News Release
For Immediate Distribution

# INNERGEX DELIVERS ANOTHER YEAR OF SOLID GROWTH IN 2012

- Production increases 34% for the quarter, and 13% for the year
- Operating revenues increase 46% to $48.5M for the quarter, and 22% to $180.9M for the year
- Adjusted EBITDA increases 63% to $35.5M for the quarter, and 24% to $137.6M for the year
- Power generated reaches 98% of long-term average for the quarter and 97% of long-term average for the year
- Dividends paid to shareholders total $46.0M or $0.58 per share for the year
- Costs for projects under permit phase are revised before start of construction

**LONGUEUIL, Quebec, March 14, 2013** - Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) today released its operating and financial results for the fourth quarter and the year ended December 31, 2012.

"2012 has been another year of significant milestones for Innergex, including the commissioning of our first solar farm, the advancement of our numerous projects under development, and the completion of the Gros-Morne wind farm, the largest in operation in Canada", declares Michel Letellier, President and Chief Executive Officer of the Corporation. "Our operating and financial performance attest to our expertise as both a developer and operator of renewable energy facilities, and to our diversification strategy, both in terms of geography and sources of renewable energy", adds Mr. Letellier.

## OPERATING RESULTS

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

| | Three months | | Twelve months | |
|---|---|---|---|---|
| For the periods ended December 31 | **2012** | **2011** | **2012** | **2011** |
| Power generated (MWh) | 541,631 | 403,920 | 2,148,450 | 1,905,426 |
| Long-term average (MWh) | 555,024 | 465,134 | 2,222,643 | 1,884,531 |
| Operating revenues | 48,507 | 33,134 | 180,860 | 148,260 |
| Adjusted EBITDA[1] | 35,499 | 21,756 | 137,583 | 111,196 |
| Net loss | (595) | (21,002) | (5,383) | (43,704) |
| Net earnings (net loss), $ per share[2] | 0.01 | (0.18) | (0.03) | (0.59) |

[1] Adjusted EBITDA is defined as operating revenues less operating expenses, general and administrative expenses and prospective project expenses.
[2] Net earnings (net loss) per share is calculated as net earnings (net loss) attributable to owners of the parent, less dividends declared on Series A preferred shares, divided by the weighted average number of common shares outstanding.

*Fourth Quarter Results*

Electricity production of 541.6 GWh was 2% lower than the long-term average; while water flows were favourable in Quebec and Ontario, they were slightly below normal in British Columbia. Also, the Corporation's wind farms performed below their long-term average due to poor wind and weather conditions. Production at the Stardale solar farm was in line with its long-term average.

Operating revenues and Adjusted EBITDA increased by 46% and 63%, respectively for the quarter, due mainly to higher production levels as a result of better water flows, whereas in the fourth quarter of 2011, production had fallen short of the long-term average due to weak hydrology, especially in British Columbia. The increase in revenues and Adjusted EBITDA during the quarter also results from the acquisition of the Brown Lake and Miller Creek hydroelectric facilities in British Columbia and the addition of the Stardale solar farm in Ontario and the Gros-Morne and Montagne Sèche wind farms in Quebec.

Most of the increase in EBITDA was absorbed by higher depreciation and amortization expenses and finance costs. Therefore, the reduction in net loss for the quarter is attributable mainly to an unrealized net gain on derivative financial instruments of $5.8 million, compared to an unrealized net loss of $19.6 million in 2011. Excluding these non-cash items and the related deferred provision for income taxes, net loss for the quarter would have been $4.9 million (compared to a net loss of $6.7 million in 2011).

*Twelve-Month Results*

For the twelve-month period ended December 31, 2012, electricity production reached 2,148 GWh, or 97% of the long-term average of 2,223 GWh, due mainly to low water flows in British Columbia in the first and fourth quarters and in Quebec and Ontario in the third quarter. The United States facility performed above its long-term average. Wind conditions were slightly lower than anticipated at all the wind farms except Montagne Sèche. Also, converters damaged in December 2011 after a load rejection event required that repairs be carried out at Phase I of the Gros-Morne wind farm early in 2012. The Stardale solar farm performed above its long-term average.

