of Starwood Energy Group Global, LLC. Tax equity is held by affiliates of Citicorp North America, Inc. and Berkshire Hathaway Energy.

The following provides a brief overview of our geothermal operations and properties.

Property and Location	Property Type	Area (Ha)	Reserves/ Resources⁽¹⁾ (MW)	Status
Europe				
Svartsengi ⁽³⁾ <i>Iceland</i>	Production	175	74 / 0 ⁽²⁾	Current production capacity is 74 MW electrical and 190 MW thermal
Reykjanes ⁽³⁾ <i>Iceland</i>	Production	340	100 / up to 80 ⁽²⁾	Current production capacity is 100 MW electrical, with expansion of up to an additional potential of 80 MW electrical
Eldvörp ⁽³⁾ <i>Iceland</i>	Development	1,007	0 / 50 ⁽²⁾	Under development
Krýsuvík ⁽³⁾ <i>Iceland</i>	Development	29,500	0 / 500 ⁽²⁾	Under development
Mensano, Roccastrada ⁽⁵⁾ <i>Italy</i>	Early-Stage Development	48,455	n/a	Initial development work underway
Total		<u>79,477</u>	<u>174 / up to 130 (Indicated) up to 500 (Inferred)</u>	

Property and Location	Property Type	Area (Ha)	Reserves/ Resources⁽¹⁾ (MW)	Status
South America				
Mariposa <i>Chile</i>	Advanced Development	104,000	0 / 320 ⁽⁴⁾	Pre-drilling activities completed, including site infrastructure, and ongoing engineering and interconnection studies in progress in anticipation of production-scale drilling in late 2016
Peruvian Concession ⁽⁶⁾ <i>Peru</i>	Early-Stage Development	10,800	n/a	Preliminary development work continuing
Total		114,800	0 / 320⁽⁴⁾	

Notes:

- (1) Geothermal reserves and resources are subject to uncertainty as to whether they can be accessed in an economically viable manner. It cannot be assumed that all or any part of a geothermal resource will be commercially extracted or that estimates of MW capacity will be achieved.
- (2) The reserves and resource estimates for the Iceland properties are reported in accordance with the Australian Geothermal Reporting Code.
- (3) The Company's ownership share of all Icelandic properties was 66.6% as at December 31, 2015.
- (4) The reserves and resource estimates for the Mariposa project are reported in accordance with the Canadian Code.
- (5) Properties are subject to a joint venture with Graziella Green Power, pursuant to which Graziella has acquired a 55% interest in the properties.
- (6) In addition, the Company has applied for a further 96,100 hectares which have not been granted. The Ticsani, Ancocollo, San Pedro and Casiri applications are subject to a joint venture with EDC, pursuant to which EDC has acquired a 70% interest in these properties.

The following provides a summary of the Company's electrical generation in 2015.

	Svartsengi	Reykjanes	Soda Lake ⁽¹⁾	Toba Montrose	Dokie 1	Shannon ⁽²⁾	Total
Total ⁽³⁾	492.7	736.3	7.0	792.4	339.8	38.4	2,406.6
Net ⁽³⁾⁽⁴⁾	328.1	490.4	7.0	317.0	86.7	19.2	1,248.3

Notes:

- (1) The Company sold its interest in the Soda Lake geothermal operations to an affiliate of Cirq Energy, Inc. on January 30, 2015. Prior to this sale, the Company's interest was 100%.
- (2) Measured from commencement of commercial operations at the Shannon project on December 10, 2015 at 50% sponsor equity.
- (3) Generation (measured in GWh) is net of plant consumption, station service and transmission losses to the point of interconnection.

- (4) Presented as “net interest”, by which the Company means the effective portion of 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) and Soda Lake (100% until Soda Lake was sold on January 30, 2015) had been reported in accordance with Alterra's actual share of ownership.

Hydro Operations

The Company has two operating hydro facilities in British Columbia with a third under construction. The Company also has an extensive portfolio of early stage development hydro assets in British Columbia and internationally.

The Company's Toba Montrose facility is in production, and the Company's portion of revenue from energy sales for the fiscal periods ended December 31, 2014 and December 31, 2015 was as follows:

<u>Fiscal Period Ended</u>	<u>Total Revenue</u>
December 31, 2014	\$28,597,000
December 31, 2015	\$24,738,000

All but one of the Company's hydro development sites in British Columbia are run-of-river hydroelectric power generation. Run-of-river hydro facilities differ from traditional hydro facilities in that they do not require the damming of a river and the consequent flooding of large areas of land. A run-of-river project requires a minimal amount of retention of water in a stream or river. A portion of the stream or river is diverted into a downward sloping penstock which delivers the water to drive turbines located at the bottom of the grade. The water is then returned to the river without altering the existing flow or water levels downstream.

The environmental attributes of electricity generated by run-of-river hydro plants have several environmentally friendly attributes, including the following:

- Zero greenhouse gas emissions
- Minimal or no pollution or wastes created
- Small environmental footprint
- Non-restrictive use of land
- Minimal impact on fish, vegetation, bird and wildlife habitat

The Company has a number of hydro electricity generation and development sites in British Columbia, Canada.

Toba Montrose

The Toba Montrose hydro facility has been in commercial operation since May 2010 and is owned by Toba Montrose GP, of which the Company owns a 51% equity and 40% economic interest (with the Company's economic interest increasing to 51% in 2045). The remaining interests in Toba Montrose GP are owned by a consortium of Canadian investors led by Axium.

Toba Montrose is comprised of two run-of-river power generation sites, one on the East Toba River and one on Montrose Creek. Both generation sites are located northeast of the head of Toba Inlet, approximately 100 kilometres north-northeast of Powell River, British Columbia.

The East Toba facility is a 147 MW run-of-river facility in the East Toba River drainage basin, located approximately 45 kilometres northeast of the Toba Inlet's northernmost extent. This facility diverts water

into a penstock intake on the East Toba River which drops in elevation to a surface powerhouse containing turbines in the lower reach of the river. The facility, with its intake located at an elevation of approximately 690 metres above sea level, drains an area of approximately 188 square kilometres. The facility is expected to generate a net 445 GWh of electricity per year. The Montrose Creek facility is an 88 MW run-of-river facility in the Montrose Creek drainage basin, located approximately 29 kilometres northeast of the Toba Inlet's northernmost extent. This facility diverts water into a penstock intake on Montrose Creek which drops in elevation to a surface powerhouse containing turbines in the lower reach of the creek. The facility, with its intake located at an elevation of approximately 512 metres above sea level, drains an area of approximately 99 square kilometres. The facility is expected to generate a net 282 GWh of electricity per year.

The electricity generated at Toba Montrose is transmitted via a 230 kV transmission line approximately 155 kilometres in length which was built by Toba Montrose GP and interconnects to the transmission grid at Saltery Bay, on Jervis Inlet.

BC Hydro purchases 100% of the electricity generated by the facility under a PPA that expires in May 2045.

Toba Montrose is located within the traditional territory of Klahoose First Nation, and the facility's transmission line also crosses the traditional territories of Klahoose, Sliammon and Sechelt First Nations. The project substation is within the traditional territory of Sechelt First Nation. Toba Montrose GP has entered into Impact Benefit Agreements with all three of these First Nations, which allow access through the First Nations' traditional territories and provides revenue sharing, employment and contracting opportunities for First Nations' members.

The Toba Montrose facility is a participant in the ecoEnergy Program, a Canadian federal government program which encouraged construction of renewable and green projects. Toba Montrose GP is entitled to receive from ecoEnergy an incentive of C\$10 per MWh up to C\$72.7 million during its first ten years of operations (until 2020). It is anticipated that the 10 year restraint will come into effect rather than the C\$72.7 million cap.

Jimmie Creek Project

The Jimmie Creek project (formerly known as the "Upper Toba" project), was originally comprised of two run-of-river power generation sites, one located on Jimmie Creek and one located on the Upper Toba River. In 2013, however, the Company decided not to proceed with development of the site located on the Upper Toba River.

Jimmie Creek is a 62 MW run-of-river facility in the Jimmie Creek drainage basin, located approximately 30 kilometres northeast of Toba Inlet's northernmost extent. This facility will divert water into a penstock intake on Jimmie Creek which drops in elevation to a surface powerhouse containing turbines in the lower reach of the creek. The project will drain an area of approximately 93 square kilometres and is expected to generate a net 159 GWh of electricity per year. The site is located in close proximity to Toba Montrose, and with the construction of a minimal amount of connector transmission lines will be able to utilize the Toba Montrose transmission line to interconnect to the transmission grid. Some of the roads and other infrastructure built to construct Toba Montrose are being used to construct Jimmie Creek. There are some additional roads needed to access the new intake and powerhouse locations.

On March 31, 2009, the Company received an Environmental Assessment Certificate from the Environmental Assessment Office for the Jimmie Creek project. In December 2009, the Canadian

Environmental Assessment Agency completed its screening level review under the *Canadian Environmental Assessment Act*, allowing the Jimmie Creek project to proceed.

On March 29, 2010, the Company and GE EFS formed the Upper Toba General Partnership, which entered into an interconnection agreement and a 40 year PPA with BC Hydro for what was then “Upper Toba”. During 2013, both of these agreements were amended to remove the Upper Toba site, leaving them applicable to Jimmie Creek only and in 2014, both of these agreements were assigned to Jimmie Creek LP.

In March 2014, the Company completed the purchase of 49% of the project held by GE EFS. On April 4, 2014, the Company and Axium formed Jimmie Creek LP to develop the Jimmie Creek project. The Company and Axium own 51% and 49% of the project, respectively.

On October 14, 2014, the Company closed a C\$176.5 million non-recourse construction and term loan facility. The facility is priced at a fixed rate of 5.26% and will amortize over 40 years commencing at commercial operations (expected in the third quarter of 2016), except for the final 10% of principal which will be payable at maturity. The Company does not expect to make any further equity contributions towards the construction of Jimmie Creek, which is now being funded by project financing proceeds and contributions by Axium. The conversion of the loan facility to a term loan is expected to occur in the third quarter of 2016, and the loan will mature in 2056.

Jimmie Creek is being constructed under an engineering, procurement and construction management contract with an affiliate of SNC-Lavalin Group Inc. Construction is progressing well and progress to date is as follows:

- Road, bridge and camp construction were completed in 2014.
- Intake construction, commissioning and headpond filling were completed in the first quarter of 2016.
- Penstock construction is complete and all construction areas have been remediated. Penstock filling is scheduled for completion in late March 2016.
- At the powerhouse, all of the electrical and mechanical equipment has been delivered to the site and the installation of the generators has commenced. Installation and testing of the ancillary electrical and mechanical equipment is ongoing and is expected to be complete in April 2016. Generator testing is scheduled to commence in May 2016.
- Construction of the switchyard is complete and tie-in of the Jimmie Creek project to the Toba Montrose transmission line was performed in late February 2016.

Construction is scheduled to be complete in the third quarter of 2016 and commercial operations under the PPA with BC Hydro are scheduled to commence in August 2016.

The Impact Benefit Agreements entered into with Sliammon and Sechelt First Nations for Toba Montrose are also applicable to Jimmie Creek, so the Company will not need to enter into separate agreements with those two First Nations for Jimmie Creek. In May 2012, the Company entered into a Resource Development Agreement with the Klahoose First Nation with respect to Jimmie Creek, which allows access through Klahoose First Nation’s traditional territory for construction of the project and provides revenue sharing, employment and contracting opportunities for its members. Employment opportunities at Jimmie Creek were provided to more than 35 First Nations members as well as indirect employment through use of First Nations companies for various services.

Tahumming Project

The Tahumming project is an early stage run-of-river project located in the Tahumming River near the Toba Montrose and Jimmie Creek projects in British Columbia. The Company and Klahoose First Nation signed an agreement in March 2015 to jointly develop the proposed 15 MW early-stage hydro project. Work conducted in 2015 included hydrology work and instream flow studies, preliminary engineering and refining capital cost estimates, archeology field assessment and terrestrial ecology and wildlife field assessments. The Company is currently conducting further engineering, environmental and hydrology studies to confirm the project's viability and prepare for a potential submission under BC Hydro's Standing Offer Program.

Bute Inlet Project

The Bute Inlet development project consists of a number of run-of-river sites located within a radius of approximately 50 kilometres of the head of Bute Inlet, which is located approximately 150 kilometres north of Powell River, British Columbia. The transmission design for the project currently includes a proposed 500 kV line from Bute Inlet to a planned point of interconnection at the BC Hydro substation located at Malaspina.

All of the generation sites for the Bute Inlet project are located in the traditional territory of the Homalco First Nation, and the transmission line will run across the traditional territories of the Homalco, Klahoose, Sliammon and Sechelt First Nations. The Company has entered into agreements with each of the Sechelt, Homalco and Sliammon First Nations that include terms regarding access through traditional territories, payment of access and construction fees, revenue sharing, employment, training and contracting opportunities for First Nation members and provisions providing for management of future transmission access through their traditional territories.

The Company limited its spend on the project in 2015, however, the Company has maintained all existing permits and licenses and has now completed all hydrology studies. The Company may look to further development of the project in the future when market outlook improves.

Other Projects in British Columbia

The Company holds accepted water licence applications and Crown Land investigative use licences from British Columbia Ministry of Forests, Lands and Natural Resource Operations for the development of a number of other run-of-river sites on the southwestern coast of British Columbia, as well as the proposed Fir Point 1,000 MW pumped-storage project, for which the Company holds an accepted water license application and an investigative use licence.

