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Press release
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INNERGEX ANNOUNCES THE ACQUISITION OF CLOUDWORKS ENERGY AND \$150 MILLION PUBLIC EQUITY OFFERING

- *Increasing net installed capacity by 23% with high quality hydro assets located in British Columbia*
 - *75 MW of net operating hydroelectric capacity*
 - *76 MW of net hydroelectric capacity currently under development with PPAs*
 - *Large pool of hydroelectric prospective projects*
- *All acquired operating facilities and projects under development are supported by 40-year PPAs with BC Hydro (AAA rated by S&P)*
- *Portfolio weighted average remaining PPA term to be extended from 21 to 25 years*
- *Weighted average credit rating of electricity off-takers increased to AA*
- *Development synergies enhance Innergex's future growth prospects in B.C.*
- *Accretive to free cash flow per share*
- *Further diversifies Innergex's portfolio and enhances its position as a premier renewable power developer*
- *\$150 million equity bought deal financing of subscription receipts*

Longueuil, Quebec – (February 14, 2011) – Innergex Renewable Energy Inc. (TSX:INE) (“Innergex” or the “Corporation”) announces that it has entered into a definitive agreement (the “Agreement”) with the shareholders of Cloudworks Energy Inc. (“Cloudworks”) to acquire all of the issued and outstanding shares of Cloudworks (the “Acquisition”). Pursuant to the Agreement, and subject to certain adjustments, Cloudworks will be purchased for an aggregate consideration of \$185 million (the “Purchase Price”), approximately \$ 145.7 million of which will be payable in cash (the “Cash Consideration”) and approximately \$39.3 million of which will be payable by the issuance, by way of private placement, of common shares of the Corporation. In addition to the Purchase Price, the vendors will be entitled to receive conditional deferred payments. The conditional deferred payments provide for a potential sharing of the value created if the Cloudworks assets perform better than expected and would result in incremental accretion to Innergex, net of these payments.

Headquartered in Vancouver, British Columbia and founded in 2000, Cloudworks currently employs 30 people. Cloudworks' portfolio of assets consists of an interest of 50.01% in six run-of-river hydroelectric facilities having a combined gross installed capacity of 150 MW (the “Harrison Operating Facilities”); full ownership of 76 MW of run-of-river hydroelectric projects under development with 40-year power purchase agreements (“PPAs”) (the “Cloudworks Development Projects”); and full ownership of run-of-river hydroelectric projects in various stages of development having a potential aggregate installed capacity of over 800 MW (the “Cloudworks Prospective Projects”).

"We are thrilled with the acquisition of Cloudworks", states Mr. Michel Letellier, President and Chief Executive Officer of Innergex. "This transaction represents a unique opportunity for Innergex to acquire a large portfolio of high quality hydroelectric operating facilities and development projects. It will significantly expand Innergex's asset portfolio and enhance our growth profile. Cloudworks' assets will further diversify our revenues and increase our installed capacity by as much as 23 % (from 326 MW to 401 MW)".

Mr. Letellier explains that Innergex has previously partnered with Cloudworks for the development of its 50 MW Rutherford Creek hydroelectric facility. *"We look forward to welcoming the Cloudworks' team to the Innergex organisation. We know them very well; we value their work and recognize their achievements."*

Mr. Nicholas Andrews, President of Cloudworks, shares Innergex's enthusiasm, adding that *"The merger of the two teams should yield development cost synergies and operational efficiencies. In fact, joining forces with a highly reputable firm such as Innergex, which shares the same development philosophy and culture, brings an array of new opportunities for the employees. The combined team, with access to a stronger balance sheet, will be better positioned to increase the supply of green energy to the Province of British Columbia."*

In order to offer a smooth transition, the Cloudworks principals, Mr. David F. Andrews, Mr. Nicholas Andrews and Mr. John D. Johnson, have agreed to stay involved with Innergex in an advisory role for a period of at least one year after closing.

Acquisition Enterprise Value

The Acquisition Enterprise Value of Cloudworks is approximately \$415 million. In addition to the \$185 million Purchase Price, Innergex's share of the Harrison Operating Facilities' non-recourse long-term debt will be approximately \$265 million (based on a 50.01% ownership), but Innergex will benefit from its share of cash on hand and funded reserve accounts, which are subject to certain restrictions, for a total aggregating approximately \$35 million.

Key Attributes of the Transaction

Attractive assets with long term PPAs

Supported by 40-year PPAs with British Columbia Hydro and Power Authority ("BC Hydro"), the Harrison Operating Facilities consist of six recently-commissioned run-of-the-river hydroelectric facilities. Together with the Cloudworks Development Projects which have also secured 40-year PPAs with BC Hydro, the Acquisition will increase Innergex's weighted average remaining PPA term from 21 to 25 years which is significantly longer than any of Innergex's peers. The Acquisition will also add four watersheds to the Innergex portfolio, thereby further enhancing its diversification.

