INNERGEX RENEWABLE ENERGY INC
(TSX: INE)

OCTOBER 2014

INNERGEX

FORWARD-LOOKING INFORMATION

This document contains forward-looking information within the meaning of securities legislations (“Forward-Looking Information”), which can generally be identified by the use of words such as “projected”, “potential”, “expect”, “estimate”, or other comparable terminology that states that certain events will or will not occur. It represents the estimates and expectations of the Corporation relating to future results and developments as of the date of this document. It includes **future-oriented financial information,** such as projected Adjusted EBITDA, estimated project costs and expected project financing, Free Cash Flow and Payout Ratio to inform readers of the potential financial impact of commissioning existing development projects and of integrating the recently acquired SM-1 hydroelectric facility. This information may not be appropriate for other purposes.

Forward-Looking Information in this document is based on certain **key assumptions** made by the Corporation. The following table outlines certain Forward-Looking Information contained in this document, the principal assumptions used to derive this information and the principal risks and uncertainties that could cause actual results to differ materially from this information.

The material **risks and uncertainties** that may cause actual results and developments to be materially different from current expressed Forward-Looking Information are referred to in the Corporation's *Annual Information Form* under the “Risk Factors” section and include, without limitation: the ability of the Corporation to execute its strategy for building shareholder value; its ability to raise additional capital and the state of capital markets; liquidity risks related to derivative financial instruments; variability in hydrology, wind regimes and solar irradiation; delays and cost overruns in the design and construction of projects, uncertainty surrounding the development of new facilities; variability of installation performance and related penalties; the ability to secure new power purchase agreements or to renew existing ones; and the ability to realize the benefits of acquiring the SM-1 hydroelectric facility.

Although the Corporation believes that the expectations and assumptions on which Forward-Looking Information is based are reasonable, readers of this document are cautioned not to rely unduly on this Forward-Looking Information since no assurance can be given that it will prove to be correct. 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 of this document, unless required by legislation.

FORWARD-LOOKING INFORMATION IN THIS DOCUMENT

PRINCIPAL ASSUMPTIONS	PRINCIPAL RISKS AND UNCERTAINTIES
PROJECTED ADJUSTED EBITDA For each facility, the Corporation determines an annual long-term average level of electricity production (LTA) over the expected life of the facility, based on several factors that include, without limitations, historically observed water flows or wind or solar irradiation conditions, turbine or panel technology, installed capacity, energy losses, operational features and maintenance. Although production will fluctuate from year to year, over an extended period it should approach the estimated long-term average. The Corporation then estimates expected annual revenues for each facility by multiplying its LTA by a price for electricity stipulated in the power purchase agreement secured with a public utility or other creditworthy counterparty. These agreements stipulate a base price and, in some cases, a price adjustment depending on the month, day and hour of delivery. In most cases, power purchase agreements also contain an annual inflation adjustment based on a portion of the Consumer Price Index. The Corporation then estimates annual operating earnings by subtracting from the estimated revenues the budgeted annual operating costs, which consist primarily of operators' salaries, insurance premiums, operations and maintenance expenditures, property taxes, and royalties; these are predictable and relatively fixed, varying mainly with inflation except for maintenance expenditures. On a consolidated basis, the Corporation estimates annual Adjusted EBITDA by adding the projected operating earnings of all the facilities in operation that it consolidates*, from which it subtracts budgeted general and administrative expenses, comprised essentially of salaries and office expenses, and budgeted prospective project expenses, which are determined based on the number of prospective projects the Corporation chooses to develop and the resources required to do so. *Excludes Umbata Falls and Viger-Denonville accounted for using the equity method.	- Improper assessment of water, wind and sun resources and associated electricity production - Variability in hydrology, wind regimes and solar irradiation - Equipment failure or unexpected operations & maintenance activity - Unexpected seasonal variability in the production and delivery of electricity - Variability of facility performance and related penalties - Changes to water and land rental expenses - Unexpected maintenance expenditures - Lower inflation rate than expected
ESTIMATED PROJECT COSTS, EXPECTED OBTAINMENT OF PERMITS, START OF CONSTRUCTION, WORK CONDUCTED AND START OF COMMERCIAL OPERATION FOR DEVELOPMENT PROJECTS OR PROSPECTIVE PROJECTS For each development project, the Corporation provides an estimate of project costs based on its extensive experience as a developer, directly related incremental internal costs, site acquisition costs and financing costs, which are eventually adjusted for projected costs provided by the engineering, procurement and construction contractor retained for the project. The Corporation provides indications regarding scheduling and construction (EPC) progress for its development projects and indications regarding its prospective projects, based on its extensive experience as a developer.	- Performance of counterparties, such as EPC contractors - Delays and cost overruns in project design construction - Obtainment of permits - Equipment supply - Relationships with stakeholders - Regulatory and political risks - Interest rate fluctuations and financing risk - Higher inflation rate than expected
EXPECTED PROJECT FINANCING The Corporation provides indications of its intention to secure non-recourse project-level debt financing for its development projects, based on the expected LTA production and the expected costs of each project, expected PPA term, a leverage ratio of approximately 75%-85%, as well as its extensive experience in project financing and its knowledge of the capital markets.	- Interest rate fluctuations and financing risk - Financial leverage and restrictive covenants governing current and future indebtedness
INTENTION TO SUBMIT PROJECTS UNDER REQUESTS FOR PROPOSALS The Corporation provides indications of its intention to submit projects under future requests for proposals (RFP), based on the state of readiness of some of its prospective projects and their compatibility with the announced terms of the RFP.	- Regulatory and political risks - Ability of the Corporation to execute its strategy for building shareholder value - Ability to secure new power purchase agreements

