INNERGEX

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News Release
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# INNERGEX REPORTS SECOND QUARTER 2013 RESULTS

## CAPACITY ADDITIONS, FINANCINGS, AND DEVELOPMENT ON TRACK

- Production increases 14% for the quarter, and 16% for 6 months
- Operating revenues increase 16% to $63.2 million for the quarter, and 20% to $98.9 million for 6 months
- Adjusted EBITDA increases 15% to $51.3 million for the quarter, and 22% to $76.7 million for 6 months
- Power generated reaches 103% of long-term average for the quarter, and 96% for 6 months
- Magpie acquisition closed on July 25, 2013

**LONGUEUIL, Quebec, August 8, 2013** - Innergex Renewable Energy Inc. (TSX: INE) ("Innergex" or the "Corporation") releases its operating and financial results for the second quarter ended June 30, 2013.

"Capacity additions have continued to fuel Innergex's growth in the second quarter. At the same time, we have continued to advance the construction of three projects expected to reach commercial operation before the end of the year and the development of five projects under permit phase; we also closed three project financings and extended the revolving term credit facility for greater financing flexibility. A few weeks ago, we also completed the previously announced acquisition of the Magpie hydroelectric facility", declares Michel Letellier, President and Chief Executive Officer of the Corporation.

## OPERATING RESULTS

*Amounts shown are in thousands of Canadian dollars except as noted otherwise.*

| For the periods ended June 30 | Three months 2013 | Three months 2012 Restated[3] | Six months 2013 | Six months 2012 Restated[3] |
|---|---|---|---|---|
| Power generated (MWh) | 792,542 | 694,662 | 1,178,711 | 1,013,996 |
| Long-term average (MWh) | 766,961 | 691,966 | 1,228,490 | 1,086,625 |
| Operating revenues | 63,167 | 54,360 | 98,855 | 82,429 |
| Adjusted EBITDA[1] | 51,260 | 44,604 | 76,663 | 62,893 |
| Net earnings (loss) | 31,039 | (11,865) | 30,861 | (4,060) |
| Net earnings (loss), $ per share[2] | 0.28 | (0.12) | 0.29 | (0.03) |

[1] Adjusted EBITDA is defined as operating revenues less operating expenses, general and administrative expenses and prospective project expenses.
[2] Net earnings (loss) per share is calculated as net earnings (loss) attributable to owners of the parent, less dividends declared on preferred shares, divided by the weighted average number of common shares outstanding.
[3] 2012 results have been restated to reflect the application of IFRS 11.

### *Second quarter results*

For the three-month period ended June 30, 2013, electricity production reached 792.5 GWh, or 103% of the long-term average, compared to 100% in the corresponding quarter last year. Production levels are attributable to above-average water flows in all geographic markets, especially Ontario and the United States, while wind conditions were slightly lower than anticipated at all of the wind farms, except Gros-Morne which had above-average production. The Stardale solar farm produced slightly more than its long-term average.

Operating revenues increased by 16% for the quarter, due mainly to the contribution of the Stardale solar farm (which began commercial operations in May 2012), additional capacity of the Gros-Morne wind farm (which began commercial operations in November 2012), and the acquisition of the Brown Lake and Miller Creek hydroelectric facilities (which closed in October 2012). Adjusted EBITDA increased by 15%, mainly as a result of higher operating revenues.

For the second quarter of 2013, the Corporation recorded net earnings of $31.0 million, compared to net loss of $11.9 million in the corresponding quarter last year, due to an increase in Adjusted EBITDA and to an unrealized net gain on derivative financial instruments of $27.3 million (unrealized net loss of $27.1 million in 2012). Net earnings for the quarter also include a net realized loss on derivative financial instruments of $3.3 million resulting from the settlement of the Northwest Stave River bond forward contracts upon closing of the long-term financing for this project. This loss is compensated by the low fixed interest rate on the loan for its 40-year term. Excluding the realized net loss and the unrealized net gain on derivative financial instruments (unrealized net loss in 2012), as well as the related income taxes, the net earnings for the quarter would have been $13.2 million (compared to net earnings of $8.2 million in 2012). This increase is due mainly to the increase in Adjusted EBITDA during the quarter.

