BORALEX

energy creator

2013 ANNUAL REPORT

PROFILE

Boralex is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. Currently, the Corporation operates an asset base with an **installed capacity** of more than **650 MW** in Canada, France and the Northeastern United States. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to **add** approximately **250 MW** of power that will be put in service by the end of 2015.

With more than 200 employees, Boralex is known for its diversified **expertise** and in-depth **experience** in four power generation types — wind, hydroelectric, thermal and solar.

Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively. More information is available at www.boralex.com or www.sedar.com.

The first **Sustainable Development Report** of Boralex will be published next May.

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VISION

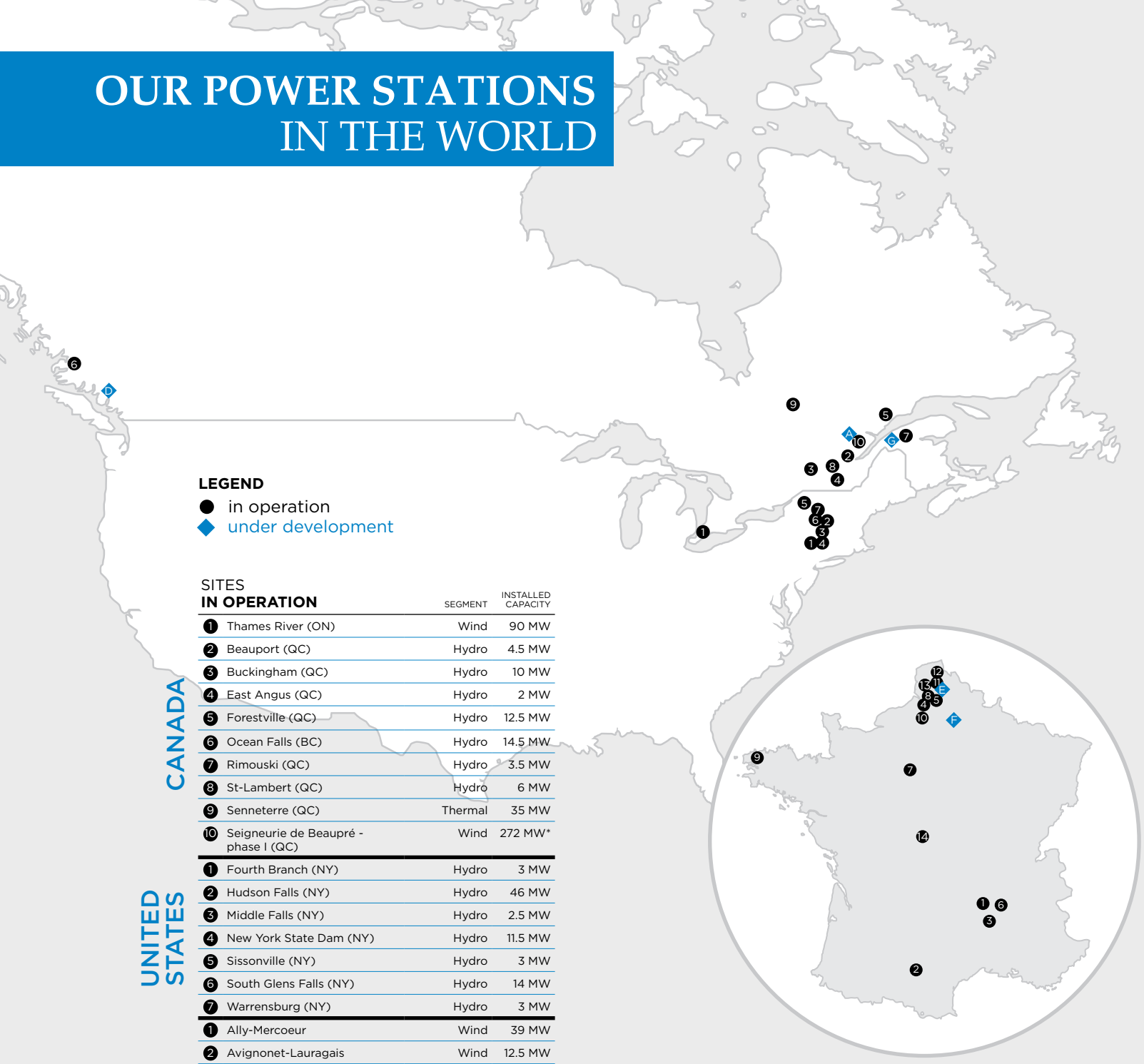
Boralex's goal is to be a **Canadian leader** in the development and operation of **renewable energy** in North America and Europe.

We plan to grow by generating **electricity** from natural or recycled sources in a manner that **respects** both **communities** and the **environment**.

Our strength lies in the **expertise**, **skills** and **innovative spirit** of our employees.

Our commitment is to manage our facilities ethically, to be a **good corporate citizen** and to provide a sustained financial performance to our shareholders and partners.

