



INNERGEX RENEWABLE ENERGY INC.

REVISED ANNUAL INFORMATION FORM

For the year ended December 31, 2009

August 23, 2010

TABLE OF CONTENTS

1. CORPORATE STRUCTURE	2
2. GENERAL DEVELOPMENT OF THE BUSINESS.....	2
2010 RECENT DEVELOPMENTS	2
THREE YEAR SUMMARY	4
<i>Financial year 2009</i>	4
Ashlu Creek Facility financing and commercial operation	4
Fitzsimmons Creek Facility financing and commercial operation	4
Tenders under the Ontario FIT Program	4
<i>Financial year 2008</i>	4
Acquisition of Rights in 18 Hydroelectric Projects in British Columbia.....	4
Carleton Wind Farm financing and commercial operation	5
Umbata Falls Facility financing and commercial operation.....	5
Tenders under the BC Clean Call.....	5
Acquisition of IHI Hydro	5
<i>Financial year 2007</i>	5
Initial Public Offering.....	5
Innergex II Acquisition	6
Acquisition of Interest in the Fund	6
3. INDUSTRY OVERVIEW AND MARKET TRENDS	6
RENEWABLE POWER GENERATION INDUSTRY	6
RENEWABLE POWER IN CANADA	6
<i>Independent Power Producers</i>	6
<i>Federal Government Support for Renewable Power in Canada</i>	7
<i>Provincial Renewable Portfolio Standards and Requests for Proposals</i>	7
<i>Hydroelectric in Canada</i>	7
REGULATORY FRAMEWORK OF AND MARKET FOR RENEWABLE POWER IN THE CORPORATION'S KEY MARKETS	8
<i>Québec</i>	8
<i>British Columbia</i>	8
<i>Ontario</i>	9
HYDROELECTRIC POWER GENERATING PROCESS.....	10
ADVANTAGES OF HYDROELECTRIC POWER GENERATION	10
<i>Reliability</i>	10
<i>Low Operating Costs</i>	11
<i>Environmentally Preferred</i>	11
<i>Low Environmental Impact</i>	11
WIND POWER GENERATING PROCESS.....	11
<i>Advantages of Wind Power Generation</i>	11
<i>Low Operating Costs</i>	11
<i>Construction Flexibility</i>	11
<i>Reliability</i>	12
<i>Environmentally Preferred</i>	12
<i>Limited Use of Land</i>	12
FACTORS AFFECTING RENEWABLE ENERGY PRODUCTION PERFORMANCE	12
COMPETITIVE CONDITIONS.....	13
SEASONALITY AND CYCLICALITY	13

4. DESCRIPTION OF THE BUSINESS AND ASSETS OF THE CORPORATION	13
GENERAL OVERVIEW – SEGMENT INFORMATION	13
PORTFOLIO OF ASSETS.....	14
OPERATING FACILITIES	14
<i>Operating Hydroelectric Facilities</i>	15
A. Saint-Paulin Facility (Québec - 100% ownership)	15
B. Windsor Facility (Québec - 100% ownership).....	17
C. Chaudière Facility (Québec – 100% ownership)	17
D. Montmagny Facility (Québec – 100% ownership)	18
E. Portneuf Facilities (Québec – 100% ownership).....	19
F. Glen Miller Facility (Ontario – 100% ownership).....	20
G. Umbata Falls Facility (Ontario – 49% ownership).....	21
H. Batawa Facility (Ontario – 100% ownership).....	22
I. Rutherford Creek Facility (British Columbia 100% ownership)	23
J. Ashlu Creek Facility (British Columbia - 100% ownership).....	24
K. Fitzsimmons Creek Facility (British-Columbia - 66 2/3% ownership)	24
L. Horseshoe Bend Facility (Idaho (USA) - 100% ownership)	25
<i>Operating Wind Farms</i>	26
A. <i>Baie-des-Sables Farm</i> (Québec - 38% ownership)	26
B. <i>L'Anse-à-Valleau Farm</i> (Québec - 38% ownership)	26
C. Carleton Wind Farm (Québec - 38% ownership).....	27
DEVELOPMENT PROJECTS	28
<i>Hydroelectric Development Projects</i>	29
A. <i>Kwoiek Creek Project</i> (British-Columbia - 50% ownership)	29
B. North Creek Project (British-Columbia – 66 ² / ₃ % ownership)	30
C. Boulder Creek Project (British-Columbia – 66 ² / ₃ % ownership).....	31
D. Upper Lilloet River Project (British-Columbia – 66 ² / ₃ % ownership)	32
<i>Wind Development Projects</i>	33
A. Cartier Wind Projects (Québec - 38% ownership)	33
B. Gros Morne Projects (Québec - 38% ownership)	34
C. Montagne-Sèche Project (Québec - 38% ownership)	35
PROSPECTIVE PROJECTS.....	36
A. Various Other Creek Power Projects (British Columbia - 66 2/3% ownership).....	36
B. Various Wind Community Projects (Québec – 50-70% ownership).....	36
C. Prospective Ontario Feed-In Tariff Projects (Ontario - 49-100% ownership).....	36
D. Other Prospective British Columbia Wind Projects.....	36
ENVIRONMENTAL PROTECTION.....	37
EMPLOYEES	37
5. RISK FACTORS	37
EXECUTION OF STRATEGY	37
CAPITAL RESOURCES	37
DERIVATIVE FINANCIAL INSTRUMENTS	38
CURRENT ECONOMIC AND FINANCIAL CRISIS	38
HYDROLOGY AND WIND REGIME.....	38
CONSTRUCTION AND DESIGN	38
DEVELOPMENT OF NEW FACILITIES	38
PROJECT PERFORMANCE.....	39
EQUIPMENT FAILURE	39
INTEREST RATE AND REFINANCING RISK	39

FINANCIAL LEVERAGE AND RESTRICTIVE COVENANTS	39
DECLARATION OF DIVIDENDS IS AT THE DISCRETION OF THE BOARD	40
NEW POWER PURCHASE AGREEMENTS	40
SENIOR MANAGEMENT AND KEY EMPLOYEES	40
LITIGATION	40
PERFORMANCE OF MAJOR COUNTERPARTIES	41
RELATIONSHIP WITH PARTNERS	41
WIND TURBINE SUPPLY.....	41
PERMITS	41
REGULATORY AND POLITICAL	41
ABILITY TO SECURE APPROPRIATE LAND	42
RELIANCE ON PPAS.....	42
RELIANCE UPON TRANSMISSION SYSTEMS	42
WATER RENTAL EXPENSE.....	42
ASSESSMENT OF WIND RESOURCES AND ASSOCIATED WIND ENERGY PRODUCTION.....	42
DAM SAFETY	43
HEALTH, SAFETY AND ENVIRONMENTAL RISKS.....	43
NATURAL DISASTERS; FORCE MAJEURE	43
FOREIGN EXCHANGE	44
INSURANCE LIMITS.....	44
6. DIVIDENDS	44
7. DESCRIPTION OF CAPITAL STRUCTURE.....	45
COMMON SHARES	45
PREFERRED SHARES	45
5.75% CONVERTIBLE DEBENTURES	46
8. MARKET FOR SECURITIES	47
COMMON SHARES	47
FUND UNITS	48
5.75% CONVERTIBLE DEBENTURES	49
9. DIRECTORS AND OFFICERS.....	49
DIRECTORS.....	49
EXECUTIVE OFFICERS.....	50
10. CONFLICTS OF INTEREST.....	51
11. LEGAL PROCEEDINGS	51
12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	51
13. TRANSFER AGENT AND REGISTRAR.....	52
14. MATERIAL CONTRACTS.....	52
ARRANGEMENT AGREEMENT.....	52
UNDERWRITING AGREEMENT	52

15. INTEREST OF EXPERTS	52
16. AUDIT COMMITTEE DISCLOSURE	52
17. ADDITIONAL INFORMATION	54
18. GLOSSARY OF TERMS	54
SCHEDULE A – CORPORATE STRUCTURE	
SCHEDULE B – CHARTER OF THE AUDIT COMMITTEE	

INNERGEX RENEWABLE ENERGY INC.

REVISED ANNUAL INFORMATION FORM AS AT AUGUST 23, 2010

This Revised Annual Information Form is prepared for the year ended December 31, 2009, but has been updated up to the date hereof to give effect to the combination of the Corporation and Innergex Power Income Fund (the "Fund") by way of reverse take over. Therefore, unless otherwise stated, the information presented herein is dated as of the date of this Revised Annual Information Form. See "General Development of the Business – 2010 Recent Developments".

Unless otherwise indicated or the context otherwise requires, the "Corporation" refers to Innergex Renewable Energy Inc. and its subsidiaries. Terms not otherwise defined have the meaning set forth in the "Glossary of Terms" included at the end of this document.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Revised Annual Information Form contains forward-looking information within the meaning of applicable securities laws. All information and statements other than statements of historical facts contained in this Revised Annual Information Form are forward-looking information. Such statements and information may be identified by looking for words such as "about", "approximately", "may", "believe", "expects", "will", "intends", "should", "plan", "predict", "potential", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof or other comparable terminology. Such forward-looking information includes, without limitation, statements with respect to: the anticipated benefits of the Arrangement (including, without limitation, access to combined CCA tax pools, accretion to distributable cash, cost synergies and increased cash flow generation, access to capital markets, return on equity, market capitalization, enterprise value and trading liquidity), the future financial position, power production, growth prospects, business strategy and plans, and objectives of or involving the Corporation; capital expenditures and investment programs; access to credit facilities and financing; capital taxes; income taxes; risk profile; cash flows and earnings and the components thereof; future income tax treatment; statements with respect to levels of dividends to be paid to shareholders, dividend policy, and the timing of payment of such dividends. Actual events or results may differ materially.

The forward-looking information is based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning availability of capital resources, economic and financial conditions, the success obtained in developing new facilities and the performance of operating projects. Although the Corporation 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.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. 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 fact that some or all of the anticipated benefits of the Arrangement may not be realized; the ability of the Corporation to execute its corporate strategy; the inability to access sufficient capital from internal and external sources; liquidity risks related to derivative financial instruments; general economic conditions; availability of water flows and wind; delays in project development; uncertainty relating to the development of new power generating facilities; uncertainty relating to the amounts of power that current or future operating facilities are able to generate; equipment failure; interest rate fluctuations and debt refinancing; contractual restrictions contained in instruments governing current and future indebtedness; penalties for events of default under certain power purchase agreements; the ability to retain qualified personnel and management; the performance of third-party suppliers; reliance on major customers; relationships with communities in which projects or facilities are located and joint venture partners; wind turbine supply; obtainments of permits; changes to governmental regulatory requirements and applicable governing statutes; obtaining new power purchase agreements; securing appropriate land for projects; reliance on power purchase agreements; reliance on transmission systems; water and land rental

expenses; dam safety; health, safety and environmental risks; natural disasters; foreign exchange fluctuations and sufficiency of insurance coverage. Readers are cautioned that the foregoing list is not exhaustive. Readers should carefully review and consider the risk factors described under the section "Risk Factors". The information contained in this Revised Annual Information Form identifies additional factors that could affect the operating results and performance of the Corporation. Prospective investors are urged to carefully consider those factors.

The reader is further cautioned that the preparation of financial statements, including pro forma financial statements, in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information contained herein is made as of the date of this Revised Annual Information Form and the Corporation undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

1. CORPORATE STRUCTURE

The Corporation was incorporated in Canada under the *Canada Business Corporations Act* by articles of incorporation dated October 25, 2002. The articles of the Corporation were amended as follows: a) on October 25, 2007, to change its name from Innergex Management Inc. to Innergex Renewable Energy Inc. and its French version, Innergex énergie renouvelable inc.; b) on December 4, 2007, to change the authorized capital of the Corporation and the minimum number of directors of the Corporation from one to three; c) on December 4, 2007, to amend the authorized and issued capital of the Corporation and to create an unlimited number of common shares ("**Common Shares**") and an unlimited number of preferred shares, issuable in series; and d) on March 29, 2010 by way of articles of arrangement filed in connection with the Arrangement (as defined below).

The Corporation's head and registered office is located at 1111 Saint-Charles Street West, East Tower, Suite 1255, Longueuil, Québec, J4K 5G4. The Corporation also has an office in North Vancouver, British Columbia.

A corporate chart of the Corporation and its material subsidiaries as well as certain other material ownership interests of the Corporation is attached hereto as Schedule A.

2. GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a developer, owner and operator of run-of-river hydroelectric facilities and wind energy projects in North America. The Corporation operates various power generating facilities in the Provinces of Québec, Ontario and British Columbia and in the State of Idaho.

The Corporation's management team has been active in the renewable power industry since 1990 and has developed and brought to commercial operation or refurbished, through different ventures, 17 operating facilities representing an aggregate net installed capacity of 325.5 MW (gross 537.8 MW). The Corporation owns, together with its partners, three wind farms and 14 hydroelectric facilities currently in operation with respective net aggregate installed capacities of 121.4 MW (gross 319.5 MW) and 204.1 MW (gross 218.3 MW) and seven projects for which PPAs have been secured with an aggregate net installed capacity of 202.9 MW (gross 432.9 MW). The projects are expected to reach the commercial operation stage between 2011 and 2016. The Corporation has also net interests in approximately 2,000 MW (gross 2,100 MW) of prospective power generating projects which are in various stages of development. See "Description of the Business and Assets of the Corporation – Portfolio of Assets".

2010 RECENT DEVELOPMENTS

The Fitzsimmons Creek Facility entered into commercial operation in January 2010. See "Description of the Business and Assets of the Corporation – Operating Facilities – Fitzsimmons Creek Facility".

On January 31, 2010, the Corporation and the Fund entered into a definitive agreement to undertake a strategic combination of the two entities whereby the Fund would acquire the Corporation by way of a reverse take-over, thereby effecting at the same time the conversion of the Fund to a corporation (the "**Arrangement**"). Pursuant to the Arrangement, which was completed on March 29, 2010, Fund unitholders (other than the Corporation) exchanged their Fund units on the basis of 1.460 Common Shares for each unit of the Fund held. Further details regarding the Arrangement may be found in the Joint Information Circular dated February 17, 2010 (the "**Joint Information Circular**"), available on SEDAR at www.sedar.com and on the Corporation's website at www.innergex.com.

Forthwith upon completion of the Arrangement, the Corporation completed a corporate reorganization, pursuant to which, *inter alia*, (i) Innergex Power Trust (the "**Trust**") distributed all of its assets and transferred all of its liabilities to the Fund and therefore ceased to exist; and (ii) the Fund subsequently distributed all of its assets and transferred all of its liabilities to the Corporation.

On February 1, 2010, Mr. Gilles Lefrançois, founder and former Executive Chairman of the Board of Directors of the Corporation, announced that he was retiring from the Corporation as an employee but would continue to act as Chairman of the Board of the Corporation and be a member of the Fund's Board of Trustees until the closing of the Arrangement. Mr. Lefrançois will continue to share his experience and expertise with the Corporation as a special advisor during the 12 months following his retirement.

On March 8, 2010, the Corporation completed an offering (the "**Offering**") of extendible convertible unsecured subordinated debentures in the aggregate principal amount of \$70.0 million (the "**Debentures**"). The Debentures have a maturity date of April 30, 2017. The Debentures bear interest at a rate of 5.75% per annum, payable semi-annually, and are convertible at the option of the holder into Common Shares at a conversion price of \$10.65 per Common Share. On March 16, 2010, an over-allotment option was exercised by the Underwriters (as defined below) to purchase an additional \$10.5 million principal amount, bringing the aggregate gross proceeds of this offering to \$80.5 million.

On March 11, 2010, the Corporation was selected by the British Columbia Transmission Corporation ("**BC Hydro**") to enter into a PPA for three run-of-river hydro projects submitted in the BC Clean Call, namely the Upper Lillooet River, Boulder Creek and North Creek projects, with an expected aggregate net installed capacity of 75.3 MW (gross 113.0 MW).

On April 23, 2010, the Ashlu Creek Facility and the Fitzsimmons Creek Facility received their EcoLogo certification, thereby confirming that the facilities will receive incentive payments under the ecoENERGY Initiative of the Federal government.

On April 29, 2010, the Corporation settled a \$110.0 million forward-starting amortizing interest rate swap related to the Ashlu Creek Facility. Concurrently, the Corporation entered into forward-starting amortizing interest rate swaps, thereby fixing the swap interest rate at 4.70% beginning on the effective date of September 30, 2010, and continuing until the end of the related long-term debt amortization schedule in June 2035.

On June 1, 2010, the Corporation issued a notice to proceed to the turbine supplier and the balance-of-plant contractor, thereby launching the construction phase of the Montagne-Sèche, Gros-Morne Phase I and Gros-Morne Phase II Wind Farms.

On July 7, 2010, the Corporation announced the submission of eight wind farm development projects, in partnership with local organizations and municipalities. These new wind farms were submitted in response to a call for tenders issued by Hydro-Québec Distribution for the purchase of 250 MW resulting from community projects, and represent 24.6 MW in potential installed capacities each, with in-service dates beginning December 2013. Municipalities or local organizations will hold interests of between 30% and 50% of the respective wind farm projects. Hydro-Québec Distribution is expected to announce the awards in December 2010.

On August 23, 2010, the Corporation entered into an agreement with a syndicate of underwriters led by BMO Nesbitt Burns Inc. and TD Securities Inc. pursuant to which the underwriters have agreed to purchase, on a bought deal basis, 3,400,000 Cumulative Rate Reset Preferred Shares, Series A (the "**Series A Shares**") of the Corporation at a price of \$25.00 per Series A Share for aggregate gross proceeds of \$85 million.

THREE YEAR SUMMARY

Financial year 2009

Ashlu Creek Facility financing and commercial operation

A contribution agreement was executed with the Minister of Natural Resources of Canada in March 2009 for future funding for the Ashlu Creek Facility under the ecoENERGY Initiative. If all terms and conditions of such agreement are complied with, the Ashlu Creek Facility will benefit from an incentive payment of \$10 per MWh for the first ten years of its operation. On April 23, 2010, the Ashlu Creek Facility received its EcoLogo certification, thereby confirming that the facility will receive incentive payments under the ecoENERGY Initiative of the Federal government. The Ashlu Creek Facility commenced its commercial operation in November 2009. See "Description of the Business and Assets of the Corporation – Operating Facilities – Ashlu Creek Facility".

Fitzsimmons Creek Facility financing and commercial operation

One of the Creek Power Projects, the Fitzsimmons Creek Facility, with 7.5 MW of power generating capacity, secured a 40-year electricity purchase agreement with British Columbia Hydro and Power Authority on June 18, 2009 under the Standing Offer Program. A contribution agreement was also executed with the Minister of Natural Resources of Canada in July 2009 for future funding for the Fitzsimmons Creek Facility under the ecoENERGY Initiative. If all terms and conditions of such agreement are complied with, the Fitzsimmons Creek Facility will benefit from an incentive payment of \$10 per MWh for the first ten years of its operation. On April 23, 2010, the Fitzsimmons Creek Facility received its EcoLogo certification, thereby confirming that the facility will receive incentive payments under the ecoENERGY Initiative of the Federal government. On November 6, 2009, an agreement for a \$24 million non-recourse credit facility was entered into, thereby completing the financing process for the Fitzsimmons Creek Facility. See "Description of the Business and Assets of the Corporation – Operating Facilities – Fitzsimmons Creek Facility".

Tenders under the Ontario FIT Program

On November 30, 2009, the Corporation submitted five wind farm projects to the Ontario Feed-In Tariff Program. Of these, four are wholly-owned projects would have an aggregate installed capacity of 440 MW and one which would have an installed capacity of 25.3 MW (net 12.4 MW), is in partnership with a local aboriginal community.

Financial year 2008

Acquisition of Rights in 18 Hydroelectric Projects in British Columbia

On August 29, 2008, the Corporation completed the acquisition from Ledcor Power Group Ltd. ("**Ledcor**") of a 66 $\frac{2}{3}$ % interest in Creek Power Inc. ("**Creek Power**") which holds rights relating to 18 prospective hydroelectric projects (the "**Creek Power Projects**") representing an aggregate potential installed capacity of more than 200 MW of power generating capacity located in the Lower Mainland of British Columbia. As such, the Corporation holds 66 $\frac{2}{3}$ % of the issued and outstanding common shares of Creek Power and Ledcor holds the other 33 $\frac{1}{3}$ %.

As consideration for such acquisition, the Corporation paid approximately \$8.2 million. Simultaneously, the Corporation issued to Ledcor 200,000 Common Share purchase warrants for a purchase price of \$175,000. Each warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$12.50 for a

period of 24 months following the closing of the transaction. Five of the 18 Creek Power Projects, with an aggregate expected capacity of 196 MW, were submitted on November 25, 2008 to the Clean Power Call Request for Proposals issued by BC Hydro. On March 11, 2010, three of those projects, with a total expected capacity of 113 MW, were selected by BC Hydro to enter into a PPA.

Carleton Wind Farm financing and commercial operation

Construction of the Carleton Wind farm, comprised of 73 wind turbines, commenced in October 2007 and was completed on schedule in November 2008 (the "**Carleton Wind Farm**"). On November 25, 2008, the Corporation announced that it had closed a \$53.4 million non-recourse project financing for its 38% undivided co-ownership interest in the Carleton Wind Farm. On February 4, 2009, the Corporation announced that the Carleton Wind Farm had been certified by EcoLogo to benefit from the ecoENERGY Initiative offered by the Canadian federal government. This program provides for an incentive payment of \$10 per MWh for the first ten years of operation. Under the Hydro-Québec PPA, 75% of the incentive must be paid to Hydro-Québec. See "Description of the Business and Assets of the Corporation – Operating Facilities – Carleton Wind Farm".

Umbata Falls Facility financing and commercial operation

The 23 MW Umbata Falls Facility entered into commercial operation in November 2008. The project was certified by EcoLogo in December 2008 and benefits from the ecoENERGY Initiative of the Canadian federal government to support renewable energy in Canada. See "Description of the Business and Assets of the Corporation – Operating Facilities – Umbata Falls Facility".

Tenders under the BC Clean Call

On November 25, 2008, the Corporation submitted five of the 18 Creek Power Projects to the Clean Power Call Request for Proposals, namely, the Hurley River Project, the Gun Creek Project, the Upper Lillooet River Project, the Boulder Creek Project and the North Creek Project having a gross expected capacity of 195 MW. On March 11, 2010, BC Hydro announced that three of these hydroelectric Prospective Projects, namely the Upper Lillooet River Project, the Boulder Creek Project and the North Creek Project, representing a total of 113 MW, were selected for PPA awards. The PPAs will allow the Corporation to enter into the development phase, which involves stakeholders' consultation, as well as obtaining the relevant permits. The Corporation expects North Creek to start commercial operation in 2015 and Boulder Creek and Upper Lillooet River to respectively start commercial operation in 2016. The Corporation owns a 66 2/3% ownership interest in these three Prospective Projects.

Acquisition of IHI Hydro Inc.

On May 29, 2008, the Fund completed the acquisition of all issued and outstanding shares of IHI Hydro Inc. ("**IHI**") from TD Capital Group Ltd. for an aggregate acquisition price of \$14,481,924. This acquisition increased the direct and indirect participation of the Fund in the Portneuf, Chaudière, Saint-Paulin and Batawa facilities to 100%, as IHI held a 24.9% interest in Innergex Holding, Limited Partnership.