For the twelve-month period ended December 31, 2012, operating revenues and Adjusted EBITDA increased 22% and 24%, respectively, due mainly to the additional revenues from the Stardale solar farm and the Montagne Sèche and Gros-Morne wind farms. Additional revenues from the Harrison facilities acquired on April 4, 2011 and the Miller Creek and Brown Lake hydroelectric facilities acquired on October 12, 2012, also contributed to this increase. These elements were partly offset by slightly lower production levels at the Quebec hydroelectric facilities.

Most of the increase in EBITDA was absorbed by higher depreciation and amortization expenses and finance costs. Therefore, the reduction in net loss for the twelve-month period is attributable mainly to an unrealized net gain on derivative financial instruments of $8.3 million, compared to an unrealized net loss of $61.5 million in 2011. The net loss for the period also reflects a realized loss on derivative financial instruments of $14.1 million related to the settlement of the Kwoiek Creek bond forwards. This loss is the result of a decrease in benchmark interest rates between the date the bond forwards were entered into and the settlement date, and is compensated by a lower fixed rate on the 39-year term loan for the Kwoiek Creek project. Bond forwards served to protect the economic value of the project until financing was put in place. Excluding these items and the related deferred income tax recoveries, net loss for the twelve-month period would have been $1.1 million (compared to earnings of $1.2 million in 2011). This is mainly due to a higher provision for income taxes in 2012, compared to 2011.

*Cash Flows from Operating Activities*

For the year ended December 31, 2012, cash flows generated by operating activities totalled $62.2 million (compared to $43.4 million in 2011). This increase is due primarily to a $26.4 million increase in Adjusted EBITDA and a $24.0 million increase in changes in non-cash operating working capital items, partly offset by a $15.3 million increase in interest paid and the $14.1 million realized loss on derivative financial instruments recorded in the third quarter.

## DEVELOPMENT PROJECTS

*Kwoiek Creek Hydroelectric Facility*
The construction of this hydroelectric facility began in the last quarter of 2011. By the end of 2012, the powerhouse steel superstructure was completed; the intake construction was still under way; and the transmission line construction and penstock installation were ongoing. Current activities also include assembly and installation of the turbines and generators. The fish habitat compensation channel construction has been halted for the winter period and will resume in the spring of 2013. Construction of this 50.0 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. By the end of 2012, all civil works at the powerhouse was nearly completed and the river diversion was completed. As planned, construction activities have been halted for the winter period; they will resume in the spring of 2013. 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 government decree authorizing the project and the Certificate of Authorization for wood clearing were received in January 2013. The engineering, procurement and construction contract has been executed and the relevant permits and Certificate of Authorization for the construction have been received. Current activities include wood clearing, road construction, and site mobilization. Construction of this 24.6 MW facility is expected to be completed in the last quarter of 2013.

*Boulder Creek, North Creek, and Upper Lillooet Hydroelectric Facilities*
In January 2013, an important milestone was reached when these projects received their Environmental Assessment Certificate from the province of British Columbia. Current activities include ongoing consultation with stakeholders and applications for obtaining the relevant permits. Proposals from civil works contractors, turbine and generator suppliers and transmission line contractors were received at the beginning of 2013. In light of these proposals, the Corporation has elected, as allowed pursuant to the projects' power purchase agreement and permits, to increase the installed capacity of the Upper Lillooet project from 74.0 MW to 81.4 MW and of the Boulder Creek project from 23.0 MW to 25.3 MW. Annual electricity generation for the two projects has also increased, from 355.9 GWh to 426.5 GWh. However, subject to B.C. Hydro's consent, the North Creek project will be cancelled.