OUR POWER STATIONS IN THE WORLD



LEGEND

- ● in operation
- ◆ under development

SITES IN OPERATION

		SEGMENT	INSTALLED CAPACITY
CANADA			
1	Thames River (ON)	Wind	90 MW
2	Beauport (QC)	Hydro	4.5 MW
3	Buckingham (QC)	Hydro	10 MW
4	East Angus (QC)	Hydro	2 MW
5	Forestville (QC)	Hydro	12.5 MW
6	Ocean Falls (BC)	Hydro	14.5 MW
7	Rimouski (QC)	Hydro	3.5 MW
8	St-Lambert (QC)	Hydro	6 MW
9	Senneterre (QC)	Thermal	35 MW
10	Seigneurie de Beaupré - phase I (QC)	Wind	272 MW*
UNITED STATES			
1	Fourth Branch (NY)	Hydro	3 MW
2	Hudson Falls (NY)	Hydro	46 MW
3	Middle Falls (NY)	Hydro	2.5 MW
4	New York State Dam (NY)	Hydro	11.5 MW
5	Sissonville (NY)	Hydro	3 MW
6	South Glens Falls (NY)	Hydro	14 MW
7	Warrensburg (NY)	Hydro	3 MW
FRANCE			
1	Ally-Mercoeur	Wind	39 MW
2	Avignonet-Lauragais	Wind	12.5 MW
2	Avignonet-Lauragais	Solar	5 MW
3	Cham Longe	Wind	22.5 MW
4	Chasse Marée	Wind	9 MW
5	Chépy	Wind	4 MW
6	La Citadelle	Wind	14 MW
7	Le Grand Camp	Wind	10 MW
8	Nibas	Wind	12 MW
9	Plouguin	Wind	8 MW
10	Ronchois	Wind	30 MW
11	St-Patrick	Wind	34.5 MW
12	Blendecques	Thermal	14 MW
13	Vron	Wind	8 MW
14	La Vallée	Wind	32 MW

SITES UNDER DEVELOPMENT

	PLANNED COMMISSIONING	SEGMENT	POTENTIAL INSTALLED CAPACITY
D Jamie Creek (BC, Canada)	2014	Hydro	22 MW
E Fortel-Bonnières (France)	2014	Wind	23 MW
A Seigneurie de Beaupré - phase II (QC, Canada)	2014	Wind	68 MW*
G Témiscouata I (QC, Canada)	2014	Wind	25 MW
F St-François (France)	2015	Wind	23 MW
A Côte-de-Beaupré (QC, Canada)	2015	Wind	25 MW
G Témiscouata II (QC, Canada)	2015	Wind	50 MW

* Represents the total installed capacity, the net share for Boralex is 50%.

FINANCIAL HIGHLIGHTS

(in thousands of dollars, unless otherwise specified)	2013 [1]	2012 [1]	2011	2010
OPERATIONS				
Revenues from energy sales	171,395	181,440	194,025	102,812
EBITDA [2]	101,836	98,238	100,756	39,414
Net earnings attributable to shareholders of Boralex	(4,192)	(5,115)	2,883	35,072
Cash flows from operations [2]	51,180	47,665	54,240	14,761
INVESTMENTS				
Additions to property, plant and equipment	323,415	103,138	34,419	183,948
Development projects	9,666	3,422	1,620	2,046
Business acquisitions	-	63,881	700	40,953
FINANCIAL POSITION				
Cash and cash equivalents [3]	187,667	118,788	162,991	108,574
Property, plant and equipement	1,179,653	812,830	643,047	738,884
Total assets	1,791,440	1,323,164	1,176,855	1,245 507
Debt [4]	977,993	593,660	506,184	513,774
Convertible debentures	229,578	226,299	223,347	220,824
Total equity	385,780	342,369	328,878	367,689
CLASS A SHARE DATA				
Net earnings per share attributable to shareholders of Boralex (basic – in dollars)	(0.11)	(0.14)	0.08	0.93
Shareholders' equity per share outstanding at the end of the year (in dollars)	10.21	9.07	8.72	9.74
Weighted average number of shares outstanding (in thousands)	37,745	37,729	37,753	37,742
Shares outstanding at the end of the year (in thousands)	37,768	37,735	37,726	37,765
Debentures outstanding at the end of the year (in thousands)	2,447	2,447	2,449	2,451
RATIO				
Net debt ratio [2]	57.1%	46.6%	39.8%	40.9%

(1) These 2013 and 2012 financial highlights have been prepared on a proportionate consolidation basis. The results of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership and Seigneurie de Beaupré Wind Farm 4 GP (the "Joint Ventures"), which are 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to present results according to this method to help investors understand the concrete impacts of decisions made by the Corporation. The 2011 and 2010 financial highlights are presented in accordance with IFRS given that the differences between the two presentations are not material.

(2) Earnings before interest, taxes, depreciation and amortization (EBITDA), cash flows from operations and net debt ratio are not measures of performance under IFRS as defined under *Non-IFRS Measures*.

(3) Including restricted cash.

(4) Including non-current debt, current portion of debt.

STOCK DATA as at December 31, 2013

Exchange: Toronto (TSX)

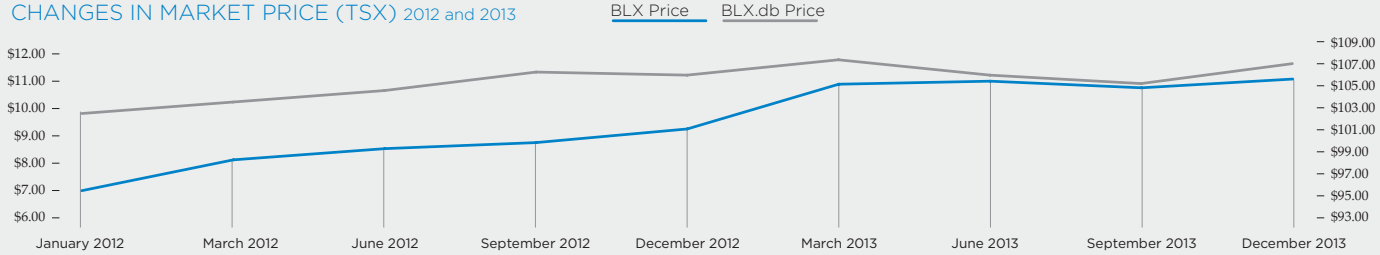
Conversion ratio of debentures: 8 : 1

Securities and symbols:
Class A shares (BLX)