Financial year 2007

Initial Public Offering

On December 6, 2007, the Corporation completed its initial public offering (the "**IPO**") of 10,455,000 Common Shares at a price of \$11.00 per common share (the "**IPO Price**") for aggregate gross proceeds of \$115,005,000. In addition, concurrently with the closing of the IPO, the Corporation issued an aggregate of 5,342,620 Common Shares at the IPO Price to Régime de rentes du Mouvement Desjardins, Caisse de dépôt et placement du Québec ("**CDPQ**"), Sun Life Assurance Company of Canada, TD Capital Group Limited and Kruger Inc. Master Trust (collectively, the "**Institutional Investors**") by way of private placement for aggregate proceeds of \$58,768,822 (the "**Private**").

Placement"). On January 4, 2008, the underwriters exercised the over-allotment option and purchased from the institutional investors 470,520 Common Shares for an aggregate purchase price of \$5,175,720.

Innergex II Acquisition

Concurrently with the closing of the IPO, the Corporation purchased, using a portion of the proceeds of the IPO, all of the equity interests of the Institutional Investors in Innergex II Income Fund ("Innergex II") not previously held by the Corporation and repaid or purchased, as applicable, all of the outstanding indebtedness owed by Innergex II to the Institutional Investors for a purchase price of \$63,364,165, which was paid by the issue to Institutional Investors of 5,760,379 Common Shares (collectively, the "Innergex II Acquisition").

Acquisition of Interest in the Fund

Concurrently with the closing of the IPO, Innergex II sold to the Fund a 38% undivided co-ownership interest in the 109.5 MW Baie-des-Sables Wind Farm and a 38% undivided co-ownership interest in the 100.5 MW L'Anse-à-Valleau Wind Farm. As a result of the Arrangement, such interest in the Baie-des-Sables Wind Farm and the L'Anse-à-Valleau Wind Farm are now indirectly held by the Corporation.

3. INDUSTRY OVERVIEW AND MARKET TRENDS

RENEWABLE POWER GENERATION INDUSTRY

Renewable power producers are involved in the generation of electricity from renewable sources of energy, including (i) water; (ii) wind; (iii) certain waste products, such as biomass (e.g., waste wood from forest products operations) and landfill gas; (iv) geothermal sources, such as heat or steam; and (v) the sun. Demand for renewable power sources in North America continues to grow and is largely driven by the long-term trend toward stronger policies for protecting the environment. While traditional regulated utilities continue to dominate the North American electricity generation markets, it is recognized that independent power producers play an increasingly important role in the supply of electricity needs. In recent years, governmental authorities and other policymakers have increasingly recognized the benefits of power generated by independent power producers.

The trend towards increased reliance on independent power producers for the supply of renewable power in North America is fuelled by a number of factors, including (i) the increase in government-sponsored incentives; (ii) the availability of long-term contracts for the purchase of renewable energy with highly creditworthy counterparties, allowing independent power producers to develop new projects in a low-risk environment with the expectation of long-term stable contractual cash flows; (iii) the implementation of non-discriminatory access to transmission systems, providing independent power producers access to regional electricity markets; and (iv) the efficiency of independent power producers.

RENEWABLE POWER IN CANADA

Significant recent growth in renewable power generation in Canada has been influenced by rising electricity prices; competitive provincial markets; rising fossil fuel prices; public concern over nuclear power generation; air quality; and greenhouse gases, improvements in renewable energy technologies and shorter construction lead times for certain renewable energy projects. Renewable electricity generation in Canada is also supported by federal and provincial incentives such as production tax credits, accelerated depreciation, and Renewable Portfolio Standards.

Independent Power Producers

In the traditional market structure of the electricity industry, vertically-integrated monopoly utilities have (i) generated (production of electricity); (ii) transmitted (transport of electricity from generation facilities to transformer stations); and (iii) distributed electricity (transport from transformer stations to consumers). A number of factors, including rising

electricity rates and fossil fuel prices, technological advances, and concerns about cost controls in funding future investments in generation and transmission have led several jurisdictions to restructure their electricity markets to move towards full competition or regulated competition. An integral part of the restructuring effort has been the introduction of new generation supply from third parties, or “independent power producers”, that are independent of government and differ from traditional vertically-integrated and regulated utilities.

In recent years there has been a shift to retail and wholesale competition in Alberta and Ontario, and some other provinces have undertaken varying degrees of sector unbundling through the granting of PPAs to independent power producers and greater access to transmission and distribution lines.

Federal Government Support for Renewable Power in Canada

The Canadian federal government is supportive of the generation of electricity from renewable resources, as evidenced by the provision of incentives to renewable power producers. The approved 2007 Canadian federal budget has allocated \$4.5 billion to support ecoENERGY programs. One such program is the \$1.5 billion Renewable Power Program (the “ecoENERGY Initiative”), which is intended to support the development of 4,000 MW of renewable energy investments across Canada over the next 14 years (subject to annual budgetary approval) and which is designed to encourage the production of approximately 14.3 TWh of electricity from low-impact renewable energy sources such as wind, hydro, biomass, solar, and tidal energy. As part of the ecoENERGY Initiative, there is a one cent per KWh (\$10 per MWh) incentive, available over a ten-year period, for projects that are commissioned between April 1, 2007 and March 31, 2011.

Provincial Renewable Portfolio Standards and Requests for Proposals

In response to the long-term trend toward stronger environmental protection policies, many provincial governments have introduced Renewable Portfolio Standards (“RPS”), which are generally being applied as goals or targets rather than mandatory requirements. RPSs typically set a target for an increased component of renewable generation in the electricity generation supply mix in order to reduce greenhouse gas emissions over time.

Several provinces have recently released, or are currently preparing, significant new Requests for Proposals or Standard Offer Programs with the objective of procuring additional installed electricity generation capacity from renewable sources. The current provincial targets for clean or renewable energy in their supply mix include: British Columbia’s expectation that renewable or clean energy continue to account for at least 90% of total power generation in the future; Saskatchewan targeting 500 MW of wind power by 2015 and 50% sustainable and renewable power generation by 2025; Ontario targeting 10% additional contracted renewable power generation capacity by 2010 and, by 2025, double the amount of electricity drawn from renewable sources, bringing the total to 15,700 MW; Québec pursuing 4,000 MW of installed wind generation capacity by 2015; New Brunswick aiming for 10% renewable power generation by 2016 and 4,500 MW of wind energy produced by 2025; Nova Scotia aiming for 25% renewable power generation by 2015; Prince Edward Island requiring 500 MW of wind energy produced by 2013 and 30% renewable power generation by 2016; and Manitoba pursuing 1,000 MW of installed wind generation by 2015.

Hydroelectric in Canada

Canada’s hydrological resources are abundant and unique in the world. Despite the competition for appropriate sites and the challenges associated with long transmission distances, the low operational costs and long project lives of these facilities suggest that hydroelectric generation will continue to be a major affordable base-load supply source for some time. Transmission corridors in Canada have traditionally run directly from major generation facilities to major demand centres, meaning that strategic investments in new transmission will play an important role in the development of large hydroelectric projects and other isolated renewable energy generation projects.

REGULATORY FRAMEWORK OF AND MARKET FOR RENEWABLE POWER IN THE CORPORATION'S KEY MARKETS

Québec

Hydro-Québec, a corporate agent of the Québec government, is one of the largest electricity utilities in North America. Under its incorporation statute, Hydro-Québec is given broad powers to generate, supply and deliver electric power throughout Québec. Excluding the territories served by municipal or private electric power systems or by a certain cooperative, Hydro-Québec is the holder of exclusive electric power distribution rights throughout the territory of Québec.

The Régie de l'énergie, an economic regulation agency created by the Government of Québec in 1996, sets and modifies the rates and conditions for, *inter alia*, the transmission of electric power by the electricity carrier and the distribution of electric power by the electricity distributors in the Province of Québec. To that end, Hydro-Québec must present to the Régie de l'énergie a forecast of the needs of the Québec market for the next ten years as well as the nature of the contracts that Hydro-Québec intends to enter into in order to meet the demand over and above 165 TWh (being the heritage electricity pool which must be supplied by Hydro-Québec). To meet demand in excess of this 165 TWh, Hydro-Québec must enter into supply contracts after conducting Requests for Proposals with interested power suppliers. The Régie de l'énergie monitors all Requests for Proposals for the supply of energy in Québec. In 2003, Hydro-Québec issued a Request for Proposals for the supply of nearly 1,000 MW of wind energy. In 2005, another Request for Proposals was issued for the supply of 2,000 MW of wind energy and for which Hydro-Québec received 66 bids for a combined total of 7,724 MW (the "Québec 2,000 MW Request for Proposals"). In 2008, Hydro-Québec awarded 15 projects under the Québec 2,000 MW Request for Proposals for a total of 2004 MW with expected commercial operation dates between 2011 and 2015.

On October 29, 2008, the Québec government enacted the *Wind Energy – 250 MW Block from Aboriginal Projects Regulation* and the *Wind Energy – 250 MW Block from Community Projects Regulation* (the "500 MW Regulations"). Pursuant to the 500 MW Regulations (as amended on March 18, 2009), Hydro-Québec issued a Request for Proposals for the supply of 500 MW of wind energy from aboriginal and community projects on April 30, 2009 (the "Québec Community Wind Request for Proposals"). On July 7, 2010, the Corporation announced the submission of eight wind farm projects in partnership with local organizations and municipalities under this call for tender, representing 24.6 MW in potential installed capacities each. Results are expected in December 2010.

On July 15, 2009, Hydro-Québec issued a program for the purchase of electrical power from small hydroelectric plants pursuant to the *Regulation respecting the maximum production capacity under a program to purchase electric power from small hydroelectric plants*, as promulgated by decrees 336-2009 and 337-2009, dated March 25, 2009. This regulation determines that the maximum eligible capacity of a hydroelectric plant of a producer participating in the distributor's program must be equal to or less than 50 MW. Hydro-Québec's program is for the supply of 150 MW from hydroelectric projects controlled by local, municipal and aboriginal communities. The Request for Proposals closed on March 16, 2010.

British Columbia

BC Hydro is one of the largest electric utilities in Canada, supplying the majority of power generating capacity in the province. The remaining capacity is provided by investor-owned utilities, large and small industrial self-generators and independent power producers.

In 2002 and 2003, BC Hydro commenced a procurement process for green power generation that resulted in 16 projects being awarded PPAs (although most of these projects have not proceeded). This was followed in 2006 by another Request for Proposals which resulted in independent power producers being awarded contracts for 38 projects. In February 2007, the province announced a new energy plan comprising a number of policies including a target of zero net greenhouse gas emissions for all new electricity projects, ensuring clean or renewable electricity generation continues to account for at least 90% of total generation (over 90% of generation in British Columbia

currently derives from hydroelectric resources), acquiring 50% of BC Hydro's incremental resource needs through conservation and establishing a Standing Offer Program for clean energy projects under 10 MW.

BC Hydro released the Clean Power Call Request for Proposals in the spring of 2008, pursuant to which 68 projects were submitted for an aggregate annual energy production of 17,000 GWh. On December 22, 2008, BC Hydro filed with the British Columbia Utilities Commission an evidentiary update where it announced that it had reduced the target size of the Clean Power Call Request for Proposals from 5,000 GWh to 3,000 GWh of firm energy. On January 13, 2009, BC Hydro filed a letter with the British Columbia Utilities Commission regarding the target volume of the Clean Power Call Request for Proposals. In its letter, BC Hydro stated that it did not wish to limit its opportunities to acquire cost-effective renewable power through competitive processes with independent power producers and that the Clean Power Call Request for Proposals evaluation process may result in BC Hydro awarding PPAs of up to or greater than the original target of 5,000 GWh per year if the PPAs are cost effective.

On March 11, 2010, BC Hydro indicated that 19 projects had been selected for the award of a PPA and that 28 projects were still under consideration.

On June 3, 2010, the BC government's Clean Energy Act was passed by the BC Legislature, thereby approving these PPAs.

In April 2008, BC Hydro also implemented the BC Hydro SOP to encourage the development of small and clean energy projects throughout British Columbia. The BC Hydro SOP is a process to purchase energy from small projects with a nameplate capacity greater than 0.05 MW but not more than 10 MW. On July 15, 2010, BC Hydro announced its recommendations for updates and changes to its SOP program. Among other things, BC Hydro is recommending increases in pricing and permitted capacity (from 9.9 MW to 15.0 MW).

Ontario

In May 2002, Ontario's electricity market opened to wholesale and retail competition, providing open access to regulated transmission systems, and requiring Ontario Power Generation ("OPG") to reduce its share of generation capacity in the market. In 2003, the Government of Ontario took steps which transformed the electricity market into what is now described as a "hybrid market". Such steps included raising the price cap, directing the Ontario Energy Board ("OEB") to regulate residential pricing for power generated from OPG's nuclear and large hydroelectric generation assets and setting annual revenue limits with respect to OPG's coal and smaller hydroelectric generation facilities. In late 2004, the Government of Ontario established the Ontario Power Authority ("OPA") to address system planning and security of supply in Ontario by reviewing demand and resource reliability forecasts, facilitating supply source investment and diversification, and promoting conservation.

In August 2007, the OPA filed with the OEB a comprehensive Integrated Power System Plan ("IPSP") identifying the conservation, generation and transmission investments required in Ontario from 2007 to 2027. Once approved by the OEB, the IPSP will authorize the OPA to procure generation without the need for Ministerial directives, in order to meet Ontario's RPS targets of 10,400 MW (which is 2,700 MW above 2003 levels) of installed renewable energy generation sources by 2010 and 15,700 MW by 2025. Ontario currently has approximately 8,300 MW of renewable energy generation sources installed, including major hydroelectric facilities such as Niagara Falls.

Most of the additional renewable sources required to meet the 2010 target are now committed, however the 2025 target will require over 5,500 MW of yet uncommitted generation capacity from renewable sources. The majority of the additional renewable generation capacity required by 2025 is expected to be procured from wind and hydroelectric sources in approximately equal proportions, and a smaller portion of the required capacity is expected to be procured from bio-energy and solar generation sources.

The OPA stated in the IPSP that approximately \$60 billion in investment is expected in Ontario over a 20-year period, including approximately \$6 billion for wind and \$8.4 billion for hydroelectric supply. In the foreseeable future in

Ontario, it is expected that renewable energy procurement will primarily take place through OPA administered Requests for Proposals for projects greater than 10 MW, and through a Standard Offer Program for projects less than 10 MW.

On August 27, 2007, the Minister of Energy and Infrastructure of Ontario issued a ministerial directive to the OPA to procure 2,000 MW of renewable energy supply from projects greater than 10 MW in size, including wind farms. The OPA was expecting to procure the 2,000 MW of renewable energy supply in multiple phases. In 2008, the OPA released the RES III Request for Proposals for the supply of 500 MW of energy (of the 2,000 MW).

Since that date, the Government of Ontario has indicated that the Province should pursue even more aggressive targets in terms of renewable energy. As a result, on February 23, 2009, the Minister of Energy and Infrastructure of Ontario introduced the *Green Energy Act* (the "GEA") in order to support and facilitate the implementation of renewable energy facilities in the Province of Ontario, including wind farms.

In September 2009, the Feed-In Tariff Program (the "FIT Program") was enabled by the *Green Energy and Green Economy Act, 2009*. The FIT Program is a guaranteed pricing structure program for renewable electricity production. The FIT Program is divided into two streams – FIT (projects generating more than 10 KW of electricity) and micro-FIT (projects generating 10 KW or less of electricity). Waterpower projects must not be greater than 50 MW per project to be eligible to the FIT Program. Aboriginal or community projects are eligible for a price adder on the energy price in proportion with the percentage of equity ownership of the aboriginal or community group. On November 30, 2009, the Corporation submitted five wind farm projects to the FIT Program.

HYDROELECTRIC POWER GENERATING PROCESS

Run-of-river hydroelectric generation facilities, unlike traditional hydroelectric facilities, do not require the flooding of large areas of land. Hydroelectric power is generated by harnessing the force created as water falls. The difference in elevation between the headpond and the tailrace is referred to as "head" or "operating head". The energy in the moving water is ultimately converted into electric energy. The water flows through an intake pipe or tunnel (known as the penstock) to a turbine, which is essentially a water wheel. The water spins the turbine and the hydraulic energy is then converted into mechanical energy which is then converted into electricity by the generator. The electricity is then sent through a transformer where its characteristics are adjusted so that it can be sent along the transmission system. The water, after going through the turbine, exits the powerhouse through the draft tube and the tailrace where it rejoins the main stream of the river.

There are three principal types of hydraulic turbines:

- Kaplan: generally used where there is a low operating head (the difference in elevation between the intake water level and tailrace water level), varying from a few meters to 30 meters.
- Francis: generally used with a medium head, e.g. approximately 30 meters to 200 meters.
- Pelton: generally used where there is a very large head, usually greater than 200 meters.

ADVANTAGES OF HYDROELECTRIC POWER GENERATION

Below is a list of the principal advantages of hydroelectric power generation.

Reliability

The equipment involved in producing hydroelectric power has relatively few moving parts, resulting in a long life and low maintenance requirements as compared to other generation technologies. Unplanned outage rates for hydroelectric units are among the lowest in the electricity generation industry.

Low Operating Costs

Other than water royalties and license fees paid to governmental authorities, hydroelectric facilities have minimal fuel costs and therefore minimize the volatility of their cost structures compared to fossil-fuelled plants. In addition, most facilities can be operated remotely by a single person from a centralized control centre. As a result of these factors, and because of the low maintenance requirement and reliability of hydroelectric equipment, operating expenses for hydroelectric facilities are comparatively low and predictable compared to other types of electricity generation technologies.

Environmentally Preferred

Hydroelectric generation produces virtually no greenhouse gas emissions or emissions that create acid rain, both of which have significant negative impacts on the environment. Hydroelectric generation creates none of the thermal, chemical, radioactive, water and air pollution produced by fossil-fuelled and nuclear facilities during the power generating process. Rather than producing substantial amounts of residual waste during the power generation process, hydroelectric generation simply returns the water to the river.

Low Environmental Impact

Small hydroelectric generating facilities, generally defined in Canada as facilities with less than 50 MW, are typically run-of-river facilities that do not have significant reservoir capacity. This reduces the potentially harmful effect of upstream flooding and other environmental impacts that may change the flow of water within a given area.

WIND POWER GENERATING PROCESS

Electricity generated from wind is becoming an increasingly important source of power globally, including in North America. Like hydroelectric generation, wind generation is not subject to fuel price volatility and it produces no greenhouse gas or other emissions. Wind turbines can only generate electricity when the wind blows at speeds within a certain operating range.

Energy is produced from the wind power exerted on the blades of the propeller of a wind turbine, which then activates a generator. Wind turbines are equipped with a control system which optimizes electrical production and maintains it during unfavourable climatic conditions.

ADVANTAGES OF WIND POWER GENERATION

Below is a list of the principal advantages of wind power generation.

Low Operating Costs

Wind farms do not have any fuel costs and use a remote monitoring system that permits their operation and supervision to be conducted offsite. In addition, improvements to wind turbine technology have increased the efficiency and reliability of wind energy projects. As a result, operating expenses for a wind farm are low compared to many other traditional methods of energy production.

Construction Flexibility

Wind farms are relatively simple to construct compared to more traditional electricity generating facilities. A typical wind farm can be constructed within a much shorter time frame than other electricity generation facilities such as hydro, natural gas, nuclear or coal facilities, which, for larger scale facilities, can take several years to complete. As a result, wind farms are susceptible to far fewer risks associated with construction delays and cost overruns.

Reliability

Modern wind turbines are very reliable. Availability, a measure of an electricity generation system's reliability, is calculated as the percentage of time that an energy system is able to operate relative to total time available. The difference between the two is largely attributable to annual scheduled maintenance. According to the Canadian Wind Energy Association, availability for modern wind turbines is typically approximately 98%, although manufacturers generally warrant at most 96%.

Environmentally Preferred

Wind farms do not produce any greenhouse gas emissions or acid rain, both of which have significant negative impacts on the environment. Wind energy generation does not result in thermal, chemical, radioactive, water and air pollution associated with fossil fuel and nuclear generated power.

Limited Use of Land

Wind farms require only a small percentage of the land they occupy for road access and foundations. The rest of the project's site is available for other uses, such as agriculture, industry and recreation.

FACTORS AFFECTING RENEWABLE ENERGY PRODUCTION PERFORMANCE

Renewable energy projects, such as wind farms and run-of-river hydroelectric generation facilities, depend on "fuel" sources which are, by their very nature, variable. Therefore, the level of production on a day-to-day basis is also variable. However, long-term historical records for hydroelectric energy and site-specific measurements for hydro and wind energy allow for a monthly or annual average or "mean" hydrology or wind speed allowing energy production to be estimated using statistical analysis. Expected annual production for a turbine is calculated as:

Annual Production (MWh) = Turbine Capacity (MW) × No. hours in one year (Hours) × Usage Factor (%)

"Turbine Capacity", measured in megawatts, is an indication of the energy production capability of a turbine. Turbine Capacity multiplied by the number of hours in one year (8,760 hours) gives the maximum theoretical annual production of a turbine measured in MWh. Current utility-scale land-based wind turbines have a capacity ranging from less than one MW to over three MW. Hydro turbines are typically custom fit based on the characteristics of the site.

As operation of the turbine is dependent on wind speed and water flow, a turbine does not operate every hour of the year. "Usage Factor" is a measure of the productivity of an electricity-generating source. It is defined as the percentage of electricity that an electricity-generating source is expected to produce relative to maximum theoretical production in a given period of time. For example, an energy site that has a theoretical maximum production of 100 MWh per year, but actually only produces an average of 30 MWh per year, has a usage factor of 30%. There are a number of factors that preclude a wind or hydro powered electricity-generating turbine from operating at its theoretical maximum. The primary factor is mean wind speed and water flow.

Therefore, a turbine will be operating for significant periods of time at power outputs less than the rated capacity. Other factors also affect the usage factor but are generally much less significant. For example, scheduled annual maintenance will reduce the amount of time that equipment is available for production. In addition, there are usually periods of unscheduled non-operation resulting from equipment failure.

In general, wind energy projects have usage factors ranging from 25% to 40% depending on various site-specific factors and hydro projects have usage factors ranging from 40% to 70%.

COMPETITIVE CONDITIONS

The Corporation operates mainly in the Canadian power sector, which is affected by the supply of and demand for power in the provinces in which it operates, the availability of import/export transmission lines and overall economic conditions in Canada and the United States. Within this sector, the Corporation faces competition ranging from large utilities to small independent power producers. The Corporation depends upon the sale of its power to provincially owned utilities through long-term PPAs which are generally obtained through a Request for Proposals process which can attract proposals from many of the Corporation's competitors. The Corporation manages the risk posed by such competitive conditions through its annual and ongoing strategic planning process. In addition, the Corporation's geographically diverse portfolio of projects, its strategy of focusing on low-impact, renewable projects, its proven track record and the experience of its management team mitigate this risk.

SEASONALITY AND CYCLICALITY

The renewable power industry is inherently cyclical and seasonal due to the industry's dependence on weather for the availability of wind and water resources for electrical generation.