Provides cost synergies and operational efficiencies

Innergex already owns a number of prospective projects that may be developed under the British Columbia Hydro Standing Offer Program ("SOP") in conjunction with Cloudworks' Prospective Projects. Cloudworks has made significant investments in electrical and community infrastructure that will facilitate the development of these projects.

As Mr. Letellier explains, *"Cloudworks has developed very good relationships and an excellent reputation with stakeholders in B.C., including the Douglas, Chehalis, Skatin and Kwantlen First Nations and local communities. Innergex will benefit from Cloudworks' outstanding track record and strong knowledge of the hydroelectric industry."*

Low cost and long-term financing

Cloudworks owns an interest of 50.01% in the Harrison Operating Facilities which were financed in 2007 with non-recourse debt consisting of \$246 million of conventional fixed rate bonds and \$272 million of real return bonds. The rate on the conventional bonds is fixed at 5.56% while the average rate on the real return bonds is fixed at 3.09% plus an adjustment for changes in the Consumer's Price Index ("CPI"). The bonds benefit from a 40-year principal repayment schedule having a maturity in 2049, which matches the cash flow profile of the facilities. The CPI indexation of the real return bonds replicates the CPI indexation of the PPAs.

Accretive to free cash flow per share

The Acquisition is expected to be accretive to Innergex's free cash flow per share upon commissioning of the three Cloudworks Development Projects (based on \$160 million of the Purchase Price being allocated to the Harrison Operating Facilities and the Cloudworks Development Projects). Additional cash flows generated from the assets acquired are expected to further increase Innergex's liquidity and flexibility to fund the development of future projects. By adding the recently commissioned low-risk hydroelectric facilities to its portfolio, Innergex believes it is improving the stability of its cash flows and the sustainability of its dividend.

Significantly Expands Innergex's presence in British Columbia

British Columbia has been a key focus for Innergex. As Mr. Letellier explains, "We see tremendous opportunities arising from the Province's desire to be a leader in renewable energy. In this context, the acquisition of Cloudworks will strengthen our growth platform and prospects." In British Columbia, Innergex already operates three run-of-river hydroelectric facilities with an aggregate net installed capacity of 105 MW. Innergex also has four run-of-river hydroelectric projects under construction or under development with PPAs for an aggregate net potential installed capacity of 100 MW, including ownership interests in the 50 MW Kwoiek Creek, the 74 MW Upper Lillooet, the 23 MW Boulder Creek and the 16 MW North Creek hydroelectric projects.

Overview of the Cloudworks' Portfolio

Harrison Operating Facilities (50.01% ownership)

The Harrison Operating Facilities consist of six run-of-river hydroelectric power facilities located near Harrison Lake in southwestern British Columbia and were commissioned in 2009 and 2010. The Harrison Operating Facilities have a total installed capacity of 150 MW which, based on long-term average hydrology, produce 594 GWh of energy annually. All generated power is sold to BC Hydro under two 40-year PPAs. The facilities are expected to generate approximately \$47 million in revenues annually (based on 100% ownership). The average PPA rate for energy increases annually by a portion of the CPI. For their first ten years of operation, the Harrison Operating Facilities are qualified under the Federal Government's ecoENERGY Initiative which generates an additional \$10/MWhr produced, up to a maximum amount of approximately \$6 million per year. Cloudworks acts as the manager and owns 50.01% of the Harrison Operating Facilities while CC&L Infrastructure and Fengate Capital Management indirectly own the remaining portion of these facilities.

Cloudworks Development Projects with PPAs (100% ownership)

The Cloudworks Development Projects consist of three projects with PPAs located in British Columbia, with a combined expected installed capacity of 76 MW. The Northwest Stave River site (17.5 MW) is located north of Mission, while the Big Silver-Shovel Creek (36.9 MW) and the Tretheway Creek (21.2 MW) sites are located 40 km north of the Harrison Hot Springs. All three projects were awarded 40-year PPAs pursuant to the 2008 BC Hydro Clean Power Call in the spring of 2010. Innergex expects the projects to start commercial operation between 2013

and 2016. The Cloudworks' Development Projects are expected to generate approximately \$35 million in annual revenues once all Cloudworks Development Projects reach commercial operation, starting in 2017. The average PPA rate for energy also increases annually by a portion of the CPI. Construction costs are expected to be financed primarily with non-recourse, project-level debt and no additional equity is expected to be required.

Cloudworks Prospective Projects (100% ownership)

The Cloudworks Prospective Projects represent a potential installed capacity of over 800 MW of hydroelectric projects located throughout British Columbia at various stages of development. Some of these projects could be eligible under the SOP while others could be bid into future RFPs in British Columbia. These projects will enhance Innergex's growth opportunities in British Columbia for the coming years.