Convertible debentures 6.75% - June 30, 2017 (BLX.db)

Principal Shareholder:
Cascades Inc. (35% of Class A shares)

CHANGES IN MARKET PRICE (TSX) 2012 and 2013



TRADING ON CLASS A SHARES

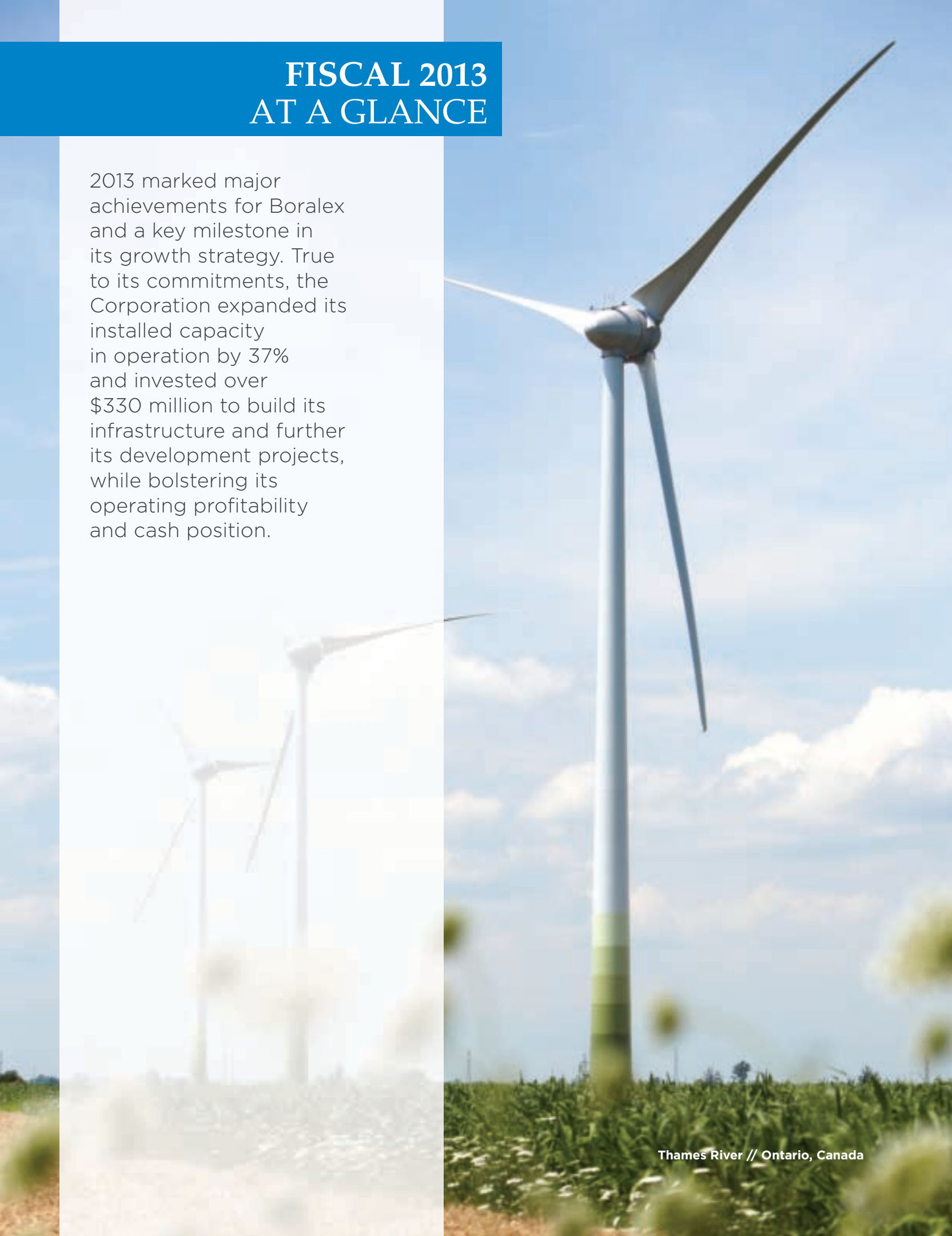
Year ended	Issued and oustanding	High	Low	Closing Price
December 31, 2013	37,767,855	$11.84	$8.70	$10.82
December 31, 2012	37,734,895	$10.01	$7.05	$9.17

TRADING ON CONVERTIBLE DEBENTURES

Year ended	Issued and oustanding	High	Low	Closing Price
December 31, 2013	2,446,545	$111.00	$100.54	$106.75
December 31, 2012	2,447,487	$108.00	$102.01	$106.00

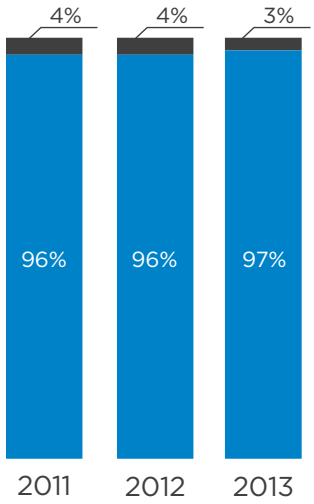
FISCAL 2013 AT A GLANCE

2013 marked major achievements for Boralex and a key milestone in its growth strategy. True to its commitments, the Corporation expanded its installed capacity in operation by 37% and invested over $330 million to build its infrastructure and further its development projects, while bolstering its operating profitability and cash position.