On October 20, 2015, the Company announced that it had agreed to acquire the water rights for four hydroelectric development projects from Sigma Engineering (the South Toba projects: Chusan, Powell, Eldred North and Eldred South). The projects are located approximately 20-30 kilometres from Alterra's existing Toba Montrose and Jimmie Creek projects, and are situated along the Toba Montrose transmission line. Each project is expected to have between 10-15 MW of generation capacity, and could be eligible for power purchase agreements under BC Hydro's Standing Offer Program. The transfer of ownership of these projects, including the associated water licenses, is expected to be completed in the second quarter of 2016.

The Company is currently maintaining all of its hydroelectric projects in British Columbia in good standing for future development opportunities.

Iceland

HS Orka, which is owned 66.6% by the Company, holds an interest in a number of planned hydro development projects in Iceland, including a 50% interest in Bulandsvirkjun, a 155 MW early-stage development hydro project located on the Skaftá River as well as a 100% interest in Brúarvirkjun, a 9 MW early-stage hydroelectric project located in Túngufljot River, both located in south Iceland. HS Orka also indirectly owns through Vesturverk ehf a 52.5% interest in the Hvalá and Skúfnavatnavirkjun early-stage hydro development projects located in west Iceland.

In May 2015, the National Energy Authority in Iceland awarded the Company research permits for the Hvalá and Skúfnavatnavirkjun hydroelectric projects. The Company has not made any material expenditures on these properties during the 2015 financial year.

Wind Operations

The Dokie 1 and Shannon wind projects comprise the Company's two operating wind generation facilities. The Company also has several wind development sites in British Columbia and in the United States and is continually looking to expand its wind asset portfolio.

Dokie 1 and effective December 10, 2015, Shannon, are in production, and the Company's portion of revenue from energy sales for the fiscal periods ended December 31, 2014 and December 31, 2015 was as follows:

<u>Fiscal Period Ended</u>	<u>Total Revenue</u>
December 31, 2014	\$7,631,000
December 31, 2015	\$8,179,000

British Columbia

Dokie 1

The Dokie 1 wind farm is a 144 MW project located approximately 40 kilometres west of Chetwynd, in northeastern British Columbia. The project commenced commercial operations on February 16, 2011. Dokie 1 consists of 48 Vestas V90 3.0 MW wind turbine generators located on two ridges. Dokie 1 is expected to generate a net electrical output of 330 GWh per year.

Dokie 1 is owned by Dokie GP, in which the Company holds a 25.5% ownership interest. The Company previously owned a 51% interest in Dokie GP until December 20, 2013, at which time it sold a 25.5% interest to its partner in Dokie GP, a consortium of Canadian investors led by Axium, which now owns a 74.5% interest. The Company received initial proceeds of C\$28,625,000 from the sale with the potential to receive further earn-out payments of up to C\$2,250,000 over the ensuing three years, depending on asset performance. In 2015, Dokie 1 met the earn-out target, the second of three potential earn-outs, which resulted in an earn-out payment of C\$750,000 to the Company and which was paid out in early February 2016.

BC Hydro purchases 100% of the electricity from Dokie 1 under a PPA that expires in February 2036.

Dokie 1 also is a participant in the ecoEnergy Program, and on November 19, 2009 Dokie GP signed an agreement with the Government of Canada pursuant to which Dokie GP receives an incentive of C\$10 per

MWh of up to C\$33.3 million during its first ten years of operations (until 2021). It is anticipated that the 10-year restraint will come into effect rather than the C\$33.3 million cap.

Dokie 1 is located within the traditional territories of the West Moberly, Sauteau and Halfway River First Nations and the McLeod Lake Indian Band. Dokie GP has entered into Memoranda of Understanding with all of these First Nations, which agreements allow access through the First Nations' traditional territories and provide revenue sharing, employment and contracting opportunities for First Nation members.

Dokie 2

The Dokie 2 expansion project is located on a number of ridges to the south and west of Dokie 1. Dokie 2 has a projected capacity of up to 156 MW. The Company holds a 51% interest in the Dokie 2 expansion project. During 2015, the Company received notice from the GE EFS affiliated entity which holds the remaining 49% interest that it does not intend to proceed with advancement of Dokie 2. The Company expects to complete an agreement with this entity to transfer its ownership interest in Dokie 2 to the Company for nominal consideration.

Dokie 2 holds a BC Provincial Environmental Assessment Certificate. However amendments to the certificate may be required once the project's final configuration has been determined.

The Company has maintained all existing permits and licenses in good standing and may look to further develop the project in the future when market outlook improves. Until the economic outlook improves any such costs will be expensed. The Company does not anticipate any material expenses related to Dokie 2 in 2016

Coastal Wind Projects

The Company holds exclusive investigative licenses for wind development projects at several coastal locations in British Columbia. The four sites are located on Banks Island, Porcher Island, McCauley Island and at Knob Hill on northern Vancouver Island, and have an estimated generation capacity of 1,000 MW.

In 2015, development activities consisted of ongoing wind resource monitoring and continuing studies of the projects' potential.

United States

Shannon

The Shannon project is a 204 MW wind project located in Clay County, Texas, U.S.A. which commenced commercial operations on December 10, 2015. Shannon is comprised of 119 General Electric 1.71 MW wind turbines, along with associated roads, turbine foundations, substations, collector, and transmission lines.

In November 2013, the Company acquired a 10% interest in Shannon Wind, and the project was then held in partnership with a group led by Horn Wind. On February 13, 2014, the Company completed the acquisition of the remaining 90% of Shannon Wind.

In December 2013 and throughout 2014, the Company completed certain construction activities to ensure Shannon would qualify for the U.S. Production Tax Credit, whereby companies that generate electricity

from renewable energy sources, including wind, are eligible for tax credits which provide a tax benefit for each unit of generation for the first ten years of the facility's operation. These activities included contracting with an affiliate of Mortenson to complete the initial phase of on-site construction and contracting with Siemens Energy Inc. to begin manufacturing the project's main power transformer.

The Company closed a \$286.8 million non-recourse credit facility for the Shannon project on June 30, 2015. The facility was supplied by affiliates of Citibank, N.A, Santander Bank, N.A. and the Royal Bank of Canada, and consisted of a \$212.2 million construction loan plus \$74.6 million in letters of credit. Concurrently with the closing of construction financing, the Sponsors entered into a partnership agreement under which Starwood acquired a 50% sponsor equity interest in the Shannon project. Under the agreement, the Company continues to hold a 50% sponsor equity interest and continues to manage the Shannon project.

Construction was substantially completed in the fourth quarter of 2015 and on December 10, 2015, Shannon commenced commercial operations. On December 14, 2015, the Tax Equity Investors completed a \$218.8 million tax equity investment, the proceeds of which were used primarily to fully retire the project's construction loan facility and facilitated a \$7.0 million return of equity representing unused contingency (the Company's share \$3.5 million). Under the partnership agreement between the Sponsors and the Tax Equity Investors, 99% of taxable earnings or losses and tax credits will be allocated from the project to the Tax Equity Investors, as well as a minority allocation of cash that will vary under certain conditions, until the Tax Equity Investors achieve an agreed yield, which is expected to occur within ten years of the commercial operations date.

There is no project debt associated with Shannon; however, the project has certain requirements with respect to the allocation of cash distributions, taxable income and tax credits amongst the Sponsors and Tax Equity Investors.

The Company is currently selling its output into the grid at merchant price. The Company expects to sell a majority of Shannon's power under a 13-year power hedging agreement commencing in June 2016, and will sell the remainder of its output into the grid at merchant price.

During construction of Shannon, there were three insurable events on-site: two floods due to heavy rainfall and a grass fire. The damage from the floods and fire was fully insured, subject to deductibles. Payment has been received in full for the fire claim while the final payment is expected in the first quarter of 2016 for the flood claims.

Other U.S. Wind Projects

The Company recently executed land leases for two wind projects with a potential generation capacity of up to 350 MW in the United States. The Company plans to continue development of these projects in 2016 through further resource assessment and other activities.

The Company is currently focused on acquiring or developing further early-stage wind projects in the United States to take advantage of the recently extended Production Tax Credit program.

Geothermal Operations

Our geothermal operations include both the production and sale of geothermal power and the development of geothermal properties. All geothermal revenue and production in 2015 was generated by our Iceland properties with a small portion generated by Soda Lake in Nevada prior to its sale on January

30, 2015. The Company's portion of the revenue for the fiscal periods ended December 31, 2014 and December 31, 2015 was as follows:

<u>Fiscal Period Ended</u>	<u>Total Revenue⁽¹⁾</u>
December 31, 2014	\$48,940,000
December 31, 2015	\$38,668,000

Note:

- (1) Total Revenue reflects the Company's 66.6% interest in HS Orka and 100% interest in Soda Lake. The Company sold its 100% interest in Soda Lake in January 2015.

We will continue to investigate, evaluate and, if appropriate, acquire additional development geothermal properties.

Europe

Iceland

HS Orka

The Company holds a 66.6% interest in HS Orka, which operates two plants located in the Reykjanes peninsula of southwest Iceland having a total capacity of 174 MW electrical and 190 MW of thermal heating capacity (which is used for district heating). The electrical operations are connected to the Icelandic transmission grid with a 132 kV transmission line. HS Orka sells power to a number of commercial and retail customers including power sold under long-term PPAs with Landsvirkjun, Norðurál ehf and Advania, with the majority of the power being sold under these contracts expiring in 2016.

HS Orka also executed another long-term PPA with Thorsil ehf, which is planning to construct and operate a silicon metal plant in Helguvík, Iceland. Under the PPA, the Company, through its Icelandic subsidiary, would supply up to 32 MW of the plant's power needs. The delivery of the power is subject to several conditions on behalf of both parties.

HS Orka also holds a 30% interest in Blue Lagoon hf., which operates the Blue Lagoon geothermal tourist attraction in Iceland. HS Orka also provides and sells various by-products to companies located near the two power plants, including geothermal brine and steam, gas, and fresh water.

Economic Dependence

A majority of the electricity demand in Iceland comes from the aluminum industry and in calendar 2015, approximately 25.9% of HS Orka's revenue was derived from revenue contracts linked to aluminum market prices. Furthermore, HS Orka sells approximately 50.7% of its power production (GWh) to Norðurál, with the balance to the retail market and under two other long-term PPAs.

HS Orka's geothermal power plants (Svartsengi and Reykjanes) and its advanced stage geothermal development projects (Eldvörp and Krýsuvík) are all located on the Reykjanes peninsula.

Svartsengi

The Svartsengi property is located in the municipality of Grindavík approximately 45 kilometres southwest of Reykjavík. HS Orka has leased the Svartsengi property from the Grindavík municipality for 65 years.

The Svartsengi plant is a combined geothermal power and heat plant with a capacity to produce 74 MW of electricity and 190 MW of capacity for hot water for district heating. The first power plant system was built in 1976 and has been upgraded in several stages since that time. The power plant has ten turbine/generator units ranging from 1.2 MW to 30 MW in capacity. The Svartsengi power plant is connected to the Icelandic electrical transmission grid with a dedicated 132 kV transmission line.

The Svartsengi geothermal field is one of three high-temperature geothermal fields located in the active volcanic rift zone on the western part of the Reykjanes peninsula. The geothermal field is liquid-dominated with temperatures ranging from 235 to 240°C, with a natural steam zone in the eastern portion of the field. The produced fluid is approximately two-thirds seawater and one-third freshwater in composition.

To date, 26 wells have been drilled in the field. Seven wells produce from the liquid dominated part of the reservoir, while six wells produce dry steam from the steam cap. Two deep reinjection wells have also been drilled in the field. The average depth of the wells in use in the Svartsengi field is approximately 1,050 metres.

The Svartsengi geothermal resource has been under investigation and development for approximately 40 years, resulting in a comprehensive understanding of the reservoir and its response to long term mass extraction. A detailed numerical model of the geothermal reservoir exists, simulating the production and monitoring history, producing forecasts of the reservoir response to long term utilization. As defined and in accordance with the Australian Code, the Svartsengi geothermal field is classified as a proven reserve containing recoverable thermal energy of 74 MW electrical for 30 years under the current operating parameters of the plant.

The Company is constructing a new discharge system for the Svartsengi plant that will enable additional geothermal fluid to be extracted from the reservoir enabling increased power generation and increased warm fluid sales to other customers. The system is expected to be in operation in summer of 2016. The Company has also completed drilling for two new production wells at Svartsengi and expects at least one will be connected to the Svartsengi plant in 2016. In addition, the Company recently completed a 25% expansion of the plant's district heating capability.

Reykjanes

The Reykjanes property is part of the Reykjanes geothermal field, which is located at the southwest tip of the Reykjanes peninsula, approximately 20 kilometres south of Reykjanesbær. The Reykjanes plant is a steam driven power plant with a capacity to produce 100 MW of electricity. It was built in 2006 and has two 50 MW steam turbine generator units. The Reykjanes geothermal power plant is connected to the Icelandic electrical transmission grid by a dedicated 132 kV transmission line.

The Reykjanes geothermal field is a liquid-dominated high-temperature geothermal system with sea water as the reservoir fluid. The highest temperature in the system has been measured at approximately 320°C, but the dominant reservoir temperature is approximately 295°C. HS Orka has drilled 25 wells in the Reykjanes geothermal field.

As defined and in accordance with the Australian Code, the Reykjanes geothermal system contains a proven reserve with recoverable thermal energy of 100 MW electrical for 30 years and an indicated resource with electrical generation capacity of up to 80 MW electrical for 30 years, relative to the current operational parameters of the Reykjanes geothermal power plant and with the planned secondary flash unit successfully installed.

