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## News Release For Immediate Distribution

### **INNERGEX ACQUIRES A 40.6 MW HYDRO FACILITY IN QUEBEC AND CLOSES A \$123.7 MILLION PRIVATE PLACEMENT OF COMMON SHARES**

- *Long-term average annual production increases by 8% and net installed capacity increases by 5%*
- *Proceeds of the private placement will fund recently announced acquisitions*
- *Innergex signs a letter of intent to acquire 6 more sites in Quebec and Ontario*
- *The Corporation also announces its decision to implement a DRIP*

**LONGUEUIL, Quebec, July 26, 2012** – Innergex Renewable Energy Inc. (TSX: INE) (“Innergex” or the “Corporation”) announces it has signed a purchase and sale agreement to acquire from the Hydromega Group of Companies (“Hydromega”) its 70% interest in the Magpie hydroelectric facility located in the Minganie RCM, in Northeastern Quebec, Canada.

The Corporation has also signed a letter of intent with Hydromega with respect to the acquisition of its ownership 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.

Concurrent with this acquisition, the Corporation has closed a private placement with the Caisse de dépôt et placement du Québec and one other institutional investor, to issue a total of 12,040,499 common shares at a price of \$10.27 per share, for gross proceeds of \$123.7M. These funds will be used to finance the acquisition of the Magpie facility, as well as other acquisitions announced recently by the Corporation.

“Innergex continues to execute its strategy of expanding its long-term production and strengthening its growth prospects, creating a balanced mix of sites in operation and projects under development across Canada” said Michel Letellier, President and Chief Executive Officer of the Corporation. “Today’s acquisition immediately strengthens our ability to generate additional cash flows in support of a sustainable dividend to our shareholders.”

Mr. Letellier declared he was pleased and honoured to have concluded a private placement with the Caisse de dépôt et placement du Québec and one other institutional investor, adding that “we consider their investment as recognition of our accomplishments and a vote of confidence in our long-term growth prospects.”

The Corporation expects the acquisition of Magpie to close by September 30, 2012, subject to regulatory approvals and other customary closing conditions.

#### ***Description of assets to be acquired***

##### *Magpie hydroelectric facility*

Innergex will acquire Hydromega’s 70% interest in Magpie, a 40.6 MW run-of-river hydroelectric facility located on Crown lands in the Minganie Regional County Municipality, in Northeastern Quebec. This facility commenced commercial operations in 2007, and all of the electricity it produces is sold to Hydro-Québec under a 25-year power purchase agreement. Magpie has an average annual production of approximately 185,000 MWh, enough to power almost 11,000 Quebec households. It is expected to generate annualized revenues of approximately \$10.0M in 2012, including payments received under the ecoENERGY program.

The cost of this acquisition will be approximately \$30.3M, plus the assumption of approximately \$52.0M in project-level debt which carries a blended interest rate of 6.35% and is amortized over a 24-year term maturing in 2031.

#### *Letter of intent to acquire 6 additional hydroelectric sites in Quebec and Ontario*

Concurrent with the acquisition of Magpie, the Corporation has signed a letter of intent with Hydromega with respect to the acquisition of its ownership interest in six other run-of-river hydroelectric sites.

*One operating facility in Quebec:* The Sainte-Marguerite facility located near Sept-Iles, Quebec has an installed capacity of 30.5 MW. All of the electricity it produces is sold to Hydro-Québec under two power purchase agreements, one of which expires in 2018 (for 8.5 MW) and the other which expires in 2027 (for 22.0 MW). Both are renewable for an additional 25-year term. Hydromega has a 100% ownership interest in this facility.

*Four projects under construction in Ontario:* The Big Beaver Falls, Camp Three Rapids, White Otter Falls, and Old Woman Falls projects located near Kapuskasing, Ontario will have a total installed capacity of 22.0 MW. All of the electricity they will produce will be sold to the Ontario Power Authority under 40-year power purchase agreements. The Big Beaver Falls and Camp Three Rapids projects are expected to reach commercial operation by the end of 2012; Hydromega owns an 80% ownership interest in these projects. The White Otter Falls and Old Woman Falls projects are expected to reach commercial operation early in 2013; Hydromega owns an 80% and a 75% ownership interest, respectively in these projects.

*One project under development in Ontario:* The Dokis hydroelectric project located near Dokis, Ontario will have a total installed capacity of 10.0 MW. All of the electricity it will produce will be sold to the Ontario Power Authority under a 40-year power purchase agreement. This project is expected to begin construction in 2012 and reach commercial operation in 2014; Hydromega owns a 60% ownership interest in this project.

#### *Deposit agreement*

As part of the transaction to acquire Magpie, the Corporation has signed a deposit agreement in the amount of \$25.0M, payable immediately to Hydromega. This amount will constitute an advance on the total consideration paid to acquire Magpie or other Hydromega assets. Furthermore, the deposit agreement contains a right of first offer for, as well as an option to acquire, the Sainte-Marguerite facility.