Thames River // Ontario, Canada

2013 HIGHLIGHTS



CONTRACTUAL BREAKDOWN

- Market prices
- Under contract

New assets commissioned totalling **312 MW** with a net share of **176 MW** for Boralex

Over **$330 million** in investments

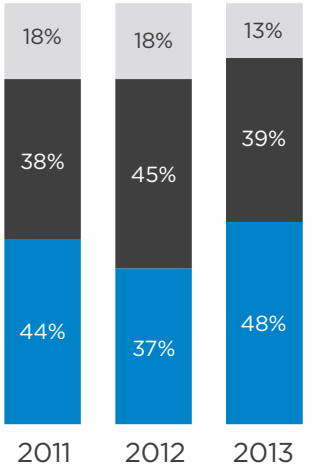
202 MW[1] of projects in progress, including 104 MW to be commissioned in 2014 and 98 MW in 2015

EBITDA margin of **59.4%**, up from 54.1% in 2012, a direct return on the positioning strategy

Cash flows from operations of **$59.9 million**, up **28%** from 2012

Over **$300 million** in new financings put in place

Total cash position of **$187.7 million**



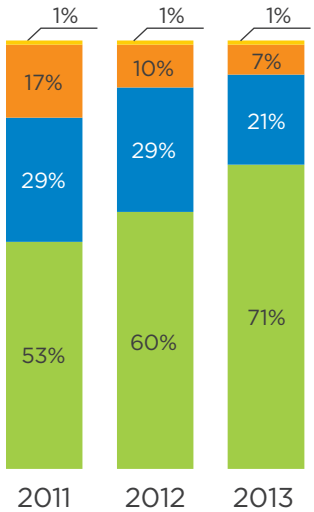
GEOGRAPHIC BREAKDOWN

- United States
- France
- Canada

Revenues of **$171.4 million** and EBITDA of **$101.8 million**

52% rise in Boralex's share price from January 1, 2012 to December 31, 2013

(1) Net share for Boralex (excluding its Canadian partners' share)