### *Six-month results*

For the six-month period ended June 30, 2013, electricity production reached 1,178.7 GWh, or 96% of the long-term average, compared to 93% in the corresponding period last year. Water flows were below average in British Columbia and in the United States and better-than-average in Quebec and Ontario during the first quarter, and were above-average in all geographic markets, especially Ontario and the United States, during the second quarter. Wind conditions have been slightly lower than anticipated at all the wind farms in the first half of the year, except Carleton which had above-average production. The Stardale solar farm production was very close to its long-term average, as better-than-average production in the second quarter compensated for lower-than-average production in January, due to unusually large snowfalls followed by extreme cold weather, which slowed snow removal activities.

Operating revenues increased by 20% in the first half of the year, due mainly to the contribution of the Stardale solar farm (which began commercial operations in May 2012), additional capacity of the Gros-Morne wind farm (which began commercial operations in November 2012), and the acquisition of the Brown Lake and Miller Creek hydroelectric facilities (which closed in October 2012). Adjusted EBITDA increased by 22%, mainly as a result of higher operating revenues and relatively stable general and administrative expenses, and lower prospective project expenses.

For the first half of 2013, the Corporation recorded net earnings of $30.9 million, compared to a net loss of $4.1 million in the corresponding period last year, due to an increase in Adjusted EBITDA and to an unrealized net gain on derivative financial instruments $31.2 million (unrealized net loss of $7.0 million in 2012). Net earnings for the six-month period also include a net realized loss on derivative financial instruments of $3.3 million resulting from the settlement of the Northwest Stave bond forward contracts upon closing of the long-term financing for this project. This loss is compensated by the low fixed interest rate on the loan for its 40-year term. Excluding the realized net loss and the unrealized net gain on derivative financial instruments (unrealized net loss in 2012), as well as the related income taxes, the net earnings for the six-month period ended June 30, 2013 would have been $10.2 million (compared to net earnings of $1.1 million in 2012). This increase is due mainly to the increase in Adjusted EBITDA during the period.

### *Cash flows from operating activities*

For the six-month period ended June 30, 2013, cash flows generated by operating activities totalled $48.0 million ($32.0 million in 2012). This increase is due primarily to a $13.8 million increase in Adjusted EBITDA and a positive net variation of $3.6 million in non-cash operating working capital items.

## DEVELOPMENT PROJECTS

*Kwoiek Creek hydroelectric facility*
The construction of this hydroelectric facility began in the last quarter of 2011. Currently, installation of the turbines and generators, and installation of electrical equipment in the plant sub-station have been completed; construction of the transmission line is nearly complete; and construction of the intake, installation of the penstock, and cabling of the powerhouse are all ongoing. Construction of this 49.9 MW facility is progressing as scheduled and budgeted and is expected to be completed in the last quarter of 2013.

*Northwest Stave River hydroelectric facility*
The construction of this hydroelectric facility began in the last quarter of 2011. Currently, the powerhouse, penstock and transmission line are nearing completion and the intake civil and hydromechanical installations are well underway to be completed by the fall. The powerhouse superstructure is complete and the turbine and generating equipment is being installed. Construction of this 17.5 MW facility is progressing as scheduled and budgeted and is expected to be completed in the last quarter of 2013.

*Viger-Denonville wind farm*
The construction of this wind farm began in the first quarter of 2013. Current activities include road construction and concrete pouring of the turbine foundations, preparation of access roads for the delivery of turbines, excavation for the collector system, and installation of substation equipment. Construction of this 24.6 MW facility is progressing as scheduled and budgeted and is expected to be completed in the last quarter of 2013.