As a result, total installed capacity for this cluster of projects decreases 5.6% to 106.7 MW, but annual electricity generation increases 2.6% from 415.6 GWh to 426.5 GWh. In aggregate, total project costs are expected to increase by $14.1 million, or 3.3%, and will be shared between two larger projects instead of three. The increase in costs is due mainly to higher than expected civil engineering and logistics costs, as well as the return to a provincial sales tax system. The Corporation believes this new configuration is economically more attractive and entails lesser environmental, construction and financing risks, and makes the projects easier and less expensive to operate.

The Corporation still expects to start construction on the Boulder Creek and Upper Lillooet projects in 2013 and meet their original expected commercial operation dates. Furthermore, the Corporation intends to continue advancing a revised version of the North Creek project in view of a future request for proposals.

*Tretheway Creek Hydroelectric Facility*
As of early March 2013, the turbine supplier had been selected and preliminary engineering was ongoing. Current activities also include hydrometric monitoring, environmental studies, consultation with the various stakeholders and applications for obtaining the relevant permits. More detailed analysis of the hydrology has demonstrated lower water flows than initially expected in the river. In view of these findings, the Corporation anticipates that the installed capacity will be increased by 9.4% to 23.2 MW, as allowed pursuant to the project's power purchase agreement, in order for the expected annual electricity generation to remain constant at 81.9 GWh.

Proposals from civil works contractors, turbine and generator suppliers, and transmission line contractors were received at the beginning of 2013. Total project costs are expected to increase by approximately $17.0 million, or 18.6%, as a result of greater installed capacity, higher than expected civil costs, and the return to a provincial sales tax system. The Corporation is actively pursuing different alternatives with the bidders to bridge the gap between the proposals and the original estimated project costs. The Corporation still expects to start construction on this project in 2013 and meet the original expected commercial operation date.

*Big Silver-Shovel Creek Hydroelectric Facility*
Current activities include hydrometric monitoring, consultation with the various stakeholders, applications for obtaining the relevant permits and preliminary engineering. As the Corporation indicated when the projects were acquired, it requested and received authorization to amend the PPA to exclude the Shovel Creek project and increase the installed capacity of the Big Silver Creek project by 10% to 40.6 MW. Despite the increased installed capacity, more detailed analysis of the hydrology has demonstrated lower water flows than initially expected, resulting in a 5% reduction in the expected annual electricity generation to 139.8 GWh. Total project costs are expected to increase by approximately $26.4 million, or 16%, as a result of greater installed capacity, more expensive civil works regarding the transmission line (and especially the submarine cable), higher than expected tunnel and penstock costs, and the return to a provincial sales tax system. The Corporation is actively pursuing different alternatives to bridge the gap between the new and the original estimated project costs. Furthermore, the Corporation believes this new configuration is economically more attractive and entails fewer construction and financing risks, and makes the project easier and less expensive to operate.

The Corporation expects to start construction on this project in 2013 and meet the original expected commercial operation date. Furthermore, it intends to continue advancing a revised version of the Shovel Creek project in view of a future request for proposals.

## ACQUISITIONS IN PROGRESS

*Magpie hydroelectric facility in Quebec and other Hydromega assets*
On July 26, 2012, the Corporation announced that it had signed a purchase and sale agreement to acquire from the Hydromega Group of Companies (“Hydromega”) its 70% interest in the Magpie facility located in the Minganie Regional County Municipality (RCM), in northeastern Quebec. The Corporation also signed a letter of intent with Hydromega regarding the acquisition of its equity interest in six other sites, including one 30.5 MW hydroelectric facility in Quebec, four hydroelectric projects under construction totaling 22.0 MW in Ontario, and one 10.0 MW hydroelectric project under development also in Ontario, all of them with PPAs. Concurrently, Innergex entered into a $25 million deposit agreement, which bears an interest rate of 7% annually and which is to be applied against the purchase price of any Hydromega asset, upon closing of the acquisition.