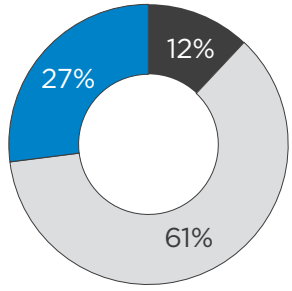


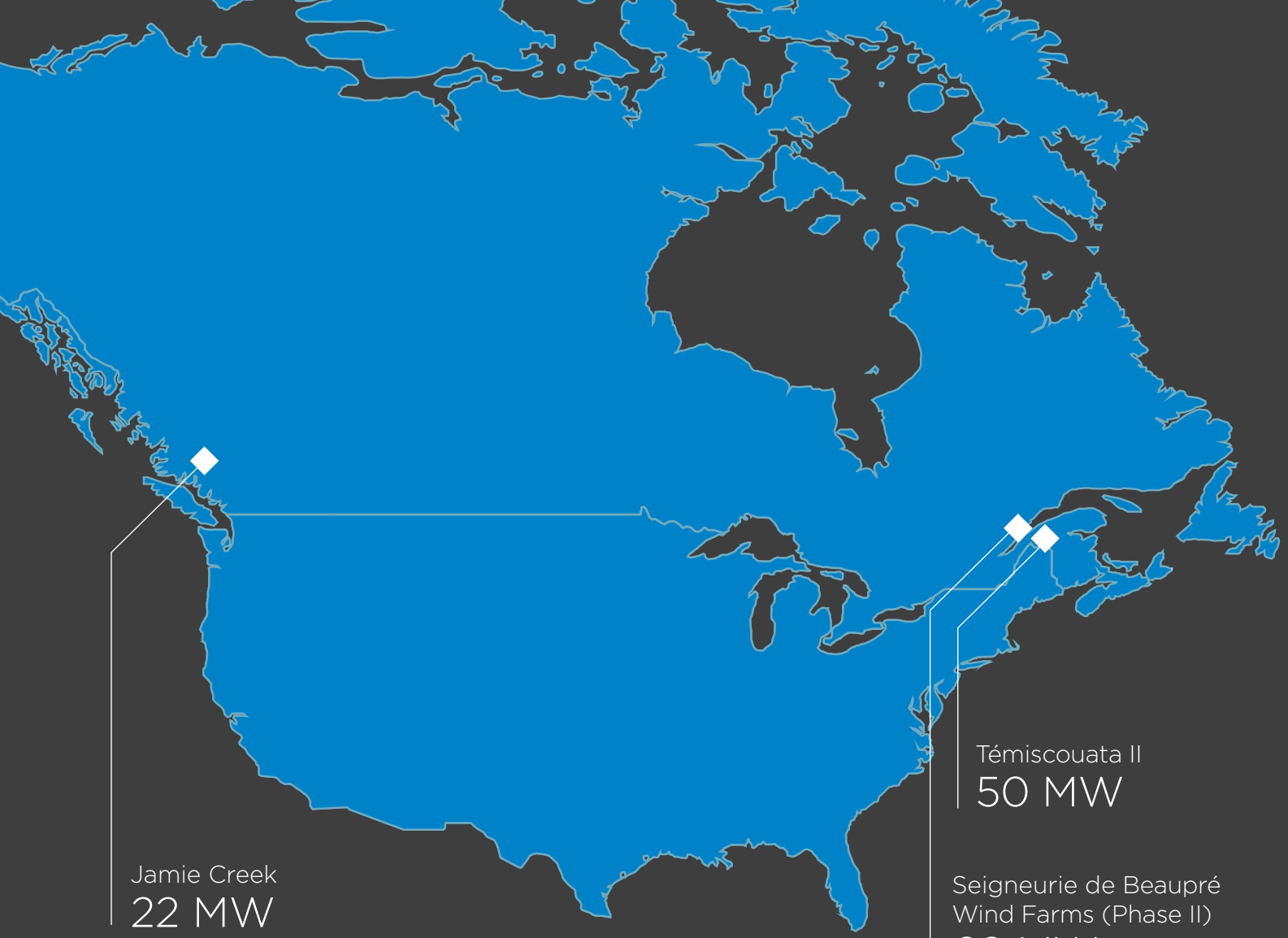
SEGMENT BREAKDOWN

- Solar
- Thermal
- Hydroelectric
- Wind

Remaining terms of power purchase agreements
(in terms of MWh)

- Remaining term < 10 years
- Remaining term between 10 & 20 years
- Remaining term > 20 years





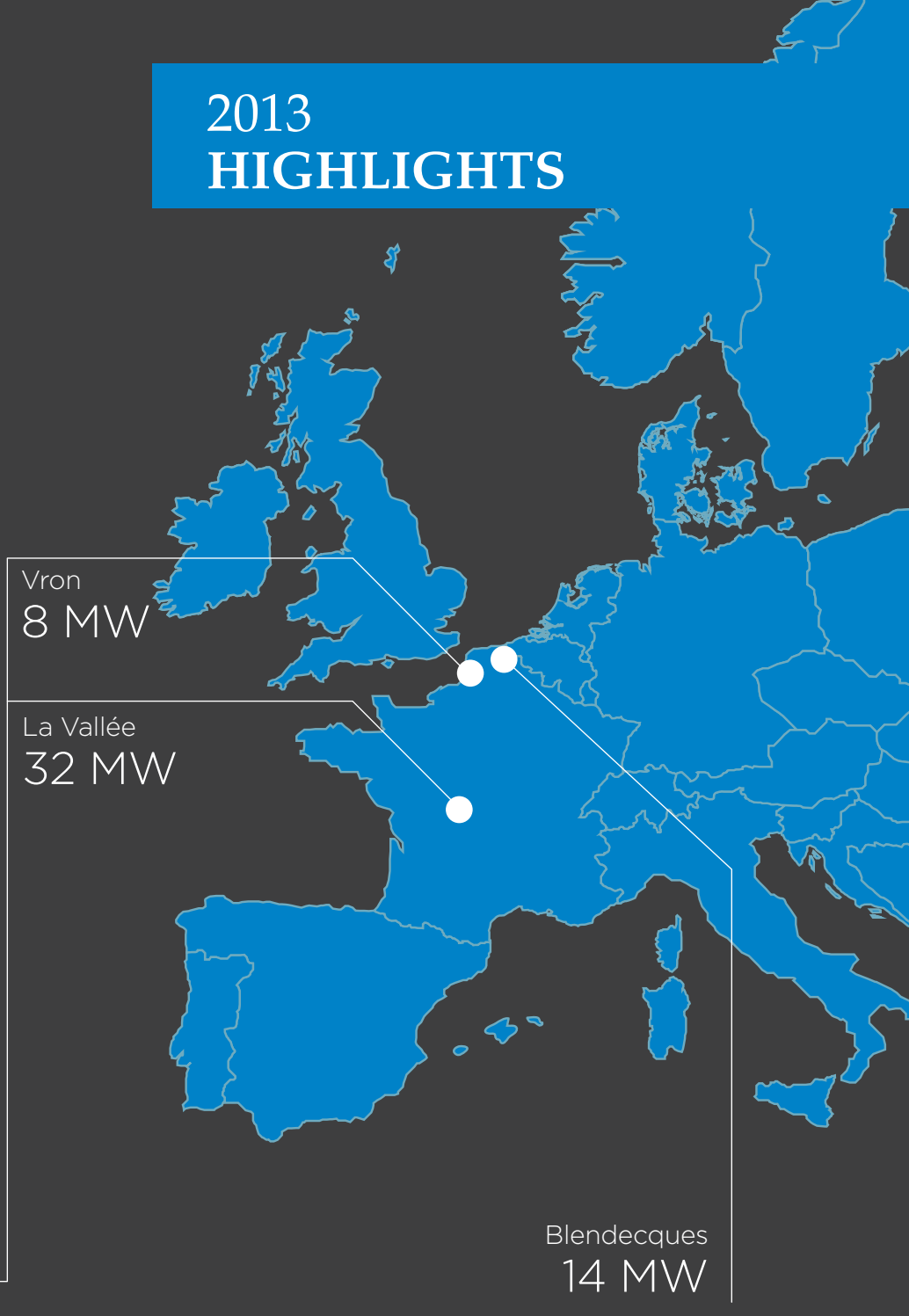
HYDRO

Around $30 million invested, mostly to build the **Jamie Creek** power station (22 MW), in British Columbia, slated for commissioning late in the first quarter of fiscal 2014

LEGEND

- ● in operation
- ◆ under development

2013 HIGHLIGHTS



WIND

Installed capacity in operation of 462 MW[1] as at December 31, 2013, up 62% from December 31, 2012

Seigneurie de Beaupré Wind Farms Phase I totalling 272 MW (net share of 136 MW for Boralex) along with two new wind farms in France totalling 40 MW (**Vron** and **La Vallée**) commissioned on time and on budget

Prospecting and launching of new development projects in France and Canada to drive future growth

(1) Net share for Boralex (excluding its Canadian partners' share)

THERMAL

Modernization project at the **Blendecques** power station, with €6 million to be invested in 2014, resulting in the signing of a new power sales contract over a 12-year period

OUTLOOK AND OBJECTIVES

Management expects substantial growth in its 2014 and 2015 results, driven by the full-year contribution of 176 MW commissioned in the fourth quarter of fiscal 2013 and at least 202 MW (net shares for Boralex) to be added gradually over a two-year period. By the end of fiscal 2016, fuelled by current projects and our liquidity situation that will be spent primarily on expansion, the Corporation expects its assets to total nearly 950 MW and generate $200 million in EBITDA — doubling its 2013 level.