*Boulder Creek, North Creek, and Upper Lillooet hydroelectric facilities*
The Boulder Creek and Upper Lillooet projects have both received their Crown land tenure and water licence from the provincial government. The Corporation expects that towards the end of the summer it will have received all the necessary permits for these projects, at which time it will be able to begin construction activities. In addition, discussions are ongoing with BC Hydro to obtain its consent to amend the PPAs to increase the installed capacity of the Boulder Creek and Upper Lillooet projects and to cancel the North Creek project. Construction of the 25.3 MW Boulder Creek facility is expected to start in 2013 and the project is expected to reach commercial operation in 2015. Construction of the 81.4 MW Upper Lillooet facility is expected to start in 2013 and the project is expected to reach commercial operation in 2016.

*Tretheway Creek hydroelectric facility*
The project has received its land tenure and its water licence from the provincial government. The remaining permits are in the process of being obtained. The Corporation continues to optimize the design of the project and to discuss pricing and cost-saving options with civil works contractors, turbine and generator suppliers and transmission line contractors. The Corporation has requested BC Hydro's consent to increase the installed capacity. Construction on this 23.2 MW facility is planned to start in 2013 and the project is expected to reach commercial operation in 2015.

*Big Silver Creek hydroelectric facility*
The project has received its land tenure and its water licence from the provincial government. The remaining permits are in the process of being obtained. The Corporation continues to optimize the design of the project and to discuss pricing and cost-saving options with civil works contractors, turbine and generator suppliers and transmission line contractors. Construction on this 40.6 MW facility is planned to start in 2013 and the project is expected to reach commercial operation in 2016.

*Mesgi'g Ugju's'n ("MU") wind farm*
On May 10, 2013, as part of an announcement for the procurement of 800 MW of new wind energy, the Quebec government allocated 150 MW for a new wind energy project to the Mi'gmaq communities of Quebec, with whom Innergex has a partnership. The partners will share in the distributions from the project in varying proportions, based in part on their initial equity investment. Initially, the Corporation expects to fund a majority of the equity investment required for this project; as a result, it expects to receive approximately 75% of the project's cash flows during the first year. However, during the first 15 years, the Corporation's partner will have the right to gradually increase its equity investment in the project up to 65% (by purchasing portions of the Corporation's equity at a price based on the present value of future cash flows using a predetermined rate of return) and therefore receive a higher proportion of cash flows. In any event, starting in the 16th year, the Corporation will receive no less than 35% and no more than 40% of the project's annual cash flows for the remaining life of the project. Currently, the partners are in the process of negotiating the terms of a long-term power purchase agreement with Hydro-Québec Distribution. They expect to sign this PPA shortly. The environmental assessment for the project has already been completed and has been submitted to the Ministry of Sustainable Development, Environment, Wildlife and Parks. The partners expect to start construction on this project in 2015. The timing for the beginning of commercial operation is expected to be in 2016 or 2017.

## SUBSEQUENT EVENTS

*Closing of the Magpie hydroelectric facility acquisition*
On July 25, 2013 the Corporation completed the previously announced acquisition of the Magpie facility located in Quebec from the Hydromega Group of Companies. Magpie is a 40.6 MW run-of-river hydroelectric facility located on Crown lands in the Minganie Regional County Municipality in Northeastern Quebec. This facility began commercial operations in 2007 and all of the electricity it produces is sold to Hydro-Québec under a 25-year fixed-price power purchase agreement, which provides for an annual increase to the selling price of 1%. Magpie has an average annual production of approximately 185,000 MWh and is expected to generate annualized revenues of approximately $10.6 million in 2013 (including payments received under the ecoENERGY program) and Adjusted EBITDA of approximately $8.2 million. The Corporation has paid the final purchase price of $28.6 million in cash and assumes project-level debt totalling $55.4 million, which includes $50.4 million in non-recourse financing with a blended fixed interest rate of 6.35%.