The Company commenced a fluid reinjection program at the Reykjanes geothermal field in 2013 to mitigate recent decreases in generation at the Reykjanes plant and to enhance future field stability, whereby a portion of geothermal fluids extracted in the current operations will be re-injected into the field to maintain or increase subsurface pressure and optimize the resulting electrical output. The Company successfully drilled a large-diameter reinjection well in 2014, and based on positive results from that well, the Company drilled a second nearby injection well. A pipeline from the plant to the reinjection wells was constructed in late 2015 and reinjection commenced in March 2016.

The Company is currently planning a 50 MW electrical expansion of the Reykjanes plant, and a further 30 MW expansion comprised of a secondary flash turbine is also being planned; however the Company does not anticipate that any additional drilling will be required for the 30 MW expansion as the power source will be low pressure steam generated from current operations.

Expansion of the Reykjanes plant is currently awaiting results of arbitration regarding HS Orka's existing PPA with Norðurál, obtaining project financing and further confirmation of the resource.

The Company has been granted an operating permit for an 80 MW expansion of the Reykjanes plant by Orkustofnun, the National Energy Authority of Iceland.

Eldvörp

The Eldvörp property is part of the Eldvörp geothermal field, which is located approximately five kilometres west-southwest from the Svartsengi plant and within the same geothermal region as both the Reykjanes and Svartsengi geothermal fields. The Company has an exclusive exploration and exploitation license in the Eldvörp geothermal field until 2057.

The Company currently has plans to develop a geothermal power plant on the property of up to 50 MW. Because the Eldvörp and Svartsengi geothermal fields are part of the same geothermal reservoir, a power plant in Eldvörp could be envisioned as an expansion to the existing power plant in Svartsengi. It is therefore important to investigate the Svartsengi reservoir pressure response to future mass extraction at Eldvörp, as studies indicate mass extraction needed to supply the Eldvörp power plant will result in increased reservoir pressure drawdown at Svartsengi and the well-head pressure decline of production wells.

Based on the results and interpretations predicted by the Company's modelling and in accordance with the Australian Code, the Eldvörp geothermal resource is classified as an indicated resource containing sufficient recoverable thermal energy of 50 MW electrical for 30 years, assuming 50% reinjection and energy utilization parameters similar to the parameters defined by the Svartsengi geothermal power plant.

The Company did not carry out any significant work on the property during the year.

Krýsuvík and Trölladyngja

The Krýsuvík geothermal area covers approximately 29,500 hectares and is owned primarily by the Hafnarfjörður municipality and a number of private land owners. The Company has an exploration license over the Krýsuvík geothermal area until 2016 and has applied for an extension.

The geological and development results obtained in the Krýsuvík geothermal area provide good evidence that the geothermal resource exists in a form, quality and quantity sufficient for eventual economic extraction. The Company plans, at a date yet to be determined, to drill three deep (>2,000 metres) exploration wells as the next step in the development of the field. According to the Australian Code, the geothermal resource at Krýsuvík has recoverable and converted energy equivalent to approximately 500 MW (electrical) for 30 years.

Several research and development studies, including geological mapping, geophysical surveys and four exploration wells, have been conducted in the Trölladyngja sub-field since the 1960s as part of the studies for the Krýsuvík geothermal area. The Trölladyngja sub-field is under review by the Government of Iceland for its eligibility for future commercial development. The geothermal information obtained from two deep exploration wells drilled in Trölladyngja shows that a geothermal resource exists, but the temperature information is limited and currently insufficient to estimate the resource. Further exploration drilling, research and development may be performed at a future date.

The Company did not carry out any significant work on the properties during the year.

Geothermal Resource and Reserve Estimates

In summary, the resource and reserve estimates of the Company's Iceland geothermal properties are as follows:

Property	Reserves (MW Electrical)		Resources (MW Electrical)	
	Proven	Probable	Indicated	Inferred
Svartsengi	74			
Reykjanes	100		up to 80	
Eldvörp			50	
Krýsuvík ⁽²⁾				500
Total	174⁽¹⁾		up to 130⁽¹⁾	500⁽¹⁾

Notes:

- (1) The Company's ownership share of all Icelandic properties was 66.6% as at December 31, 2015.
- (2) Includes Trölladyngja.

Italy

In March 2011 Alterra acquired two geothermal concessions in Italy, Mensano and Roccastrada. The concessions are near the Lardarello geothermal area, where geothermal electric generation has been in operation for nearly 100 years.

The Company holds a 45% interest in a joint venture with Graziella. The joint venture is currently advancing the Mensano and Roccastrada geothermal concessions as well as a geothermal pilot project (Castelnuovo) near the Mensano concession. Graziella is currently funding all development activities under the joint venture (and will fund approximately the next \$4.0 million in development activities). Current development activities include seismic analysis and certain project permitting activities. In

January 2015, the governor of the Tuscany region issued a moratorium on geothermal exploration activities in the region which was subsequently lifted in the third quarter of 2015. As of December 31, 2015 Graziella had spent approximately \$2.1 million towards the projects and a further \$1.9 million is required to be spent by Graziella to maintain its 55% share of the joint venture.

United States

Soda Lake

On January 30, 2015, the Company sold its Soda Lake facility and certain geothermal development assets to an affiliate of Cyrq Energy, Inc. for proceeds of \$8.5 million. The Company may receive additional compensation over the next five years upon the achievement of certain performance-related or earn-out provisions. As part of the transaction, the Company obtained rights to build a 40 MW solar project at the Soda Lake site (see Solar Development).

South America

Mariposa

The Mariposa project is comprised of the Laguna del Maule and Pellado geothermal concessions, which are located approximately 300 kilometres south of Santiago and 120 kilometres southeast of Talca in the Maule Region of Chile, covering an area of approximately 104,000 hectares.

Alterra has previously carried out multiple exploration activities at the site including the drilling of three slim exploratory holes. Work carried out to date has indicated the existence of an inferred heat resource capable of sustaining a maximum of approximately 320 MW of electrical production.

Under the terms of a joint venture agreement between the Company and EDC, a Philippines-based global leader in the geothermal power industry, EDC holds a 70% interest in the project and is responsible for funding 100% of the next \$58.3 million in project expenditures. After completion of the initial funding, project expenditures and revenues would be shared pro rata between the Company and EDC. EDC is now the managing partner for the development of the project.

In October 2015, EDC elected to postpone the previously scheduled 2015 drilling program in response to the current low commodity prices which have negatively impacted the project's forecasted economics. The joint venture will resume the drilling program when certain development conditions are met. Work on the project continues to include engineering work for the power plant and transmission interconnection, an environmental impact assessment and other development activities. Significant site infrastructure (roads, water supply, camps) has been completed and will remain in place to support the rescheduled drill program.

As of December 31, 2015, EDC has spent approximately \$32.7 million towards the Mariposa project.

Early-Stage Development Properties

Peru

In January 2014, the Company completed a joint venture with EDC covering certain of the Company's geothermal development assets in Peru, which included concessions, applications for concessions and mining claims. Under the agreement, EDC obtained a 70% interest in the portfolio and plans to fund 100% of the next \$6.0 million of development costs.

During the second quarter of 2014, EDC provided notice to proceed for further investigations under the joint venture for Ticsani, San Pedro, Ancoccollo, Casiri and Pinchollo Libre projects, while certain other concessions and geothermal applications continued within the joint venture were not renewed. EDC subsequently provided notice to withdraw the Pinchollo Libre project in January 2016 but continues to develop the other projects. Although no material expenditures were made during calendar 2015, upon granting of the geothermal concessions, the joint venture is expected to perform further exploration to identify potential geothermal resources.

The joint venture has not made any material expenditures on these projects to date.

The Company currently holds a 10,800 hectare exploration concession and a further 96,100 hectares under application in southern Peru's prospective region of volcanoes and geothermal systems. The applications are in various stages of the award process.

Solar Development

The Company has formed a subsidiary, Soda Lake Solar, LLC, that has retained the rights to develop a 40 MW solar project in the vicinity of the Soda Lake geothermal plant over the next five to seven years.

In the ordinary course of business, the Company intends to continue to evaluate other solar development assets and may seek to grow its portfolio in the future with a focus on early-stage solar projects in the United States to take advantage of the recently extended Investment Tax Credit program.

Additional Information about Alterra's Business

Alterra's primary business plan is to continue to develop, own and operate new electric generation projects using only renewable and sustainable power sources, including hydro, wind, geothermal and solar resources. Key elements of this strategy include the continued site operations of our existing power plants, advancing our portfolio of development projects into commercial operations, the construction and development of our early stage asset portfolio and expansion of that portfolio with the strategic acquisition of additional assets and greenfield project development.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of hydro, wind, geothermal and solar engineering, operations and development, treasury and accounting. To date, the Company has been successful in locating and retaining employees and consultants with such skills and knowledge and believes it will continue to be able to do so.

Competitive Conditions & Cycles

As an independent power producer in a highly competitive field, the Company may compete with other entities in the electrical generation business in various aspects of the business, including seeking out and acquiring new power projects, obtaining the resources necessary to construct and operate power plants and to conduct development activities on such projects, and raising the capital necessary to fund its operations.

The independent power provider market is subject to pricing and demand cycles, each of which may be compounded by worldwide economic events and the political nature of renewable power sources.

Economic Dependence & Intangible Properties

As described above, the Company's business, including operating and development assets, depends on our ability to secure PPAs, hedge agreements or other revenue contracts for each of our power plants, or alternatively, to sell power produced by our projects to customers at market rate and on commercially acceptable terms. Alterra's operational power plants are substantially supported by existing PPAs and, in the case of Shannon, hedge arrangements. The existence of suitable power purchasers is a critical aspect of the Company's development activities.

The processes for securing a PPA or selling power at market rates are highly regulated and often dependent on governmental entities or third parties. Any change in the economic outlook of prospective power purchasers could have a material adverse impact on the Company's anticipated revenues. The Company does not anticipate that its economic outlook in the current financial year will be materially affected by the renegotiation or termination of PPAs, or other contracts and sub-contracts.

Employees

As of December 31, 2015, in total and including HS Orka, the Company had approximately 119 officers and full-time employees and 7 part-time employees. As is typical within the power production industry, from time to time, the Company also relies on consultants and third party contractors to carry out many of its activities and, in particular, to assist with development and construction activities at its various projects.

Foreign Operations

With principal operations in Canada, the United States, Iceland and elsewhere, the Company is dependent to a material extent on its foreign operations. As disclosed elsewhere herein, our operations and development activities may be affected in varying degrees by government, whether domestic or foreign, regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of property, new or amended legislation, land use, land claims of local people, water use and property safety. The fluctuation of foreign currency exchange rates may impose an adverse effect on the Company's results of operations and cash flows.

Environmental Protection, Social & Environmental Policies

The Company's operations are subject to various laws, rules and regulations governing the protection of the environment. Corporate obligations to protect the environment under the various regulatory regimes in which the Company operates may affect the financial position, operational performance and earnings of the Company. Management believes all of the Company's activities are materially in compliance with applicable environmental legislation.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its operations and development activities in compliance with applicable environmental protection legislation.

Bankruptcy, Receivership or Similar Proceedings

There has been no bankruptcy, receivership, or similar proceedings against the Company, or any voluntary bankruptcy, receivership or similar proceedings by the Company within the three most recently completed financial years and or during or proposed for the current financial year.

DIVIDENDS

Alterra has not declared or paid any dividends since incorporation. The Company may consider a change to this policy in the future. The declaration of dividends on our common shares is within the discretion of our Board of Directors and will depend upon their assessment of our earnings, capital requirements, operating and financial condition and other factors it considers to be appropriate in the circumstances. There are no restrictions on our ability to pay dividends.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The holders of common shares are entitled to receive dividends, as and when declared by the Board of Directors, out of monies properly applicable to the payment of dividends, in such amount and in such form as the Board of Directors may from time to time determine and all dividends which the Board of Directors may declare on the common shares will be declared and paid in equal amounts per share on all common shares at the time outstanding. In the event of the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the common shares are entitled to receive the remaining property and assets of the Company. The holders of common shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and will have one vote for each common share held at all meetings of the shareholders of the Company.

As of December 31, 2015, the Company had 468,652,409 common shares issued and outstanding with a further 15,161,651 common shares issuable upon due exercise of outstanding incentive stock options. The Company does not have any escrowed securities or, to our knowledge, securities subject to contractual restrictions on transfer.

MARKET FOR SECURITIES

The common shares of the Company trade on the TSX under the trading symbol “**AXY**”. The following table sets forth the price ranges and volume of trading of the common shares on the TSX for each month during 2015:

Month Ended	Volume	High	Low	Close
January, 2015	3,456,880	0.345	0.305	0.315
February, 2015	6,385,785	0.340	0.290	0.325
March, 2015	1,945,546	0.350	0.320	0.350
April, 2015	2,657,616	0.430	0.340	0.375
May, 2015	5,339,542	0.415	0.370	0.415
June, 2015	3,128,897	0.460	0.400	0.420
July, 2015	3,598,217	0.450	0.400	0.430
August, 2015	5,236,179	0.550	0.425	0.445
September, 2015	2,244,385	0.480	0.420	0.420

<u>Month Ended</u>	<u>Volume</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
October, 2015	3,843,765	0.530	0.410	0.495
November, 2015	2,404,517	0.490	0.420	0.440
December, 2015	4,190,061	0.470	0.420	0.460

PRIOR SALES

The following table sets forth information in respect of our common shares that we issued, other than on exercise of stock options as set out above, during the 2015 financial year:

<u>Exercise Date</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Reason for Issuance</u>
June 10, 2015	23,880	C\$0.29	Exercise of Options
June 12, 2015	18,367	C\$0.29	Exercise of Options
June 12, 2015	13,334	C\$0.33	Exercise of Options
July 29, 2015	9,847	C\$0.29	Exercise of Options

The following table sets forth information in respect of options to acquire our common shares that we granted under our incentive stock option plan during the 2015 financial year:

<u>Grant Date</u>	<u>Number of Options</u>	<u>Exercise Price</u>
August 18, 2015	3,922,610	C\$0.51
November 16, 2015	400,000	C\$0.46

DIRECTORS AND OFFICERS

The names and jurisdictions of residence of our directors and management team, the positions held by them and their principal occupations for the past five years are as set forth below. The term of office of the directors expires annually at the time of our annual general meeting.