Vron // France

GROWTH PATH

652 MW in operation
$102 million EBITDA

Country	FRANCE		CANADA					EUROPE OR CANADA
Commissioning	2014	2015	2014	2014	2014	2015	2015	
Project	Fortel-Bonnières	St-François	Jamie Creek	Seigneurie de Beaupré (phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II	
Capacity	23 MW	23 MW	22 MW	68 MW	25 MW	25 MW	50 MW	+/- 100 MW
Segment	Wind	Wind	Hydro	Wind	Wind	Wind	Wind	WIND EQUIVALENT
Boralex's ownership	75%	75%	100%	50%	51%	51%	100%	100%

± 950 MW
$200 million EBITDA
Pro forma attributable to Boralex in 2016

Note:
This data is consolidated in accordance with IFRS, except for the Seigneurie de Beaupré phases I and II (owned at 50%) which are proportionately consolidated for projection purposes.

MESSAGE TO **SHAREHOLDERS**

Again in fiscal 2013, Boralex fulfilled its commitments to shareholders, meeting most of its strategic, operating and financial objectives, including commissioning one of Canada's largest wind farms. The Corporation has achieved another decisive milestone towards the realization of its strategic growth and value creation.

KEY ACHIEVEMENTS IN 2013:
close to 40% growth in its installed capacity and over $330 million in additional investments

Boralex notched major accomplishments in 2013 and an increasingly clearer return on its growth and strategy. Its crowning achievement was its November–December 2013 commissioning of the 272 MW Phase I of the Seigneurie de Beaupré Wind Farms in Québec, in which the net share for Boralex is 136 MW. This project required eight years of planning, including three years of construction and a total investment of $750 million, not to mention hiring hundreds of workers and some thirty local contractors. In spite of the challenges facing us, including a general strike by construction workers in summer 2013 and extreme weather conditions in December, this gigantic wind power station was built and commissioned on time and on budget. Project performance has met expectations to date. We are eminently proud of this achievement, which garners Boralex the status of a world-class developer, sponsor, builder and operator of large-scale wind power projects.

Two wind farms totalling 40 MW, Vron and La Vallée, also were built and commissioned in France in the last few months of 2013. In total, the Corporation's wind power assets commissioned over the past fiscal year boosted its aggregate and wind power segment installed capacity by 37% and 62%, respectively. The wind power segment now accounts for 462 MW of a total 652 MW, or around 70% of the Corporation's aggregate capacity. At the same time, we continued developing and securing the lion's share of financing for our various wind power stations in the delivery phase, in which the net share for Boralex is 202 MW, of which 104 MW and 98 MW are slated for commissioning in 2014 and 2015, respectively, as it continues to lay the groundwork for further expansion projects in Canada and France. On the whole, this development has required direct investments of nearly $300 million in 2013, including Boralex's share of $220 million in investments by its Joint Ventures for Phase I construction and Phase II development of the Seigneurie de Beaupré Wind Farms.

VALUE CREATION STRATEGY:
growth in Boralex's profitability, capacity to generate cash flows from operations and cash position

The growth strategy adopted by Boralex in 2009 includes three core objectives: target renewable energy assets covered by long-term power sales contracts; prioritize energy assets with superior and more stable profit margins, namely wind and hydroelectric power; and enhance our geographical diversification, mainly across the various regions of Canada and France.

We have lived up to our word. True to our commitments, we have devoted the majority of our financial resources to develop our two strategic segments, into which more than $750 million has been injected over the past five fiscal years, including approximately $330 million in 2013. As a result, long-term sales contracts now cover 97% of our energy production assets, up from 51% in 2009, and 100% of our projects under development.

Over the same period, the wind and hydroelectric power segments' combined share of our asset portfolio rose to 92% from 43%. Since December 2008, the wind power segment alone has grown more than fourfold. Broken down geographically, after expanding a previously marginal presence in Canada, our infrastructure portfolio now offers better diversification across Canada (48%), France (39%) and the United States (13%).

This new profile has delivered a significant boost in Boralex's performance and financial position. First, the growing weight of the wind and hydroelectric power segments in our energy portfolio is gradually enhancing our profit margin, while the improved geographical diversification of those segments has a stabilizing effect on results. Second, our superior asset quality generates constant increases in cash flows from operations, thereby bolstering a solid cash position despite the substantial investments made each year.

2013 RESULTS:
solid performance of Boralex's wind and hydroelectric power segments and stronger cash position

Our financial results for the past year have built on the positive trend begun in 2009. Our EBITDA margin continued to grow in 2013, touching nearly 60%. On the same basis, EBITDA exceeded $100 million. In line with our objective, the $10 million shortfall arising from the November 2012 shutdown of the Kingsey Falls thermal power station was offset by expansion in the wind power segment and favourable performance in the hydroelectric power segment. Cash flows from operations climbed 28% to $59.9 million, further solidifying Boralex's cash position. As at December 31, 2013, Boralex had available short-term liquidities of $188 million, including its share of approximately $43 million in the cash of the Joint Ventures.