\$150 million Public Equity Offering and \$ Private Placement of approximately \$39.3 million

To finance the Cash Consideration, Innergex has entered into an agreement with a syndicate of underwriters led by BMO Capital Markets and National Bank Financial Inc. to sell, on a bought deal basis, subscription receipts of Innergex. The agreement with the syndicate includes the issuance of 16,100,000 subscription receipts at a price of \$9.35 per subscription receipt to raise gross proceeds of approximately \$150 million and up to \$156 million in the event the underwriters exercise their right to an over-allotment option. The subscription receipts will be offered in all provinces of Canada pursuant to a short-form prospectus.

The proceeds of the subscription receipt financing will be held in escrow pending the completion of the Acquisition. The subscription receipts are exchangeable on a one-for-one basis for common shares of Innergex upon closing of the Acquisition for no additional consideration or further action.

Furthermore, upon closing of the Acquisition, subject to certain adjustments, approximately \$39.3 million of the Purchase Price will be paid by the Corporation by the issuance to the vendors of common shares of Innergex by way of private placement at a price of \$9.75 per common share (being an amount corresponding to the 20-day volume weighted average trading price of the common shares on the TSX prior to the public announcement of the Acquisition).

The issuance of the subscription receipts and underlying common shares pursuant to the public offering and the common shares pursuant to the private placement are subject to customary approvals of applicable securities regulatory authorities, including the TSX. Furthermore, the common shares issued under the private placement will be subject to a statutory four-month hold period. Closing of the offering is expected to occur on or about March 4, 2011.

Closing Date and Conditions to Closing

The Acquisition is expected to close on or about March 31, 2011. The Acquisition has been unanimously approved by the Board of Directors of Innergex and is subject to regulatory approvals and other customary closing conditions.

Advisors

Innergex was advised by National Bank Financial Inc. and BMO Capital Markets. Legal advice was provided by McCarthy Tétrault LLP.

Availability of Documents

Copies of related documents, such as the prospectus, will be filed with Canadian securities regulators and will be available on SEDAR (www.sedar.com) as part of the public filings of Innergex. They will also be available on the Innergex website (www.innergex.com) under the 'Investors' section.

Innergex Renewable Energy Inc. is a leading developer, owner and operator of run-of-river hydroelectric facilities and wind energy projects in North America, and a developer of solar photovoltaic installations. Innergex's management team has been involved in the renewable power industry since 1990. Innergex owns a portfolio of projects which consists of: i) interests in 17 operating facilities with an aggregate net installed capacity of 326 MW; ii) interests in 7 projects under development or under construction with an aggregate net installed capacity of 203 MW for which power purchase agreements have been secured; and iii) prospective projects of more than 2,000 MW (net).

Forward-Looking Information

This press release contains forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this press release are forward-looking information. Such statements and information may be identified by looking for words such as "about", "approximately", "may", "believes", "expects", "will", "intend", "should", "plan", "predict", "potential", "project", "anticipate", "estimate", "continue" or similar words or the negative thereof or other comparable terminology. Such forward-looking information includes, without limitation, statements with respect to: the anticipated closing of the Acquisition, the benefits which may accrue to Innergex and its shareholders as a result of the Acquisition, the anticipated closing of the offering of the Subscription Receipts, cash flows, dividends, power generation, growth prospects, business strategy and plans, and objectives of or involving Innergex.

The forward-looking information is based on certain key expectations and assumptions made by Innergex, including expectations and assumptions concerning satisfaction of all conditions of closing, absence of exercise of any termination right and the timing and receipt of regulatory approval with respect to the offering of Subscription Receipts and the issuance of the private placement shares, availability of capital resources and performance of operating facilities. Although Innergex believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that they will prove to be correct. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the market for Subscription receipts, volatility of market price for common shares, escrow release condition, failure to close the Acquisition, potential undisclosed liabilities associated with the Acquisition and integration of the business of Cloudworks, failure to realize the benefits of the Acquisition (including cost synergies, operational efficiencies and added stability of cash flows), energy generation and the limited nature of the representations and warranties and indemnities in the share purchase agreement and other risks generally attributable to the business of Innergex as the businesses of Innergex and Cloudworks are very similar. For additional information with respect to risks and uncertainties, refer to the Annual Information Form of Innergex filed by Innergex with the Canadian securities commissions.

THIS ANNOUNCEMENT IS NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF INNERGEX, NOR SHALL IT FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH ANY CONTRACT FOR PURCHASE OR SUBSCRIPTION. THE SUBSCRIPTION RECEIPTS WILL ONLY BE OFFERED IN CANADA BY MEANS OF THE PROSPECTUS REFERRED TO ABOVE. THESE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATIONS OF THE U.S. SECURITIES AND EXCHANGE COMMISSION) UNLESS REGISTERED UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OR THE LAWS OF ANY STATE OF

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