FORWARD-LOOKING INFORMATION IN THIS DOCUMENT – CONT'D

PRINCIPAL ASSUMPTIONS

PROJECTED FREE CASH FLOW AND PAYOUT RATIO

The Corporation estimates Free Cash Flow as projected cash flow from operations before changes in non-cash operating working capital items, less estimated maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement. It also adjusts for other elements, which represent cash inflows or outflows that are not representative of the Corporation's long-term cash generating capacity, such as adding back transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and adding back realized losses or subtracting realized gains on derivate financial instruments used to fix the interest rate on project-level debt.

The Corporation estimates the Payout Ratio by dividing the most recent declared annual common share dividend by the projected Free Cash Flow.

PRINCIPAL RISKS AND UNCERTAINTIES

- Adjusted EBITDA below expectations caused mainly by the risks and uncertainties mentioned above and by higher prospective project expenses
- Projects costs above expectations caused mainly by the performance of counterparties and delays and cost overruns in the design and construction of projects
- Regulatory and political risk
- Interest rate fluctuations and financing risk
- Financial leverage and restrictive covenants governing current and future indebtedness
- Unexpected maintenance capital expenditures
- The Corporation may not declare or pay a dividend

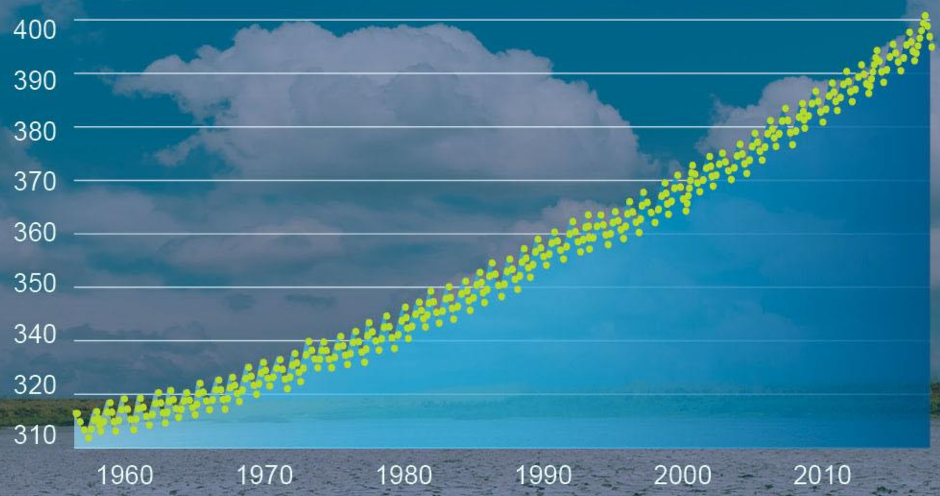
NON-IFRS MEASURES IN THIS DOCUMENT

Adjusted EBITDA, Free Cash Flow and Payout Ratio are not measures recognized by International Financial Reporting Standards (IFRS) and have no meaning prescribed by it. References to "Adjusted EBITDA" are to revenues less operating expenses, general and administrative expenses and prospective project expenses. References to "Free Cash Flow" are to cash flows from operations before changes in non-cash operating working capital items, less maintenance capital expenditures net of proceeds from disposals, scheduled debt principal payments, preferred share dividends declared and the portion of Free Cash Flow attributed to non-controlling interests, plus cash receipts by the Harrison Hydro L.P. for the wheeling services to be provided to other facilities owned by the Corporation over the course of their power purchase agreement, plus or minus other elements such as transaction costs related to realized acquisitions (which are financed at the time of the acquisition) and realized losses or gains on derivative financial instruments used to hedge the interest rate on project-level debt. References to "Payout Ratio" are to dividends declared on common shares divided by Free Cash Flow. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings and Free Cash Flow should not be construed as an alternative to cash flows from operating activities, as determined in accordance with IFRS.