<u>Name and Municipality of Residence</u>	<u>Current Office with the Company</u>	<u>Principal Occupation Since 2011</u>
Directors		
ROSS J. BEATY <i>British Columbia, Canada</i>	Executive Chairman and Director (since January 22, 2008)	Executive Chairman of Alterra since January 2008; former Chief Executive Officer of Alterra from 2008 to August 2011; Chair of Pan American Silver Corp. since 1994
DONALD A. MCINNES <i>British Columbia, Canada</i>	Vice Chairman and Director (since May 13, 2011)	Partner in Oxygen Capital Corp. since 2011; Vice Chairman of the Company since 2011; Chief Executive Officer of Plutonic from 1999 to 2011
DAVID W. CORNHILL <i>Alberta, Canada</i>	Director (since December 1, 2008)	Chair and Chief Executive Officer of AltaGas since 1994

Name and Municipality of Residence	Current Office with the Company	Principal Occupation Since 2011
DONALD SHUMKA <i>British Columbia, Canada</i>	Director (since January 22, 2008)	President of Walden Management Ltd. since 2004
JAMES M.I. BRUCE <i>British Columbia, Canada</i>	Director (since July 1, 2012)	Partner of Capital West Partners since 2002
JOHN B. CARSON <i>British Columbia, Canada</i>	Chief Executive Officer and Director (Director since May 14, 2013)	Chief Executive Officer of Alterra since September, 2011; former Executive Vice President of Alterra from February to August 2011; former Senior Vice President - Project Finance of Noble Environmental Power from 2009 to 2011
KERRI L. FOX <i>New York, U.S.A.</i>	Director (since May 12, 2014)	Managing Director and Head, Project & Structured Finance, North America of BBVA Securities Inc. since December 2013; former Executive Director and Head, Project & Structured Finance, North America of BBVA Securities from March 2009 to December 2013
Executive Officers		
JOHN B. CARSON <i>British Columbia, Canada</i>	Chief Executive Officer	See above description.
LYNDA D. FREEMAN <i>British Columbia, Canada</i>	Chief Financial Officer	Chief Financial Officer of Alterra since October 2013; previously Interim Chief Financial Officer of Alterra from February 2013 to October 2013; former Director, Finance of Alterra from August 2011 to February 2013; former Financial Controller of Alterra from May 2011 to August 2011; former Financial Controller of Plutonic from May, 2010 to May, 2011
SHANNON D. WEBBER <i>British Columbia, Canada</i>	General Counsel	General Counsel of Alterra since May 2014; formerly a lawyer at Borden Ladner Gervais LLP from July 2004 to May 2014
JAY SUTTON <i>British Columbia, Canada</i>	Vice President, Hydro Power	Vice President, Hydro Power of Alterra since May 2011 and General Manager of Toba Montrose GP since February 2011; Vice President, Hydro Power of Plutonic from January 2011 to May 2011; previously Project Director for Toba Montrose GP from 2010 to January 2011
PAUL RAPP <i>British Columbia, Canada</i>	Vice President, Wind and Geothermal Power	Vice President, Wind and Geothermal Power of Alterra since March 2013 and General Manager of Dokie GP since February 2011; previously Vice President, Wind Power with Alterra from May 2011 to March 2013; former Vice President, Wind Power of Plutonic from January 2011 to May 2011

<u>Name and Municipality of Residence</u>	<u>Current Office with the Company</u>	<u>Principal Occupation Since 2011</u>
MURRAY KROEKER <i>British Columbia, Canada</i>	Vice President, Solar Power and Engineering	Vice President, Solar Power and Engineering of Alterra since March 2013 and General Manager of ABW Solar General Partnership from April 2013 to November 2013; formerly Director, Engineering of Alterra from May 2011 to March 2013; previously Director, Engineering of Plutonic from February 2008 to May 2011
JONATHAN SCHINTLER <i>British Columbia, Canada</i>	Vice President, Project Finance and Mergers & Acquisitions	Vice President, Project Finance and Mergers & Acquisitions of Alterra since November 2013; formerly Director, Project Finance and Mergers & Acquisitions of Alterra from May 2013 to November 2013; Director at Invenergy LLC from October 2010 to April 2013

As of December 31, 2015, the directors and executive officers of the Company, as a group, beneficially own directly or indirectly, or exercise control or direction over 157,228,222 common shares representing approximately 33.5% of the Company's issued and outstanding common shares. The information in the foregoing sentence, not being within the knowledge of Alterra, has been furnished by each director and executive officer individually or from insider reports filed by the individuals and available at www.sedi.ca.

Committees of the Board of Directors

Our Board of Directors has established four board committees: an Audit Committee, a Compensation Committee, a Governance and Nominating Committee and a Health, Safety and Environment Committee. The information below summarizes the functions of each of the committees in accordance with their charters.

Audit Committee

The Audit Committee is a standing committee of the Board of Directors, the primary function of which is to assist the Board of Directors in fulfilling its financial oversight responsibilities, which include monitoring the quality and integrity of the Company's financial statements and related disclosure, the Company's compliance with legal and regulatory requirements, the independence, qualifications and performance of the Company's external auditor, acting as a liaison between the Board of Directors and the Company's external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management that the Board of Directors have established.

Audit Committee Charter

Attached as Appendix "A" is the charter for the Company's Audit Committee.

Composition of the Audit Committee

The Audit Committee is comprised of James M.I. Bruce (Chair), Donald Shumka and Kerri L. Fox, each of whom is independent and financially literate.

Relevant Education and Experience of the Members of the Audit Committee

James M.I. Bruce

Mr. Bruce holds a Bachelor of Science in Mechanical Engineering and a Master of Business Administration from the University of Manitoba. Mr. Bruce is a Chartered Professional Accountant, and has over 30 years of managerial experience, including 13 years as a partner for Capital West Partners and five years as the Managing Director and Regional Head of Corporate and Investment Banking in British Columbia for TD Securities Inc. For the past 19 years, Mr. Bruce has served as a director or trustee in various public and private companies, crown corporations, and not-for-profit organizations. Since October 2004, Mr. Bruce has been a director and chair of the 2010 Games Operating Trust which manages the Legacy Endowment Fund of approximately C\$130 million for three facilities built for the Vancouver 2010 Olympics.

Donald Shumka

Donald Shumka graduated from the University of British Columbia with a B.A. in 1964 and from Harvard University with an MBA in 1966.

From 1976 to 1979, Mr. Shumka worked in various positions in the forest industry. From 1979 to 1989 he was Vice President and Chief Financial Officer of West Fraser Timber Co. Ltd., and from 1989 to 2004 he headed the Forest Products Group for two Canadian investment banks. Mr. Shumka was the Managing Director of Raymond James Ltd. until 2004, and he is currently the President of Walden Management Ltd., a private management company, and a director of Eldorado Gold Corporation, Odin Mining and Exploration Ltd., RIWI Corp. and Paladin Energy Ltd. Mr. Shumka is also active in the not-for-profit sector.

Kerri L. Fox

Kerri L. Fox holds a Bachelor of Arts in International Relations and Russian Studies from Brown University (1990), and a Juris Doctor from Harvard Law School (1993). She has worked in various positions in the project finance industry since 1994. Ms. Fox has been the Head of Project & Structured Finance, North America at BBVA Securities Inc. in New York since March 2009, where she works closely with project developers seeking to finance a variety of infrastructure projects, including renewable energy projects. Prior to joining BBVA, Ms. Fox ran a similar business at Fortis Capital Corp. in New York from January 2005 until March 2009. She has also served as a Vice President and Director in the Project Finance business at Deutsche Bank Securities, Inc., and began her project finance career as an attorney at Milbank, Tweed, Hadley and McCloy.

No Reliance on Certain Exemptions

The Company has not relied on any of the exemptions under National Instrument 52-110 during the most recently completed financial year.

Audit Committee Oversight

The Board of Directors adopted all recommendations by the audit committee in 2015 with respect to the nomination and compensation of the external auditor.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for overseeing the work of the external auditors and considering whether the provision of non-audit services is consistent with the external auditor's independence. The Audit Committee approves in advance all audit and permitted non-audit services undertaken with the independent auditors. This includes the terms of engagement and all fees payable.

External Auditor Service Fees

PwC was appointed as the Company's external auditor on March 28, 2014 and the appointment was ratified by the Company's shareholders at the annual meeting of shareholders held on May 12, 2014.

Fees payable by Alterra for audit and other services provided by PwC for the fiscal years ended December 31, 2015 and December 31, 2014, were as follows:

	Fiscal period ended December 31, 2015	Fiscal period ended December 31, 2014
Audit Fees.....	C\$120,750	C\$94,250
Audit Related Fees	C\$114,940	C\$107,250
Tax-Related Fees	nil	nil
Other Fees.....	nil	nil
Total:	C\$235,690	C\$201,500

Compensation Committee

The Compensation Committee is a committee of the Board of Directors to which the Board has delegated its responsibility for oversight of the Company's overall human resources policies and procedures. This includes reviewing the adequacy and form of the compensation paid to the Company's senior management and key employees to ensure that such compensation realistically reflects the responsibilities and risks of such positions. The Compensation Committee's objectives are to assist the Board in meeting its responsibilities in respect of overall human resources policies and procedures including recruitment, performance management, compensation, benefit programs, resignation/terminations, training and development, succession planning and organizational planning and design, to ensure a broad plan of senior management compensation is established that is competitive and motivating in order to attract, retain and inspire senior management and other key employees and to review all compensation and benefit policies and proposals for the Company's senior management and make recommendations to the Board.

Our Compensation Committee is comprised of three independent directors, David W. Cornhill, Kerri L. Fox and Donald Shumka, the latter of whom is the chair of the committee.

Governance and Nominating Committee

The Governance and Nominating Committee is a committee of the Board of Directors, the primary function of which is to assist the Board in fulfilling its responsibilities with respect to developing the process and structure used to supervise the business and affairs of the Company. As this supervision is carried out by the Board, an integral component of this is identifying and evaluating qualified candidates and recommending such candidates for nomination to the Board and its various committees. The

corporate governance process and structure utilized by the committee defines the allocation of authority between the Board and management, with the objective of achieving accountability to the Company's shareholders and other stakeholders and thereby enhancing the Company's performance and shareholder value. The Governance and Nominating Committee is also responsible for setting the criteria to be applied when selecting new directors and considering the desired attributes that individuals to be put forth as new directors may bring to the Company and to the various committees of the Board. This allows the Governance and Nominating Committee to assist the Board in maintaining a composition which best combines the skills and experience needed for effective stewardship of the Company.

Our Governance and Nominating Committee is comprised of three independent directors, James M.I. Bruce, Donald Shumka and David W. Cornhill, the latter of whom is the chair of the committee.

Health, Safety and Environment Committee

The Board of Directors has established a Health, Safety and Environment Committee to which it has delegated oversight responsibilities to ensure that the Company maintains the integrity of its health and safety policies and that the Company's activities are conducted in an environmentally responsible manner.

To facilitate this, the Company has developed a corporate Health and Safety Policy and a corporate Environmental Policy. The policies provide that the Company will identify and remedy any hazardous workplace conditions, establish safety policies and programs and educate workers by providing the information, resources, tools and training necessary to perform their work safely and in an environmentally friendly manner. The Committee also oversees management's health, safety and environmental decision making, encourages, assists and counsels management in maintaining and improving health, safety and environmental performance and refers to the Board any matter likely to require a decision by the Board.

Our Health, Safety and Environment Committee is comprised of two directors, Kerri L. Fox and Donald A. McInnes, the latter of whom is chair of the committee.

Corporate Cease Trade Orders and Bankruptcies

Except as noted below, none of the Company's directors or executive officers:

- (a) are, as at the date of this Annual Information Form, or have been, within ten years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that,
 - (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) are, as at the date of this Annual Information Form, or has been within ten years before the date of this Annual Information Form, a director or executive officer of any company

(including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (c) have, within the ten years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Regarding the above:

- (a) James M.I. Bruce was a director of Vendtek Systems Inc., a public issuer, from June 24, 2008 to February 16, 2009. Vendtek Systems Inc. received an Order on March 6, 2009 for failure to file financial statements. The failure was rectified and the Order was lifted on March 25, 2010.
- (b) James M.I. Bruce was a director of Sterling Shoes Inc., a public issuer, from June 24, 2010 to October 20, 2011. Sterling Shoes Inc. sought creditor protection under the *Companies' Creditor Protection Act (Canada)* on October 21, 2011. In addition, as a consequence of failing to meet its listing obligations, the common shares and convertible debentures were delisted from the TSX on November 25, 2011.

Penalties and Sanctions

To our knowledge, none of our directors or officers have:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To our knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

Conflicts of interest which arise from time to time, if any, will be dealt with in accordance with the provisions of *The Business Corporations Act* (British Columbia) (the “**Act**”). In accordance with the Act, directors who have a material interest in or any person who is a party to a material contract or proposed material contract with the Company are required, subject to certain exceptions, to disclose those interests and to generally abstain from voting on any resolution to approve the contract.