The Corporation's exposure to the cyclical nature of the industry is reduced by the fact that PPAs with a term of 20 years or more have been entered into with respect to all of the Development Projects having PPAs while all of the Operating Facilities selling power under PPAs have, as of July 31, 2010, a remaining weighted average life of 17.3 years, thereby reducing the Corporation's exposure to variations in the price of electricity. The Corporation's exposure to the seasonality of the industry is reduced by the fact that the facilities and projects in which the Corporation has interests are geographically diverse (spanning the Provinces of Québec, Ontario and British Columbia and the State of Idaho) and are split amongst hydroelectric facilities and wind farms, thereby reducing the Corporation's dependence on any one natural resource in any one region.

4. DESCRIPTION OF THE BUSINESS AND ASSETS OF THE CORPORATION

GENERAL OVERVIEW – SEGMENT INFORMATION

In accordance with Canadian generally accepted accounting principles ("GAAP") and Canadian securities legislation, the historical financial results of the Corporation are those of the Fund, which acquired the Corporation pursuant to the Arrangement by way of a reverse take-over.

The Corporation has three reportable segments: (i) hydroelectric generation; (ii) wind power generation; and (iii) site development. Through its hydroelectric generation and wind power generation segments, the Corporation sells electricity produced by its hydroelectric and wind farm facilities in operation to publicly-owned utilities. Through its site development segment, the Corporation analyses potential sites and develops hydroelectric and wind farm facilities up to commissioning stage.

The hydroelectric production activities of the Fund generated operating revenues of \$41,832,932 in financial year 2009 and \$42,690,509 in financial year 2008, representing respectively 71.36% and 71.83% of the total operating revenues generated by the Fund. The wind power production activities of the Fund generated operating revenues of \$16,792,282 in financial year 2009 and \$16,739,952 in financial year 2008, representing respectively 28.64% and 28.17% of the total operating revenues generated by the Fund.

For the period from January 1, 2010 to June 30, 2010, (i) the hydroelectric production activities of the Corporation generated operating revenues of \$28,012,556, representing 73% of the total operating revenues of the Corporation, (ii) the wind power production activities generated operating revenues of \$10,361,522, representing 27% of the total operating revenues of the Corporation, and (iii) the site development activities of the Corporation did not generate operating revenues. In accordance with Canadian GAAP, the financial results presented in this paragraph are those

of the Fund for the period from January 1, 2010 until March 29, 2010 (the date of completion of the Arrangement), and those of the Corporation as a combined entity for the period from March 30, 2010 until June 30, 2010.

PORTFOLIO OF ASSETS

The Corporation's portfolio is comprised of interests in three groups of power generating projects: (i) facilities that are in commercial operation (the "Operating Facilities"); (ii) projects for which PPAs have been secured and which are either under construction or scheduled to begin commercial operation on planned dates (the "Development Projects"); and (iii) projects that have secured certain land rights, for which an investigative permit application has been filed and for which a proposal has been submitted under a Request for Proposals or could be submitted under the BC Hydro SOP or the Ontario Feed-in Tariff Program (the "Prospective Projects"). The Corporation's portfolio of projects is comprised of 17 Operating Facilities, seven Development Projects and a number of Prospective Projects.

The Corporation intends to continue to own and operate its Development Projects and Prospective Projects as they become operational.

The Corporation's expected net capacity, measured on an ownership weighted basis, represents 202.9 MW out of the 432.9 MW capacity of its Development Projects and approximately 2,000 MW out of the more than 2,100 MW capacity of its Prospective Projects.

The Corporation often teams up with a strategic partner when submitting projects in response to a Request for Proposals. When this is the case, the Corporation and the strategic partner will typically share in the ownership of such projects. Current partners are TransCanada (undivided co-owner of 62% of the Cartier Wind Projects), the Kanaka Bar Indian Band (owner of 50% of the Kwoiek Creek Project), the Ojibways of the Pic River First Nation (owner of 51% of the Umbata Falls Facility) and Ledcor (owner of 33 1/3% of the Creek Power Projects).

OPERATING FACILITIES

The Saint-Paulin Facility, the Windsor Facility, the Chaudière Facility, the Montmagny Facility, the Portneuf Facilities, the Glen Miller Facility, the Batawa Facility, the Rutherford Creek Facility, the Ashlu Creek Facility and the Horseshoe Bend Facility are Operating Facilities entirely owned by the Corporation. The Corporation has an economic interest in the Umbata Falls Facility (49%), the Fitzsimmons Creek Facility (66 2/3%), the Baie-des-Sables Wind Farm (38%), the L'Anse-à-Valleau Wind Farm (38%) and the Carleton Wind Farm (38%). All Operating Facilities are operating under long-term fixed price PPAs with investment grade counterparties. The 14 operating hydroelectric facilities have an aggregate net installed capacity of 204.1 MW (gross 218.3 MW) and the three operating wind farms have an aggregate net installed capacity of 121.4 MW (gross 319.5 MW). The Operating Facilities are set forth in the following table and further described below:

<u>Province</u>	<u>Plant</u>	<u>Gross Capacity (MW)</u>	<u>Equity Interests ⁽¹⁾</u>	<u>Power Purchaser</u>	<u>Estimated Long Term Average Generation (MWh)</u>	<u>PPA Expiry ⁽²⁾ (years)</u>	<u>Average price of electricity (year 2009) ⁽³⁾ (\$ per MWh)</u>
Hydroelectric Facilities							
Québec	Saint-Paulin	8.0	100%	Hydro-Québec	41,082	2014	70.60
Québec	Windsor	5.5	100%	Hydro-Québec	31,000	2016	82.63
Québec	Chaudière	24.0	100%	Hydro-Québec	116,651	2019	73.59
Québec	Montmagny	2.1	100%	Hydro-Québec	8,000	2021	75.43
Québec	Portneuf - 1	8.0	100%	Hydro-Québec	40,822	2021	71.87

<u>Province</u>	<u>Plant</u>	<u>Gross Capacity (MW)</u>	<u>Equity Interests ⁽¹⁾</u>	<u>Power Purchaser</u>	<u>Estimated Long Term Average Generation (MWh)</u>	<u>PPA Expiry ⁽²⁾ (years)</u>	<u>Average price of electricity (year 2009) ⁽³⁾ (\$ per MWh)</u>
Québec	Portneuf - 2	9.9	100%	Hydro-Québec	68,496	2021	71.87
Québec	Portneuf - 3	8.0	100%	Hydro-Québec	42,379	2021	71.87
Ontario	Glen Miller	8.0	100%	OPA	41,606	2025	67.12
Ontario	Umbata Falls	23.0	49%	OPA	109,102	2028	83.40
Ontario	Batawa	5.0	100%	OPA	32,938	2029	62.03
B.C.	Rutherford Creek	49.9	100%	BC Hydro	180,000	2024	55.05
B.C.	Ashlu Creek	49.9	100%	BC Hydro	265,000	2039	74.74
B.C.	Fitzsimmons Creek	7.5	66 ⅔%	BC Hydro	33,000	2050	N/A ⁽⁴⁾
Idaho (USA)	Horseshoe Bend	9.5	100%	Idaho Power	46,800	2030	77.45
Subtotal:		218.3			1,056,770		
Wind Farms							
Québec	Baie-des-Sables	109.5	38%	Hydro-Québec	298,317	2026	78.66
Québec	L'Anse-à-Valleau	100.5	38%	Hydro-Québec	298,000	2027	78.46
Québec	Carleton	109.5	38%	Hydro-Québec	340,523	2028	80.59
Subtotal:		319.5			936,840		
Total:		537.8			1,993,610		

- (1) The Corporation controls, with other partners, the Umbata Falls Facility, the Fitzsimmons Creek Facility, the Baie-des-Sables Wind Farm, the L'Anse-à-Valleau Wind Farm and the Carleton Wind Farm.
- (2) For several Operating Facilities, PPAs are renewable at the expiry of their initial term for an additional 20 to 25 years. However, the PPAs of the Umbata Falls, Rutherford Creek, Ashlu Creek, Fitzsimmons Creek, Horseshoe Bend, Baie-des-Sables, L'Anse-à-Valleau and Carleton facilities are not renewable. The PPA for the Batawa Facility is renewable at maturity and on each one year anniversary date thereafter for successive one-year periods.
- (3) The Umbata Falls, Ashlu Creek and Fitzsimmons Creek hydroelectric facilities and the Baie-des-Sables, L'Anse-à-Valleau and Carleton wind farms are certified by EcoLogo and benefit from the ecoENERGY Initiative providing for an incentive payment of \$10 per MWh for their first ten years of operations. For Baie-des-Sables, L'Anse-à-Valleau and Carleton wind farms, Hydro-Québec is entitled, under the PPA, to receive 75% of the total incentive payments which those wind farms receive under the ecoENERGY Initiative or any similar program. The average price of electricity is inclusive of the net incentive payment. See "Industry Overview and Market Trends — Renewable Power in Canada — Federal Government Support for Renewable Power in Canada".
- (4) Fitzsimmons Creek Facility commenced commercial operation on January 26, 2010. The base price of electricity to be paid by BC Hydro under the Fitzsimmons Creek Facility PPA from January 1 to December 31, 2010 is \$85.04 per MWh. The base price of electricity is exclusive of the net incentive payment under the ecoENERGY Initiative.

Operating Hydroelectric Facilities

A. Saint-Paulin Facility (Québec - 100% ownership)

Description

The Saint-Paulin Facility consists of a single run-of-river hydroelectric power generating facility with a total installed capacity of 8 MW. The Saint-Paulin Facility is located in the Municipality of Saint-Paulin, approximately 20 km west of Shawinigan, Québec.

The Saint-Paulin Facility receives its water from the Rivière-du-Loup which has its source in the Mastigouche Reserve, north of Saint-Paulin, and benefits from a total drainage area of 1,372 square kilometers.

The site where the Saint-Paulin Facility is located is locally known as Les Chutes à Magnan. The intake structure is constructed on the west bank of the river in a concrete structure equipped with trash racks. The powerhouse has an

architectural treatment consistent with its environment and holds a double runner horizontal Francis turbine. The Saint-Paulin Facility is fully automated and may be operated locally or remotely. The Saint-Paulin Facility is connected to the grid of Hydro-Québec through a short overhead line.

As part of a project with Concept Eco-Plein-Air Le Baluchon Inc. ("**Baluchon**"), Innergex S.E.C. undertook a number of improvements to the site with respect to its recreational potential and facilitating public access. These include two pedestrian foot bridges, one at the head of the falls and the other 500 meters downstream. A system of footpaths was also constructed on both banks to access the bridges. A number of lookouts over the falls have also been constructed.

Site and Water Rights

The rights with respect to the Saint-Paulin Facility site, other than river bed and water rights, were initially acquired by Baluchon from La Compagnie d'électricité Shawinigan (a subsidiary of Hydro-Québec) pursuant to an emphyteutic lease executed on December 14, 1993 and amended on May 18, 1994 (the "**Saint-Paulin Emphyteutic Lease**"). Pursuant to the Saint-Paulin Emphyteutic Lease, Baluchon undertook to make improvements to the leased property, namely the construction of a hydroelectric power plant and dam. The Saint-Paulin Emphyteutic Lease has a 20-year term from the commercial in-service date of the Saint-Paulin Facility and will expire simultaneously with the Saint-Paulin PPA on November 29, 2014. The Saint-Paulin Emphyteutic Lease may be renewed for an additional 20-year period, on the same terms and conditions if the Saint-Paulin PPA is also renewed for the same period.

Other than river bed and water rights, Baluchon leases the Saint-Paulin Facility site to Innergex S.E.C. pursuant to a lease and superficies agreement executed on December 29, 1993 (the "**Superficies Lease**") in which Innergex S.E.C. acquired, among other rights, rights to construct and operate the Saint-Paulin Facility. The term of the Superficies Lease is 20 years from the commercial in-service date of the Saint-Paulin Facility and will expire simultaneously with the Saint-Paulin PPA on November 29, 2014. The Superficies Lease may be renewed for an additional 20-year term if the Saint-Paulin PPA is also renewed for the same period. Pursuant to the terms of the Superficies Lease, Innergex S.E.C. assumed all obligations of Baluchon under the Saint-Paulin Emphyteutic Lease including, construction of the power plant and payment of the royalty payable by Baluchon to La Compagnie d'électricité Shawinigan.

The water rights and river bed with respect to the Saint-Paulin Facility were conveyed to Baluchon pursuant to a lease of hydraulic forces executed between Baluchon and the ministre des Ressources naturelles and the ministre de l'Environnement et de la Faune on August 23, 1996 (the "**Baluchon Lease**"). Innergex S.E.C. intervened in the Baluchon Lease to assume all of Baluchon's obligations thereunder. An agreement was also entered into between Baluchon and Innergex S.E.C. pursuant to which all of Baluchon's rights and obligations under the Baluchon Lease were assigned, and a right in the river bed and water rights in respect of the Saint-Paulin Facility were granted, to Innergex S.E.C. (the "**Innergex Lease**"). The Baluchon Lease expires simultaneously with the Saint-Paulin PPA on November 29, 2014 and the Innergex Lease expires simultaneously with the Superficies Lease. The Baluchon Lease is renewable for an additional 20-year period on conditions to be determined by the ministre des Ressources naturelles and the ministre de l'Environnement et de la Faune.

Upon expiry or other termination of the Saint-Paulin Emphyteutic Lease, the Superficies Lease, the Baluchon Lease or the Innergex Lease, the facilities and other improvements erected on the premises will become the property of one of Baluchon, La Compagnie d'Électricité Shawinigan or the Government of Québec, depending on the nature of the terminated right involved.

Power Purchase Agreement

The PPA with respect to the electricity produced by the Saint-Paulin Facility (the "**Saint-Paulin PPA**") has an initial term of 20 years expiring November 29, 2014 and is renewable for a further period not to exceed 20 years. The

agreed minimum annual power to be delivered to Hydro-Québec under the Saint-Paulin PPA is 29,609 MWh and the agreed maximum annual power to be delivered is 45,552 MWh for a 365 day year.

The price of the delivered electricity payable by Hydro-Québec is based on a formula set forth in the Saint-Paulin PPA which is adjusted annually, on December 1 of each year, in accordance with the year-over-year change in the CPI, subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum.

B. Windsor Facility (Québec - 100% ownership)

Description

The Windsor Facility is a simple generating station of run-of-river hydroelectricity of a working installed capacity of 5.5 MW. It is located on the St-François River, close to the town of Windsor (the "**Windsor Facility**"). The Windsor Facility was brought into commercial service in 1996, and the Trust initially acquired it on April 27, 2004.

The Windsor Facility obtains water from the Saint-François, Magog, Massawippi and Coaticook Rivers which have an aggregate drainage area of approximately 8,150 square kilometers comprised of the St-François, Aylmer and Memphrémagog lakes. The power station is located on a site where an old power station was located at the site of a paper mill owned by Domtar. The paper mill has been demolished, the power station entirely rebuilt and is now fully automated and may be operated locally as well as remotely. The power generated is transmitted to Hydro-Québec's grid through a short overhead line.

Site and Water Rights

The site of the Facility, the hydraulic forces, the bed of the river as well as the river banks always belong to Domtar and have been leased to Hydro-Windsor pursuant to an emphyteutic lease having an initial term of 42 years, ending on June 6, 2036.

Power Purchase Agreement

The PPA with respect to the electricity payable by Hydro-Québec produced by the Windsor Facility (the "**Windsor PPA**") has an initial term of 20 years expiring on May 28, 2016 and is renewable for a further period not to exceed 20 years. The electricity to be delivered annually by the Windsor Facility during a typical year is 31,000 MWh. The agreed upon minimum annual power to be delivered to Hydro-Québec under the Windsor PPA is 26,280 MWh and the agreed upon maximum annual power to be delivered is 43,800 MWh.

The price of delivered electricity payable by Hydro-Québec is based on a formula set forth in the Windsor PPA which is adjusted annually, on December 1 of each year, in accordance with the inflation rate of the CPI, subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum. Hydro-Québec pays a power rate premium for electricity delivered during winter based on a formula set forth in the Windsor PPA.

C. Chaudière Facility (Québec - 100% ownership)

The Chaudière Facility consists of a single run-of-river hydroelectric power generating station with a total installed capacity of 24 MW and is located on the Chaudière River, near the town of Lévis, Québec, on the south shore of the St-Lawrence River (the "**Chaudière Facility**").

The Chaudière Facility receives its water from the Chaudière River which has an upstream drainage area of approximately 6,605 square kilometers comprising the Lac Mégantic and the Beaurivage River.

The Chaudière Facility holds two horizontal double regulated Kaplan-type turbines. The Facility is fully automated and may be operated locally or remotely. The powerhouse is located on the west bank of the Chaudière River and the power generated is transmitted to the Hydro-Québec grid through a 200 meter overhead line.

Site and Water Rights

Innergex S.E.C. is a party to a purchase and lease agreement executed on March 12, 1998 with the ministre des Ressources naturelles and the ministre de l'Environnement et de la Faune with respect to the purchase of certain parcels of land and the existing dam and of the equipment contained therein, as well as the lease of certain parcels of land, hydraulic forces and a portion of the bed of the Chaudière River (the "**Chaudière Lease Agreement**"). The term of the Chaudière Lease Agreement is 20 years from the commercial in-service date of the Chaudière Facility and expires simultaneously with the Chaudière PPA on March 14, 2019. The Chaudière Lease Agreement may be renewed for an additional 20-year period on conditions to be determined by the ministre des Ressources naturelles and the ministre de l'Environnement et de la Faune. The Chaudière Lease Agreement also grants flooding rights on the river banks forming part of the public domain, as well as rights of way and electrical power lines.

The Chaudière Lease Agreement may be terminated by the ministre des Ressources naturelles and the ministre de l'Environnement et de la Faune upon, among other events, the termination of the Chaudière PPA.

Power Purchase Agreement

The PPA with respect to the electricity produced by the Chaudière Facility (the "**Chaudière PPA**") has an initial term of 20 years expiring on March 14, 2019 and is renewable for a further period not to exceed 20 years. The agreed minimum annual power to be delivered by the Chaudière Facility under the Chaudière PPA is 78,577 MWh and the agreed maximum annual power is 130,962 MWh for a 365 day year.

The price of the delivered electricity payable by Hydro-Québec is based on a formula set forth in the Chaudière PPA which is adjusted annually, on December 1 of each year, in accordance with the year-over-year change in the CPI, subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum. Hydro-Québec pays a power rate premium for electricity delivered during winter based on a formula set forth in the Chaudière PPA.

D. Montmagny Facility (Québec – 100% ownership)

Description

The Montmagny Facility consists of a single run-of-river hydroelectric power generating facility with an installed capacity of 2.1 MW. It is located on the Rivière du Sud, in the town of Montmagny on the south shore of the St-Lawrence River, between Québec City and Rivière-du-Loup. The Montmagny Facility was commissioned in May 1996 and purchased by Innergex Montmagny S.E.C. on December 19, 2000 from Hydro Montmagny Inc.

The Montmagny Facility obtains water from Rivière du Sud which has a drainage area of approximately 1,927 square kilometers. The plant has been upgraded in 2001 to be fully automated and may be operated locally as well as remotely. The power generated is transmitted to Hydro-Québec's grid through a short overhead line. Following improvements made in 2005, the powerhouse holds three single regulated Kaplan-type turbines and two double regulated Kaplan-type turbines.

Site and Water Rights

Hydro Montmagny Inc. was originally party to a lease agreement executed on June 1, 1995 and amended July 27, 1995 with the ministre des Ressources naturelles with respect to the lease of hydraulic forces and a portion of the bed of the Rivière du Sud; such lease was assigned to Innergex Montmagny LP (then known as Innergex II, Limited Partnership) on December 19, 2000 (the "**Montmagny Lease Agreement**"). The term of the Montmagny Lease

Agreement is 20 years from the commercial in-service date of the Montmagny Facility expiring on May 23, 2016. The Montmagny Lease Agreement may be renewed for an additional 20-year period on conditions to be determined by the ministre des Ressources naturelles.

The fee is adjusted annually in accordance with the inflation rate of the CPI for Canada. The Montmagny Lease Agreement may be terminated by the ministre des Ressources naturelles upon, among other events, termination of the Montmagny PPA. Upon expiry of the term or termination of the Montmagny Lease, the facilities and other improvements erected on the premises will become the property of the Government of Québec, unless the latter waives this right.

Power Purchase Agreement

The PPA with respect to the electricity payable by Hydro-Québec produced by the Montmagny Facility (the "Montmagny PPA") has an initial term of 25 years expiring on 28 May, 2021, and is renewable for a further period not to exceed 25 years. The Montmagny PPA does not specify minimum annual power deliveries.

The price of delivered electricity payable by Hydro-Québec is based on a formula set forth in the Montmagny PPA which is adjusted annually, on December 1 of each year, in accordance with the inflation rate of the CPI, subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum. Hydro-Québec pays a power rate premium for electricity delivered during winter based on a formula set forth in the Montmagny PPA.

E. Portneuf Facilities (Québec – 100% ownership)

Description

The Portneuf Facilities consist of three run-of-river hydroelectric power generating stations with a total installed capacity of 25.9 MW. The Portneuf Facilities are located on the Portneuf River in Sainte-Anne-de-Portneuf and Saint-Paul-du-Nord-Sault-au-Mouton within the Seigneurie des Milles-Vaches created in 1664, which includes rights to the lands, river bed, hydraulic and fishing. The Portneuf River has an effective drainage area of 3,110 square kilometers and originates from Lac Portneuf. Sainte-Anne-de-Portneuf is located 300 km east of Québec City.

The PN-1 Facility is located 4 km upstream from the mouth of the river at Chute du Quatre-Milles. The PN-1 Facility has an installed capacity of 8 MW. The powerhouse is constructed within the east bank and holds two double regulated "S"-type Kaplan turbines.

The PN-2 Facility is located at Chute Philiat, a further 6.5 km upstream of the PN-1 Facility. The site was developed using a diversion weir, intake and an 800 meter long tunnel to the downstream powerhouse which has two double runner horizontal Francis turbines. The PN-2 Facility has an installed capacity of 9.9 MW.

The PN-3 Facility is located at Rapide des Crans Serrés, a further 19.5 km upstream of the PN-2 Facility on the Portneuf River. The powerhouse is constructed on the east bank and houses two double regulated "S"-type Kaplan turbines identical to those installed in the PN-1 Facility powerhouse.

The Portneuf Facilities are fully automated and may be operated locally or remotely and are connected to the grid of Hydro-Québec at an interconnection point in Portneuf-sur-Mer through a privately owned transmission line.

Site and Water Rights

On August 15, 1991, Innergex Inc. entered into an emphyteutic lease with Stone-Container (Canada) Inc. for the development rights of PN-1, PN-2 and PN-3 facilities on the Portneuf River; that emphyteutic lease was amended on October 31, 1991, transferred by Innergex Inc. to Innergex LP on May 21, 1993 and was further amended thereafter

(the "Portneuf Emphyteutic Lease"). On January 26, 2002, the site was sold by Stone-Container (Canada) Inc. to 3908666 Canada Inc.