Innergex believes that these indicators are important, as they provide management and the reader with additional information about the Corporation's production and cash generation capabilities, its ability to sustain current dividends and dividend increases and its ability to fund its growth. These indicators also facilitate comparison of results over different periods.

RENEWABLES: A POLITICAL CHALLENGE

CONCENTRATIONS OF CO_2 AT THE MAUNA LOA OBSERVATORY



IN 2013, GLOBAL CONCENTRATIONS OF CO_2 SURPASS 400 PPM FOR THE FIRST TIME IN HISTORY

CLIMATE CHANGE
IS REAL

RENEWABLE ENERGY
A CLEAN, COMPETITIVE AND SUSTAINABLE ALTERNATIVE TO FOSSIL ENERGY

THE CHALLENGE
IS FOR GOVERNMENTS TO PLAN THEIR ENERGY NEEDS WITH A LONG-TERM VIEW AND A COMMITMENT TO REDUCING GHG

OUR MISSION

OUR MISSION IS TO INCREASE OUR PRODUCTION OF RENEWABLE ENERGY BY DEVELOPING AND OPERATING HIGH-QUALITY FACILITIES WHILE RESPECTING THE ENVIRONMENT AND SERVING THE BEST INTERESTS OF THE HOST COMMUNITIES, OUR PARTNERS, AND OUR INVESTORS.

PURE PLAY IN CANADIAN RENEWABLE ENERGY

33

IN OPERATION (NET/GROSS)