LEGAL PROCEEDINGS

On April 23, 2007, HS Orka entered into a conditional PPA with Norðurál to sell power from HS Orka's expansion efforts to a new aluminum smelter to be constructed and located in Reykjanesbær, Iceland. The PPA contains a number of conditions which have not been fulfilled, and the Company holds the view that the PPA has lapsed in accordance with its terms. Norðurál disputes this interpretation and maintains that the PPA is a valid agreement. The PPA provides that disputes relating to the PPA are to be resolved by arbitration, and in July 2014, HS Orka initiated proceedings to determine the validity of the PPA. This is the second arbitration proceeding on this issue. The arbitration hearing will be held in Iceland in April, 2016 and the Company anticipates results from the arbitration proceedings in mid-2016.

On April 1, 2015, a separate related action to the PPA dispute was filed against the Company by Century Aluminum Company, the parent company of Norðurál, and Norðurál in the Superior Court of Monterey County, California. The lawsuit was dismissed by the court on September 2, 2015 on jurisdictional grounds. On December 15, 2015, Norðurál filed a second action regarding the PPA in the Supreme Court of British Columbia against the Company. As with the action filed in California, the Company considers the current British Columbia action to be without merit.

Except as disclosed above, we are not the subject of any material legal proceedings, nor are we or any of our properties a party to or the subject of any such proceedings and no such proceedings are known to be contemplated. We are involved in other routine, non-material litigation arising in the ordinary course of our business from time to time.

RISK FACTORS

This document contains forward-looking statements regarding the Company, its business, prospects and results of operations that involve risks and uncertainties. Alterra's actual results could differ materially from the results that may be anticipated by such forward-looking statements and discussed elsewhere in this Annual Information Form. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below, as well as those discussed elsewhere in this Annual Information Form. If any of the following risks occur, the Company's business, financial condition or operating results could be harmed. In that case, the trading price of Alterra common shares could decline.

Investment in the Company's common shares is speculative and involves a high degree of risk, is subject to the following specific risks among others, and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks. Prospective purchasers should review these risks as well as other matters discussed in this Annual Information Form.

Risks relating to renewable energy resources

Risks related to the volatility of renewable energy resources

The revenues generated by the Company's power plants are directly influenced by the amount of electricity generated at each such plant, which is in turn necessarily dependent on the availability of the renewable resources on which those plants depend. While the Company relies on hydrological, wind, geothermal and other weather studies and data to confirm the availability of sufficient resources to generate enough electricity to make its projects economically viable, there can be no assurances that previous estimations using historical and other data will remain accurate, that the long-term availability of such resources will remain unchanged, or that no material hydrologic, meteorological, geothermic or other natural or unnatural event will occur and have a material negative impact on such resources. Natural resources are by definition variable and do not remain constant over an extended period of time.

Our electricity production estimates are based on data, assumptions and factors that are inherently uncertain, which may result in actual electricity production being different from the estimates of the Company, including (i) the extent to which the limited time period of the site-specific hydrological, wind, geothermal or solar data accurately reflects long-term water flows, wind speeds, geothermal resources and solar radiation; (ii) the extent to which historical data accurately reflects the strength and consistency of the water, wind, geothermal and solar resources in the future; (iii) the strength of the correlation between the site-specific water, wind, geothermal and solar data and the longer-term regional data; (iv) the potential impact of other climatic factors; (v) the accuracy of assumptions on other factors, including but not limited to weather, icing and soiling of water and wind turbines, geothermal facilities and solar panels, site access, wake and line losses, replenishment and maintenance of geothermal resources and wind shear; (vi) the accuracy with which data was originally collected (for example, in the case of wind data, inaccuracies resulting from the difference between the hub height of the wind turbines and the height of the meteorological towers used for data collection); (vii) the potential impact of topographical variations, dam, penstock, generator, turbine, panel placement and local conditions, including vegetation; (viii) the inherent uncertainty associated with the specific methodologies and related models, in particular future-oriented models, used to project the water, wind, geothermal and solar resource; and (ix) the potential for electricity losses to occur before delivery.

Other factors that may contribute to the loss or impairment of the renewable resources themselves that the Company depends on include, but are not limited to, low and high water flows within the watercourse on which the Company's hydroelectric facilities are located, significant variations in precipitation, changes to the regulatory regime and the Company's right to use water resources for hydroelectric generation, the nature of run-of-river power facilities, which do not entail damming a large portion of the river, and therefore are dependent on water flow and more susceptible to weather patterns and seasonal variations, a reduced or increased amount of wind at the Company's wind farms over an extended period of time, changing weather patterns affecting the strength and consistency of such wind resources, natural depletion of geothermal resources over time, inadequate maintenance of geothermal resources due to excessive power generation, failure to recycle sufficient geothermal fluids to maintain the resource or a change in the hydrological balance of the resource and finally, the availability of consistent solar radiation that is not otherwise impaired by local weather conditions.

If any of the above factors has a negative impact on the availability of the resources on which our power generation depends, our realized electrical generation may decline, we may not be able to produce sufficient power to meet our obligations under existing PPAs and our insurance coverage and financial condition may not be adequate to cover losses sustained as a result thereof. If any of these events were to occur, they may have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Renewable energy and resource development programs are highly speculative, are characterized by significant inherent risk and costs, and may not be successful

Our future performance is partially related to our ability to discover and establish economically recoverable and sustainable water, wind, geothermal and solar resources on our properties through our development programs. Renewable energy development involves significant risk and few development properties that are explored are ultimately developed into generating power plants. There is no assurance that our development programs will be successful. Substantial development work is required in order to determine if any economically recoverable and sustainable water, wind, geothermal or solar resources are located on these development properties. Successfully developing such projects is dependent on a number of factors, including the technical skill of development personnel involved. Even in the event commercial quantities of renewable resources are discovered, it may not be commercially feasible to bring power generation facilities into a state of commercial production from such resources. The

commercial viability of water, wind, geothermal or solar resources once discovered is dependent on a number of factors, some of which are the particular attributes of the resource, such as the quantity and quality of the resource, useful life, operational factors, proximity to infrastructure, transmission solutions, capital costs to construct a power plant and related infrastructure and power prices. Many of these factors are not within the Company's control.

A water, wind, geothermal or solar resource cannot be relied upon until substantial development, including necessary studies, drilling, and data collection, has taken place. The costs of development are subject to numerous variables that could result in substantial cost overruns. Development at our properties may involve unprofitable efforts, not only from insufficient resource availability, but from resources that are productive but do not produce sufficient net revenues to return a profit after development, construction, operating and other costs.

Our development activities may be curtailed, delayed or cancelled as a result of numerous factors, many of which are not within the Company's control, including economic conditions, mechanical problems, title problems, weather conditions, compliance with governmental requirements and shortages or delays of equipment and services. If the Company undertakes development activities that are not successful, it could materially adversely affect our future results and cash flow.

Uncertainty in the assessment of renewable resources and probabilistic estimates of generation capacity

There is a degree of uncertainty attributable to the assessment of water, wind, geothermal and solar resources and, in particular, probabilistic estimates of geothermal generation capacity. Until a renewable resource is validated by sufficient data, the availability of such resource and the expected electrical generation therefrom must be considered estimates only. All statements as to MW capacity, particularly geothermal generation, and expected generation, even in operational power plants, are therefore necessarily subject to natural fluctuations. If any of these assumptions prove to be materially incorrect, it may affect the generation capacity of a property.

Until a geothermal resource is actually accessed and tested by production wells, the temperature and composition of underground fluids must be considered estimates only. In addition, estimates as to the percentage of the heat that can be expected to be recovered at the surface and the efficiency of converting that heat into electrical energy are subject to a number of assumptions including, but not limited to, resource base temperature, areal extent of the geothermal reservoir, thickness of the geothermal reservoir, percentage of resource recovery and the expected lifetime of the geothermal reservoir. The Company's operations at its hydroelectric and wind farm power plants are subject to similar risks. The turbines installed at our run-of-river power sites and the turbines installed at our wind farms are chosen because of their advanced design and their expected ability to withstand local environmental and weather conditions. However, there can be no assurance that these turbines will be able to withstand all environmental and weather conditions that may be experienced, or that extreme conditions will not otherwise materially impact the production of electricity.

In the event that any of these facilities do not perform as expected and such deficiencies cannot be corrected in an efficient manner, there may be an adverse effect on the production of electricity at our projects.

Geological occurrences, such as rockslides, avalanches or other occurrences not within the Company's control, may compromise our operations and their capacity to generate power

Hazards such as unusual or unexpected geologic formations, pressures, downhole conditions, rockslides, other events associated with steep terrain, mechanical failures, blowouts, cratering, localized ground subsidence, localized ground inflation, pollution and other physical and environmental risks can affect our development and production activities. These hazards could result in substantial losses including injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage and suspension of operations.

Additionally, active geothermal areas, such as the areas in which our geothermal operations and properties are located, are subject to frequent low-level seismic disturbances. Serious seismic disturbances are possible and could result in damage to our projects or equipment or degrade the quality of our geothermal resources to such an extent that we could not perform under the PPA for the affected project, which in turn could reduce our net income and materially and adversely affect our business, financial condition, future results and cash flow.

The occurrence of dam, penstock or other waterway failures at any of our hydroelectric power facilities could result in a loss of generating capacity and repairing such failures could require the Company to incur significant expenditures of capital and other resources. Such failures could result in the Company being exposed to significant liability for damages. There can be no assurance that our safety programs will be able to detect potential failures prior to occurrence or eliminate all adverse consequences in the event of failure. Safety regulations relating to dam, penstock or other waterway safety could change from time to time, potentially impacting a facility's costs and operations. The consequences of dam, penstock or other waterway failures could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

Risks related to our business and operations

Our financial performance depends on our successful operation of power plants, which is subject to various operational risks

Our financial performance depends on the successful operation of our power plants. At present we operate and have ownership interests in the Svartsengi, Reykjanes, Toba Montrose, Dokie 1 and Shannon facilities with Jimmie Creek under construction and expected to commence commercial operations in the summer of 2016. The cost of operation and maintenance and the operating performance of a facility may be adversely affected by a variety of risk factors, including some that are discussed elsewhere in these risk factors and also the following:

- Unexpected maintenance and replacement expenditures
- Shutdowns due to the breakdown or failure of the plant's equipment
- Labour disputes
- Catastrophic events such as fires, explosions, earthquakes, landslides, floods, releases of hazardous materials, severe storms or similar occurrences affecting a facility, any of the power purchasers from a facility or third parties providing services to a facility
- The aging of facilities, which may reduce their operating performance and increase the cost of maintenance
- Fluctuations and changes in weather and other resource-related aspects

Any of these events could significantly increase the expenses incurred by a power plant or reduce the overall generating capacity of a power plant and could significantly reduce or entirely eliminate the revenues generated by a power plant, which in turn would reduce our net income and could materially and adversely affect our business, financial condition, future results and cash flow.

We may experience delays and construction cost overruns in the construction of projects

The Company participates in the construction and development of new power generating facilities. These facilities have greater uncertainty surrounding future profitability than existing operating facilities with established track records. Delays and cost overruns may occur in completing the construction of development projects and future projects that the Company will undertake. A number of factors which could cause such delays or cost overruns include, without limitation, permitting delays, construction pricing escalation, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. The Company is in some cases required to advance funds and post-performance bonds in the course of development of its new facilities.

Even when complete, a facility may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. In addition, if development projects are not brought into commercial operation within the time frame stipulated in their PPA, the Company may be subject to penalty payments or the counterparty may be entitled to terminate the PPA. In the event that some of these facilities are not completed or do not operate to the expected specifications, or unforeseen costs or taxes are incurred, the Company could be adversely affected.

We may be unable to enter into PPAs on terms favourable to us, or at all

The electrical power generation industry is complex and, depending on the jurisdiction, may be composed of public utility districts, cooperatives and investor-owned power companies. Many of the participants in this industry produce and distribute electricity. Their willingness to purchase electricity from an independent producer may be based on a number of factors and not solely on pricing and surety of supply. Policy changes by these entities unrelated to our operations may have a significant impact on our ability price and sell the power we produce at competitive rates. If we cannot enter into PPAs on favourable terms to us, or at all, it would negatively impact our future projected revenue and our decisions regarding development of additional properties.

Securing new PPAs, which is a key component of the Company's growth strategy, is a risk factor in light of the competitive environment faced by the Company. The Company expects to continue to enter into PPAs for the sale of its power, which PPAs are mainly obtained through participation in competitive requests for proposals processes. During these processes, the Company faces competitors ranging from small independent power producers to large utilities, some of which have significantly greater financial and other resources than the Company. There is no assurance that the Company will be selected as power supplier following any particular request for proposal in the future or that existing PPAs will be renewed or will be renewed on equivalent terms and conditions upon expiry.

The majority of the power generated by the Company is sold under long-term PPAs or power hedges. If for any reason any of the purchasers of power under such PPAs or power hedges were unable or unwilling to fulfill their contractual obligations under the relevant PPA or power hedges, or if they refuse to accept delivery of power pursuant to the relevant PPA or power hedge, or if the Company is unable to deliver sufficient power pursuant to the relevant PPA or power hedge, the Company's business, operating results, financial condition or prospects could be adversely affected. In particular, those of our assets that are located in British Columbia sell their power under long-term PPAs with BC Hydro, and in most cases, an

alternative customer for this power does not exist, making revenues from these projects substantially dependent upon a sole customer. If our development projects are not brought into commercial operation within the allowable delay period stipulated in their respective PPA or power hedge, the Company may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA or power hedge.