Pursuant to the Portneuf Emphyteutic Lease, a right to the land and associated development rights were granted to Innergex S.E.C. in connection with the Portneuf Facilities, including all assets, rights of way, water powers and other rights relating to the leased premises and Innergex S.E.C. undertook to make improvements to the site, namely the construction of 3 power plants and dams. The term of the Portneuf Emphyteutic Lease expires on the last day of December 2025, and may be renewed, at the option of Innergex S.E.C., for an additional 25 year period, on the same terms and conditions.

Upon expiry or termination of the Portneuf Emphyteutic Lease, the facilities and other improvements erected on the premises will become the property of 3908666 Canada Inc., unless the latter waives this right.

Power Purchase Agreement

The PPA with respect to the electricity produced by the Portneuf Facilities (the "Portneuf PPA") has an initial term of 25 years expiring May 3, 2021 and is renewable for a further period not to exceed 25 years. The agreed minimum annual power to be delivered by the Portneuf Facilities under the Portneuf PPA is 106,478 MWh and the agreed maximum annual power is 163,812 MWh for a 365 day year.

The price of delivered electricity payable by Hydro-Québec is based on a formula set forth in the Portneuf PPA and is adjusted annually, on December 1 of each year, in accordance with the inflation rate of the CPI, subject to a minimum increase of 3% per annum and a maximum increase of 6% per annum.

On September 27, 2002, Hydro-Québec initiated a partial diversion of the waters naturally flowing in the Portneuf River towards the Bersimis River's basin effectively reducing the flow available for the Portneuf Facilities. Since the date of such diversion, the penalties for delivering less than the agreed upon minimum annual power are no longer applicable. Considering that the Portneuf River's flow is reduced in a way which reduces the amount of water available for the generation of electricity by the Portneuf Facilities, the Portneuf PPA provides that Innergex LP shall receive cash compensation for lost revenues directly resulting from the diversion.

F. Glen Miller Facility (Ontario – 100% ownership)

Description

The Glen Miller Facility is an 8 MW run-of-river hydroelectric facility located on the Trent River in Trenton, Ontario (the "Glen Miller Facility"), at the site of a paper mill and a small power plant operated by Sonoco Canada Corporation ("Sonoco") until October 2001. Construction of the Glen Miller Facility began in January 2004 and was completed in December 2005.

The generating equipment of the Glen Miller Facility is composed of two 4 MW "Ecobulb" groups with simple regulated Kaplan type turbines to maximize output of approximately 8 MW, with an estimated average energy output of 41,606 MWh per year. The Trent River has a mean annual runoff of 148 cubic metres per second and the Glen Miller Facility has a design flow of 142 cubic metres per second. The Glen Miller Facility includes a dam, which was rehabilitated and improved during renovation by raising the crest, increasing the spill capacity by installing four new automated gates and building a new dyke to prevent any flooding of adjacent properties as had occasionally occurred in the past.

Site and Water Rights

The Glen Miller Facility is located on a site owned by Sonoco and leased to Glen Miller LP under a 30-year long-term lease, expiring in 2035, with a 15-year extension option in favour of Glen Miller LP, the terms and conditions of which

are to be agreed upon by the parties. No water power lease is required for this site, as Sonoco has held title to the bed of the river on a continuous basis since the 19th century and as such has acquired the right to generate electricity at this site, with no payments due to provincial or federal authorities which would otherwise control hydraulic rights on the river. Such river bed rights are included in Glen Miller LP's long-term lease from Sonoco. Pursuant to a registered agreement of encroachment dated November 16, 2004, the City of Quinte West granted Glen Miller LP permission to encroach on a municipal roadway for the purpose of maintaining a retaining wall in accordance with the registered site plan.

Glen Miller LP holds a licence of occupation from Parks Canada, expiring on August 1, 2025, authorizing the Glen Miller Facility to occupy a tract of the Trent-Severn Waterway reserve land for the purpose of flooding in the context of the hydroelectric power generation. A 20-year fixed nominal annual rent of 0.7% of the initial PPA contract price (indexed for a 15% portion to the CPI) is payable annually under this Licence of Occupation.

Power Purchase Agreement

The Glen Miller Facility has a PPA with the OPA for all the power produced by the Glen Miller Facility during the 20 years following December 19, 2005. The Glen Miller Facility PPA is subject to customary termination provisions in the event of a material breach of the agreement. On January 1 of each year, a portion equal to 15% of the price of electricity purchased under the Glen Miller Facility PPA is indexed to the percentage increase or decrease in the CPI since January 1 of the previous year.

G. Umbata Falls Facility (Ontario – 49% ownership)

Description

The Umbata Falls Facility is a run-of-river hydroelectric power generating facility with an installed capacity of 23 MW (the "**Umbata Falls Facility**"). It is located on the White River, a tributary of Lake Superior, approximately 30 kilometres southeast of Marathon, Ontario. The Umbata Falls Facility commenced commercial operation on November 12, 2008. The generating equipment is comprised of two Sam Kaplan 11.8 MW horizontal axis turbine units with a combined rated flow of 75 cubic metres per second.

The Umbata Falls Facility is owned by Umbata Falls LP. The general partner of Umbata Falls LP is Begetekong Power Corporation ("**Begetekong**"), 49% of which is indirectly owned by the Corporation and the remaining 51% of which is owned by the Ojibways of the Pic River First Nation. The limited partners of Umbata Falls LP are the Ojibways of the Pic River First Nation (51% interest) and a subsidiary of the Corporation (49% interest). Pursuant to a management agreement entered into between the Corporation, Begetekong and Umbata Falls LP dated December 31, 2006, the Corporation has agreed to provide management services for the Umbata Falls Facility, including administrative, construction, operation, maintenance and other related services.

Site and Water Rights

In accordance with a permit issued by the Ministry of the Environment pursuant to the *Ontario Water Resources Act*, the Umbata Falls Facility is authorized to take water for storage in the Umbata Falls head pond for power generation. This permit expires on May 31, 2016 and the Corporation expects such permit to be renewed upon maturity. The Corporation holds all material regulatory approvals for the operation of the Umbata Falls Facility.

The Umbata Falls Facility is located on public land in respect of which a Crown lease dated June 5, 2007 was granted in favour of Begetekong, the general partner of Umbata Falls LP. The lease expires on December 31, 2011 or upon the execution of a waterpower lease agreement. The waterpower lease agreement is expected to be executed in the current year and is expected to have an initial 30-year term, renewable for additional ten-year terms. Umbata Falls LP also holds an electricity generation licence pertaining to the Umbata Falls Facility issued by the OEB which is valid until September 8, 2025.

Power Purchase Agreement

The Umbata Falls Facility has a PPA with the OPA for all the power that will be produced by the facility during the 20 years following the commencement of commercial operation of the Umbata Falls Facility which was set to November 12, 2008. The Umbata Falls Facility PPA is subject to customary termination provisions in the event of a material breach of the agreement. On January 1 of each year during the term of the Umbata Falls Facility PPA, a portion equal to 15% of the price of electricity purchased under the PPA is indexed to the percentage increase or decrease in the CPI effective as of January 1 of the prior year.

H. Batawa Facility (Ontario – 100% ownership)

Description

The Batawa Facility consists of a single run-of-river hydroelectric generating station with an installed capacity of 5 MW and is located on the Trent-Severn Waterway, near the town of Trenton, Ontario (the “**Batawa Facility**”). IHI acquired Trent-Severn Power Corporation in June, 1998 and at, that time, contracted with the management of Innergex Inc. to provide project development and management services. The Batawa Facility was commissioned in December, 1999 and commercial operation commenced in March, 2000.

The Batawa Facility draws water from the Trent-Severn Waterway which has a drainage area of approximately 12,500 square kilometers comprising the following lakes: Balsam, Sturgeon, Buckhorn, Stony and Rice.

The Batawa Facility holds one double regulated Kaplan turbine. The plant is fully automated and may be operated locally or remotely. The power generated is transmitted to Hydro One Networks Inc.’s distribution system through a short overhead line.

Site and Water Rights

The Batawa Facility has secured a license from the Government of Canada (Minister of Canadian Heritage) granting the permission to occupy land and to use surplus water for the purpose of generating electrical power (the “**License**”). The License is valid from January 1, 2001 to December 31, 2030, and is renewable on conditions to be determined by the Minister of Canadian Heritage. The rent payable under the License is adjusted annually in accordance with the inflation rate of the CPI for Canada for the first ten years, and will subsequently be adjusted to rental rates in force at the time. Both the rent and fee payable under the License may be revised from time to time by the Minister of Canadian Heritage.

Power Purchase Agreement

The PPA with respect to the electricity produced by the Batawa Facility, entered into with OEFC (the “**Batawa PPA**”) has an initial term of 30 years expiring on December 20, 2029 and will subsequently remain valid unless a party to the Batawa PPA gives the other party thereto a one year prior cancellation notice. The Batawa PPA does not specify annual minimum or maximum annual power deliveries.

For the first 10 years, the Batawa PPA differentiates “on-peak rates” between 7 AM and 11 PM, during week days, excluding public holidays, and “off-peak rates” for the rest of the time. For the 20 subsequent years, the Batawa PPA provides for rates equal to the greater of the rates applicable in the preceding 10 years, and the rates for “new renewable resource based and new high-efficiency energy conversion projects”. The latter rates are adjusted annually in accordance with the Ontario Consumer Price Index as published by Statistics Canada. Discussions are ongoing with OEFC in respect of the rates which will apply during the 20 subsequent years.

OEFC may discontinue the receipt of the electrical power produced by the Batawa Facility and ultimately terminate the Batawa PPA upon a reasonable notice if there is a violation of any term or condition of the Batawa PPA and such violation is not remedied within the appropriate cure period.

OEFC has indicated to the holders of existing PPAs that it wishes to negotiate the amendment and/or restatement of the PPAs to adapt them and make them consistent with the restructured Ontario electricity market or alternatively enter into new PPAs. OEFC has submitted a replacement PPA to Trent-Severn Power Corporation. Other than the changes made to address the restructured Ontario electricity market and changes made to clarify OEFC's position on certain matters contained in the Batawa PPA, the terms of the replacement PPA are similar to the terms of the Batawa PPA. Trent-Severn Power Corporation has not yet entered into the replacement PPA and has continued to operate and receive payments under the Batawa PPA since the opening of the new Ontario electricity market. The Electricity Pricing, Conservation and Supply Act, 2002 does not contain specific provisions which relate to or may affect the Batawa PPA.

I. Rutherford Creek Facility (British Columbia 100% ownership)

Description

The Rutherford Creek Facility consists of a run-of-river hydroelectric power generating facility with an installed capacity of 49.9 MW located southwest of Pemberton, British Columbia, approximately 21 km north from Whistler and 130 km north of Vancouver. Rutherford Creek has a drainage area which is fed by melted water from the Appa and Ipsoot Glacier.

Construction of the Rutherford Creek Facility began in August 2002 and it was brought into commercial service on May 31, 2004. The Rutherford Creek Facility was initially acquired by the Fund on December 15, 2005.

The generating equipment is composed of two six jet 24.95 MW vertical Pelton turbines, with a rated flow of 17.2 cubic meters per second and fed by a 9.3 km long penstock. The power generated by the facility is delivered to the BC Hydro 230 kV line running along the Green River valley.

Site and Water Rights

The Rutherford Creek Facility is authorized to divert and use water annually up to 18.4 cubic meters per second from Rutherford Creek and Ipsoot Creek pursuant to a conditional water license issued pursuant to the *Water Act* on October 29, 2002, as amended on January 31, 2006. The conditional water license will remain in force as long as Rutherford Creek LP (i) continues to use the water pursuant to the terms of its license; (ii) pays its annual rent; and (iii) conforms to the conditions of its license and of the *Water Act*. The Rutherford Creek Facility is located on Crown lands which are subject to a lease of occupation issued by the Ministry of Sustainable Resource Management of British Columbia dated October 13, 2005 pursuant to the *Land Act*. This lease of occupation is for a 30-year period and expires on October 13, 2035.

Power Purchase Agreement

The standard electricity purchase agreement entered into as of June 12, 2002 with BC Hydro (the "**Rutherford Creek PPA**") has a term of 20 years following the Commercial Operation Date, and is subject to customary termination provisions in the event of a material breach of the agreement. The Rutherford Creek PPA contemplates the purchase by BC Hydro of all electricity generated by the Rutherford Creek Facility.

On January 1 of each year, the price per MWh is increased or decreased by a percentage equal to 50% of the increase or decrease of the CPI for Canada during the preceding 12 months starting January 1, 2004 and on each January 1 thereafter during the term of the Rutherford Creek PPA.

BC Hydro has retained at no additional cost all rights, titles, interests and benefits in and to any and all green rights and emission reduction rights.

J. Ashlu Creek Facility (British Columbia - 100% ownership)

Description

The Ashlu Creek Facility is a run-of-river hydroelectric power generating facility with a nameplate capacity of 49.9 MW. It is located on Ashlu Creek, a tributary of the Squamish River, approximately 35 kilometres northwest of Squamish, British Columbia. Construction of the Ashlu Creek Facility commenced in August 2006 and commercial operation commenced on November 29, 2009. The generating equipment of the Ashlu Creek Facility is comprised of three 16.6 MW Francis turbines. The 230 kV transmission line is approximately three kilometres long and taps into an existing British Columbia Transmission Corporation ("BCTC") line.

The Ashlu Creek Facility is owned by Ashlu Creek Investments Limited Partnership ("Ashlu Creek LP"). Ashlu Creek LP has two general partners, namely 675729 British Columbia Ltd. and 888645 Alberta Ltd., which are indirectly wholly-owned by the Corporation.

Site and Water Rights

The Ashlu Creek Facility is authorized to divert and use water up to a maximum of 29 cubic metres per second from Ashlu Creek in accordance with a water licence issued pursuant to the *Water Act* (British Columbia) on July 10, 2006. The water licence has been issued for a term of 40 years expiring on July 9, 2046. The Ashlu Creek Facility is primarily located on Crown land which is subject to a Licence of Occupation pursuant to the *Land Act* (British Columbia). The licence commenced on January 1, 2005 and has a term of five years, expiring on December 31, 2009. The license of occupation was replaced by a long term registered lease for the powerhouse and statutory rights of way for the transmission line, penstock and intake. The lease and the statutory rights of way are for a 30-year period and expire on November 29, 2039.

The Squamish First Nation is entitled to a royalty based on revenues of the Ashlu Creek Facility from the date of commencement of commercial operation. The Squamish First Nation is also entitled to an incremental share of gross revenues exceeding a yearly threshold of gross revenues set out in the agreement. The agreement also requires the assets of the Ashlu Creek Facility to be transferred to the Squamish First Nation for a nominal price after 40 years of commercial operation.

Power Purchase Agreement

The Ashlu Creek Facility has a PPA with BC Hydro for all the power produced by the Ashlu Creek Facility for the 30 years following November 29, 2009 and subject to customary termination provisions in the event of a material breach of the agreement. The base price for electricity purchased from the Ashlu Creek Facility is adjusted by a percentage equal to 50% of the increase or decrease in the CPI during the preceding 12 months, effective January 1, 2009 and on each January 1 thereafter during the term of the Ashlu Creek Facility PPA.

K. Fitzsimmons Creek Facility (British-Columbia - 66 2/3% ownership)

Description

The Fitzsimmons Creek Facility is a run-of-river hydroelectric power generating facility with a nameplate capacity of 7.5 MW. It is located on Fitzsimmons Creek between Whistler and Blackcomb mountains in the Resort Municipality of Whistler, British Columbia. Construction of the Fitzsimmons Creek Facility commenced in July 2008 and commercial operation commenced on January 26, 2010. The generating equipment of the Fitzsimmons Creek Facility is one

Pelton turbine. The buried 25 kV transmission line is approximately 450 m long and taps into an existing BC Hydro line.

The Fitzsimmons Creek Facility is owned by Fitzsimmons Creek Hydro Limited Partnership ("**Fitzsimmons LP**"). The general partner of Fitzsimmons LP is Fitzsimmons Creek Investments Ltd. which is wholly-owned by a subsidiary of the Corporation. The limited partner of Fitzsimmons LP is Creek Power, 66 2/3% of which is owned by the Corporation and the remaining 33 1/3% of which is owned by Ledcor. See "General Development of the Business – Three Year Summary – Acquisition of Rights in 18 Hydroelectric Projects in British Columbia".

The Mount Currie Indian Band and the Squamish Indian Band (the "**Nations**") are entitled to a royalty based on revenues of the Fitzsimmons Creek Facility from the date of commencement of commercial operation. Such Nations are also entitled to an incremental share of gross revenues exceeding a yearly threshold of gross revenues set out in the agreement.

Site and Water Rights

The Fitzsimmons Creek Facility is authorized to divert and use water up to a maximum of 4.0 cubic meters per second from Fitzsimmons Creek, in accordance with a water license issued pursuant to the *Water Act* (British Columbia) on April 11, 2008. The water license was issued for a term of 40 years, expiring April 10, 2048. The Fitzsimmons Creek Facility is located on Crown land which is subject to a license of occupation pursuant to the *Land Act* (British Columbia). The license commenced on April 14, 2008 and has a term of ten years, expiring on April 13, 2018. Such license of occupation will be replaced by a long term registered lease for the powerhouse and statutory rights of way for the transmission line, penstock and intake. Such Crown land tenures are expected to have a term consistent with the term of the PPA.

Power Purchase Agreement

The Fitzsimmons Creek Facility has a PPA with BC Hydro for all power produced by the Fitzsimmons Creek Facility during the 40 years following January 26, 2010, subject to customary termination provisions in the event of a material breach of the agreement. The base price for electricity purchased from the Fitzsimmons Creek Facility is adjusted by a percentage equal to 50% of the increase or decrease in the CPI during the preceding 12 months, effective January 1, 2009 and on each January 1 thereafter during the term of the Fitzsimmons Creek Facility PPA.

L. Horseshoe Bend Facility (Idaho (USA) - 100% ownership)

Description

The Horseshoe Bend Facility consists of a run-of-river hydroelectric power generating facility with a total installed capacity of 9.5 MW and is located on the Payette River, in the city of Horseshoe Bend in the State of Idaho, (USA) (the "**Horseshoe Bend Facility**"). The Horseshoe Bend Facility started commercial operation in 1995 and was acquired by the Trust on December 3, 2004.

The Horseshoe Bend Facility draws water from the Payette River which has a drainage area of approximately 5,776 square kilometers upstream from the Facility. Three rivers, North Fork, Middle Fork and South Fork, and two drainage areas feed the Payette River. The source of the water in these rivers comes from the high peaks North of Idaho. The powerhouse holds five single regulated "S" Kaplan-type turbines. The power station was modernized in 2005 and is now entirely automated and can be operated locally as well as remotely. Power generated is conveyed into the network of Idaho Power Company.

Site and Water Rights

The water rights up to 3,500 cubic feet per second are licensed by Idaho Department of Water Resources under License number 65-12563 and are subject to review on or after May 21, 2036.

Power Purchase Agreement

The PPA with respect to the electricity payable by Idaho Power Company produced by the Horseshoe Bend Facility (the "**Horseshoe Bend PPA**") has an initial term of 35 years expiring in 2030. On December 23, 2005, the expected annual production of electricity to be delivered by the Horseshoe Bend Facility increased by 11% or 4,800 MWh, as a consequence of improvements to the Facility, and is now 46,800 MWh. The Horseshoe Bend PPA does not specify annual minimum or maximum annual power deliveries.

The price of delivered electricity payable by Idaho Power Company is adjusted according to a formula provided for in the Horseshoe Bend PPA.

Operating Wind Farms

A. *Baie-des-Sables Farm* (Québec - 38% ownership)

Description

The Baie-des-Sables Wind Farm is a 109.5 MW wind farm facility located in Baie-des-Sables and Métis-sur-Mer, in the province of Québec. Construction of the Baie-des-Sables Wind Farm began in March 2006. The wind farm was brought into commercial service on November 22, 2006. The 38% undivided co-ownership interest in the Baie-des-Sables Wind Farm was initially acquired by the Fund on December 6, 2007.

The Baie-des-Sables Wind Farm is comprised of 73 GE 1.5 MW wind turbines. The Baie-des-Sables Wind Farm is connected to Hydro-Québec's grid through a 34.5 kV sub-station connected to a 52-km long, 230-kV transmission line built by Hydro-Québec.

Site Rights

The right to use the site on which the wind turbines are installed at the Baie-des-Sables Wind Farm was initially acquired through option award contracts. Furthermore, deeds of superficies ownership rights and servitudes were later granted in favour of Innergex BDS and TransCanada BDS, LP, for the installation of wind turbines on the territory of the Baie-des-Sables Wind Farm.

Power Purchase Agreement

The electricity generated by the Baie-des-Sables Wind Farm is sold to Hydro-Québec pursuant to a power purchase agreement executed on February 25, 2005 (the "**BDS PPA**") which expires 20 years after the commencement date of delivery. The BDS PPA is subject to customary termination provisions in the case of a material breach of the agreement. The BDS PPA provides that Hydro-Québec must purchase all the electricity generated by the Facility.

The price payable by Hydro-Québec under the BDS PPA is calculated in accordance with the BDS PPA and provides for an increase equal to approximately 18% of the CPI as of January 1st of each year.

B. *L'Anse-à-Valleau Farm* (Québec - 38% ownership)

Description

The L'Anse-à-Valleau Wind Farm is a 100.5 MW wind farm facility located in L'Anse-à-Valleau, in the province of Québec ("**L'Anse-à-Valleau Wind Farm**"). Construction of the Anse-à-Valleau Wind Farm began in October 2006. The wind farm was brought into commercial operation on November 10, 2007. The 38% undivided co-ownership interest in the L'Anse-à-Valleau Wind Farm was initially acquired by the Fund on December 6, 2007.

The L'Anse-à-Valleau Wind Farm is comprised of 67 GE 1.5 MW wind turbines. The L'Anse-à-Valleau Wind Farm is connected to Hydro-Québec's grid through a 34.5 kV sub-station connected to a 40-km long, 230-kV transmission line built by Hydro-Québec.

Site Rights

The right to use the privately-owned sites on which the wind turbines are installed at the L'Anse-à-Valleau Wind Farm was initially acquired through option award contracts. Furthermore, deeds of superficies ownership rights and servitudes were later granted in favour of Innergex AAV S.E.C. and TransCanada AAV, LP, for the installation of wind turbines on the territory of the L'Anse-à-Valleau Wind Farm.

Since most of the wind turbines of the L'Anse-à-Valleau Wind Farm are built on public land, the leases were granted by the *Ministère des Ressources naturelles et de la Faune du Québec* ("**MNRF**") to Innergex AAV S.E.C. and TransCanada AAV, LP, for the purposes of erecting wind turbines on the public territory of the L'Anse-à-Valleau Wind Farm. Under these leases, rent must be paid to the MNRF.

Power Purchase Agreement

The electricity generated by the L'Anse-à-Valleau Wind Farm is sold to Hydro-Québec pursuant to a standard power purchase agreement executed on February 25, 2005 (the "**AAV PPA**") which expires 20 years after the commencement date of delivery. The AAV PPA is subject to customary termination provisions in the case of a material breach of the agreement. The AAV PPA provides that Hydro-Québec must purchase all the electricity generated by the Facility.

The price payable by Hydro-Québec under the AAV PPA is calculated in accordance with the AAV PPA and provides for an increase equal to approximately 18% of the CPI on January 1st of each year.