687 / 1,194 MW

26 HYDRO FACILITIES (418/547 MW)
6 WIND FARMS (236/614 MW)
1 SOLAR FARM (33/33 MW_{DC})

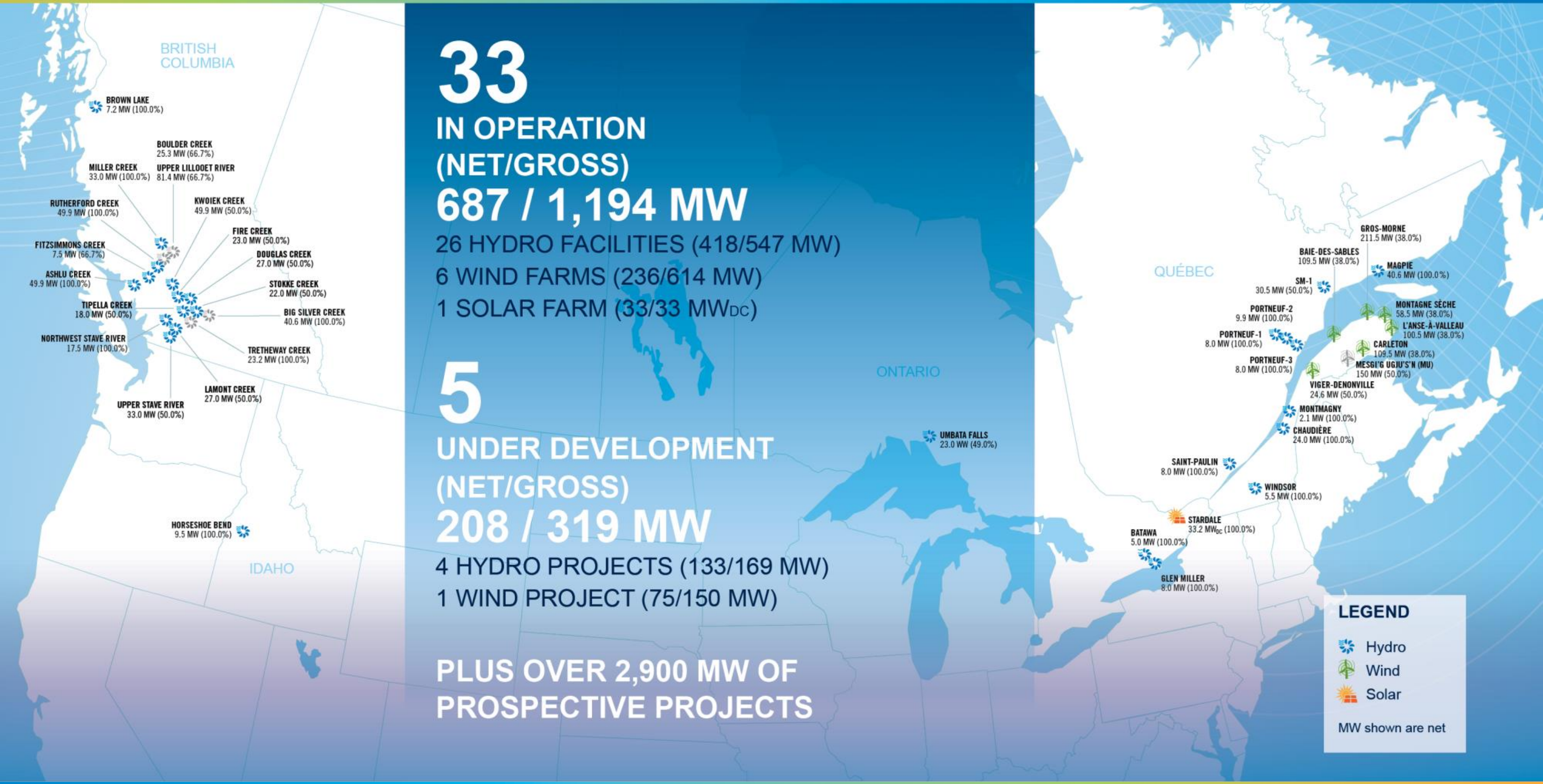
5

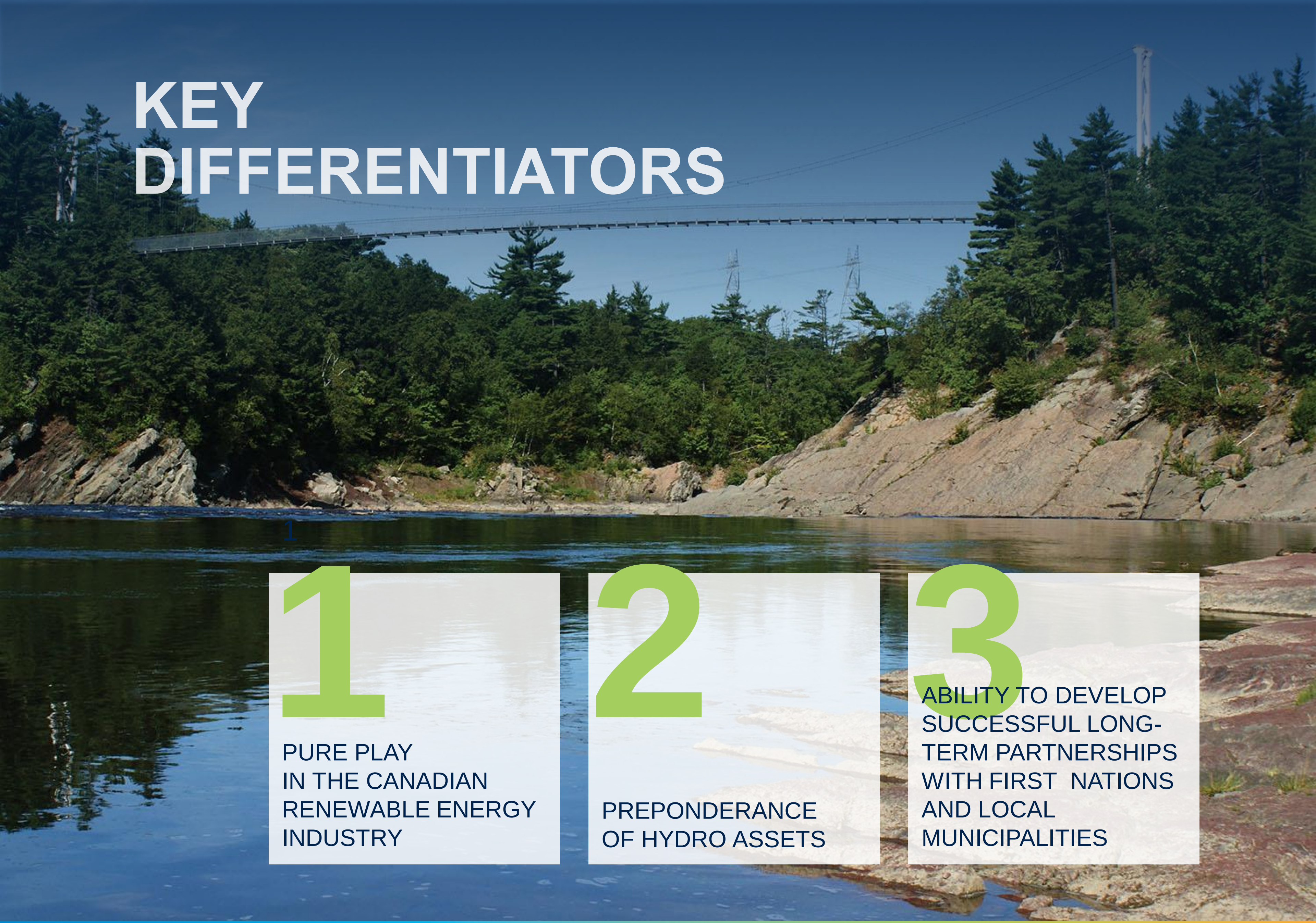
UNDER DEVELOPMENT (NET/GROSS)