It is important to emphasize that Boralex recorded remarkable stock performance from January 1, 2012 to December 31, 2013, with share appreciation of 52%. This solid performance seems to indicate that our strategy has garnered market gains and support, as well as recognition for our capacity to meet commitments and deliver, and we firmly intend to stay the course.

OUTLOOK AND OBJECTIVES:
growth in results and pursuit of investment strategy

While encouraging, 2013 results pale in comparison to the financial performance Boralex aspires to for the coming years, as they reflect only partially the contribution from the 176 MW in new assets commissioned in the final weeks of the fiscal year. For fiscal 2014, in addition to capitalizing on the full-year contribution of the above assets, Boralex will commission, in particular, a 22 MW hydroelectric power station in British Columbia late in the first quarter, whereas additional wind power projects in which its net share is 82 MW will get underway toward the end of the fiscal year, including Phase II of the Seigneurie de Beaupré Wind Farms. Furthermore, the Corporation will move forward with other projects totalling 98 MW (net share for Boralex) to be commissioned in 2015.

In addition to its existing projects under development, Boralex has the cash resources and adequate capacity to generate cash flows from operations to fund the "equity" portion of new projects representing the equivalent of 100 MW in wind power without new capital injections. Assuming said funds were fully utilized, we could thus have a combined energy production asset portfolio totalling nearly 950 MW by the end of 2016, with the capacity to generate $200 million in EBITDA—doubling our 2013 level.

To that end, we are pursuing various opportunities in the wind power segment, particularly in France where Boralex is a highly active developer of greenfield projects, some of which could be commissioned as of 2016. We are also building out our project pipeline in Canada, where we are currently assessing various wind power projects in Québec, Ontario and British Columbia, while keeping an eye out for hydroelectric and solar power opportunities in Ontario and B.C.

BORALEX'S LONG-TERM COMMITMENT:
growing value for the Corporation and its shareholders

First and foremost, we intend to continue capitalizing on the Corporation's financial resources to quicken the pace of growth and build on our positioning as one of the most profitable, experienced and diversified global green energy producers in this promising industry. As evidenced in the past few quarters, we are confident that the Corporation's dynamic and orderly growth toward its objectives will continue to be reflected in its market valuation, enhancing shareholder value.

In other developments, the Corporation announced the first dividend in its history on February 19, 2014. The decision to pay out a dividend is a testament to our commitment to shareholder value creation and the astute choices behind our growth strategy of the past several years. It occurs at a point in our development where the Corporation enjoys a strong cash position, supported by steady cash flows generated by quality assets under fixed and indexed long-term contracts, which will also support its growth strategy in France and Canada.

We look to the near, the medium and especially the long term with great confidence for the Corporation's future. Despite a highly demanding and competitive environment, Boralex has an edge in several areas to drive development while continuing to meet performance targets on all of its projects. In particular, the financing environment is relatively stable, which should remain the case for the foreseeable future. Moreover, technological breakthroughs, especially in wind turbines, tend to increase equipment productivity, allowing the Corporation to stay on track with its target returns, in spite of downward pressure from the various governments.

That being said, Boralex will continue to build its future success on its intrinsic strengths. Our financial position reflects strength and flexibility in equal measure. We have built a profitable, well-diversified portfolio of high-quality assets that generate increasingly significant and predictable cash flows. Boralex brings a top-notch, multi-disciplinary team combining expertise in power station development, financing and construction, as well as optimization and profitable operation, for various types of energy production. Boralex's has built a reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale energy infrastructure projects. In particular, with the major development strides made by Boralex in the past five years against a backdrop of global financial and economic crisis, our organization has acquired exceptional depth and discipline in risk management, financial management and operational planning, without detracting from its entrepreneurial spirit, proactive vision and capacity to identify and seize on the best opportunities while retaining its adaptability.

In conclusion, we would like to extend our thanks and congratulations to all employees of Boralex, who demonstrated once again in 2013 that they are not only top-flight professionals, but also as true to their word as their tight focus on quality, results and innovation. We would like to express our gratitude to Boralex's Board of Directors for its solid contribution, as well as our strategic, operating and financial partners, starting with our shareholders.

(s) Patrick Lemaire

Patrick Lemaire

President and Chief Executive Officer

(s) Robert F. Hall

Robert F. Hall

Chairman of the Board

March 2014

Management's Discussion and Analysis

For the year ended December 31, 2013

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Introductory Comments

General

This Management's Discussion and Analysis ("MD&A") reviews the operating results for the three-month period and fiscal year ended December 31, 2013, compared with the corresponding periods of 2012, the cash flows for the year ended December 31, 2013 compared with the year ended December 31, 2012, as well as the Corporation's financial position as at December 31, 2013 compared with December 31, 2012. This report should be read in conjunction with the audited consolidated financial statements and related notes found in this Annual Report for the fiscal year ended December 31, 2013.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex (www.boralex.com) and SEDAR (www.sedar.com) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions.

The information contained in this MD&A reflects all material events up to March 10, 2014, the date on which the Board of Directors approved this annual MD&A and the audited consolidated financial statements.

Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with International Financial Reporting Standards ("IFRS") which constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CPA Canada Handbook*. The audited consolidated financial statements included in this annual MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2012.

This MD&A also includes a section, *Proportionate Consolidation*, where the results of Seigneurie de Beaupré Wind Farms 2 and 3 ("Phase I Joint Ventures") and Seigneurie de Beaupré Wind Farm 4 ("Phase I Joint Ventures"), General Partnerships (the "Joint Ventures"), which are 50% owned by Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis, management has considered it relevant to integrate this *Proportionate Consolidation* section into the MD&A to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are included in the MD&A.