C. Carleton Wind Farm (Québec - 38% ownership)

Description

The Carleton Wind Farm is a wind power facility located in the Town of Carleton-Sur-Mer and the Regional County Municipality of Bonaventure, Québec. It has an installed capacity of 109.5 MW. The Corporation holds a 38% undivided co-ownership interest in the Carleton Wind Farm. For more information relating to the relationship with the co-owner, see "Development Projects - Wind Development Projects – Cartier Wind Projects".

Construction of the Carleton Wind Farm was completed on schedule and within budget. The Carleton Wind Farm commenced commercial operation in November 2008. The generating equipment consists of 73 General Electric Company ("**GE**") wind turbines, each with a capacity of 1.5 MW. The Carleton Wind Farm connects to the transmission system via a 34.5 kV substation tapping into an approximately 10-kilometre long 230 kV transmission line which was constructed by Hydro-Québec.

Site Rights

The Carleton Wind Farm site is located entirely on public lands of an approximate total area of 4,445 hectares. Leases were granted by the MRNF to the Cartier Owners (as defined below) for the installation of wind turbines on the territory of the Carleton Wind Farm. Royalties payable to the Québec government under such leases are based on the established rates pursuant to applicable regulation.

The Corporation holds a 50% interest in Cartier Wind Energy (CAR) Inc., which is the manager of the Carleton Wind Farm. Cartier Wind Energy (CAR) Inc. has entered into agreements with each of the Town of Carleton-Sur-Mer and the Regional County Municipality of Bonaventure for the development of the wind power industry, voluntary contributions and the dismantling of wind turbines at the end of their useful life. Pursuant to these agreements, Cartier Wind Energy (CAR) Inc. agreed to remove the wind turbines within two years following the definitive termination of operations of the Carleton Wind Farm. In order to guarantee such obligation, Cartier Wind Energy (CAR) Inc. agreed to provide to the Town of Carleton-Sur-Mer and the Regional County Municipality of Bonaventure, an irrevocable standby letter of credit or other form of guarantee from the 11th year of operation of the Carleton Wind Farm in the amount of \$5,000 per year per turbine.

Power Purchase Agreement

The Carleton Wind Farm has a PPA with Hydro-Québec for all the electricity that is produced by the Carleton Wind Farm, expiring 20 years from November 22, 2008 and subject to customary termination provisions in the case of a material breach of the agreement. The price of the delivered electricity payable by Hydro-Québec is determined pursuant to a formula set forth in the Carleton Wind Farm PPA and provides an increase equal to approximately 18% of the CPI as of January 1st of each year.

DEVELOPMENT PROJECTS

The Corporation owns interests in seven Development Projects for which PPA's have been secured with an aggregate net installed capacity of 202.9 MW (gross 432.9 MW). The projects are expected to reach the commercial operation stage between 2011 and 2016. All of the Development Projects are set forth in the following table and further described below:

Development Projects

<u>Province</u>	<u>Plant</u>	<u>Expected Capacity</u> (MW)	<u>Equity Interest</u>	<u>Estimated Direct Construction Costs</u> (\$mms)	<u>Power Purchaser</u>	<u>Estimated Long Term Average Generation</u> (MWh)	<u>Expected Commercial in Service Date</u>	<u>PPA Term⁽¹⁾</u> (years)
Hydroelectric Facilities								
B.C.	Kwoiek Creek	49.9	50%	152.1	BC Hydro	215,000	2012	40
B.C.	North Creek	16.0	66 ² / ₃ %	71.0	BC Hydro	59,725	2015	40
B.C.	Boulder Creek	23.0	66 ² / ₃ %	84.0	BC Hydro	85,720	2016	40
B.C.	Upper Lillooet River	74.0	66 ² / ₃ %	260.0	BC Hydro	270,160	2016	40
Subtotal:		162.9		567.1		630,605		

Wind Farms ⁽²⁾

Québec	Gros Morne Phase I	100.5	38%	169.8	Hydro-Québec	308,865	2011	21
Québec	Gros Morne Phase II	111.0	38%	178.7	Hydro-Québec	341,135	2012	20
Québec	Montagne Sèche	58.5	38%	103.0	Hydro-Québec	193,400	2011	20
Subtotal:		270.0		451.5		843,400		
Total:		432.9		1,018.6		1,474,005		

- (1) The PPAs for the Development Projects do not contain provisions regarding their renewal. At their expiry, management will explore opportunities to renew these PPAs.
- (2) On June 1, 2010, the Corporation issued a notice to proceed to the turbine supplier and the balance-of-plant contractor, thereby launching the construction phase of the Gros Morne Phase 1, Gros Morne Phase II and Montagne Sèche projects.

Hydroelectric Development Projects

A. *Kwoiek Creek Project* (British-Columbia - 50% ownership)

Description

The Kwoiek Creek Project is a proposed run-of-river hydroelectric power generating facility with a nameplate capacity of 49.9 MW and an estimated yearly energy output of 215,000 MWh (the "**Kwoiek Creek Project**"). It is located at the confluence of Kwoiek Creek and the Fraser River, approximately 14 kilometres south of Lytton, British Columbia. Construction of the Kwoiek Creek Project is expected to commence in 2010 and it is expected to commence commercial operation in 2012. The generating equipment, which will be fed by a 7.2 kilometre-long penstock, is expected to be comprised of four horizontal-shaft three-jet Pelton turbines, each with a maximum designed flow of 3.375 cubic metres per second, a design net head of 515 metres and a rated capacity of 12.475 MW. The Kwoiek Creek Project will include a 70 kilometre-long 138 kV transmission line from the project substation to the Highland Valley Substation at the north end of Mamit Lake.

The Kwoiek Creek Project is owned by Kwoiek Creek Resources LP, the general partner of which is Kwoiek Creek Resources GP Inc. Kwoiek Creek Resources Inc. (a company wholly-owned and controlled by the Kanaka Bar Indian Band) and a subsidiary of the Corporation each own 50% of the limited partnership units of Kwoiek Creek Resources LP and 50% of the interests of Kwoiek Creek Resources GP Inc.

The estimated cost of the Kwoiek Creek Project is \$152.1 million, which is expected to be financed with (i) an anticipated \$128 million non-recourse project financing which would be convertible into long-term financing, and (ii) cash received from the proceeds of the Debentures and the cash flow generated by the Corporation's operations from time to time.

Site Rights

Kwoiek Creek Resources LP has applied for a water licence to divert and use water from Kwoiek Creek. The initial application was made in February 1990. The powerhouse of the Kwoiek Creek Project will be located on reserve lands of the Kanaka Bar Indian Band known as Whyeek Indian Reserve Number 4. The Kanaka Bar Indian Band has applied to the Minister of Indian and Northern Development Canada for the grant of a lease of such lands to Kwoiek Creek Resources Inc. and for a sublease of those lands from Kwoiek Creek Resources Inc. to Kwoiek Creek Resources LP. A referendum was held by the Kanaka Bar Indian Band on February 1, 2009 to decide whether or not a portion of the Whyeek Indian Reserve lands can be designated for the Kwoiek Creek Project. The referendum was successful and the Corporation expects the lease and sublease to be granted for a minimum period of 40 years.

Kwoiek Creek Resources Inc. is entitled to a royalty which is based on a percentage of the gross revenues less project costs for the first 20 years after the date of commencement of commercial operation of the Kwoiek Creek Project and an increased royalty for 20 years thereafter. Forty years following the commencement of commercial

operation, Kwoiek Creek Resources Inc. will be entitled to purchase the Corporation's interest in Kwoiek Creek Resources LP and Kwoiek Creek Resources GP Inc. for a nominal price.

Power Purchase Agreement

The Kwoiek Creek Project has a PPA with BC Hydro for all the power that will be produced by the Kwoiek Creek Project, expiring 40 years following the commercial in-service date of the facility and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event that commercial operation of the Kwoiek Creek Project has not commenced by May 5, 2011, subject to any extensions for force majeure as provided in the PPA. A consent to an extension of delay will be requested from BC Hydro since the beginning of commercial operation is planned for 2012. The Corporation anticipates that such an extension will be granted given that the PPA selling price is below the price at which BC Hydro has awarded its recent PPAs. Under the term of the PPA, 30% of the price of the Kwoiek Creek PPA is adjusted based on the increase or decrease in the CPI during the preceding 12 months starting on January 1, 2006 and on each January 1 thereafter during the term of the Kwoiek Creek Project PPA.

Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Kwoiek Creek Project may receive.

On March 12, 2009, the Kwoiek Creek Project took a significant step forward when it received its environmental assessment ("EA") certificate from the Province of British Columbia ("BC"). The report from BC's Environmental Assessment Office concluded that the project is not likely to have significant adverse effects, based on the mitigation measures and commitments included as conditions of the EA certificate, and is likely to generate substantial economic spin-offs at the local and regional levels.

On September 21, 2009, the Kwoiek Creek Project received its screening report from the Canadian Environmental Assessment Agency and British Columbia Environmental Assessment Office. The report confirmed that the Kwoiek Creek Project is not likely to have significant adverse environmental effects.

B. North Creek Project (British-Columbia – 66²/₃% ownership)

Description

North Creek Project is a run-of-river hydroelectric project with a potential installed capacity of 16 MW and an expected yearly output of 59,725 MWh. It is located on North Creek in the Lillooet River drainage basin, 38 km northwest of Pemberton, British Columbia.

The North Creek plant will divert partial flows from the creek through an intake structure to a buried 2.4 km low pressure HDPE penstock followed by a 1.7 km high pressure steel penstock to the single 16 MW vertical Pelton turbine and generating equipment located in the powerhouse. The powerhouse would also contain all necessary ancillary equipment including protection, controls, switchgear and communications.

Preliminary interconnection studies indicate the preferred interconnection is to BCTC 230 kV line south of Pemberton. The proposed transmission line would be approximately 1 km long and tap into the 230 kV line constructed for the Upper Lillooet Project.

Site Rights

Creek Power has applied for a water licence to divert and use water from North Creek in December 2001 (Water Licence Application Z116903). Creek Power has made an application to obtain a Licence of Occupation for the lands in the project area for the construction of the project (Land File Reference No. 2409207). Upon completion of the project, Creek Power would lease the area of land beneath the powerhouse and obtain a Statutory Right-of-Way in

the substation, penstock, intake, and transmission line areas. Once lease and Right-of-Way tenures were in place, the Licence of Occupation would be released.

The project is located within the Lil'wat Nation Traditional Territory (Mount Currie Indian Band). A Letter of Intent was signed between the parties on May 26, 2010. The purpose of the letter is to outline the process to assess the potential impacts and benefits from the project and the general content of an Impact Benefit Agreement.

Power Purchase Agreement

The North Creek Project has a PPA with BC Hydro for all the power that will be produced by the North Creek Project, expiring 40 years following the commercial in-service date of the facility and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event the Corporation has failed to obtain all material permits for the North Creek Project by April 22, 2013 or has not reached commercial operation by May 1, 2017, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1st of each year, before commercial operation occurs and, thereafter, for an increase equal to 10% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Upper Lillooet River Project may receive.

C. Boulder Creek Project (British-Columbia – 66²/₃% ownership)

Description

Boulder Creek Project is a run-of-river hydroelectric project with a potential installed capacity of 23 MW and an expected yearly output of 85,720 MWh. It is located on Boulder Creek in the Lillooet River drainage basin, 56 km northwest of Pemberton, British Columbia.

The Boulder Creek plant will divert partial flows from the creek through an intake structure to a buried 1.5 km long low pressure HDPE penstock followed by a 1.5 km high pressure steel penstock to three 7.6 MW vertical Pelton turbines and generating equipment located in the powerhouse. The powerhouse will also contain all necessary ancillary equipment including protection, controls, switchgear and communications.

Preliminary interconnection studies indicate the preferred interconnection is to BCTC 230 kV line south of Pemberton. The proposed transmission line will be approximately one km long and tap into the 230 kV line constructed for the Upper Lillooet Project.

Site Rights

Creek Power has applied for a water licence to divert and use water from Boulder Creek in March 2001 (Water Licence Application Z116057). Creek Power has made an application to obtain a Licence of Occupation for the lands in the project area for the construction of the project (Land File Reference No. 2409998). Upon completion of the project, Creek Power would lease the area of land beneath the powerhouse and obtain a Statutory Right-of-Way in the substation, penstock, intake, and transmission line areas. Once lease and Right-of-Way tenures were in place, the Licence of Occupation would be released.

The project is located within the Lil'wat Nation Traditional Territory (Mount Currie Indian Band). A Letter of Intent was signed between the parties on May 26, 2010. The purpose of the letter is to outline the process to assess the potential impacts and benefits from the project and the general content of an Impact Benefit Agreement.

Power Purchase Agreement

The Boulder Creek Project has a PPA with BC Hydro for all the power that will be produced by the Boulder Creek Project, expiring 40 years following the commercial in-service date of the facility and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to terminate the PPA in the event the Corporation has failed to obtain all material permits for the Boulder Creek Project by April 22, 2013 or has not reached commercial operation by August 1, 2016, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1st of each year, before commercial operation occurs and, thereafter, for an increase equal to 10% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Upper Lillooet River Project may receive.

D. Upper Lillooet River Project (British-Columbia – 66²/₃% ownership)

Description

Upper Lillooet River Project is a run-of-river hydroelectric project with a potential installed capacity of 74 MW and an expected yearly output of 270,160 MWh. It is located on the Lillooet River, a tributary of the Fraser River, approximately 70 km northwest of Pemberton, British Columbia.

The Upper Lillooet plant will divert partial flows from the river, through an intake structure directly into a 2.6 km long tunnel followed by a one km high pressure penstock to the four 18.5 MW horizontal Francis turbines and generating equipment located in the powerhouse. The powerhouse would also contain all necessary ancillary equipment including protection, controls, switchgear and communications.

Preliminary interconnection studies indicate the preferred interconnection is to BCTC 230 kV line south of Pemberton. The proposed transmission line would be approximately 72 km long.

Site Rights

Creek Power has applied for a water licence to divert and use water from Upper Lillooet River in December 2001 (Water Licence Application Z116902). Creek Power has made an application to obtain a Licence of Occupation for the lands in the project area for the construction of the project (Land File Reference No. 2408971). Upon completion of the project, Creek Power would lease the area of land beneath the powerhouse and obtain a Statutory Right-of-Way in the substation, penstock, intake, and transmission line areas. Once lease and Right-of-Way tenures were in place, the Licence of Occupation would be released.

The project is located within the Lil'wat Nation Traditional Territory (Mount Currie Indian Band). A Letter of Intent was signed between the parties on May 26, 2010. The purpose of the letter is to outline the process to assess the potential impacts and benefits from the project and the general content of an Impact Benefit Agreement.

Power Purchase Agreement

The Upper Lillooet River Project has a PPA with BC Hydro for all the power that will be produced by the Upper Lillooet River Project, expiring 40 years following the commercial in-service date of the facility and subject to customary termination provisions in the event of material breach of the agreement. BC Hydro has the right to

terminate the PPA in the event the Corporation has failed to obtain all material permits for the Upper Lillooet River Project by April 22, 2013 or has not reached commercial operation by June 1, 2017, subject to any extensions for force majeure as provided in the PPA, not to exceed 180 days.

The price payable by BC Hydro under the PPA is calculated in accordance with the PPA and provides for an increase equal to the CPI on January 1st of each year, before commercial operation occurs and, thereafter, for an increase equal to 10% of the CPI. Under the PPA, BC Hydro is entitled to all rights, titles and interests in and to any environmental attributes which the Upper Lillooet River Project may receive.

Wind Development Projects

A. Cartier Wind Projects (Québec - 38% ownership)

The Corporation and TransCanada respectively own, as undivided co-owners, 38% and 62% of the following wind power generating projects: (i) the 109.5 MW Carleton Wind Farm, described above; (ii) the L'Anse-à Valteau Wind Farm, described above; (iii) the Baie-des-Sables Wind Farm, described above, (iv) the 58.5 MW Montagne-Sèche Project; (v) the 100.5 MW Gros Morne Phase I Project; and (vi) the 111 MW Gros Morne Phase II Project (collectively, the "**Cartier Wind Projects**"). See "General Development of the Business – Three Year Summary – Acquisition of Interest in the Fund".

The Corporation and TransCanada each hold, as undivided co-owners, their respective interests in the Cartier Wind Projects through single purpose limited partnerships (each, together with the owners a "**Cartier Owner**"). For each Cartier Wind Project, the respective Cartier Owners have, pursuant to a management agreement, appointed an operator, which is owned equally by the Corporation and TransCanada, for the management of the construction, operation and maintenance of these projects.

Cartier Owners and Owners Agreement

The Corporation, through its wholly-owned subsidiaries, is party to an owners agreement with TransCanada for each of the Cartier Wind Projects, all of which are dated February 25, 2005 and were amended and restated as of September 1, 2005, to govern their respective rights and obligations as owners of an undivided portion of the assets of each of the Cartier Wind Projects (each, an "**Owners Agreement**"). The Owners Agreements are substantially the same in all material respects. Under each Owners Agreement, each Cartier Owner is liable for the payment of its indebtedness and the performance of its obligations to the extent of such owner's interest in a Cartier Wind Project. Each Cartier Owner has agreed to limit its activities to the development, design, construction, ownership, operation and maintenance of electric power generating facilities, including its respective Cartier Wind Project, and all other incidental activities.

After the commencement date of delivery of electricity generated by a Cartier Wind Project pursuant to a PPA and subject to certain conditions, each Cartier Owner holds a right of first refusal for the purchase of the other Cartier Owner's interest in such Cartier Wind Project as well as a right of first offer which requires the other Cartier Owner to offer its interest in the Cartier Wind Project before offering it to any third party.

Upon the occurrence of an event of default under an Owners Agreement in respect of a Cartier Wind Project: (i) the voting rights of the defaulting Cartier Owner will be suspended (other than for unanimous decisions of the Cartier Owners) and the defaulting Cartier Owner and its representative will neither vote nor participate in any decision of the Cartier Owners; (ii) the non-defaulting Cartier Owner may, under certain circumstances, enforce its cross security granted pursuant to the Owners Agreement; and (iii) the non-defaulting Cartier Owner may exercise its compulsory acquisition right to acquire the other Cartier Owner's participation in the Cartier Wind Project at 85% of its fair market value, subject to adjustments for indebtedness and other liabilities of the defaulting Cartier Owner.

B. Gros Morne Projects (Québec - 38% ownership)

Description

The Gros Morne Phase I Project and the Gros Morne Phase II Project (collectively, the “**Gros Morne Projects**”) are the two development phases of a proposed wind farm located in the Municipality of Mont-Louis and the Municipality of Sainte-Madeleine-de-la-Rivière-Madeleine, Québec. The Gros Morne Projects have a planned aggregate installed capacity of 211.5 MW (100.5 MW for Phase I and 111 MW for Phase II) and an expected aggregate yearly energy output of 650,000 MWh (308,865 MWh per year for Phase I and 341,135 MWh per year for Phase II). It is expected that the Gros Morne Phase I Project and the Gros Morne Phase II Project will commence commercial operation in 2011 and 2012, respectively. The Gros Morne Phase I Project is expected to consist of 67 GE wind turbines, each with a capacity of 1.5 MW, and the Gros Morne Phase II Project is expected to consist of 74 GE wind turbines, each with a capacity of 1.5 MW. The turbines benefit from a two-year warranty and the Corporation purchased an additional three-year extended warranty. In connection with operation and maintenance services, GE has guaranteed that the aggregate average annual availability of the turbines will be at least 96%. The Gros Morne Projects will connect to the transmission system via a 34.5 kV substation tapping into a 230 kV transmission line to be constructed by Hydro-Québec. On June 1, 2010, the Corporation issued a notice to proceed to the turbine supplier and the balance-of-plant contractor, thereby launching the construction phase of the Gros Morne Projects. Activities are currently focused on tree clearing, road building and site preparation for the substations and mount pads.

The estimated cost of the Gros Morne Projects is \$348.5 million. The Corporation’s 38% portion of the cost of the development and construction of the Gros Morne Project is expected to be financed with (i) non-recourse project financing which would be convertible into a long-term financing and (ii) cash received from the proceeds of the Debentures and the cash flow generated by the Corporation’s operations from time to time.

Site Rights

The total area of the Gros Morne Projects site is approximately 7,134 hectares, of which 91% is located on public lands. The Cartier Owners of the Gros Morne Projects have secured the access rights to the private lands comprised in the Gros Morne Projects. As for public lands, on July 21, 2010, leases were granted by the MNRF to Innergex GM S.E.C. and TransCanada GM, LP, for the purposes of erecting wind turbines on the public territory of the Gros Morne Wind Farm. Under these leases, rent must be paid to the MNRF. The Leases are expiring on December 1, 2033 and may be renewed upon demand.

On June 15, 2009, the Quebec government announced that it had adopted a decree authorizing the construction of both phases of the Gros Morne Projects. In its announcement, the Quebec government indicated its support for these projects by emphasizing their significant contribution to local economic development.

Power Purchase Agreement

The Gros Morne Projects are parties to the same PPA with Hydro-Québec for all electricity that will be produced by the Gros Morne Projects, expiring 21 years after the commencement of commercial operation of the Gros Morne Phase I Project and subject to customary termination provisions in the case of a material breach of the agreement. The Cartier Owners of the Gros Morne Projects are subject to penalty payments under the PPA if commercial operation of the Gros Morne Phase I Project has not commenced by December 1, 2011 and if commercial operation of Gros Morne Phase II Project has not commenced by December 1, 2012, subject to certain delays caused by Hydro-Québec or third parties or any extensions due to force majeure provided in the PPA. Pursuant to the Gros Morne Projects PPA, the Cartier Owners of the Gros Morne Projects have agreed to deliver and sell a minimum of 683,071 MWh per year after the commencement of commercial operation for the Gros Morne Phase II Project. As a result of long term wind studies, the Corporation expects to reduce the minimum to 650,000 MWh.

C. Montagne-Sèche Project (Québec - 38% ownership)

Description

The Montagne-Sèche Project is a proposed wind farm located in the Municipality of the Canton of Cloridorme, Québec. It has a planned installed capacity of 58.5 MW and an expected yearly energy output of 193,400 MWh. Construction of the Montagne-Sèche Project began in 2010 and is expected to be completed in November 2011. The Montagne-Sèche Project is expected to consist of 39 GE wind turbines, each with a capacity of 1.5 MW. The Montagne-Sèche Project will connect to the transmission system via a 34.5 kV substation tapping into a 161 kV transmission line constructed by Hydro-Québec.

The estimated construction cost of the Montagne-Sèche Project is \$103 million. The Corporation's 38% portion of the cost of the development and construction of the Montagne-Sèche Project is expected to be financed with (i) non-recourse project financing which would be convertible into a long-term financing and (ii) cash received from the proceeds of the Debentures and the cash flow generated by the Corporation's operations from time to time.

Site Rights

The Cartier Owners are in the process of securing the necessary regulatory approvals for the construction and operation of the Montagne-Sèche Project. Any delays may impact commencement of commercial operation and capital costs of the project. The BAPE released its examination and public hearing report on February 9, 2009. The report recommended the authorization of the Montagne-Sèche Project, with certain improvements. The total area of the Montagne-Sèche Project site is approximately 1,747 hectares, 100% of which are located on public lands. The MRNF issued a letter of intent in favour of the Cartier Owners for the Montagne-Sèche Project in conformity with the Wind Farm Construction Program. On July 21, 2010, leases were granted by the MNRF to Innergex MS S.E.C. and TransCanada MS, LP, for the purposes of erecting wind turbines on the public territory of the Montagne-Sèche Wind Farm. Under these leases, rent must be paid to the MNRF. The Leases are expiring on December 1, 2032 and may be renewed upon demand.