208 / 319 MW

4 HYDRO PROJECTS (133/169 MW)
1 WIND PROJECT (75/150 MW)

PLUS OVER 2,900 MW OF PROSPECTIVE PROJECTS





KEY DIFFERENTIATORS

1

PURE PLAY
IN THE CANADIAN
RENEWABLE ENERGY
INDUSTRY

2

PREPONDERANCE
OF HYDRO ASSETS

3

ABILITY TO DEVELOP
SUCCESSFUL LONG-
TERM PARTNERSHIPS
WITH FIRST NATIONS
AND LOCAL
MUNICIPALITIES

PARTNER OF CHOICE

23MW

UMBATA FALLS

ONTARIO

JOINT-VENTURE **49-51**
WITH THE **OJIBWAYS OF THE PIC RIVER FIRST NATION**

50MW

KWOIEK CREEK

BRITISH COLUMBIA

JOINT-VENTURE **50-50**
WITH THE **KANAKA BAR INDIAN BAND**

25MW

VIGER-DENONVILLE

QUÉBEC

JOINT-VENTURE **50-50**
WITH THE **RIVIERE-DU-LOUP RCM**

150MW

MESGI'G UGJU'S'N

QUÉBEC

JOINT-VENTURE **50-50**
WITH THE **MI'GMAQ COMMUNITIES OF THE GASPÉ PENINSULA**

SUSTAINABLE BUSINESS MODEL

SOCIAL ACCEPTABILITY
OF PROJECTS AND SOCIO-ECONOMIC BENEFITS FOR THE COMMUNITIES AND OUR PARTNERS

RESPECT FOR THE ENVIRONMENT
AVOID, MINIMIZE, MITIGATE OR COMPENSATE FOR ANY IMPACT ON THE SURROUNDING ECOSYSTEM

CORPORATE PROFITABILITY
STABILITY AND GROWTH OF DIVIDENDS TO HOLDERS OF COMMON SHARES

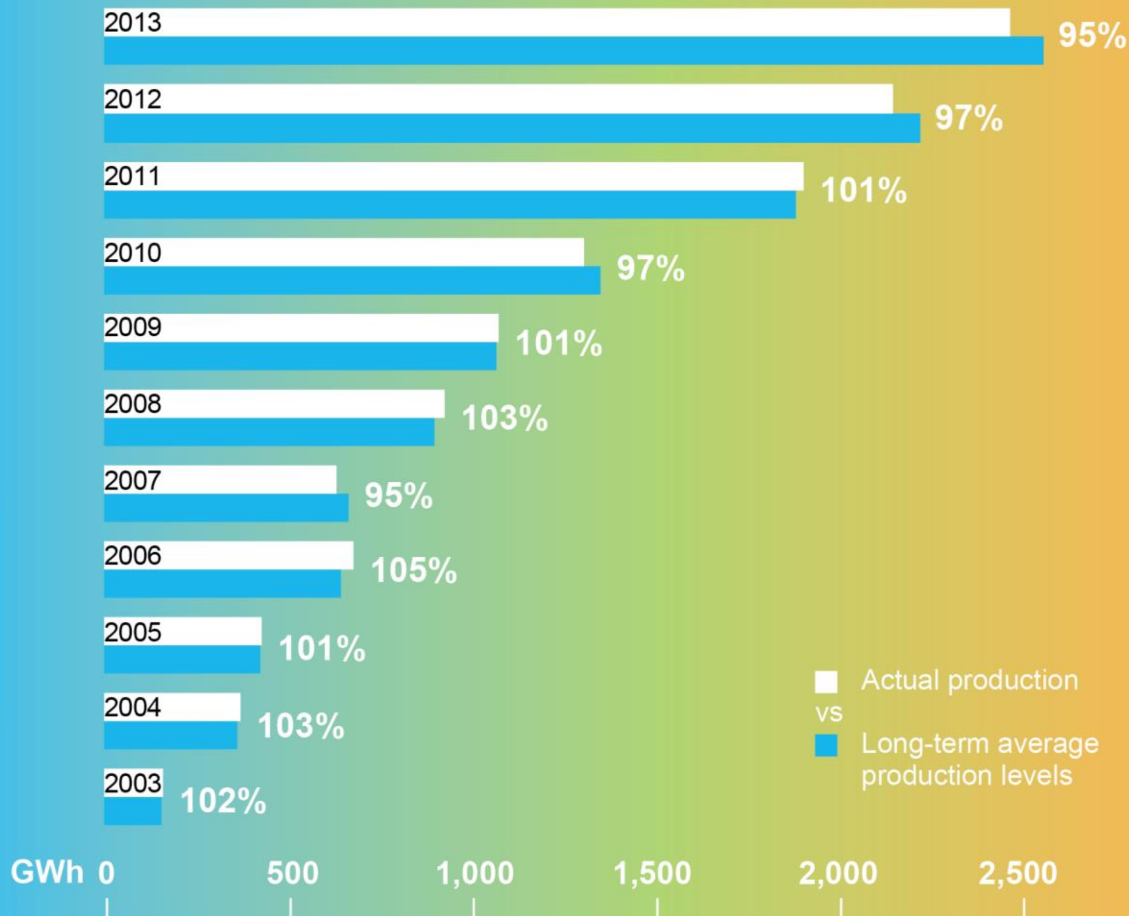
TWOFOLD BUSINESS STRATEGY

SUSTAINABLE DIVIDENDS	GROWTH UPSIDE
FIXED-PRICE LONG-TERM POWER PURCHASE AGREEMENTS	PROJECTS UNDER DEVELOPMENT
PORTFOLIO OF HIGH-QUALITY YOUNG ASSETS	PROSPECTIVE PROJECTS
FIXED-RATE NON-RECOURSE PROJECT FINANCING	M&A OPPORTUNITIES

PREDICTABLE PRODUCTION

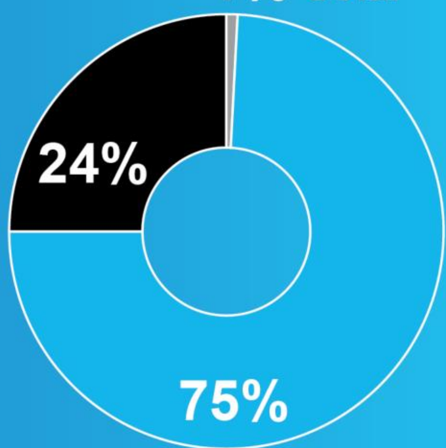
A KEY PERFORMANCE INDICATOR FOR US IS WHETHER PRODUCTION FOR EACH FACILITY CLOSELY TRACKS ITS LONG-TERM AVERAGE.

SINCE 2003:
99%

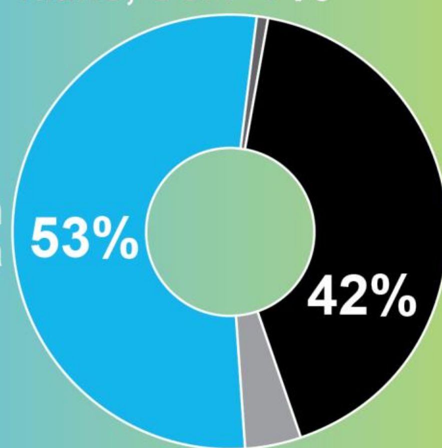


STRATEGIC DIVERSIFICATION

BY SOURCE OF ENERGY
2013[1]



BY REGION
2013[1]