Magpie is a 40.6 MW run-of-river hydroelectric facility with an estimated yearly energy output of 185,000 MWh. All the power produced is sold to Hydro-Québec under a power purchase agreement maturing in 2032. In January 2013, Hydromega finalized negotiations with the Minganie RCM, giving Hydromega essentially all the equity interest in Magpie, in exchange for which the Minganie RCM i) owns convertible debentures which entitle it to a 30% equity interest in the facility upon conversion of the debentures on January 1, 2025, and ii) receives additional annual royalties until the debenture is converted.

The final purchase price of Magpie will be $28.6 million plus a working capital adjustment and the assumption of approximately $51.0 million in fixed-rate project-level debt. In addition, from August 31, 2012 to the closing date of the acquisition, most of the net cash flows generated by Magpie will have accrued to the Corporation.

The acquisitions of Magpie and the other Hydromega assets have not yet closed due to a number of reasons, which include finalizing negotiations between Hydromega and the Minganie RCM and the obtainment of the required consent from Hydromega's senior lenders. It is now expected that the acquisition of Magpie will close concurrently with the acquisition of the other Hydromega assets, over the coming months.

The Corporation perceives the delays in closing these transactions as merely short-term setbacks, as it believes that Hydromega's operating facilities and projects under development are very high quality, long-term hydroelectric assets and that their acquisition will contribute positively to its operating performance and cash flow generation in the years to come.

## EQUITY REQUIREMENT

The Corporation expects to finance the anticipated cost increase of $57.5 million for the projects under permit phase partly with approximately $40.0 million of additional project-level financings and partly with the additional equity contributions from its dividend reinvestment plan.

Furthermore, upon closing of the anticipated acquisition of the Hydromega assets, the Corporation expects to issue approximately $125 million of common equity, including $75 million in payment to Hydromega shareholders, rather than make additional drawdowns on the revolving term credit facility.

## DIVIDEND DECLARATION

**Dividends to Preferred Shareholders**
On March 14, 2013, the Corporation declared a dividend of $0.3125 per Series A Preferred Share payable on April 15, 2013, to Series A preferred shareholders of record at the close of business on March 28, 2013.

On March 14, 2013, the Corporation declared a dividend of $0.4923 per Series C Preferred Share payable on April 15, 2013, to Series C preferred shareholders of record at the close of business on March 28, 2013. This initial dividend reflects the dividend accruing since the closing date of the Series C Preferred Share offering of December 11, 2012.

**Dividends to Common Shareholders**
On March 14, 2013, the Corporation declared a dividend of $0.1450 per common share payable on April 15, 2013, to common shareholders of record at the close of business on March 28, 2013.

## CONFERENCE CALL REMINDER

The Corporation will hold a conference call tomorrow, Friday March 15, 2013 at 11:00 a.m. EDT. The fourth quarter and year-end results 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**. Media and the public may also access this conference call, on a listen-only mode. A replay of the conference call will be available later the same day on the Corporation's website at www.innergex.com.

*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 28 operating facilities with an aggregate net installed capacity of 577 MW (gross 1,031 MW), including 22 hydroelectric operating facilities, five wind farms, and one solar photovoltaic farm; (ii) interests in seven projects under development or under construction with an aggregate net installed capacity of 190 MW (gross 263 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 BBB (low) by DBRS.

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-month and twelve-month periods ended December 31, 2012 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, closing of the Magpie acquisition or of the other 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 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 Magpie hydroelectric facility acquisition and to negotiate and close the acquisition of the other Hydromega hydroelectric facility and development projects; shared transmission and interconnection facilities; introduction to solar photovoltaic power facility operation; 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.

-30-

**For more information, please contact:**

Jean Trudel, MBA
Chief Investment Officer and
Senior Vice President - Communications
450 928-2550, ext. 252, jtrudel@innergex.com

Marie-Josée Privyk, CFA, SIPC
Director - Investor Relations
450 928-2550, ext. 222, mjprivyk@innergex.com
www.innergex.com