On June 15, 2009, the Quebec government announced that it had adopted a decree authorizing the construction of the Montagne-Sèche Project. In its announcement, the Quebec government indicated its support for this project by emphasizing its significant contribution to local economic development.

Power Purchase Agreement

The Montagne-Sèche Project has a PPA with Hydro-Québec for all electricity that will be produced by the Montagne-Sèche Project, expiring 20 years after the commencement of commercial operation and subject to customary termination provisions in the case of a material breach. The Cartier Owners of the Montagne-Sèche Project are subject to penalty payments in the event that commercial operation have not commenced by December 1, 2011, subject to certain delays caused by Hydro-Québec or third parties or any extensions due to force majeure as provided in the PPA. Pursuant to the Montagne-Sèche Project PPA, the Cartier Owners of the Montagne-Sèche Project have agreed to deliver and sell a minimum quantity of 191,711 MWh of energy per year.

PROSPECTIVE PROJECTS

All of the Prospective Projects, with a combined potential net installed capacity of more than 2,000 MW (gross 2,100 MW), are in the preliminary development stage. Some Prospective Projects are targeted toward specific future Request for Proposals and others will be available for future Request for Proposal, SOPs or FIT Programs yet to be announced. There is no certainty that any Prospective Project will be realized.

On July 15, 2010, BC Hydro announced its recommendations for updates and changes to its SOP program. Among other things, BC Hydro is recommending increases in pricing and permitted capacity (from 9.9 MW to 15.0 MW). The Corporation is currently evaluating the impact of this announcement, as some of its Prospective Projects could be submitted under the program.

A. Various Other Creek Power Projects (British Columbia - 66 2/3% ownership)

In addition to the three projects submitted to the BC Hydro under the Clean Power Call Request for Proposals that were awarded a PPA, namely the Upper Lillooet River, the Boulder Creek and North Creek projects, Creek Power holds the rights to 14 other prospective projects located in southwestern British Columbia for which the Corporation evaluates the aggregate potential installed capacity at more than 130 MW. Some of these projects may be pursued under the new proposed changes to the BC Hydro SOP.

B. Various Wind Community Projects (Québec – 50-70% ownership)

In connection with the Québec Community Wind Request for Proposal, the Corporation announced on July 7, 2010 the submission of eight wind farm development projects, in partnership with local organizations and municipalities. These new wind farms were submitted in response to a call for tenders issued by Hydro-Québec Distribution for the purchase of 250 MW resulting from community projects, and represent 24.6 MW in potential installed capacities each, with in-service dates beginning December 2013. Municipalities or local organizations will hold interests of between 30% and 50% of the respective wind farm projects. The awards under the Québec Community Wind Request for Proposals are expected to be announced by December 2010.

C. Prospective Ontario Feed-In Tariff Projects (Ontario - 49-100% ownership)

On November 30, 2009, the Corporation submitted several applications into the FIT Program for an aggregate potential installed capacity of 693 MW. Depending on the implementation of transmission expansion, some of these applications may be positioned for eventual award of FIT contracts.

D. Other Prospective British Columbia Wind Projects

The Corporation has identified potential wind projects in British Columbia (the “**Prospective BC Wind Projects**”) for which the Corporation evaluates the aggregate potential installed capacity at 475 MW.

The Corporation has been granted licenses of occupation and investigative use permits by the Integrated Land Management Bureau on six sites, which secures a first-ranking claim to the land and prevents other applicants from applying for lands within one kilometre of the permit boundary. The investigative use permit and licence of occupation allow for the installation of meteorological towers to collect wind data, engineering data and environmental data and secure a development option for the Corporation for a period of two years.

Although it is anticipated that the Prospective BC Wind Projects will be 100% owned by the Corporation, it is possible that the Corporation’s interests in one or more of these projects could ultimately be shared with a strategic partner.

ENVIRONMENTAL PROTECTION

The majority of financial costs associated with environmental protection requirements are incurred by the Corporation at the development and construction phases of a power project. Therefore, these costs are capitalized to the project, when a PPA is secured for the project or if the project is eligible under a SOP, and amortized once the project is operational or are charged to earnings if the project does not go ahead. These costs will vary from project to project; however, in order for management to proceed with any project, it must support a pre-determined return on the capital costs invested, including capitalized environmental protection costs. The Corporation does incur ongoing costs associated with environmental protection requirements on operational plants, which are charged to operating costs as incurred. These costs, however, are nominal.

EMPLOYEES

The Corporation has 68 employees. This workforce includes 24 employees in operations and maintenance, 14 employees in development and construction and 30 employees in administration, accounting, finance and legal. The Corporation's employees have the specialized knowledge and skills to carry out its business and the Corporation has a proven ability to complement this internal capacity with an efficient use of external consultants, when required. In addition, the Corporation uses the services of several independent engineering firms to assist with the feasibility analysis of its projects.

5. RISK FACTORS

The following are certain risk factors relating to the Corporation. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with the detailed information appearing elsewhere in this Revised Annual Information Form.

EXECUTION OF STRATEGY

The Corporation's strategy for building shareholder value is: (i) to acquire or develop high-quality power production facilities that generate sustainable and stable cash flows, with the objective of achieving a high return on invested capital, and (ii) to distribute a stable dividend. However, there is no certainty that the Corporation will be able to acquire or develop high-quality power production facilities at attractive prices to supplement its growth.

The successful execution of a value investment strategy requires careful timing and business judgment, as well as the resources to complete the development of power generating facilities. The Corporation may underestimate the costs necessary to bring power generating facilities into commercial operation or may be unable to quickly and efficiently integrate new acquisitions into its existing operations.

CAPITAL RESOURCES

Future development and construction of new facilities and the development of the Development Projects and the Prospective Projects and other capital expenditures will be financed out of cash generated from the Corporation's operating facilities, borrowing and/or sales of additional equity. To the extent that external sources of capital, including issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make necessary capital investments to construct or maintain existing project facilities and remain in business will be impaired. There is no certainty that sufficient capital will be available on acceptable terms to fund further development or expansion. There are a substantial number of renewable energy projects to be constructed in the coming years that will result in competition for capital. In addition, payment of dividends may impair the Corporation's ability to finance its ongoing and future projects.

The Corporation's capital-raising efforts could involve the issuance and sale of additional Common Shares, or debt securities convertible into its Common Shares, which, depending on the price at which such shares or debt securities

are issued or converted, could have a material dilutive effect on holders of the Corporation's Common Shares and adversely impact the trading price of the Corporation's Common Shares.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are entered into with important financial institutions and their effectiveness is dependant on the performance of these institutions. Failure by one of them to perform its obligations could involve a liquidity risk. Liquidity risks related to derivative financial instruments also include the settlement of bond forward contracts on their maturity dates and the early termination option included in some interest rate swap contracts. The Corporation uses derivative financial instruments to manage its exposure to the risk of an increase in interest rates on its debt financing. The Corporation does not own or issue financial instruments for speculation purposes.

CURRENT ECONOMIC AND FINANCIAL CRISIS

As of the date of this Revised Annual Information Form, challenges relating to obtaining debt and equity financing as a result of the worldwide economic and financial crisis were remaining but slightly subsiding. Accordingly, the Corporation cannot assure that additional financing required to develop and build the Development Projects and the Prospective Projects will materialize on a timely basis, be obtained on commercially acceptable terms or be available at all. If the Development Projects are not brought into commercial operation within the delay stipulated in their respective PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

HYDROLOGY AND WIND REGIME

The amount of energy generated by the Corporation's hydroelectric facilities is dependent upon the availability of water flows. There is no certainty that the long-term availability of such resources will remain unchanged. The Corporation's revenues may be significantly affected by events that impact the hydrological conditions of the Corporation's hydroelectric project facilities such as low and high water flows within the watercourses on which the Corporation's hydroelectric facilities are located. In the event of severe flooding, the Corporation's hydroelectric facilities may be damaged. Similarly, the amount of energy generated by the Corporation's wind power facilities will be dependent upon the availability of wind, which is naturally variable. A reduced or increased amount of wind at the location of one of the wind power project facilities over an extended period may reduce the production from such facility and may reduce the Corporation's revenues and profitability.

CONSTRUCTION AND DESIGN

Delays and cost over-runs may occur in completing the construction of the Development Projects, the Prospective Projects and future projects that the Corporation will undertake. A number of factors which could cause such delays or cost over-runs include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions, adverse weather conditions and the availability of financing. Even when complete, a facility may not operate as planned due to design or manufacturing flaws, which may not all be covered by warranty. Mechanical breakdown could occur in equipment after the period of warranty has expired, resulting in loss of production as well as the cost of repair. In addition, if the Development Projects are not brought into commercial operation within the delay stipulated in their respective PPA, the Corporation may be subject to penalty payments or the counterparty may be entitled to terminate the related PPA.

DEVELOPMENT OF NEW FACILITIES

The Corporation participates in the construction and development of new power generating facilities. These facilities have greater uncertainty surrounding future profitability than existing operating facilities with established track records. In certain cases many factors affecting costs are not yet determined, such as land royalty payments, water royalties, or municipal taxes. The Corporation is in some cases required to advance funds and post performance

bonds in the course of development of its new facilities. In the event that certain of these power generating facilities are not completed or do not operate to the expected specifications, or unforeseen costs or taxes are incurred, the Corporation could be adversely affected.

PROJECT PERFORMANCE

The ability of the Corporation's facilities to generate the maximum amount of power which can be sold to Hydro-Québec, BC Hydro and the OPA or other purchasers of electricity under PPAs is an important determinant of the revenues of the Corporation. If one of the Corporation's facilities delivers less than the required quantity of electricity in a given contract year, penalty payments may be payable to the relevant purchaser by the Corporation. The payment of any such penalties by the Corporation could adversely affect the revenues and profitability of the Corporation.

EQUIPMENT FAILURE

The Corporation's facilities are subject to the risk of equipment failure due to deterioration of the asset from use or age, latent defect and design or operator error, among other things. To the extent that a facility's equipment requires longer than forecasted down times for maintenance and repair, or suffers disruptions of power generation for other reasons, the Corporation's business, operating results, financial condition or prospects could be adversely affected.

INTEREST RATE AND REFINANCING RISK

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. The Corporation faces interest rate and debt refinancing risk in respect of floating-rate bank credit facilities used for construction and long-term financings. The Corporation's ability to refinance debt on favourable terms is dependent on debt capital market conditions, which are inherently variable and difficult to predict.

FINANCIAL LEVERAGE AND RESTRICTIVE COVENANTS

The Corporation's and its subsidiaries' operations are subject to contractual restrictions contained in the instruments governing any of their current and future indebtedness. The degree to which the Corporation and its subsidiaries are leveraged could have important consequences to shareholders, including: (i) the Corporation's and its subsidiaries' ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Corporation's and its subsidiaries' cash flows from operations may be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for future operations; (iii) certain of the Corporation's and its subsidiaries' borrowings will be at variable rates of interest, which exposes the Corporation and its subsidiaries to the risk of increased interest rates; and (iv) the Corporation and its subsidiaries may be more vulnerable to economic downturns and be limited in their ability to withstand competitive pressures.

The Corporation and its subsidiaries are subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions prohibit or limit the Corporation's and its subsidiaries' ability to, among other things incur additional debt, provide guarantee for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, make distributions or pay dividends, issue any equity interests and create subsidiaries. These restrictions may limit the Corporation's and its subsidiaries' ability to obtain additional financing, withstand downturns in the Corporation's and its subsidiaries' business and take advantage of business opportunities. Moreover, the Corporation and its subsidiaries may be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit the Corporation's or its subsidiaries' ability to grow the business, acquire needed assets or take other actions the Corporation or its subsidiaries might otherwise consider appropriate or desirable.

DECLARATION OF DIVIDENDS IS AT THE DISCRETION OF THE BOARD

Holders of Common Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares.

NEW POWER PURCHASE AGREEMENTS

Securing new PPAs, which is a key component of the Corporation's growth strategy, is a risk factor in light of the competitive environment faced by the Corporation. The Corporation expects to continue to enter into PPAs for the sale of its power, which PPAs are mainly obtained through participation in competitive Requests for Proposals processes. During these processes, the Corporation faces competitors ranging from large utilities to small independent power producers, some of which have significantly greater financial and other resources than the Corporation. There is no assurance that the Corporation will be selected as power supplier following any particular Request for Proposals in the future or that existing PPAs will be renewed or will be renewed on equivalent terms and conditions upon the expiry of their respective terms.

The Cartier Wind Project PPAs provide for certain penalties that could become due to Hydro-Québec upon the occurrence of an event of default thereunder, subject to certain amounts provided therein. Should such penalties become payable to Hydro-Québec, they would effectively be borne as to 38% by the Corporation. See "Description of the Business and Assets of the Corporation – Development Projects – Wind Development Projects".

SENIOR MANAGEMENT AND KEY EMPLOYEES

The Corporation's executives and other senior officers play a significant role in the Corporation's success. The conduct of the Corporation's business and the execution of the Corporation's growth strategy rely heavily on teamwork and the Corporation's future performance and development depend to a significant extent on the abilities, experience and efforts of its management team. The Corporation's ability to retain its management team or attract suitable replacements should key members of the management team leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management team or a limitation in their availability could adversely impact the Corporation's prospects, financial condition and cash flow.

Further, such a loss could be negatively perceived in the capital markets. The Corporation's success also depends largely upon its continuing ability to attract, develop and retain skilled employees to meet its needs from time to time.

LITIGATION

In the normal course of its operations, the Corporation may become involved in various legal actions, typically involving claims relating to contract disputes, personal injuries, property damage, property taxes and land rights. The Corporation maintains adequate provisions for its outstanding or pending claims. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or results of operation of the Corporation in a particular quarter or fiscal year. See "Legal Proceedings".

PERFORMANCE OF MAJOR COUNTERPARTIES

The Corporation enters into purchase orders with third party suppliers for generation equipment for projects under construction, which involve deposits prior to equipment being delivered. Should one or more of these suppliers be unable to meet their obligations under the contracts, this would result in possible loss of revenue, delay in construction and increase in construction costs for the Corporation. Failure of any equipment supplier to meet its obligations to the Corporation may result in the Corporation not being able to meet its commitments and thus lead to potential defaults under PPAs.

RELATIONSHIP WITH PARTNERS

The Corporation enters into various types of arrangements with communities or joint venture partners for the development of its projects. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects. The Corporation is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays in this process may negatively impact the ability of the Corporation to complete any given project on time or at all.

WIND TURBINE SUPPLY

The Corporation's development and operation of wind power facilities is dependant on the supply of wind turbines from third parties. Given the rapidly increasing demand for wind turbines, prices for wind turbines have risen sharply and may continue to rise. Any significant increase in the price of supply of wind turbines could negatively affect the future profitability of the Corporation's wind power projects and the Corporation's ability to develop other wind power projects. In addition, manufacturers may not be able or willing to meet the high demand for wind turbines. There is no guarantee that such manufacturers will meet all of their contractual obligations. Failure of any supplier of the Corporation to meet its commitments would adversely affect the Corporation's ability to complete projects on schedule and to honour its obligations under PPAs.

PERMITS

The Corporation does not currently hold all of the approvals, licenses and permits required for the construction and operation of the Development Projects or the Prospective Projects, including environmental approvals and permits necessary to construct and operate the Development Projects or the Prospective Projects. The failure to obtain or delays in obtaining all necessary licenses, approvals or permits, including renewals thereof or modifications thereto, could result in construction of the Development Projects or the Prospective Projects being delayed or not being completed. There can be no assurance that any one Prospective Project will result in any actual operating facility.

Federal and provincial environmental permits to be issued in connection with any of the Development Projects may contain conditions that need to be satisfied prior to construction, during construction and during and after the operation of the Development Projects. It is not possible to forecast the conditions imposed by such permits or the cost of any mitigating measures required by such permits. See "Description of the Business and Assets of the Corporation – Development Projects".

REGULATORY AND POLITICAL

The development and operation of power generating facilities are subject to changes in governmental regulatory requirements and the applicable governing statutes, including regulations related to the environment, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

The operation of power generating facilities is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels. There is always the risk of changes being made in government policies and laws which may result in increased rates, such as for water rentals, and for income, capital and municipal taxes.

The Corporation holds permits and licenses from various regulatory authorities for the construction and operation of its facilities. These licenses and permits are critical to the operation of the Corporation's business. The majority of these permits and licenses are long-term in nature, reflecting the anticipated useful life of the facilities. In some cases these permits may need to be renewed prior to the end of the anticipated useful life of such facilities and there is no guarantee that such renewals will be granted. These permits and licenses require the Corporation's compliance with the terms thereof. In addition, delays may occur in obtaining necessary government approvals required for future power projects.

From time to time, and in order to secure long lead times required for ordering equipment, the Corporation may place orders for equipment and make deposits thereon or advance projects prior to obtaining all requisite permits and licenses. The Corporation only takes such actions where it reasonably believes that such licenses or permits will be forthcoming in due course prior to the requirement to expend the full amount of the purchase price. However, any delay in permitting could adversely affect the Corporation.

ABILITY TO SECURE APPROPRIATE LAND

There is significant competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions and ownership rights naturally limit the areas available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular site in the future.

RELIANCE ON PPAs

The power generated by the Corporation is sold under long-term PPAs. If for any reason any of the purchasers of power under such PPAs were unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, the Corporation's business, operating results, financial condition or prospects could be adversely affected.

RELIANCE UPON TRANSMISSION SYSTEMS

The Corporation's ability to sell electricity is impacted by the availability of the various transmission systems in each jurisdiction. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties, thereby affecting the Corporation's business, operating results, financial condition or prospects.

WATER RENTAL EXPENSE

The Corporation is required to make rental payments for water rights once its projects are in commercial operation. Significant increases in water rental costs in the future or changes in the way that the governments of Ontario, British Columbia and Québec regulate water supply could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

ASSESSMENT OF WIND RESOURCES AND ASSOCIATED WIND ENERGY PRODUCTION

The strength and consistency of the wind resources at the wind power facilities of the Corporation may vary from what the Corporation anticipates. Energy production estimates of the Corporation are based on assumptions and factors that are inherently uncertain, which may result in actual energy production being different from the estimates of the Corporation, including (i) the extent to which the limited time period of the site-specific wind data accurately

reflects long-term wind speeds; (ii) the extent to which historical data accurately reflects the strength and consistency of the wind in the future; (iii) the strength of the correlation between the site-specific wind data and the longer-term regional wind data; (iv) the potential impact of climatic factors; (v) the accuracy of assumptions on a variety of factors, including but not limited to weather, icing and soiling of wind turbines, site access, wake and line losses and wind shear; (vi) the accuracy with which anemometers measure wind speed, and the difference between the hub height of the wind turbines and the height of the meteorological towers used for data collection; (vii) the potential impact of topographical variations, turbine placement and local conditions, including vegetation; (viii) the inherent uncertainty associated with the specific methodologies and related models, in particular future-orientated models, used to project the wind resource; and (ix) the potential for electricity losses to occur before delivery.

DAM SAFETY

The occurrence of dam failures at any of the Corporation's hydroelectric power facilities could result in a loss of generating capacity and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could result in the Corporation being exposed to significant liability for damages. There can be no assurance that the dam safety program will be able to detect potential dam failures prior to occurrence or eliminate all adverse consequences in the event of failure. Safety regulations relating to dam safety could change from time to time, potentially impacting a facility's costs and operations. The consequences of dam failures could have a material adverse effect on the Corporation's business, operating results, financial condition or prospects.

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

The ownership and operation of the Corporation's power generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the Corporation's business. The Corporation has incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Corporation may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

NATURAL DISASTERS; FORCE MAJEURE

The Corporation's facilities and operations are exposed to potential damage, partial or full loss, resulting from environmental disasters (e.g. floods, high winds, fires, and earthquakes), equipment failures and the like. The occurrence of a significant event which disrupts the ability of the Corporation's power generation assets to produce or sell power for an extended period, including events which preclude existing customers under PPAs from purchasing electricity, could have a material negative impact on the business of the Corporation. The Corporation's generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident. The occurrence of such an event may not release the Corporation from performing its obligations pursuant to PPAs or other agreements with third parties. In addition, many of the Corporation's projects are located in remote areas which make access for repair of damage difficult.

FOREIGN EXCHANGE

The Corporation occasionally purchases equipment from foreign suppliers. As such, the Corporation may be exposed to changes in the Canadian dollar in relation to the foreign currency denominated equipment purchases. Where possible, the Corporation will fix the purchase price in Canadian dollars or enter into a foreign exchange swap to fix the exchange rate.

INSURANCE LIMITS

While the Corporation believes that the insurance coverage for its projects addresses all material insurable risks, provides coverage that is similar to what would be maintained by a prudent developer/owner/operator of similar projects, and is subject to deductibles, limits, and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions, there is no certainty that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the operation of the projects.

6. DIVIDENDS

The declaration and payment of dividends on the Corporation's shares is within the discretion on the Board of Directors. The Board of Directors will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of maintaining capital to finance further growth of the Corporation and the Corporation's financial position at the relevant time. As publicly disclosed in connection with the Arrangement, the Corporation intends to pay a dividend of \$0.58 per Common Share per annum, payable on a quarterly basis.

Immediately prior to the IPO, the Corporation declared and paid on its then outstanding Common Shares dividends for an aggregate amount of \$6,029,287. On May 10, 2010, the Corporation declared a \$0.14818 dividend per Common Share (prorated to include the last two days of March following the Closing of the Arrangement), for an aggregate amount of \$8,821,542, with a record date of June 30, 2010 and a payment date of July 15, 2010.

On August 12, 2010, the Corporation declared a \$0.145 dividend per Common Share, for an aggregate amount of \$8,632,228, with a record date of September 30, 2010 and a payment date of October 15, 2010.

The following table sets forth the distributions made by the Fund to its unitholders during fiscal years 2009 and 2010.

	Amount paid per Fund unit	Distribution Date	Aggregate Amount Distributed
January 2009	\$0.08330	February 25, 2009	\$2,449,376
February 2009	\$0.08330	March 25, 2009	\$2,449,376
March 2009	\$0.08334	April 25, 2009	\$2,450,552
April 2009	\$0.08334	May 25, 2009	\$2,450,552
May 2009	\$0.08334	June 22, 2009	\$2,450,552
June 2009	\$0.08334	July 24, 2009	\$2,450,552
July 2009	\$0.08334	August 25, 2009	\$2,450,552
August 2009	\$0.08334	July 24, 2009	\$2,450,552
September 2009	\$0.08334	October 23, 2009	\$2,450,552
October 2009	\$0.08334	November 25, 2009	\$2,450,552
November 2009	\$0.08334	December 18, 2009	\$2,450,552
December 2009	\$0.08334	January 25, 2010	\$2,450,552
January 2010	\$0.08334	February 25, 2010	\$2,450,552
February 2010	\$0.08334	March 25, 2010	\$2,450,552

7. DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series (the "**Preferred Shares**"). As of August 23, 2010, 59,532,606 Common Shares were issued and outstanding and no preferred shares were issued and outstanding.