*Closing of the Viger-Denonville wind project financing*
On August 7, 2013, Parc éolien communautaire Viger-Denonville, s.e.c. ("Viger-Denonville, L.P.") closed a $61.7 million non-recourse construction and term project financing for the Viger-Denonville wind energy project, located in Quebec. The $61.7 million construction loan will carry a fixed interest rate of 6.0% (through the use of swaps) starting on December 31, 2013; following the start of the project's commercial operation, it will convert into an 18-year term loan. Viger-Denonville, L.P. has also closed a short-term loan of $5.5 million carrying a floating interest rate, to finance the construction of the substation and collector system, for which it is entitled to be reimbursed by Hydro-Québec in 2014. These loans have been arranged by KfW IPEX-Bank GmbH as agent and lender. The proceeds of the financing will be used to fund just over 80% of the total project costs. Concurrent with the closing of the financing, Viger-Denonville, L.P. has settled the bond forward contracts used to hedge the interest rate on the debt and therefore protect the expected returns on the project, giving rise to a realized gain on derivative financial instruments of $2.2 million; this is equivalent to a fixed interest rate of approximately 5.5% on the loan.

*Changes to the Dividend Reinvestment Plan (DRIP)*
In view of current market conditions, the Corporation has elected to eliminate the 2.5% discount applicable to the purchase price of shares issued to shareholders participating in the DRIP. Therefore, shares purchased under the DRIP will continue to be issued from treasury, and the price will be the weighted-average trading price of the common shares on the Toronto Stock Exchange during the five (5) business days immediately preceding the dividend payment date. This change came into effect on August 8, 2013. Any decision by the Corporation to change either the purchase method for the shares or the discount granted on the purchase price of shares issued from treasury will be communicated by press release.

In addition, during the second quarter the Corporation amended the terms of its DRIP to remove the provision whereby under certain circumstances, the Corporation could choose to limit the amount of new equity made available under the plan for a given dividend payment, and make the dividend payment in cash instead. This change came into effect on May 23, 2013.

## DIVIDEND DECLARATION

*Dividends to preferred shareholders*
On August 8, 2013, the Corporation declared a dividend of $0.3125 per Series A preferred share payable on October 15, 2013, to Series A preferred shareholders of record at the close of business on September 30, 2013.

On August 8, 2013, the Corporation declared a dividend of $0.359375 per Series C preferred share payable on October 15, 2013, to Series C preferred shareholders of record at the close of business on September 30, 2013.

*Dividends to common shareholders*
On August 8, 2013, the Corporation declared a dividend of $0.145 per common share payable on October 15, 2013, to common shareholders of record at the close of business on September 30, 2013.

## CONFERENCE CALL AND WEBCAST

The Corporation will hold a conference call and webcast tomorrow, Friday August 9, 2013 at 10:00 a.m. EDT. The second quarter results and a mid-year review will be presented by Mr. Michel Letellier, President and Chief Executive Officer of Innergex and by Mr. Jean Trudel, Chief Investment Officer and Senior Vice President - Communications. Investors and financial analysts are invited to access the conference call by dialing **647 427-7450** or **1 888 231-8191**, or to access the webcast at **http://services.choruscall.ca/links/innergex.html**, or via the Corporation's website at **www.innergex.com**. Media and the public may also access this conference call and webcast, on a listen-only mode. A replay of the conference call and webcast will be available later the same day on the Corporation's website.

### *About Innergex Renewable Energy Inc.*

Innergex Renewable Energy Inc. (TSX: INE) is a leading Canadian independent renewable power producer. Active since 1990, the Company develops, owns, and operates run-of-river hydroelectric facilities, wind farms, and solar photovoltaic farms and carries out its operations in Quebec, Ontario, British Columbia, and Idaho, USA. Its portfolio of assets currently consists of: (i) interests in 29 operating facilities with an aggregate net installed capacity of 617 MW (gross 1,072 MW), including 23 hydroelectric operating facilities, five wind farms, and one solar photovoltaic farm; (ii) interests in eight projects under development or under construction with an aggregate net installed capacity of 265 MW (gross 413 MW), for which power purchase agreements have been secured; and (iii) prospective projects with an aggregate net capacity totaling 2,900 MW (gross 3,125 MW). Innergex Renewable Energy Inc. is rated BBB- by S&P and BB (high) by DBRS (unsolicited rating).