Prospective merchant power prices are subject to unpredictable fluctuations

If we are unable to secure PPAs or power hedges for our development assets, or maintain or renew PPAs for our producing assets or contract for the sale of 100% of generation, we may be forced to sell electrical energy generated at market price. Further, commencing in June 2016, the majority of the output at Shannon will be sold under a long-term power hedge agreement and until that time all power sales will be subject to merchant prices. Output not sold under the long-term power hedge agreement will be subject to merchant prices. If we are unable to produce sufficient power to meet our contractual obligations under our PPAs or power hedges, we will be forced to purchase third party power at merchant prices. The market price of power in individual jurisdictions can be volatile and may be incapable of being controlled. If the price of electricity should drop significantly, in each of these cases, the economic prospects of the operational properties that rely, in whole or in part, on merchant prices, such as Shannon, or development properties that we have an interest in, could be significantly reduced or rendered uneconomic. A material reduction in such prices could have a material adverse effect on our financial condition, in particular, with respect to the Shannon project. There is no assurance that a profitable market may exist for the sale of renewable power in the future. The marketability of renewable power is also affected by numerous other factors not within the Company's control, including government regulations relating to royalties, allowable production and exporting of energy sources, the effect of which cannot be accurately predicted.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available or unforeseen generation technology could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity trading market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the price of electricity generated by our renewable power assets and thus the Company's business, financial position, results of operations and business prospects.

Reliance on transmission systems and infrastructure

The Company's ability to sell electricity is impacted by the availability of the various transmission systems in each of our development and operating jurisdictions. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Company's ability to deliver electricity to its various counterparties, thereby affecting the Company's business, operating results, financial condition or prospects.

Ownership of transmission facilities used by the Company's development and operating projects varies, from governmental and quasi-governmental bodies, to private third parties, affiliates, and finally, direct and indirect ownership by the Company. Damage to or a failure of any shared transmission or interconnection infrastructure, which may be beyond the control of the Company, may result in our properties being unable to deliver their electrical energy generation to the applicable point of interconnection.

Equipment and manufacturing risks, including sourcing of turbines and other materials

The Company currently sources its equipment, including generators, wind turbines and other sourced materials, through supply agreements with manufacturers. A breach of any of these agreements, or a deterioration of the relationships with the parties thereto, could result in an interruption of the Company's supply. Any interruption in the Company's supply could have a material adverse effect on the Company's business and operations.

As the Company is dependent on a minimal number suppliers for all manufacturing services, including procurement of turbines, any interruption caused by a business shutdown by the supplier (e.g., bankruptcy, fire, or labour) could be challenging for the Company. The Company mitigates these risks by maintaining open relationships with other suppliers that could perform similar services, maintaining an appropriate level of inventory, and performing quality and business audits of its suppliers on a regular basis, although there can be no assurances that any of our actions will successfully mitigate these risks.

Manufacturing operations are also subject to numerous unanticipated technological problems and delays. There can be no assurance that our equipment providers will be able to comply with all stated manufacturing regulations. Failure or delay by our manufacturers to comply with such regulations or to satisfy regulatory inspections could have an adverse effect on the Company's business and operations.

Operational and maintenance risks

The Company's facilities, including hydrological structures and waterways, wind turbines, geothermal plants and other facilities, are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defect and design or operator error, among other things. In addition, any equipment breakdown after expiry of applicable warranty periods will increase expenses at our projects. To the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair, or suffers disruptions of power generation for other reasons, the Company's business, operating results, financial condition or prospects could be adversely affected.

Industry competition may impede our ability to access suitable renewable resources

There is aggressive competition within the renewable energy industry for the acquisition and development of opportunities considered to have commercial potential. As a result of this competition, some of which is with large established companies with substantial capabilities and greater financial resources than us, we may be unable to acquire additional renewable power operations or properties on terms we consider acceptable, may be unable to acquire the capital necessary to fund our operations and develop our projects, and may not be able to recruit and retain qualified employees and other personnel to operate our existing assets.

There can be no assurance that our project development and acquisition efforts will yield new renewable power operations or properties. Existing or future competition in the renewable energy industry could materially adversely affect the Company's prospects and success in the future.

Environmental, permitting and other regulatory requirements may add costs and uncertainty

Our current and future operations, including development activities and electricity generation from power plants, require licences and permits from various governmental authorities and such operations are and will be subject to laws and regulations governing development, geothermal resources, water use, production, wind participation rents, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, project safety and other matters. The Company may

experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations, licences and permits. There is no assurance that all required approvals, licences and permits will be obtained. Additional permits, licences and studies, which may include environmental impact studies conducted before licences and permits can be obtained, may be necessary prior to the development of properties, or the operation of power plants, in which we have interests, and there can be no assurance that we will be able to obtain or maintain all necessary licences or permits that may be required on terms that enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, licensing or permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. We may be required to compensate those suffering loss or damage by reason of our activities, and may have civil or criminal fines or penalties imposed upon us for violations of applicable laws or regulations.

Applicable laws and regulations, including environmental requirements and licensing and permitting processes, may require public disclosure and consultation. It is possible that a legal protest could be triggered through one of these requirements or processes that could delay, or require the suspension of, a development program or the operation of a power plant and increase our costs. Because of these requirements, we could incur liability to governments or third parties for any unlawful discharge of pollutants into the air, soil or water, including responsibility for remediation costs. We could potentially discharge such materials into the environment: from a well or drilling equipment at a drill site; leakage of fluids or airborne pollutants from gathering systems, pipelines, dams, power plants or storage tanks; damage to geothermal wells resulting from accidents during normal operations; and blowouts, cratering and explosions. The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Future environmental costs may increase due to changing requirements or costs associated with development and the construction and operation of power plants and transmission assets. Programs may also be delayed or prohibited in some areas.

No assurance can be given that new laws and regulations will not be enacted or that existing laws and regulations will not be applied in a manner that could limit or curtail our development programs or the operation of our power plants. Amendments to current laws, regulations, licences and permits governing operations and activities of geothermal companies, or more stringent implementation thereof, could have a material adverse impact on us and cause increases in capital expenditures or production costs, or reduction in levels of production, or abandonment, or delays in development of the business.

We may face adverse claims to our title

Although we have taken reasonable precautions to ensure that legal title to our properties is properly documented, there can be no assurance of title to any of our property interests, or that such title will ultimately be secured. However, the results of our investigations should not be construed as a guarantee of title. No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Our property interests may also be subject to prior unregistered agreements or transfers or other land claims, and title may be affected by undetected defects and adverse laws and regulations.

The Company cannot guarantee that title to its properties will not be challenged. Title insurance is not always available, or available on acceptable terms, and the Company's ability to ensure that it has obtained secure claim to individual properties may be severely constrained. A successful challenge to the

precise area and location of these claims could result in the Company being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.

First Nation and other indigenous title and rights may be claimed with respect to Crown properties or other types of tenure with respect to which our rights have been conferred. There can be no assurance that treaty, First Nation or other indigenous rights will not be asserted during the course of the consultations or in the future in respect of the Company's properties.

Developments regarding First Nations and other indigenous peoples

We explore and operate in certain areas inhabited by First Nations and other indigenous communities. Developing laws and movements respecting the acquisition of lands and other rights from such communities may alter decades-old arrangements made by prior owners of our renewable power properties or even those made by us in more recent years. We have used commercially reasonable efforts in our dealings with all First Nations and indigenous communities to ensure all agreements are entered into in accordance with the laws governing such communities but because of complex procedural and administrative requirements in some jurisdictions, there is no guarantee that such agreements will ultimately protect our interest, nor can there be any guarantee that future laws and actions will not have a material adverse effect on our financial position, cash flow and results of operations.

The Company's British Columbia projects may be located on Crown land which is subject to ongoing, unresolved claims by First Nations. The Company's failure to reach agreements with such First Nations could result in delays to the development of the Company's British Columbia projects.

Developments regarding political and social acceptance of renewable energy projects

Development and growth of renewable energy is dependent on governmental and societal support, policies and incentives. Many governmental bodies have introduced portfolio standards to increase the portion of renewable energy in their electricity generation supply mix in order to reduce greenhouse gas emissions over time. There is a risk that governmental support providing incentives for renewable energy could change at any time and that additional increase in the procurement of renewable energy projects from independent power producers be reduced or suspended at any time. As a result, the Company may face reduced ability to develop its prospective projects and may suffer material write-offs of prospective projects as a result.

Further, the social acceptance by local stakeholders and local communities is critical to our ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may lead to protests, delays, and in some cases, may prevent the development and construction of a project and lead to the loss of all investments made in the development and the write-off of such prospective project.

Health and safety risks

The ownership, construction and operation of the Company's power generation assets carries an inherent risk of liability related to worker health and safety, including the risk of government imposed orders to remedy unsafe conditions, potential penalties for contravention of health and safety laws, licences, permits and other approvals, and potential civil liability. Compliance with health and safety laws (and any future changes) and the requirements of licences, permits and other approvals remain material to the Company's business. The Company may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health and safety matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of health and safety laws,

licences, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

Risks related to the Company and financial management

We may be unable to obtain the financing we need to achieve our growth strategy or other financial goals, or we may be required to spend significant funds to advance development before obtaining such financing

The Company may be dependent on the debt and equity markets to finance the development of our properties, which often require a substantial capital investment. Our continued ability to raise capital through project financing, credit facilities or other arrangements is necessary for the success of our growth strategy. There is no assurance that the Company will be successful in obtaining additional financing, if available, on a timely basis, in the amount required or on favourable terms. Market conditions and other factors may not permit future financings on terms favourable to us. Our ability to arrange financing on favourable terms may be dependent on numerous factors, including general economic and capital market conditions, investor confidence, the continued success of current projects, the credit quality of the project being financed, the political situation in the jurisdiction in which the project is located and the existence of tax laws which are conducive to raising capital. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations.

The continuing operation, maintenance and, if applicable, expansion of the Company's power plants, and development of the Company's development assets, may require substantial additional financing. If we experience delays in obtaining such financing, we may be required or deem it necessary to spend significant funds to continue project development, including activities necessary to achieve key project milestones, without having first completed financing for the project on acceptable terms. If we are unable to secure such development capital through credit facilities or other arrangements, we may have to finance our projects using equity financing which could have a dilutive effect on our common shares. In the absence of favourable financing or other capital raising options, we may decide not to build new plants or acquire properties from third parties. Any of these alternatives could have a material adverse effect on our growth prospects and financial condition.

Financial leverage and restrictive covenants may restrict our current and future operations

Under existing debt agreements and security instruments, the Company and its subsidiaries have made various restrictive covenants to lenders, including to make payments of interest and principal when due, operational restrictions and governing their current and future indebtedness. These restrictions prohibit or limit the Company's and its subsidiaries' ability to, among other things, incur additional debt, provide guarantee for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may restrict the Company's ability to refinance its existing indebtedness.

If we default in respect of our obligations under any of our loan agreements, including without limitation servicing existing indebtedness, or if we are unable to refinance any such indebtedness, our lenders may be entitled to demand repayment and enforce their security against certain projects or other assets. If there is any event of default under any of these agreements, the principal amount owing, plus accrued and

unpaid interest, may be declared immediately due and payable. If such an event occurs, or if any extended default under such agreements is ongoing, it could have a material negative impact on the Company financially.

In 2016, the Company plans to retire the long-term holding company bonds of Magma Energy Sweden A.B., assumed in conjunction with the acquisition of HS Orka that expire in 2016 through refinancing, for which the Company is currently in negotiations. There are two tranches of bonds, one denominated in ISK and one consisting of three U.S. dollar denominated bonds. The ISK denominated bond and three U.S. dollar denominated bonds are non-recourse to the Company and are secured by HS Orka shares.

Should the Company be unable or elect not to refinance the ISK denominated bond, and returns the shares held as collateral for the bond, the Company would then own 53.9% of HS Orka. However, if the Company is unsuccessful in refinancing both bonds, and returns the shares held as collateral, the Company's share of HS Orka would be reduced to 21.8%, resulting in loss of control.

There is no project debt associated with Shannon; however, the project has certain requirements with respect to the allocation of cash distributions, taxable income and tax credits amongst the Sponsors and Tax Equity Investors.

The degree to which the Company and its subsidiaries are leveraged could have important consequences to shareholders, including: (i) the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Company's cash flows from operations may be dedicated to the payment of the principal and interest on their indebtedness, thereby reducing funds available for future operations and flexibility to take advantage of business opportunities; (iii) the Company may be unable to refinance its existing indebtedness on terms favourable to the Company, if at all; and (iv) the Company may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. The inability to meet these debt covenants or obtain lenders' consent to carry out restricted activities could materially and adversely affect the business and results of operations of Alterra.

Risks related to cost estimates and negative operating cash flow

The Company's anticipated production and revenue, capital costs, engineering and construction estimates, development schedules and operating costs rely upon management's estimates based on information available at the time. Accordingly, the results are projections only and are inherently uncertain. Capital costs, operating costs, production and economic returns, and other estimates may differ significantly from those anticipated by the Company's current estimates, and there can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated. The Company's actual costs and production may vary from estimates for a variety of reasons, including: lack of availability of natural resources or necessary equipment; unexpected construction or operating problems; realized power prices; delays in delivery of consumables; revisions to construction plans; risks and hazards associated with renewable power generation and energy; natural phenomena, such as inclement weather conditions, water, wind, geothermal and other resource availability, floods, and earthquakes; unexpected labour shortages or strikes; general inflationary pressures and interest and currency exchange rates. Many of these factors are beyond the Company's control.

Revenue from our operating power plants may not be sufficient to fund all of our anticipated expansion, development programs and general and administrative costs and expenses. Our failure to achieve or maintain profitability and positive operating cash flows, including our failure to achieve estimated costs or material increases in costs, could have a material adverse effect on our future cash flows, business, financial condition and results of operations.