COMMON SHARES

Subject to the prior rights of the holders of Preferred Shares (of which there are currently none issued and outstanding), the holders of Common Shares are entitled to receive, as and when declared by the Board of Directors out of the moneys of the Corporation properly applicable to the payment of dividends, dividends in such amounts and payable at such times as the Board of Directors will determine.

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the remaining assets of the Corporation, after payment to the holders of Preferred Shares to the amounts they are entitled to in such event, will be paid to or distributed equally and rateably among the holders of the Common Shares.

There are no rights of pre-emption, redemption or conversion in respect of the Common Shares.

PREFERRED SHARES

Preferred Shares are issuable in series. The Board of Directors has the right to fix the number of and to determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series. No Preferred Shares are issued and outstanding. However, as announced on August 23, 2010, the Corporation entered into an agreement with a syndicate of underwriters led by BMO Nesbitt Burns Inc. and TD Securities Inc. pursuant to which the underwriters have agreed to purchase, on a bought deal basis, 3,400,000 Series A Shares of the

Corporation at a price of \$25.00 per Series A Share for aggregate gross proceeds of \$85 million. If such offering is completed, the Corporation will be amending its articles to create two series of preferred shares, namely the Cumulative Rate Reset Preferred Shares, Series A, and the Cumulative Floating Rate Preferred Shares, Series B. Standard and Poor's Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation has assigned a provisional rating of P-3 for the Series A Shares and DBRS Limited has assigned a provisional rating of Pfd-3 for the Series A Shares.

The Preferred Shares of each series, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, rank on a parity with the Preferred Shares of every other series and are entitled to a preference and priority over the Common Shares.

The holders of a series of Preferred Shares are not, as such, entitled to receive notice of or to attend any meetings of the shareholders of the Corporation and are not entitled to vote at any such meetings (except where holders of a specified class or series of shares are entitled to vote separately as a class or series as provided in the *Canada Business Corporations Act*).

The holders of any series of Preferred Shares are entitled to receive, in priority to the holders of Common Shares, as and when declared by the Board of Directors, dividends in the amounts specified or determinable in accordance with the rights, privileges, restrictions and conditions attaching to the series of which such Preferred Shares form part.

The Corporation, subject to any rights attached to any particular series of Preferred Shares, may, at its option, redeem all or from time to time any part of the outstanding Preferred Shares on payment to the holders thereof, for each share to be redeemed, of the redemption price per share, together with all dividends declared thereon and unpaid. A holder of Preferred Shares is entitled to require the Corporation to redeem at any time and from time to time after the date of issue of any Preferred Shares, upon giving notice, all or any number of the Preferred Shares registered in the name of such holder on the books of the Corporation, at the redemption price per share, together with all dividends declared thereon and unpaid.

The Corporation may at any time or from time to time purchase for cancellation the whole or any part of the Preferred Shares outstanding at the lowest price at which, in the opinion of the directors of the Corporation, such shares are obtainable, provided that such price or prices does not in any case exceed the redemption price current at the time of purchase for the shares of the particular series purchased, plus costs of purchase together with all dividends declared thereon and unpaid.

5.75% CONVERTIBLE DEBENTURES

On March 8, 2010, the Corporation completed the offering of Debentures in the aggregate principal amount of \$70 million. The Corporation granted the Underwriters an option, for a period of 30 days following the closing of the Offering, to purchase up to an additional 15% of the principal amount of Debentures purchased to cover over-allotments. On March 16, 2010, the over-allotment option was exercised by the Underwriters to purchase an additional \$10.5 million principal amount of Debentures, bringing the aggregate gross proceeds of the offering to \$80.5 million.

The Debentures have a maturity date of April 30, 2017 and bear interest at a rate of 5.75% per annum, payable semi-annually, and are convertible at the option of their holders into Common Shares of the Corporation at a conversion rate of 93.8967 Common Shares per \$1,000 principal amount of Debentures, which is equal to a conversion price of \$10.65 per Common Share.

The Debentures may not be redeemed by the Corporation on or before April 30, 2013 (except in certain limited circumstances following a change of control, as such term is defined in the short prospectus for the Debentures

dated February 25, 2010 (the "Prospectus"). After April 30, 2013 and prior to April 30, 2015, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 day and not less than 30 day prior notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given is not less than 125% of the conversion price.

On or after April 30, 2015 and prior to the maturity date, the Debentures may be redeemed in whole or in part at the option of the Corporation on not more than 60 day and not less than 30 day prior notice at a price equal to their principal amount plus accrued and unpaid interest. Subject to required regulatory approval and provided that there is not a current event of default (as defined in the Prospectus), the Corporation may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures on redemption or at maturity, in whole or in part, through the issuance of freely tradeable Common Shares upon at least 40 day and not more than 60 day prior notice, by delivering that number of Common Shares obtained by dividing the principal amount of the Debentures by 95% of the Current Market Price (as defined herein). Any accrued or unpaid interest will be paid in cash.

8. MARKET FOR SECURITIES

COMMON SHARES

The Common Shares are listed for trading on the TSX under the symbol "INE".

The following table sets forth the price range, in Canadian dollars, and daily average trading volume, of the Common Shares on the TSX for each month of the most recently completed financial year and the first seven months of 2010.

	Highest price	Lowest price	Daily Average Volume
January 2009	\$4.39	\$3.80	11,048
February 2009	\$4.10	\$3.55	3,255
March 2009	\$4.08	\$3.70	1,624
April 2009	\$3.99	\$2.75	10,088
May 2009	\$3.95	\$3.00	27,406
June 2009	\$4.50	\$3.20	20,038
July 2009	\$4.45	\$3.12	12,991
August 2009	\$5.25	\$3.76	17,795
September 2009	\$5.15	\$4.50	32,682
October 2009	\$5.75	\$4.91	24,617
November 2009	\$5.35	\$5.00	9,499
December 2009	\$5.50	\$5.01	10,483
January 2010	\$5.70	\$5.30	13,752
February 2010	\$8.20	\$6.30	151,230
March 2010	\$8.89	\$7.87	27,129
April 2010	\$9.50	\$8.10	243,908
May 2010	\$9.62	\$8.00	121,248
June 2010	\$9.00	\$8.10	162,860
July 2010	\$9.00	\$8.12	37,130

FUND UNITS

The units of the Fund were listed for trading on the TSX under the symbol "IEF.UN" until the closing of the Arrangement on March 29, 2010.

The following table sets forth the price range, in Canadian dollars, and daily average trading volume, of the units of the Fund on the TSX for each month of the most recent completed financial year and the first three months of 2010.

	Highest price	Lowest price	Daily Average Volume
January 2009	\$9.76	\$9.03	31,520
February 2009	\$9.66	\$8.92	21,161
March 2009	\$9.25	\$8.60	30,110
April 2009	\$9.33	\$8.80	26,158
May 2009	\$9.80	\$9.20	16,833
June 2009	\$10.30	\$9.56	33,674
July 2009	\$10.19	\$9.87	29,357
August 2009	\$10.34	\$9.90	47,351
September 2009	\$10.25	\$9.83	28,023
October 2009	\$10.69	\$9.90	47,775
November 2009	\$10.25	\$9.82	45,606
December 2009	\$10.40	\$9.79	92,190
January 2010	\$10.75	\$10.15	41,927
February 2010	\$12.03	\$10.08	146,835
March 2010	\$12.49	\$11.57	40,037

5.75% CONVERTIBLE DEBENTURES

The Debentures were not traded in the most recent financial year and only began trading on March 8, 2010. The Debentures are listed on the TSX under the symbol INE.DB.

The following table sets forth the price range, in Canadian dollars, and daily average trading volume, of the Debentures on the TSX for each completed month since March 8, 2010.

	Highest price	Lowest price	Daily Average Volume
March 2010	\$101.00	\$99.65	8,521
April 2010	\$101.50	\$99.25	2,216
May 2010	\$101.00	\$99.00	1,322
June 2010	\$101.00	\$99.00	811
July 2010	\$101.00	\$100.00	791

9. DIRECTORS AND OFFICERS

DIRECTORS

The following table sets forth the name, province or state and country of residence of each director of the Corporation as of the date of this Revised Annual Information Form⁽¹⁾, his principal occupation and the period during which each has acted as a director. Each director is elected until the next annual meeting of shareholders or until a successor is elected by shareholders, unless the director resigns or his office becomes vacant by removal, death or other cause.

Name and Municipality of Residence	Director since	Principal Occupation	Common Shares beneficially owned or controlled or directed ⁽²⁾	% of Common Shares
MICHEL LETELLIER, MBA Candiac, Québec, Canada	2003	President and Chief Executive Officer of the Corporation	603,808	1.01%
PIERRE BRODEUR ⁽⁶⁾⁽⁷⁾ St-Bruno, Québec, Canada	2007	Corporate Director	2,000	0.003%
WILLIAM A. LAMBERT ⁽³⁾⁽⁴⁾⁽⁵⁾ Toronto, Ontario, Canada	2007	Corporate Director	153,300	0.258%
SUSAN M. SMITH ⁽³⁾⁽⁵⁾ Toronto, Ontario, Canada	2007	Corporate Director	2,000	0.003%
JOHN A. HANNA ⁽⁶⁾⁽⁹⁾⁽¹⁰⁾ Dorval, Québec, Canada	2010	Corporate Director	53,800	0.090%
JEAN LA COUTURE ⁽⁵⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹¹⁾ Montréal, Québec, Canada	2010	President, Huis Clos Ltée	15,140	0.025%
LISE LACHAPELLE ⁽³⁾⁽⁹⁾ Montréal, Québec, Canada	2010	Corporate Director	10,220	0.022%
RICHARD LAFLAMME ⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁹⁾ Ancienne-Lorette, Québec, Canada	2010	General Manager, Université du Québec Pension Funds	8,710	0.015%
DANIEL L. LAFRANCE ⁽⁶⁾⁽⁹⁾ Montréal, Québec, Canada	2010	Senior Vice-President, Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc.	14,600	0.025%

- (1) Pursuant to the Arrangement, the member of directors of the Corporation was increased from seven to nine and Jean La Couture and Daniel L. Lafrance were appointed as directors of the Corporation. In addition, each of Gilles Lefrançois, Raymond Laurin and Cyrille Vittecoq resigned as directors of the Corporation and the vacancies thereby created were filled with each of John A. Hanna, Richard Laflamme and Lise Lachapelle.
- (2) The information as to Common Shares beneficially owned, controlled or directed by each director has been furnished by the respective directors individually.
- (3) Member of Corporate Governance Committee.
- (4) Until December 2009, Mr. Lambert was a partner at Birch Hill Equity Partners which manages certain investments of TD Capital Group Limited, including, until June 2010, holding of 2,426,379 Common Shares, representing approximately 10.3% of the Corporation's issued and outstanding Common Shares.
- (5) Member of Nominating Committee.
- (6) Member of Audit Committee.
- (7) Member of Human Resources Committee.
- (8) Chairman of the Board of Directors.
- (9) Prior to the Arrangement, Michel Letellier, John A. Hanna, Lise Lachapelle, Jean La Couture, Richard Laflamme and Daniel Lafrance were trustees of the Trust.
- (10) John A. Hanna also holds \$56,000 principal amount of Debentures.
- (11) Jean La Couture also holds \$200,000 principal amount of Debentures.

During the past five years, each of the above directors has held his or her present principal occupation or other management positions with the same firm or with other associated companies or firms, including affiliates and predecessors, indicated beside his or her name, except for William A. Lambert, who, prior to January 2010, was a partner of Birch Hill Equity Partners.

EXECUTIVE OFFICERS

The following table sets forth the name, province or state and country of residence of each executive officer, his or her office and principal occupation and the period of service as an executive officer of the Corporation.

Name and Municipality of Residence	Officer since	Office/Principal Occupation
MICHEL LETELLIER, MBA Candiac, Québec Canada	2003	President and Chief Executive Officer

<u>Name and Municipality of Residence</u>	<u>Officer since</u>	<u>Office/Principal Occupation</u>
JEAN PERRON, CA, CMA Brossard, Québec Canada	2003	Vice President and Chief Financial Officer
JEAN TRUDEL, MBA Montréal, Québec Canada	2003	Vice President – Finance and Investor Relations
FRANÇOIS HÉBERT Bromont, Québec Canada	2003	Vice President – Operation and Maintenance
RICHARD BLANCHET, P. ENG., M.Sc. North Vancouver, British Columbia Canada	2004	Vice President Western Region – Hydroelectric Energy
NORMAND BOUCHARD, ENG. Ile Bizard, Québec Canada	2004	Vice President – Wind Energy
RENAUD DE BATZ, Geologist, M.Sc., MBA Beaconsfield, Québec Canada	2005	Vice President Eastern Region – Hydroelectric Energy
GUY DUFORT St-Romuald, Québec Canada	2005	Vice President – Public Affairs
PETER GROVER, ENG. St-Bruno, Québec Canada	2005	Vice President – Project Management

During the past five years, each of the above executive officers has held his or her present principal occupation or other management positions with the Corporation.

The directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over 1,561,114 Common Shares, representing 2.62% of the Corporation's total issued and outstanding Common Shares.

10. CONFLICTS OF INTEREST

There are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and their respective directors and officers. Certain of the Corporation's directors and officers also serve as directors of officers of other corporations. Such associations may give rise to conflicts of interest from time to time. Management of the Corporation will address any such conflict of interest which may arise in the future in accordance with reasonable expectations and objectives of the Corporation and will act in accordance with any duty of care and any duty to act in good faith owed to the Corporation.

11. LEGAL PROCEEDINGS

None of the Corporation's property is, nor was it during the year ended December 31, 2009, subject to any legal proceedings. To the Corporation's knowledge, no such legal proceedings involving its property are contemplated.

12. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set forth below, no director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year or in any proposed transaction, that has materially affected or will materially affect the Corporation.

In the context of the Arrangement, Gilles Lefrançois and Michel Letellier, as board members and shareholders of the Corporation, on the one hand, and Trustees of the Trust and unitholders of the Fund, on the other hand, immediately prior to the closing of the Arrangement, have disclosed their interests and abstained from voting on such transaction.

13. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is Computershare Trust Company of Canada, for the Common Shares and the Debentures, at its offices in Toronto and Montréal.

14. MATERIAL CONTRACTS

Prior to the last financial period, the Corporation entered into material contracts, which are still valid. A copy of all such agreements is available on SEDAR at www.sedar.com.

During financial year 2009, the Corporation did not enter into any contract which was material to the Corporation, other than material contracts entered into in the normal course of business.

Since January 2010, the Corporation has entered into the following material contracts in connection with the Arrangement and the Offering, all of which are available on SEDAR at www.sedar.com.

ARRANGEMENT AGREEMENT

On January 31, 2010, the Corporation and the Fund entered into an arrangement agreement (the "**Arrangement Agreement**") of which a summary of the particulars was included in the Joint Information Circular, described under the heading "*The Arrangement Agreement*" on pages 44 to 50, which section of the Joint Information Circular is incorporated by reference into this Revised Annual Information Form.

UNDERWRITING AGREEMENT

On February 18, 2010, a syndicate of underwriters composed of BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Desjardins Securities Inc. and Laurentian Bank Securities Inc. (together, the "**Underwriters**") and the Corporation entered into an underwriting agreement (the "**Underwriting Agreement**") pursuant to which the Underwriters agreed to purchase, on a bought deal basis, an aggregate principal amount of \$70,000,000 of Debentures under terms and conditions set forth therein. The Underwriting Agreement further provided the Underwriters with an over-allotment option to purchase up to \$10,500,000 principal amount of additional Debentures.

15. INTEREST OF EXPERTS

Samson Bélair/Deloitte & Touche s.e.n.c.r.l, the auditor of the Corporation, is the only person, company or partnership which is named as having prepared or certified a statement, report or valuation described, included or referred to in a filing made by the Corporation during or relating to the Corporation's most recently completed financial year and whose profession gives authority to a statement, report or valuation made. Samson Bélair/Deloitte & Touche s.e.n.c.r.l. has advised it is independent with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables agréés du Québec*.

16. AUDIT COMMITTEE DISCLOSURE

The Audit Committee is composed entirely of directors who meet the independence and experience requirements of *Regulation 52-110 Respecting Audit Committees* adopted under the *Securities Act* (Québec). John A. Hanna is Chairman of the Audit Committee and Pierre Brodeur and Daniel L. Lafrance are its other current members. Each of

them is independent and financially literate within the meaning of *Regulation 52-110 Respecting Audit Committees*. The charter of the Audit Committee is attached hereto as Schedule B.

In addition to being operationally literate (having substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience with a broad responsibility for operations), the members of the Board of Directors who serve on the Corporation's audit committee must be financially literate in the sense of having the ability to read and understand a set of financial statements that present a level of complexity of accounting issues that are generally compared to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations. All members of the audit committee are operationally as well as financially literate.

The education and related experience of each of the members of Audit Committee is described below.

John A. Hanna (Chair) – John A. Hanna has acted as a corporate director as his principal occupation since November 2005. From 2003 until July 2005, Mr. Hanna was Chief Executive Officer of Rexel Canada Electrical Inc. Mr. Hanna graduated from Loyola University (now Concordia University) and is also a Fellow of the Certified General Accountants Association (1990). Mr. Hanna currently acts as a director of Uni-Select Inc., a reporting issuer, and is a member of Telus Communications Inc.'s Advisory Committee. Since April 2009, Mr. Hanna has acted as a member of the independent committee of Transport Canada and Infrastructure Canada.

Pierre Brodeur – Pierre Brodeur has over 25 years of experience in management positions in various companies that specialize in the manufacturing and marketing of consumer goods and services. From 1997 to 2003, he was President and Chief Executive Officer of Sico Inc. and, prior to that time, was President and General Manager of Boulangeries Weston, Québec Ltd. (from 1994 to 1997). He also acted as President of Vidéotron International Ltd. from 1990 to 1994, prior to which he was employed by Steinberg Inc. (from 1986 to 1990), where he was President of Steinberg, Québec, from 1989 to 1990. Mr. Brodeur has been a director of Industrial Alliance Insurance and Financial Services Inc. since 1999 and has been a director of Van Houtte Inc. since 2003.

Daniel L. Lafrance – Daniel L. Lafrance is a Senior Vice-President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc., wholly-owned by Rogers Sugar Income Fund. Mr. Lafrance holds a bachelor's degree in accounting (1977) from the University of Ottawa. Mr. Lafrance has also been member of the Canadian Institute of Chartered Accountants since 1980. Mr. Lafrance currently acts as a director of the Canadian Sugar Institute.

The aggregate fees paid, including the Fund's pro rata share of the fees paid by its joint ventures, for professional services rendered by KPMG LLP and its affiliates, the Fund's auditors, for the year ended December 31, 2009 and for the year ended December 31, 2008, are presented below.

<u>FEES</u>	<u>FINANCIAL YEAR ENDED DECEMBER 31, 2009</u>	<u>FINANCIAL YEAR ENDED DECEMBER 31, 2008</u>
Audit fees	\$208,500	\$174,500
Audit-related fees	\$34,460	\$79,700
Tax fees	\$34,590	\$156,600
All other fees	Nil	Nil
TOTAL FEES⁽¹⁾:	\$277,550	\$410,800

Pursuant to the Arrangement, the auditors of the Corporation prior to the Arrangement, Samson Bélair / Deloitte & Touche LLP, remained the auditors of the Corporation as a combined entity following the Arrangement. The aggregate fees paid, including the Corporation's pro rata share of the fees paid by its joint ventures, for professional services rendered by Samson Bélair / Deloitte & Touche LLP and its affiliates for the year ended December 31, 2009 and for the year ended December 31, 2008, are presented below.

<u>FEES</u>	<u>FINANCIAL YEAR ENDED DECEMBER 31, 2009</u>	<u>FINANCIAL YEAR ENDED DECEMBER 31, 2008</u>
Audit fees	\$238,868	\$280,690
Audit-related fees	Nil	\$1,159
Tax fees	Nil	Nil
All other fees	Nil	Nil
TOTAL FEES⁽¹⁾:	\$238,868	\$281,849

(1) The aggregate fees paid to Samson Bélair / Deloitte & Touche LLP, irrespective of the Corporation's proportionate interest in its joint ventures, totalled \$262,285 in 2009 and \$332,145 in 2008.

In the above table, the terms in the column "Fees" have the following meanings: "Audit fees" refer to all fees for professional services rendered for the audit of the Corporation's annual financial statements. They also comprise fees for audit services provided in connection with other statutory and regulatory filings, such as the audit of the financial statements of the Corporation's subsidiaries, as well as services that generally only the Corporation's auditors can provide, such as comfort letters, consents and assistance with and review of documents filed with the securities commissions; "Audit-related fees" refer to the fees for due diligence related to potential mergers and acquisitions and are not reported under "Audit fees"; "Tax fees" refer to the aggregate fees for income, consumption and other tax compliance, advice and planning services relating to domestic and international taxation; and "All other fees" refer to the aggregate fees billed for products and services provided by the Corporation's external auditor, other than "Audit fees", "Audit-related fees" and "Tax fees".

17. ADDITIONAL INFORMATION

Additional financial information, including the Joint Information Circular, our audited financial statements and management's discussion and analysis of financial condition and results of operations for the most recently completed financial year is available on SEDAR at www.sedar.com.

All requests for the above-mentioned documents must be addressed to the Vice President – Legal Affairs and Corporate Secretary of Innergex Renewable Energy Inc. at 1111 Saint-Charles Street West, East Tower, Suite 1255, Longueuil, Québec, J4K 5G4 or by fax at 450-928-2544.