The Corporation's strategy for building shareholder value is to develop or acquire high-quality facilities generating sustainable cash flows and providing a high return on invested capital, and to distribute a stable dividend.

### *Non-IFRS measures disclaimer*

The consolidated financial statements for the three- and six-month periods ended June 30, 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

However, some measures referred to in this news release are not recognized measures under IFRS, and therefore may not be comparable to those presented by other issuers. Innergex believes that these indicators are important, as they provide management and the reader with additional information about its production and cash generation capabilities, and facilitate the comparison of results over different periods. Adjusted EBITDA is not a measure recognized by IFRS and has no standardized meaning prescribed by IFRS. References in this news release to “Adjusted EBITDA” are to operating revenues less operating expenses, general and administrative expenses and prospective project expenses. Investors are cautioned that these non-IFRS measures should not be construed as an alternative to net earnings as determined in accordance with IFRS.

*Forward-looking information disclaimer*

In order to inform shareholders and potential investors about the Corporation's future prospects, this news release may contain forward-looking information within the meaning of securities legislation ("Forward-Looking Information"). Forward-Looking Information can generally be identified by the use of words and phrases, such as "about", "approximate", "potential", "may", "will", "estimate", "anticipate", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "forecasts", "intends" or "believes", or variations of such words and phrases that state that certain events will occur. Such Forward-Looking Information includes, without limitation, statements with respect to the start or completion of the construction of any of the development projects, and closing of the acquisition of Hydromega assets.

The Forward-Looking Information includes forward-looking financial information or financial outlook, within the meaning of securities laws, such as projected revenues, projected construction costs, or approximate purchase price to inform investors and shareholders of the potential financial impact of recently announced acquisitions or expected results; such information may not be appropriate for other purposes.

Forward-Looking Information represents, as of the date of this news release, the estimates, forecasts, projections, expectations, or opinions of the Corporation relating to future events or results. Forward-looking Information involves known and unknown risks, uncertainties and other important factors, which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the Forward Looking Information. The material risks and uncertainties which may cause the actual results and developments to be materially different from the current expressed expectations in this news release include, without limitation: execution of strategy; capital resources; derivative financial instruments; availability of water flows, wind regimes, and sun light; delays and cost over-runs in the construction and design of projects; health, safety and environmental risks; development of new facilities; permits; project performance; equipment failure; interest rate and refinancing risk; financial leverage and restrictive covenants; declaration of dividends is at the discretion of the Board; securing new power purchase agreements; senior management and key employees; litigation; performance of major counterparties; relationship with stakeholders; equipment supply; regulatory and political; ability to secure appropriate land; reliance on power purchase agreements; reliance upon transmission systems; water rental expenses; assessment of water, wind and sun resources; dam safety; natural disasters; force majeure; foreign exchange; insurance limits; credit rating may not reflect actual performance of the Corporation; potential undisclosed liabilities associated with acquisitions; integration of the facilities and projects acquired and to be acquired; failure to realize acquisition benefits; failure to close the acquisition of Hydromega hydroelectric facilities and development projects; shared transmission and interconnection facilities; introduction to solar photovoltaic power facility operation; and revenues from the Miller Creek facility based on the spot price of electricity. Although the Corporation believes that the expectations instigated by the Forward-Looking Information are based on reasonable and valid hypotheses, there is a risk that the Forward-looking Information may be incorrect. The reader is cautioned not to rely unduly on this Forward-Looking Information. The Forward-Looking Information expressed verbally or in writing, by the Corporation or by a person acting on its behalf, is expressly qualified by this cautionary statement. The Forward-Looking Information contained herein is made as of the date of this news release and the Corporation does not undertake any obligation to update or revise any Forward-Looking Information, whether as a result of events or circumstances occurring after the date hereof, unless required by legislation.

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