Risks related to legal proceedings

Due to the nature of the Company's business, we may be subject to a variety of regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of the Company's business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit.

Litigation may be costly and time-consuming and can divert the attention of management and key personnel from our business operations. If we are unsuccessful in our defense of claims or unable to settle claims in a manner satisfactory to us, we may be faced with significant monetary damages or injunctive relief against us that could have a material adverse effect on our business and financial condition. The outcome of these matters may not be currently determinable nor is it possible to accurately predict the outcome or quantum of any proceedings against the Company at this time.

In particular, as discussed elsewhere herein, the Company is involved in arbitration in Iceland and litigation in British Columbia, relating to its Icelandic PPA with Norðurál and other routine, non-material litigation. Until these matters have been resolved, the Company cannot give any assurances as to the outcomes.

Host country economic, social and political conditions can negatively affect our operations

A number of the Company's principal assets are held located in foreign domiciles. Although the operating environments in these jurisdictions are considered favorable compared to that in other countries, there are still economic, social and political risks associated with operating in foreign jurisdictions.

These risks include, but are not limited to, terrorism, hostage taking, war, civil unrest or military repression, expropriation, repatriation or nationalization without adequate compensation, extreme fluctuations in currency exchange rates, high rates of inflation and labor unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, difficulties enforcing judgments in such jurisdictions, changes to tax and royalty regimes, volatile local political, legal and economic climates, nepotism, difficulties obtaining key equipment and components for equipment, currency control and host-country favourable legislation.

Host country economic, social and political uncertainty can arise as a result of lack of support for our activities in local communities in the vicinity of our properties. Changes in renewable resource, energy or investment policies or shifts in political attitudes may also adversely affect the Company's business. The effect of these factors cannot be accurately predicted. Though the effects of competition will increase the likelihood of market efficiencies and benefit our properties, elimination of energy cost subsidies may increase the inability of end-use consumers to pay for power and lead to political opposition to privatization initiatives and have an adverse impact on our properties and operations.

Employee recruitment, retention and human error

Recruiting and retaining qualified personnel is critical to our success. We are dependent on the services of key executives including our chief executive officer and other highly skilled and experienced executives and personnel focused on managing our interests. The loss of any of their services could have a material adverse effect upon us. The number of persons skilled in the acquisition, development and operation of renewable power properties is limited and competition for such persons is intense. As our business activities grow, we will require additional key financial, administrative and technical personnel as well as additional operations staff. There can be no assurance that we will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If we are not successful in attracting, training and retaining qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage our interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake and legal claims for errors or mistakes by our personnel.

Our officers and directors may have conflicts of interests arising out of their relationships with other companies

Several of our directors and officers serve (or may agree to serve) as directors or officers of other companies or have significant shareholdings in other companies. To the extent that such other companies may participate in business ventures in which we may participate, these persons may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (British Columbia).

Fluctuation in foreign currency exchange rates may affect our financial results

We maintain accounts in Canadian and U.S. dollars and other foreign currencies. Our reporting currency is U.S. dollars. Our development work and operations in Canada, the United States, Iceland, Italy and South America make us subject to foreign currency fluctuations. Foreign currency fluctuations are material to the extent that positive and negative fluctuations between U.S. dollars and other currencies are material. We do not at present engage in foreign currency transactions to hedge such exchange rate risks but we may enter into such transactions in the future and we do convert certain Canadian funds to U.S. dollars and other currencies and vice versa in anticipation of expenditures in such currencies.

Fluctuations in interest rates may affect our financial results

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the renewable energy business. The Company generally mitigates underlying interest rate risk with respect to its project-related floating-rate bank credit facilities and holding company financing by entering into interest rate swap agreements to effectively fix the underlying interest rate on floating-rate debt. The credit spread portion of floating interest rate loans cannot be hedged and could increase materially at loan maturity, thus reducing a project's cash flow. In other cases, the Company procures fixed-rate debt when financing its projects to minimize interest rate risk.

A significant rise in interest rates may materially increase the cost of capital and prevent certain development projects from proceeding as the economics may no longer be feasible at higher rates, possibly resulting in termination or asset impairment.

Aluminum price risks

A significant portion of the revenue of our Icelandic operations is subject to the market price for aluminum. In addition, a portion of the Company's debt obligations are partially linked to the market price for aluminum. Accordingly, fluctuations in the market price for aluminum could have a material adverse effect on the Company's financial position.

We may not be able to successfully integrate businesses or projects that we acquire in the future

Our business strategy is to expand in the future, including through acquisitions. We may be unable to find suitable acquisition candidates or appropriate partners with which to form alliances. Even if we identify appropriate acquisition or alliance candidates, we may be unable to complete the acquisitions or alliances on favorable terms, if at all. Moreover, we may not realize the anticipated financial or other benefits of an acquisition or alliance.

Success in such acquisitions, and integration of any acquired assets, is an inherently risky process. Examples of such risks include assimilating the operations of an acquired business or mineral property in a timely and efficient manner, maintaining the Company's financial and strategic focus while integrating the acquired business or property, achieving identified and anticipated operating and financial synergies, unanticipated costs, diversion of management attention from other existing business, potential loss of key employees or key employees of any acquired business, unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition, decline in the value of acquired properties, companies or securities, including the Company's, implementing uniform standards, controls, procedures and policies and conducting and managing operations in a new operating environment.

Integrating acquisition targets is often costly, and we may not be able to successfully integrate acquired companies with their existing operations without substantial costs, delays or other adverse operational or financial consequences.

Unknown Liabilities

As part of the Company's past and future acquisitions, it has assumed liabilities and risks. While the Company conducted due diligence, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing the due diligence investigations or for which the Company was not indemnified. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's financial position and results of operations.

Our insurance policies may be insufficient to cover losses

The renewable energy independent power producer business is subject to a number of risks and hazards including, among others, environmental hazards, operational accidents, labour disputes, mechanical failures, cyber security breaches, fires, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God. Such risks could result in damage to, or destruction of, our power plants, properties or facilities, personal injury or death, environmental damage, delays, monetary losses and possible legal liability.

As protection against operating hazards, we typically maintain insurance coverage in amounts that we believe to be reasonable against some, but not all, potential losses. Such insurance, however, contains exclusions and limitations on coverage. We may not fully insure against all risks associated with our business either because such insurance is not available or because the cost of such coverage is considered prohibitive. The occurrence of an event that is not covered, or not fully covered, by insurance could have a material adverse effect on our financial condition and results of operations.

Reliance on intellectual property and confidential agreements to protect our rights and confidential information

The Company's success and competitive position are dependent in part upon our proprietary methods and intellectual property. Although we seek to protect our proprietary rights through a variety of means, we cannot guarantee that the protective steps we have taken are adequate to protect these rights.

We also rely on confidentiality agreements with certain employees, consultants and other third parties to protect, in part, trade secrets and other proprietary information. These agreements could be breached and we may not have adequate remedies for such a breach. In addition, others could independently develop substantially equivalent proprietary information or gain access to our trade secrets or proprietary information.

Evolving regulation of corporate governance and public disclosure may result in additional expenses and continuing uncertainty

Changing laws, regulations and standards relating to corporate governance and public disclosure, including those of Canadian securities regulators, the TSX and other similar entities which have jurisdiction over the Company are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and we may be harmed.

Risks relating to our common shares and public market activity

If our common share price fluctuates, investors could lose a significant part of their investment

Our common shares trade on the TSX and the OTC pink sheets in the United States. These exchanges have, from time to time, experienced significant price and volume fluctuations. This volatility can have a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of our common shares could similarly be subject to wide fluctuations in response to a number of factors, some of which we cannot control, including:

- Changes in securities analysts' recommendations and their estimates of our financial performance
- The public's reaction to our press releases, announcements and filings with securities regulatory authorities and those of its competitors

- Changes in market valuations of similar companies
- Investor perception of our industry or prospects
- Additions or departures of key personnel
- Commencement of or involvement in litigation
- Changes in environmental and other governmental regulations
- Announcements by us or our competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments
- Variations in our quarterly results of operations or cash flows or those of other companies
- Revenues and operating results failing to meet the expectations of securities analysts or investors in a particular quarter
- Future issuances and sales of our common shares
- Changes in general conditions in the domestic and worldwide economies, financial markets or the power industry

Any negative change in the public's perception of our prospects could cause the price of our securities, including the price of our common shares, to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of renewable energy companies in general could depress the price of our securities, including the price of our common shares, regardless of our results. Following declines in the market price of a company's securities, securities class-action litigation may be instituted. Litigation of this type, if commenced, could result in substantial costs and a diversion of management's attention and resources. The impact of any of these risks and other factors could cause the market price of our common shares to decline significantly.

The issuance of additional equity securities may negatively impact the trading price of our common shares

Alterra has commitments that require the issuance of additional common shares, in particular, shares issuable pursuant to options to acquire common shares under the Company's incentive stock option and bonus plan, among others. The future business of the Company will also require additional financing which may involve the sale of equity capital. The Company should be expected to issue additional options, and may also issue warrants and other financial instruments, which may include debt. Future issuances of equity capital may have a substantial dilutive effect on existing shareholders. The Company is not able at this time to predict the future amount of such issuances or dilution. Our issuance of additional equity securities or a perception that such an issuance may occur could have a negative impact on the trading price of our common shares.

We will have broad discretion in the use of the net proceeds of any future offerings and may not use them to effectively manage our business

If the Company requires additional financing by offerings of its equity securities, management of the Company will have certain discretion over the use of proceeds of any offering of securities as well as the timing of expenditures. As a result, investors will be relying on the judgment of management as to the

specific application of the proceeds of any offering of securities. Management may use the net proceeds of any offering of securities in ways that an investor may not consider optimal. The results and effectiveness of the application of the net proceeds of any offering of securities are uncertain.

Significant shareholders of the Company could influence our business operations and sales of our common shares by such significant shareholders could influence our common share price

To our knowledge, Ross J. Beaty, our executive chairman and a director of the Company, beneficially holds approximately 32.3% of our outstanding common shares. For as long as Mr. Beaty directly or indirectly maintains a significant interest in the Company, he may be in a position to affect our governance and operations. In addition, Mr. Beaty may have significant influence over the passage of any resolution of our shareholders (such as would be required, to amend our constating documents or take certain other corporate actions) and may, for all practical purposes, be able to ensure the passages of any such resolution by voting for it or prevent the passage of any such resolution by voting against it. The effect of this influence may be to limit the price that investors are willing to pay for our common shares. In addition, the potential that Mr. Beaty may sell his common shares in the public market (commonly referred to as “market overhang”), as well as any actual sales of such common shares in the public market, could adversely affect the market price of our common shares.

Sales of a significant number of our common shares in the public markets, or the perception of such sales, could depress the market price of our common shares

Sales of a substantial number of our common shares or other equity-related securities in the public markets by the Company or its significant shareholders could depress the market price of our common shares and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common shares or other equity-related securities would have on the market price of our common shares. The price of our common shares could be affected by possible sales of our common shares by hedging or arbitrage trading activity which we expect to occur involving our common shares.

It may not be possible to enforce actions against the Company, including certain of our directors and officers, under U.S. federal securities laws

Alterra is incorporated under the laws of the Province of British Columbia. Most of our directors and officers reside principally in Canada. It may not be possible for potential claimants to effect service of process within the United States upon persons whose assets are located outside of the United States. Furthermore, it may not be possible for such persons to enforce against us or those persons in the United States, judgements obtained in U.S. courts based upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States. There is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon U.S. federal securities laws and as to the enforceability in Canadian courts of judgements of U.S. courts obtained in actions based upon the civil liability provisions of the U.S. federal securities laws. Therefore, it may not be possible to enforce those actions against us or certain of our directors and officers.

We do not have a history of paying dividends on our common shares

We have never declared or paid any dividends on our common shares. It may be necessary to retain our future earnings, if any, to finance our exploration activities and further development and the expansion of our business. The payment of future dividends, if any, will be reviewed periodically by our Board of Directors and will depend upon, among other things, conditions then existing including earnings,

financial conditions, cash on hand, financial requirements to fund our exploration activities, development and growth, and other factors that our Board of Directors may consider appropriate in the circumstances.

If we were to lose our foreign private issuer status under U.S. federal securities laws, we would likely incur additional expenses associated with compliance with the U.S. securities laws applicable to U.S. domestic issuers

As a foreign private issuer, as defined under the *Securities Exchange Act of 1934*, we are exempt from certain of the provisions of the U.S. federal securities laws. However, if we were to lose our status as a foreign private issuer, we may become subject to more onerous regulatory and reporting requirements in the United States. Compliance with these additional regulatory and reporting requirements under U.S. securities laws would likely result in increased expenses and would require our management to devote substantial time and resources to comply with new regulatory requirements. Further, to the extent that we were to offer or sell our securities outside of the United States, we would have to comply with the more restrictive Regulation S requirements that apply to U.S. companies, and we would no longer be able to utilize the multijurisdictional disclosure system forms for registered offerings by Canadian companies in the United States, which could limit our ability to access the capital markets in the future.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this Annual Information Form, none of our directors or senior officers or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the issued common shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any material transaction with us within the three preceding years or in any proposed transaction which has materially affected us or would materially affect us.

As of December 31, 2015, Ross Beaty, the Company's Executive Chairman beneficially owns, directly or indirectly, or exercises control or direction over, 151,365,506 common shares, being 32.3% of the issued and outstanding share capital of the Company.