18. GLOSSARY OF TERMS

"500 MW Regulations" has the meaning attributed thereto under "Industry Overview and Market Trends - Regulatory Framework of and Market for Renewable Power in the Corporation's Key Markets - Québec";

"AAV PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – L'Anse-à-Valleau – Power Purchase Agreement";

"Arrangement" has the meaning attributed thereto under "General Development of the Business – 2010 Recent Developments";

"Arrangement Agreement" has the meaning attributed thereto under "Material Contracts – Arrangement Agreement";

"Ashlu Creek LP" means Ashlu Creek Investments Limited Partnership;

"Ashlu Creek Facility" means the 49.9 MW hydroelectric power facility located on Ashlu Creek in British Columbia;

"Baie-des-Sables Wind Farm" means the 109.5 MW wind power facility located in Baie-des-Sables and Métis-sur-Mer, Québec;

"Baluchon" means Concept Eco-Plein-Air Le Baluchon Inc.;

"Baluchon Lease" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Site and Water Rights";

"BAPE" means the Bureau d'audiences publiques sur l'environnement;

"Batawa Facility" means the 5 MW hydroelectric power generating facility located on the Trent-Severn Waterway near Trenton, Province of Ontario;

"Batawa PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Batawa Facility – Power Purchase Agreement";

"BC" means the Province of British Columbia;

"BC Hydro" means British Columbia Hydro and Power Authority;

"BCTC" means British Columbia Transmission Corporation;

"BDS PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Wind Farms – Baie-des-Sables Wind Farm – Power Purchase Agreement";

"Begetekong" means Begetekong Power Corporation, the general partner of Umbata Falls Limited Partnership;

"Boulder Creek Project" means the 23 MW hydroelectric power project located 56 km northwest of Pemberton, British Columbia;

"Carleton Wind Farm" means the 109.5 MW wind farm located in the Town of Carleton-Sur-Mer and the Regional County Municipality of Bonaventure, Québec;

"Cartier Owner" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Development Projects – Wind Development Projects – Cartier Wind Projects";

"Cartier Wind Projects" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Development Projects – Wind Development Projects – Cartier Wind Projects";

"CDPQ" means the Caisse de dépôt et placement du Québec;

"Chaudière Facility" means the 24 MW hydroelectric power generating facility located on the Chaudière River near Lévis, Province of Québec;

"Chaudière Lease Agreement" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Facilities – Chaudière Facility – Site and Water Rights";

"Chaudière PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Facilities - Chaudière Facility – Power Purchase Agreement";

"Club des Hauteurs Project" means the prospective wind power project with a potential installed capacity of up to 195.5 MW located in the Municipality of L'Anse-Saint-Jean, Québec;

"Common Shares" has the meaning attributed thereto under "General Development of the Business – 2010 Recent Developments";

“**Corporation**” means Innergex Renewable Energy Inc. and includes its subsidiaries, unless the context requires otherwise;

“**CPI**” means the consumer price index for Canada;

“**Creek Power Projects**” has the meaning attributed thereto under “General Development of the Business – Three Year Summary – Acquisition of Rights in 18 Hydroelectric Projects in British Columbia”;

“**Creek Power**” means Creek Power Inc.;

“**Debentures**” has the meaning attributed thereto under “General Development of the Business – 2010 Recent Developments”;

“**Development Projects**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation – Portfolio of Assets”;

“**EA**” means environmental assessment;

“**ecoENERGY Initiative**” has the meaning attributed thereto under “Industry Overview and Market Trends – Renewable Power in Canada – Federal Government Support for Renewable Power in Canada”;

“**FIT Program**” has the meaning attributed thereto under “Industry Overview and Market Trends – Regulatory Framework of and Market for Renewable Power in the Corporation’s Key Markets – Ontario”;

“**Fitzsimmons Creek Facility**” means the 7.5 MW hydroelectric power facility located on Fitzsimmons Creek in British Columbia;

“**Fitzsimmons LP**” has the meaning attributed thereto under “Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Fitzsimmons Creek Facility”;

“**Fund**” means Innergex Power Income Fund;

“**GE**” means General Electric Company;

“**GEA**” means *Green Energy Act*;

“**Glen Miller Facility**” means the 8 MW hydroelectric power facility located on the Trent River in Trenton, Ontario;

“**Glen Miller LP**” means Glen Miller Power, Limited Partnership;

“**Gros Morne Phase I Project**” means the 100.5 MW wind power project located in the Municipalities of Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine, Québec;

“**Gros Morne Phase II Project**” means the 111 MW wind power project located in the Municipalities of Mont-Louis and Sainte-Madeleine-de-la-Rivière-Madeleine, Québec;

“**Gros Morne Projects**” means, collectively, the Gros Morne Phase I Project and the Gros Morne Phase II Project;

“**GWh**” means one thousand megawatt per hour;

“**Horseshoe Bend Facility**” means the 9.5 MW hydroelectric power generating facility located on the Payette River, in the State of Idaho in the United States;

"Horseshoe Bend PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Horseshoe Bend Facility – Power Purchase Agreement";

"IHI" means IHI Hydro Inc.;

"Innergex II" means Innergex II Income Fund and its subsidiaries;

"Innergex II Acquisition" has the meaning attributed thereto under "General Development of the Business – Three Year Summary – Innergex II Acquisition";

"Innergex Lease" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Saint-Paulin Facility – Site and Water Rights";

"Institutional Investors" means, collectively, Régime de Rentes du Mouvement Desjardins, Caisse de dépôt et placement du Québec, Sun Life Assurance Company of Canada, TD Capital Group Limited and Kruger Inc. Master Trust;

"IPO" has the meaning attributed thereto under "General Development of the Business – Three Year Summary – Financial year 2007 – Initial Public Offering";

"IPO Price" has the meaning attributed thereto under "General Development of the Business – Three Year Summary – Financial year 2007 – Initial Public Offering";

"IPSP" means Integrated Power System Plan;

"Joint Information Circular" means the joint information circular of the Corporation and the Fund dated February 17, 2010 filed in connection with the Arrangement;

"kV" means one kilovolt or 1,000 volts;

"KWh" means one kilowatt per hour or 1,000 watts per hour;

"Kwoiek Creek Project" means the 49.9 MW hydroelectric power project located on Kwoiek Creek in British Columbia;

"L'Anse-à-Valleau Wind Farm" means the 100.5 MW wind power facility located in L'Anse-à-Valleau, Québec;

"License" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Batawa Facility – Site and Water Rights";

"Ledcor" means Ledcor Power Group Ltd.;

"Matawin Project" means the abandoned 15 MW hydroelectric power project located on the Matawin River in Québec;

"Mkw'Alts Project" means the abandoned 47.7 MW hydroelectric power project located on Ure Creek in British Columbia;

"Montagne-Sèche Project" means the 58.5 MW wind power project located in the Municipality of the Canton of Cloridorme, Québec;

"Montmagny Facility": the 2.1 MW hydroelectric power generating facility located on Rivière du Sud in Montmagny, Province of Québec;

"Montmagny Lease Agreement" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Montmagny Facility – Site and Water Rights";

"Montmagny PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Montmagny Facility – Power Purchase Agreement";

"MRNF" means the Ministère des Ressources naturelles et de la Faune du Québec;

"MW" means one million watts or one megawatt;

"MWh" means one million watts per hour or one megawatt per hour;

"Nations" means the Mont Currie Indian Band and the Squanish Indian Band;

"North Creek Project" means the 16 MW hydroelectric power project located approximately 38 km northwest of Pemberton, British Columbia;

"OEB" means Ontario Energy Board;

"Offering" has the meaning attributed thereto under "General Development of the Business – 2010 Recent Developments";

"OPA" means Ontario Power Authority;

"Operating Facilities" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Portfolio of Assets";

"OPG" means Ontario Power Generation;

"Owners Agreement" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Wind Development Projects – Cartier Owners and Owners Agreement";

"PN 1 Facility" means the 8.0 MW hydroelectric power generating facility located 4 km upstream from the confluence of the St-Lawrence River on the Portneuf River in Sainte-Anne-de-Portneuf, Province of Québec;

"PN 2 Facility" means the 9.9 MW hydroelectric power generating facility located 10.5 km upstream from the confluence of the St-Lawrence River on the Portneuf River in Sainte-Anne-de-Portneuf, Province of Québec;

"PN 3 Facility" means the 8.0 MW hydroelectric power generating facility located 30 km upstream from the confluence of the St-Lawrence River on the Portneuf River in Longue-Rive, Province of Québec;

"Portneuf Emphyteutic Lease" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Portneuf Facilities – Site and Water Rights";

"Portneuf Facilities" means, collectively, PN-1 Facility, PN-2 Facility and PN-3 Facility;

"Portneuf PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Portneuf Facilities – Power Purchase Agreement";

"PPA" means a power purchase agreement, an electricity supply agreement, an electricity purchase agreement or a renewable energy supply contract;

"Private Placement" has the meaning attributed thereto under "General Development of the Business – Three Year Summary – Financial year 2007 – Initial Public Offering";

"Prospective BC Wind Projects" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Prospective Projects – Prospective Wind Projects – Other Prospective British Columbia Wind Projects";

"Prospective Projects" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Portfolio of Assets";

"Prospectus" means the short form prospectus for the Debentures dated February 25, 2010;

"Québec 2,000 MW Request for Proposals" has the meaning attributed thereto under "Industry Overview and Market Trends – Regulatory Framework of and Market for Renewable Power in the Corporation's Key Markets – Québec";

"Québec Community Wind Request for Proposals" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Prospective Projects – Prospective Wind Projects – Various Wind Community Projects";

"Renewable Portfolio Standards" or **"RPS"** means such standards, policies, goals or regulations, established by the respective government or entity established by the government for such purpose, targeting or mandating the development of, increase in, or purchase of renewable forms of electricity generation in such province;

"Request for Proposals" means a request for proposals issued by a provincial government or an entity created by such government for such purpose;

"RPS" has the meaning attributed thereto under "Industry Overview and Market Trends - Renewable Power in Canada – Provincial Renewable Portfolio Standards and Requests for Proposals";

"Rutherford Creek Facility" means the 49.9 MW hydroelectric facility located near Pemberton, British Columbia;

"Saint-Paulin Emphyteutic Lease" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Saint-Paulin Facility – Site and Water Rights";

"Saint-Paulin Facility" means the 8.0 MW hydroelectric power generating facility located on Rivière-du-Loup near Shawinigan, Province of Québec;

"Saint-Paulin PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Saint-Paulin Facility – Power Purchase Agreement";

"Series A Shares" has the meaning attributed thereto under "General Development of the Business – 2010 Recent Developments";

"Sonoco" means Sonoco Canada Corporation;

"Standard Offer Program" or **"SOP"** means a program or mechanism, established by a provincial government or an entity created by such government for such purpose, through which a standard and simplified contracting process

and contractual terms are provided for independent power producers to enter into PPAs for relatively small renewable electricity generating projects;

"Superficies Lease" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Saint-Paulin Facility – Site and Water Rights";

"TransCanada" means TransCanada Energy Ltd.;

"TSX" means the Toronto Stock Exchange;

"TWh" means 1,000 gigawatts per hour or one million megawatts per hour;

"Trust" means Innergex Power Trust;

"Umbata Falls Facility" means the 23 MW Umbata Falls hydroelectric power facility located on the White River in Ontario;

"Underwriters" has the meaning attributed thereto under "Material Contracts – Underwriting Agreement";

"Underwriting Agreement" has the meaning attributed thereto under "Material Contracts – Underwriting Agreement";

"Upper Lillooet River Project" means the 74 MW hydroelectric power project located approximately 70 km northwest of Pemberton, British Columbia;

"Various Community Projects" means the community wind energy projects located in Québec which will be submitted to the Québec Community Wind Request for Proposals;

"Various Other Creek Power Projects" means the 12 projects out of the Creek Power Projects located in the lower mainland of British Columbia which have not been submitted under the BC Hydro SOP or in the Clean Power Call Request for Proposals;

"Wind Farms Disposition" has the meaning attributed thereto under "General Development of the Business – Three Year Summary – Financial year 2007 – Acquisition of Interest in the Fund"; and

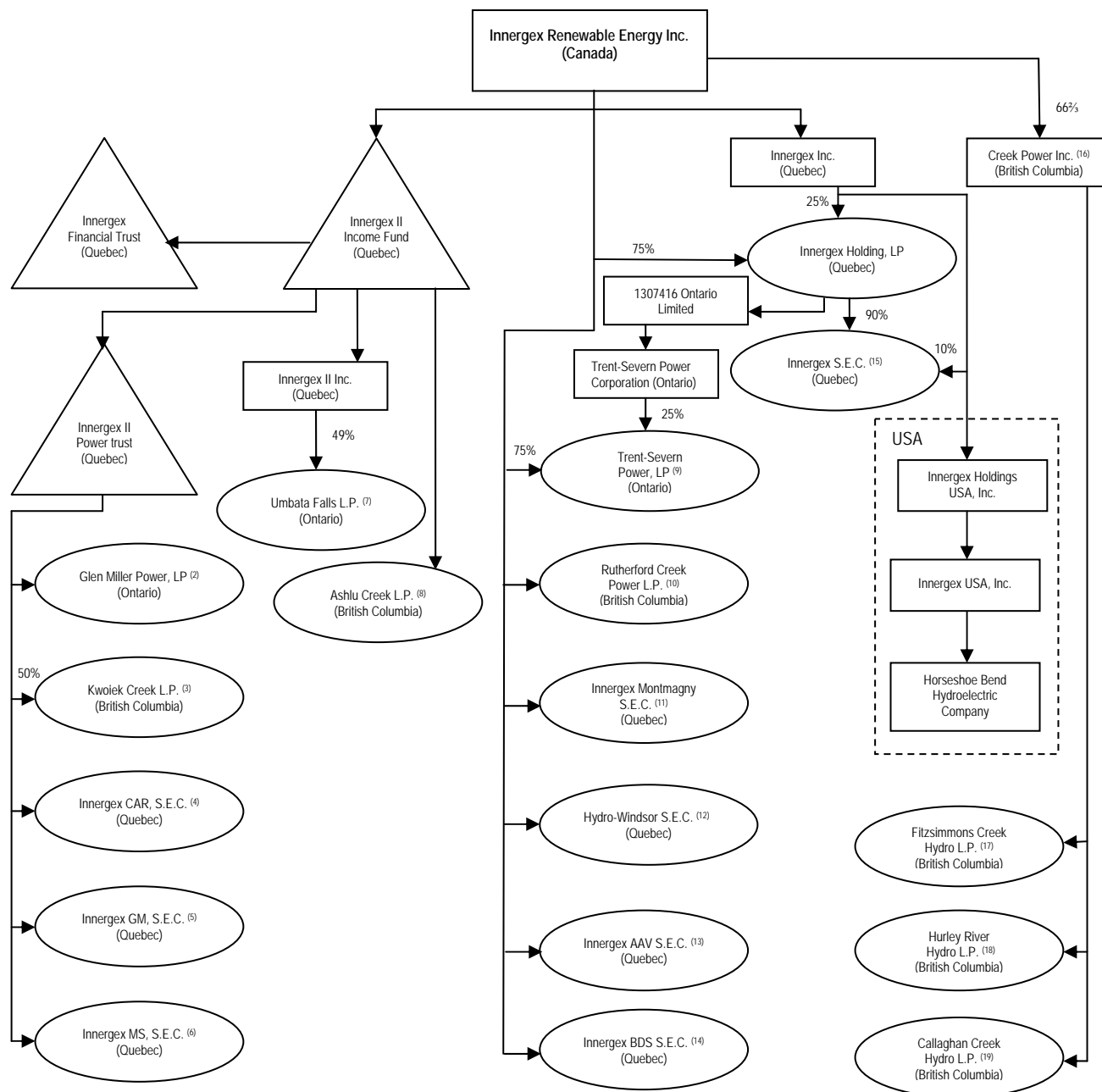
"Windsor Facility" means the 5.5 MW hydroelectric power generating facility located on the St-François River, near Windsor, Province of Québec;

"Windsor PPA" has the meaning attributed thereto under "Description of the Business and Assets of the Corporation – Operating Hydroelectric Facilities – Windsor Facility - Power Purchase Agreement".

SCHEDULE A

CORPORATE STRUCTURE

The following chart outlines the corporate structure of the Corporation and its material subsidiaries⁽¹⁾ as well as certain other material ownership interests held by the Corporation.



(1) Unless otherwise indicated, the Corporation has a 100% direct or indirect interest in the entity.

(2) Glen Miller Power, LP owns a 100% interest in the Glen Miller Facility and its general partner is Glen Miller Power Inc., a wholly-owned subsidiary of Innergex II Inc.

- (3) Kwoiek Creek Resources L.P. owns 100% of the Kwoiek Creek Project and its general partner is Kwoiek Creek Resources GP Inc., which is 50% owned by Innergex II Inc.
- (4) Innergex CAR S.E.C. owns a 38% undivided co-ownership interest in the Carleton Wind Farm and its general partner is Innergex CAR Inc., a wholly-owned subsidiary of Innergex II Inc.
- (5) Innergex GM S.E.C. owns a 38% undivided co-ownership interest in the Gros Morne Projects and its general partner is Innergex GM Inc., a wholly-owned subsidiary of Innergex II Inc.
- (6) Innergex MS S.E.C. owns a 38% undivided co-ownership interest in the Montagne-Sèche Project and its general partner is Innergex MS Inc., a wholly-owned subsidiary of Innergex II Inc.
- (7) Umbata Falls L.P. owns 100% of the Umbata Falls Facility and its general partner is Begetekong Power Corporation, which is 49% owned by Innergex II Inc.
- (8) Ashlu Creek Investments L.P. owns 100% of the Ashlu Creek Facility and its general partners are 675729 British Columbia Ltd. and 888645 Alberta Ltd., wholly-owned subsidiaries of Innergex II Inc.
- (9) Trent-Severn Power, LP owns 100% of the Batawa Facility and its general partner is Trent-Severn Power Corporation.
- (10) Rutherford Creek Power L.P. owns 100% of the Rutherford Creek Facility and its general partner is Rutherford Creek Power Ltd., a wholly-owned subsidiary of Innergex Inc.
- (11) Innergex Montmagny S.E.C. owns 100% of the Montmagny Facility and its general partner is Innergex Windsor-Montmagny Inc., a wholly-owned subsidiary of Innergex Inc.
- (12) Hydro-Windsor S.E.C. owns 100% of the Windsor Facility and its general partner is Innergex Windsor-Montmagny Inc., a wholly-owned subsidiary of Innergex Inc.
- (13) Innergex AAV S.E.C. owns a 38% undivided co-ownership interest in the L'Anse-à-Valleau Wind Farm and its general partner is Innergex AAV Inc., a wholly-owned subsidiary of Innergex Inc.
- (14) Innergex BDS S.E.C. owns a 38% undivided co-ownership interest in the Baie-des-Sables Wind Farm and its general partner is Innergex BDS Inc., a wholly-owned subsidiary of Innergex Inc.
- (15) Innergex S.E.C. owns 100% of the Chaudière Facility, the Portneuf Facilities and the Saint-Paulin Facility and its general partner is Innergex Inc., a wholly-owned subsidiary of Innergex Renewable Energy Inc.
- (16) The Corporation holds 66 2/3% of all issued and outstanding common shares of Creek Power Inc. and 9,865,808 Series 1 preferred shares of Creek Power Inc. Creek Power Inc. owns rights in relation to 3 Development Projects (Upper Lillooet River, Boulder Creek and North Creek) and 12 prospective hydroelectric projects in British Columbia.
- (17) Fitzsimmons Creek Hydro LP owns 100% of the Fitzsimmons Creek Facility and its general partner is Fitzsimmons Creek Investments Ltd., a wholly-owned subsidiary of Innergex II Inc.
- (18) Hurley River Hydro LP owns 100% of the Hurley River Project and its general partner is Hurley River Developments Ltd., a wholly-owned subsidiary of Innergex II Inc.
- (19) Callaghan Creek Hydro LP owns 100% of the Callaghan Creek Project and its general partner is Callaghan Creek Developments Ltd., a wholly-owned subsidiary of Innergex II Inc.

SCHEDULE B

CHARTER OF THE AUDIT COMMITTEE

This charter prescribes the role of the Audit Committee of the Board of Innergex Renewable Energy Inc. (the "**Audit Committee**"). This charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws. This charter is not intended to limit, enlarge or change in any way the responsibilities of the Committee as determined by such Articles and By-Laws and applicable laws.

1. Role

In addition to the powers and authorities conferred upon the directors in the Corporation's Articles and by-laws and as prescribed by applicable laws, the mandate of the Audit Committee is primary to ensure compliance of the Corporation in respect to applicable governmental and authorities' legislation and regulation pertaining to financial information disclosure; adequacy of the accounting principles and decisions regarding the presentation of financial statements, in accordance with generally accepted accounting principles; fair presentation of the Corporation's financial situation in its quarterly and annual financial statements; timely disclosure of relevant information to shareholders and to the general public; implementation of efficient internal controls for all of the Corporation's transactions; and review of such controls on a regular basis.

2. Composition

2.1 Number and criteria

The Audit Committee must be constituted as required under Regulation 52-110, as it may be amended from time to time ("Regulation 52-110"). The Audit Committee is comprised only of members that qualified as independent (as that term is defined in Regulation 52-110) and are financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements). The Audit Committee shall comprise at least three members.

2.2 Selection and chair

The members of the Committee and its Chair shall be elected by the Board on an annual basis after the shareholders' annual meeting at which the directors are elected, or until their successors are duly appointed. The Chair shall designate from time to time a person who may not need to be a member of the Committee to be the secretary of the Committee.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee Membership.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of its powers so long as a quorum remains.

2.3 Remuneration

Members of the Committee and the Chair shall receive such remuneration for their services as the Board may determine from time to time.

2.4 Term Limit

No person shall serve on the Committee for a period of more than six consecutive years, unless the Board shall, on a particular case, specifically determine to make exception from such limitation.

3. **Meetings**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances require.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall determine by resolution.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine upon reasonable notice to each of its members, which shall not be less than 48 hours. The notice period may be waived by all members of the Audit Committee. Each of the Chair of the Board, the external auditor, the President, the Chief Executive Officer, the Chief Financial Officer or the Secretary of the Corporation, shall be entitled to request that any member of the Audit Committee call a meeting.

The Audit Committee shall determine any desired agenda items.

The Audit Committee should record minutes of its meetings and submit those to the whole Board on a timely basis.

The Audit Committee Chair may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation and others as they consider appropriate.

In order to foster open communication, the Audit Committee or its Chair shall meet at least quarterly with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation's interim financial statements.

4. **Responsibilities**

Without limiting the generality of its role as described in section 1 above, the Committee shall, inter alia:

4.1 Relationship with external auditor

- Recommend to the Board the appointment and compensation of the external auditor.
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- Oversee the work of the external auditor, including the resolution of any issues between the external auditor and management.
- Pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation or its subsidiaries by the external auditor.

- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to assess their independence.
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- Arrange for the external auditor to be available to the Committee and the Board as needed.
- Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

4.2 Financial information and public disclosure

- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- Consider proposed major changes to the Corporation's accounting principles and practices.
- If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- Review and recommend the approval of the annual and interim financial statements, related management discussion and analysis ("MD&A"), and annual and interim earnings press releases before such information is publicly disclosed.
- Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information, other than those described in the above paragraph, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.
- Review the public disclosure regarding the Audit Committee required by Regulation 52-110.
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor.
- Periodically consider the need for an internal audit function, if not present.
- Following completion of the annual audit and, if applicable, quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

- Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

4.3 Other matters

- Establish procedures for (i) the receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls or audit matters, and (ii) the confidential anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
- Review and approving the Corporation's hiring policies regarding current or former partners or employees of the current and former auditors of the Corporation or its subsidiaries.
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
- Review management's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

Notwithstanding the foregoing, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Corporation's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor, as the case may be.

5. **Advisors**

The Audit Committee may engage outside advisors at the expense of the Corporation in order to assist the Committee in the performance of its duties and set and pay the compensation for such advisors.

The Audit Committee is authorized to communicate directly with the external (and, if applicable, internal) auditor as it sees fit.

If considered appropriated by it, the Audit Committee is authorized to conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities, and to perform any other activities as the Committee deems necessary or appropriate.

The Board has determined that any committee who wishes to engage a non-management advisor to assist on matters involving the committee member's responsibilities as a committee member at the expense of the Corporation should review the request with, and obtain the authorization of, the Chair of the Board.

6. **Assessment**

ON AN ANNUAL BASIS THE COMMITTEE SHALL FOLLOW THE PROCESS ESTABLISHED BY IT (AND APPROVED BY THE BOARD) FOR ASSESSING PERFORMANCE AND EFFECTIVENESS FOR THE COMMITTEE.

7. Charter review

The Audit Committee should review this Charter on an annual basis and recommend to the Board changes to this Charter, as considered appropriate from time to time.

8. General

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.