Mr. Jacky Cerceau, President and CEO of Hydromega, explains his company's decision in these words: "Since 1987, Hydromega, a private company, has successfully developed several hydroelectric projects, first in Quebec and more recently in Ontario. After 25 years, Hydromega found itself at a crossroads in order to continue its activities and finance projects which have become increasing costly, having to choose between becoming a publicly-traded company and joining a public company already active in the renewable energy sector. We are very pleased to have chosen the latter. This decision was natural for us, given Innergex's leadership position in the Quebec market, shared values, and impressive portfolio of projects and growth prospects. After completing the sale of Magpie, we fully intend to complete the transaction involving the transfer of our remaining assets."

#### ***\$123.7M private placement of common shares***

The Caisse de dépôt et placement du Québec and one other institutional investor have agreed to acquire by way of private placement 9,632,399 and 2,408,100 common shares, respectively at a price of \$10.27 per share, for gross proceeds of \$123.7M.

The proceeds of this private placement will be used to finance the acquisition of the Magpie hydroelectric facility, as well as other acquisitions announced recently by the Corporation, including the Brown Lake and Miller Creek hydroelectric facilities (see the June 14, 2012 press release) and the Wildmare wind energy project (see July 26, 2012 press release).

The issuance of common shares pursuant to this private placement is subject to customary approvals of applicable securities regulatory authorities, including the TSX. Furthermore, these shares will be subject to a statutory four-month hold period.

#### ***Implementation of a dividend reinvestment plan ("DRIP")***

The Corporation's board of directors recently approved the implementation of a dividend reinvestment plan for its shareholders. Terms and conditions of the plan will be finalized over the coming weeks.

The Caisse de dépôt et placement du Québec has indicated it will register a minimum of 50% of its shares under the DRIP, for a period of one year.

**Conference call and webcast Thursday July 26 at 11:00 a.m. EDT**

Innergex will host a conference call and webcast on Thursday, July 26, 2012 at 11:00 a.m. EDT, during which Mr. Michel Letellier, President and Chief Executive Officer will discuss the details of several recent acquisitions and the \$123.7M private placement of common shares.

**Date and time:** **Thursday, July 26, 2012**  
**11:00 a.m. EDT**

**Phone-in numbers:** **1 888 231-8191**  
**1 647 427-7450**

**Webcast:** <http://services.choruscall.ca/links/innergex120726.html>

A replay of the conference call will be available until August 2, 2012, at midnight EDT. To access the replay, dial 1 855 859-2056 and enter the identification number 12434700, followed by the pound sign (#).

A replay of the webcast will be available on the Corporation's website at [www.innergex.com](http://www.innergex.com). The presentation will be available to download from the Corporation's website after the webcast.

*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 26 operating facilities with an aggregate net installed capacity of 494 MW (gross 880 MW), including 20 hydroelectric operating facilities, five wind farms, and one solar photovoltaic farm; (ii) interests in 9 projects under development or under construction with an aggregate net installed capacity of 231 MW (gross 374 MW), for which power purchase agreements have been secured; and (iii) prospective projects with an aggregate net capacity totaling 2,904 MW (gross 3,127 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.

*Forward-Looking Information Disclaimer*

This press release contains forward-looking information within the meaning of securities legislation. 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 of the Magpie facility and the potential acquisition of six additional hydroelectric sites from Hydromega, benefits which may accrue to Innergex and its shareholders as a result of the contemplated acquisitions, power generation, growth prospects, power purchase renewal, commercial operation date, average annual electricity production, construction costs, project financing, business strategy and plans and objectives of or involving Innergex or projects subject to the contemplated acquisitions.

The forward-looking information includes forward-looking financial information or financial outlook, such as estimated electricity production and projected revenues to inform investors of the potential financial impact of the contemplated acquisitions on the Corporation's results. Such information may not be appropriate for other purposes.

The forward-looking information is based on certain key expectations and assumptions made by Innergex as of the date of this press release, including expectations and assumptions concerning satisfaction of all conditions of closing, availability of capital resources, commercial operation dates, and performance of operating facilities, estimates, forecasts and opinions of the Corporation. 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 and there can be no assurance that the proposed acquisitions will occur. These include, but are not limited to failure to close the contemplated acquisitions or enter into a definitive agreement in respect thereto, potential undisclosed liabilities associated with the potential acquisitions, failure to realize the benefits of the potential acquisitions (including cost synergies and

operational efficiencies), energy generation, power purchase agreement renewal, equipment failure, development and construction of the new facilities, performance of third-party suppliers and other risks generally attributable to the business of Innergex. For additional information with respect to risks and uncertainties, refer to the Annual Information Form of Innergex filed on SEDAR's website at [www.sedar.com](http://www.sedar.com). The forward-looking information contained herein is made as of the date of this press 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 -

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