In 2011, the Company entered into an agreement with Ross Beaty, the Company's Executive Chairman that created a C\$20.0 million revolving credit facility (the "**Credit Facility**"). Since 2011, the maturity date and the borrowing amount of the Credit Facility have been extended. The Credit Facility was most recently renewed on March 15, 2016 and has a maximum facility amount of C\$20.0 million. All funds advanced under the Credit Facility are repayable on the earlier of March 31, 2017, a change of control of the Company or on a default by the Company. Interest at the rate of 8% per annum, compounded daily, is payable monthly on the last Business Day of every month commencing with the last Business Day of the month in which the advance was made. In addition, a standby fee in the amount of 0.75% of the credit facility and a drawdown fee in the amount of 1.5% of the amount advanced, are payable in cash.

During 2015, the Company paid interest, standby and drawdown fees in the amount of C\$209,634 and borrowed an aggregate of C\$2.7 million from the Credit Facility to cover interim capital needs. As at December 31, 2015, there were no amounts drawn under the Credit Facility and C\$20.0 million available.

HOLDING COMPANY FINANCING

On August 12, 2014, the Company completed a North American holding company loan facility ("Holdco Facility") with proceeds funded in two tranches: tranche A totaling C\$67.3 million was funded on August 15, 2014, and tranche B totaling C\$22.5 million was funded on December 19, 2014, primarily to support the Company's equity investments into the Jimmie Creek and Shannon projects. The Holdco Facility is secured by the future cash flows from, and the pledge of indirect equity interests in, the Company's

investments in Toba Montrose GP, Dokie GP and Jimmie Creek LP. The Company entered into two interest rate swaps related to the Holdco Facility on December 2, 2014 and December 12, 2014.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for our common shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia (200-510 Burrard St., Vancouver, B.C., Canada V6C 3B9).

MATERIAL CONTRACTS

There were no material contracts that are material to the Company, that were entered into other than in the ordinary course of business and not excepted from disclosure and filing requirements, and that were entered into during the financial year ending December 31, 2015.

INTEREST OF EXPERTS

No person or company whose profession or business who is named as having prepared or certified a statement, report, valuation or opinion described or included in this Annual Information Form holds any beneficial interest, direct or indirect, in any of our securities or property or in the securities or properties of any of our associates, or affiliates and no such person is expected to be elected, appointed or employed as one of our directors, officers or employees or as a director, officer or employee of any of our associates or affiliates and no such person is one of our promoters or the promoter of one of our associates or affiliates. In particular, PwC have informed us that they are independent with respect to Alterra within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Information of an economic, scientific or technical nature regarding the geothermal resources and properties of HS Orka included in this Annual Information Form is based upon the HS Orka Report. The HS Orka Report was prepared by Mannvit hf. Information of an economic, scientific or technical nature regarding the geothermal resources of Mariposa is based upon the Mariposa Report. The Mariposa Report was prepared by Phillip James White of SKM. See “Scientific and Technical Information”.

None of the persons referenced above received or has received a direct or indirect interest in the property of the Company. As of December 31, 2015, to the Company’s knowledge, the authors referenced above beneficially own, directly or indirectly, in total, less than one percent of the securities of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans will be contained in the Company’s information circular to be prepared in connection with the Company’s annual meeting of shareholders and, when available, will be available on SEDAR at www.sedar.com. Additional financial information is provided in the Company’s financial statements and management’s discussion and analysis for the fiscal year ended December 31, 2015, which are also available on SEDAR.

GLOSSARY OF TERMS

In this Annual Information Form, the following terms shall have the meanings set forth below, unless otherwise indicated or the context otherwise requires:

“**Australian Code**” means the Australian Geothermal Reporting Code.

“**Axium**” means a fund managed by Axium Infrastructure Inc. (formerly known as Fiera Axium Infrastructure Inc. prior to its name change on July 2, 2015).

“**BC Hydro**” means the British Columbia Hydro and Power Authority.

“**Business Day**” means a day which is not a Saturday, Sunday or a statutory holiday in British Columbia.

“°C” means degrees Celsius.

“**Canadian Code**” means the Canadian Geothermal Code for Public Reporting.

“**C\$**” means Canadian dollars.

“**Dokie GP**” means Dokie General Partnership.

“**dollars**” or “**\$**” means United States dollars.

“**Dokie 1**” means the 144 MW wind farm located west of Chetwynd, British Columbia and the accompanying transmission line from the wind farm to the Dokie interconnection site owned by BC Hydro.

“**Dokie 2**” means the proposed wind farm located southwest of Dokie 1.

“**EDC**” means Energy Development Corporation.

“**GE EFS**” means an affiliate of GE Energy Financial Services, Inc.

“**Graziella**” means an affiliate of Graziella Green Power.

“**GWh**” means one gigawatt-hour or one billion watt hours, or 1,000 megawatt-hours.

“**Horn Wind**” means Horn Wind, LLC.

“**HS Orka**” means HS Orka hf.

“**HS Orka Report**” means the Geothermal Resources and Properties of HS Orka, Reykjanes Peninsula, Iceland: Independent Technical Report dated January 29, 2010 prepared by Mannvit hf.

“**ISK**” means the Icelandic Krona.

“**Jimmie Creek LP**” means Jimmie Creek Limited Partnership.

“**Jimmie Creek**” means the site for proposed run-of-river generation facilities located on the Jimmie Creek, which will utilize the same transmission line being used for Toba Montrose.

“**kV**” means kiloVolt (1000 volts).

“**Mariposa**” means the project associated with the Laguna del Maule and Pellado geothermal concessions in Chile.

“**Mariposa Report**” means the Mariposa Geothermal Resource, Laguna del Maule and Pellado Concessions, Chile dated July 19, 2010 prepared by Philip James White of Sinclair Knight Merz Limited.

“**Mortenson**” means M.A. Mortenson Company.

“**MW**” means megawatt; one million watts.

“**MWh**” means one megawatt-hour or one million watt-hours.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

“**NI 51-101**” means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

“**Norðurál**” means Norðurál Helgúvík sf. and its affiliates.

“**Plutonic**” means Plutonic Power Corporation.

“**PPA**” means power purchase agreement.

“**PwC**” means PricewaterhouseCoopers LLP.

“**SEDAR**” means the system for electronic document analysis and retrieval.

“**Shannon**” means a 204 MW wind project located in Clay County, Texas, U.S.A. whose assets are held by Shannon Wind, LLC.

“**Shannon Wind**” means Shannon Wind, LLC.

“**SKM**” means Sinclair Knight Merz Limited.

“**Sponsors**” means, together, Starwood and an affiliate of the Company.

“**Soda Lake**” means the geothermal generation facilities located in Churchill County, Nevada.

“**Starwood**” means the Shannon partnership agreement with affiliate of Starwood Energy Group Global, LLC which is party to the June 30, 2015 Shannon partnership agreement with an affiliate of the Company.

“**Tax Equity Investors**” means subsidiaries of Citicorp North America, Inc. and Berkshire Hathaway Energy.

“**Toba Montrose GP**” means Toba Montrose General Partnership.

“**Toba Montrose**” means the combined East Toba River and Montrose Creek run-of-river generation facilities and the accompanying transmission line from the facilities to Saltery Bay on Jervis Inlet.

“**TSX**” means the Toronto Stock Exchange.

“**Vestas**” means Vestas Canadian Wind Technology Inc.

METRIC CONVERSION TABLE

Metric Unit	U.S. Measure	U.S. Measure	Metric Unit
1 hectare	2.471 acres	1 acre	0.4047 hectares
1 metre	3.2881 feet	1 foot	0.3048 metres
1 kilometre	0.621 miles	1 mile.....	1.609 kilometres

APPENDIX “A”

AUDIT COMMITTEE CHARTER

1. MISSION

Senior management, as overseen by the Board of Directors, has primary responsibility for the Company’s financial reporting, accounting systems and internal controls. The Audit Committee is a standing committee of the Board of Directors established to assist the Board of Directors in fulfilling its responsibilities in this regard.

2. COMPOSITION AND MEETINGS

- (a) The Audit Committee shall be composed of three independent and financially literate directors, each in accordance with National Instrument 52-110 – *Audit Committees*.
- (b) The members of the Audit Committee shall be appointed by the Board of Directors to serve one year terms and are permitted to serve an unlimited number of consecutive terms.
- (c) The Audit Committee shall meet at least four times per year and any member may call special meetings as required. A quorum at meetings of the Audit Committee shall be two members.
- (d) The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to all directors with copies to the chief financial officer and the external auditor.

3. RESPONSIBILITIES

(a) Financial Information

Review:

- (i) the annual financial statements and recommend their approval to the Board, after discussing matters such as the selection of accounting policies, major accounting judgements, accruals and estimates with management.
- (ii) other financial information included in the annual report.
- (iii) the Annual Information Form.
- (iv) Management Discussions and Analysis contained in the annual report and quarterly statements, if any.

(b) External Auditor Services

- (i) Appointing and recommending the appointment of to the Board, determining funding for, and overseeing the external auditor and reviewing the external auditor’s qualifications and independence.
- (ii) Reviewing and overseeing the performance of the Company’s external auditors.

- (iii) Resolving any disagreements between the Company's management and the Company's external auditors.
- (iv) The Company's external auditors must report directly to the Audit Committee.
- (v) Pre-approving all non-audit services to be provided to the Company or any of the Company's subsidiary entities. Notwithstanding the foregoing, the Audit Committee: (a) may delegate to one or more members the authority to pre-approve any non-audit service to be provided by the external auditor, to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation will be reported to the full Audit Committee at its next scheduled meeting; and (b) establish policies and procedures, from time to time, pre-approving certain non-audit services to be provided by the external auditor, provided (i) such pre-approval policies and procedures are detailed as to the particular service, (ii) the Audit Committee is informed of each non-audit service, and (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.
- (vi) Attending to other matters related to the external auditors and audit of the Company, including without limitation:
 - A. the auditor's engagement letter;
 - B. the reasonableness of the estimated audit fees;
 - C. the scope of the audit, including materiality, locations to be visited, audit reports required, areas of audit risk, timetable, deadlines and coordination with internal audit, if applicable;
 - D. the post-audit management letter together with management's response, in each case, if applicable;
 - E. the form of the audit report; and
 - F. any other related audit engagements (e.g. audit of the Company pension plan).

(c) Interim Financial Statements

- (i) Obtain reasonable assurance on the process for preparing reliable quarterly interim financial statements from discussions with management and, where appropriate, reports from the external and internal auditors.
- (ii) Review, or engage the external auditors to review, the quarterly interim financial statements.
- (iii) Obtain reasonable assurance from management about the process for ensuring the reliability of other public disclosure documents that contain audited and unaudited financial information.

(d) Accounting System and Internal Controls

- (i) Obtain reasonable assurance from discussions with and(or) reports from management, that the Company's accounting systems are reliable and that the prescribed internal controls are operating effectively.
- (ii) Direct the auditors' examinations to particular areas.
- (iii) Request the auditors to undertake special examinations (e.g., review compliance with conflict of interest policies).
- (iv) Review control weaknesses identified by the external and internal auditors, together with management's response.
- (v) Review the appointments of the chief financial officer and key financial executives.
- (vi) Review accounting and financial human resources and succession planning within the Company.
- (vii) Review and approve the Company's hiring of partners, employees, former partners and former employees of the Company's present and former external auditors.

(e) Internal Audit (if applicable)

- (i) Review the terms of reference of the internal audit function and the appointment of the director of the internal audit.
- (ii) Review the resources, budget, reporting relationships and planned activities of the internal audit function.
- (iii) Review internal audit findings and determine that they are being properly followed up.

(f) Statutory Responsibilities

Ensure compliance by the corporation of any regulatory requirements.

(g) Other Responsibilities

Additional responsibilities to be defined as required, but may include:

- (i) reviewing the prospectuses and other offering memoranda;
- (ii) monitoring compliance with the corporate code of conduct;
- (iii) investigating fraud, illegal acts or conflicts of interest;
- (iv) discussing selected issues with corporate counsel; and
- (v) assist with, to the extent applicable, the audit of the Company's subsidiaries, including, if appropriate, reviewing the mandate and reports of a subsidiary's audit committee and/or auditors.

(h) Reporting

- (i) Report, through the chairperson, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
- (ii) Report annually, through the Board of Directors, to the shareholders on the Audit Committee's responsibilities and how it has discharged them.
- (iii) Review the Audit Committee's terms of reference annually and propose recommended changes to the Board of Directors.
- (iv) Must establish procedures for:
 - A. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - B. the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

4. REGULATIONS

- (a) The members and the chairperson of the Audit Committee shall be appointed by the Board of Directors for a one year term and may serve any number of consecutive terms.
- (b) The chairperson shall, in consultation with management and the auditors, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- (c) The Audit Committee shall have the power, authority and discretion delegated to it by the Board of Directors which shall not include the power to change the membership of or fill vacancies in the Audit Committee.
- (d) Subject at all times to applicable law and regulation, the Audit Committee shall conform to the regulations which may from time to time be imposed upon it by the Board of Directors.
- (e) The Audit Committee may meet and adjourn, as they think proper. Questions arising shall be determined by a majority of votes of the members of the Audit Committee present, and in the case of an equality of votes, the chairman shall not have a second or casting vote.
- (f) A resolution approved in writing by the members of the Audit Committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the Audit Committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- (g) The Audit Committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the Board of Directors.
- (h) Subject at all times to applicable law and regulation, the Board of Directors shall have the power at any time to revoke or override the authority given to or acts done by the Audit Committee

except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the Audit Committee or fill vacancies in it as it shall see fit.

- (i) A majority of the members of the Audit Committee shall constitute a quorum thereof.
- (j) The Audit Committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.
- (k) The Audit Committee shall be entitled to:
 - (i) engage independent counsel and any other advisors as it determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any such advisors (which funding will be provided by the Company); and
 - (iii) communicate directly with the internal (if applicable) and external auditors of the Company.