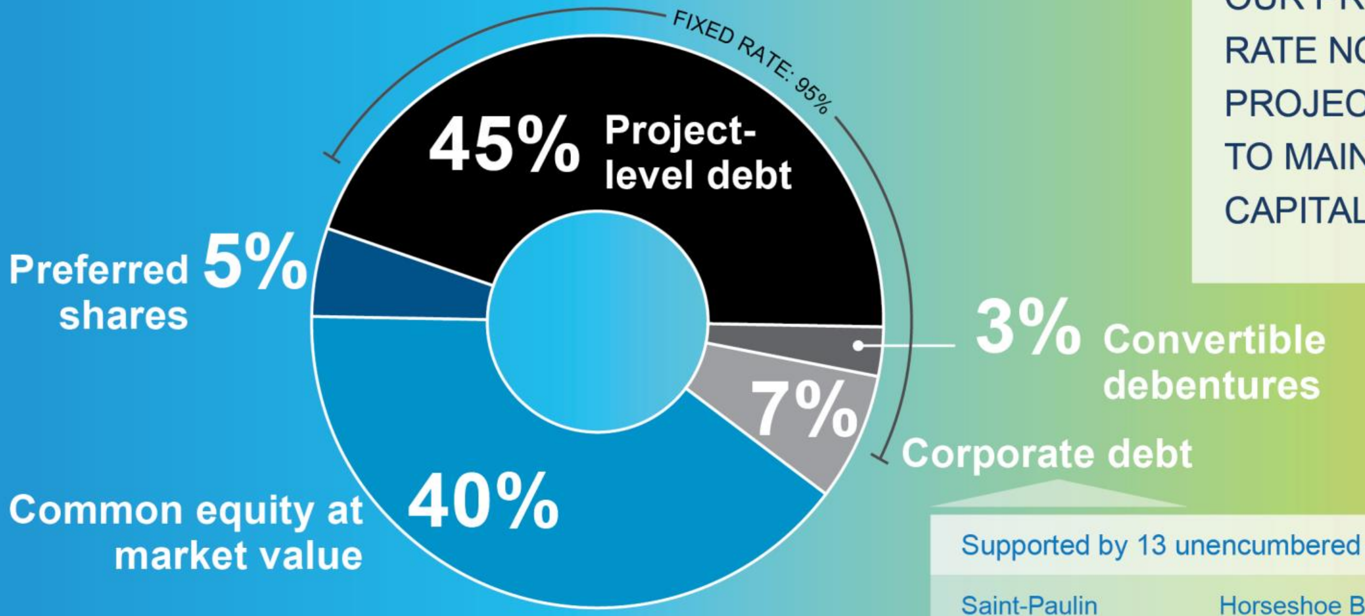


DIVERSIFICATION REDUCES OUR EXPOSURE TO VARIABILITY IN WATER FLOWS, WIND REGIMES AND SOLAR IRRADIATION AND TO ANY ONE MARKET.

1 Based on annualized consolidated long-term average production.
Note: may not add up to 100% due to rounding.

SOUND CAPITAL STRUCTURE

AT DECEMBER 31, 2013



WE EXPECT TO FINANCE OUR PROJECTS WITH FIXED-RATE NON-RECOURSE PROJECT-LEVEL DEBT AND TO MAINTAIN A BALANCED CAPITAL STRUCTURE.

Supported by 13 unencumbered assets:

Saint-Paulin	Horseshoe Bend
Montmagny	Brown Lake
Portneuf 1-2-3	Miller Creek
Batawa	Baie-des-Sables
Chaudière	Gros-Morne
Glen Miller	

SM-1 ACQUISITION

LONG-TERM HYDRO ASSET
INSTALLED CAPACITY
30.5 MW

AFTER-TAX INTERNAL RATE OF RETURN
APPROX.
10%

IMMEDIATELY ACCRETIVE

FREE CASH FLOW ($)
APPROX.
5.0 million per year

PAYOUT RATIO
APPROX.
3%

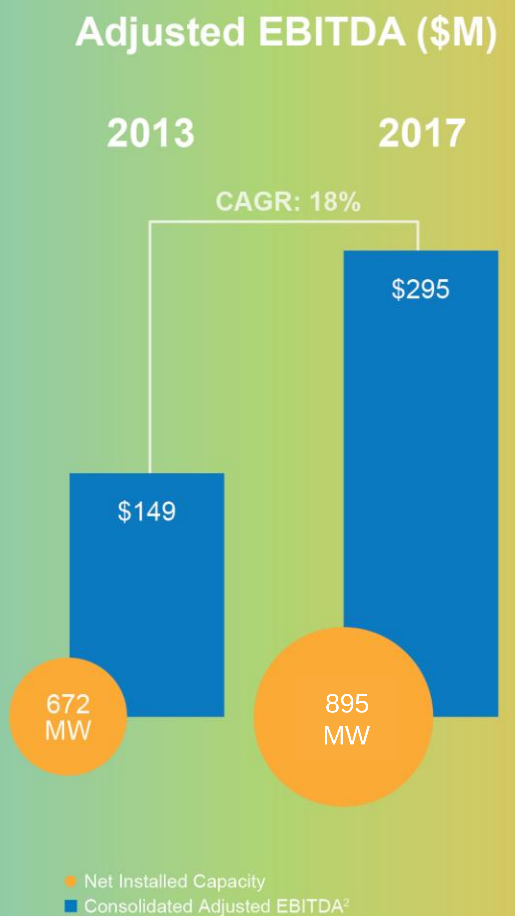
SUBSTANTIAL DEVELOPMENT PIPELINE

THESE PROJECTS REPRESENT A 27% INCREASE FROM OUR CURRENT GROSS INSTALLED CAPACITY OF 1,194 MW.

PROJECT NAME	LOCATION	GROSS CAPACITY (MW)	ESTIMATED CONSTRUCTION COSTS ($M)	PROJECT FINANCING ($M)	EXPECTED IN-SERVICE
TRETHEWAY CREEK	BC	21.2	111.5	70.0	2015
BOULDER CREEK	BC	25.3	119.2	370.0	2016
UPPER LILLOOET RIVER	BC	81.4	315.0		2016
BIG SILVER CREEK	BC	40.6	216.0	150.0	2016
MESGI'G UGJU'S'N (MU)	QC	150.0	365.0	300.0	2016
		318.5	1,126.7	890.0	

MEASURABLE GROWTH

A KEY PERFORMANCE INDICATOR FOR US IS THE ADJUSTED EBITDA GENERATED BY THE FACILITIES WE CONSOLIDATE[1].



[1] Excludes the Umbata Falls and Viger-Denonville joint ventures, accounted for using the equity method. The annual Adjusted EBITDA for these facilities combined attributable to the Corporation is approximately $8.0M.

ADDITIONAL SOURCES OF GROWTH

1

RESPOND
TO REQUESTS
FOR PROPOSALS

2

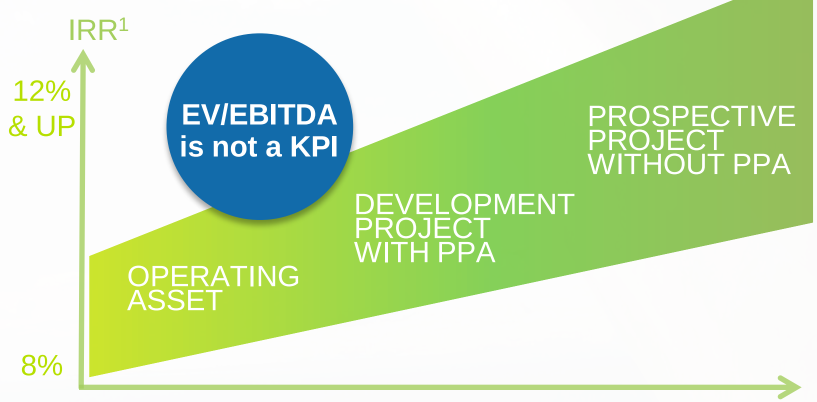
ADVANCE
PROSPECTIVE
PROJECTS IN
PARTNERSHIP WITH
FIRST NATIONS AND
LOCAL COMMUNITIES

3

PURSUE M&A AND
NEW MARKET
OPPORTUNITIES

DEVELOPMENT AND ACQUISITION STRATEGY

RISK-RETURN RELATIONSHIP



[1] After-tax return on equity

GOALS

- DIVERSIFY
  - BY SOURCE OF ENERGY
  - BY GEOGRAPHIC MARKET
- PRODUCE INCREMENTAL FREE CASH FLOW

CRITERIA

- RENEWABLE ENERGY
- PROVEN COMMERCIALLY VIABLE TECHNOLOGY
- LONG-TERM PPA
- LONG-LIFE ASSET

AN ATTRACTIVE RISK-RETURN PROPOSITION

1

LOW-RISK BUSINESS MODEL

2

SUSTAINABLE DIVIDEND

3

GROWTH

FOR MORE INFORMATION, PLEASE CONTACT

MARIE-JOSÉE PRIVYK, CFA, SIPC
DIRECTOR - INVESTOR RELATIONS AND SUSTAINABLE DEVELOPMENT
450 928-2550, EXT. 222
MJPRIVYK@INNERGEX.COM

WWW.INNERGEX.COM