As discussed under *Non-IFRS Measures*, this MD&A also contains information derived from non-IFRS measures.

All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars.

Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at March 10, 2014.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, volatility in the selling price of electricity, the Corporation's financing capacity, negative changes in general market conditions and regulations affecting the industry, as well as other factors described later in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in this MD&A.

Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made.

There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

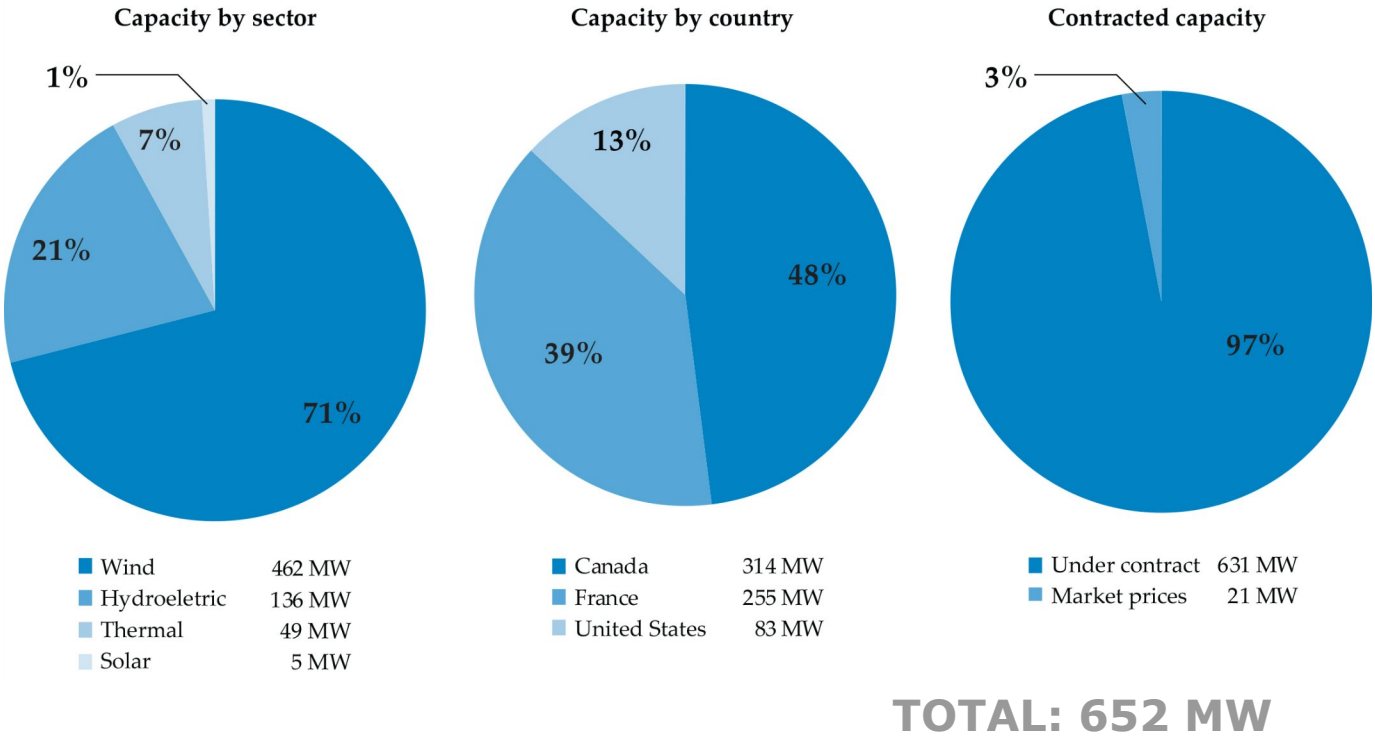
Description of Business

Boralex Inc. ("Boralex" or the "Corporation") is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. Currently, the Corporation operates an asset base with an installed capacity of more than 650 megawatts ("MW") (Boralex's net share) in Canada, France and the Northeastern United States. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to add approximately 250 MW of power (net share of 204 MW for Boralex) that will be commissioned by the end of 2015. Nearly all of the Corporation's operating assets as well as all the sites under development benefit from long-term power sales contracts with fixed and indexed prices.

With more than 200 employees, Boralex is known for its diversified expertise and in-depth experience in four power generation types.

- Boralex currently operates a **462 MW wind power** portfolio of assets in Canada and France. In recent years, Boralex has become one of the most experienced wind power producers in France, where it currently generates 236 MW of power with an additional 46 MW in total in development projects. Boralex also entered the wind power market in Canada with 226 MW of installed capacity in Québec and Ontario. In Québec, the Corporation is working independently or with partners on the development of wind farms with an additional total installed capacity of 168 MW (net share of 134 MW for Boralex), slated for commissioning by the end of 2015.
- Boralex has nearly two decades of expertise in **hydroelectric power** generation. The Corporation owns and operates **136** MW of hydroelectric assets in the United States, Québec and British Columbia, where it will commission a new 22 MW power station in early 2014.
- Boralex owns two **thermal power** stations with a total installed capacity of **49** MW, comprising a 14 MW natural gas cogeneration power station in France and a 35 MW wood-residue power station in Québec.
- Boralex diversified its energy portfolio with the addition of a **solar power** facility with an installed capacity of **5** MW located in France.

The following charts provide information about the makeup of the Corporation's energy portfolio in operation as at December 31, 2013 [(1)]:



(1) This data reflects Boralex's net share in various assets and exclude, accordingly, its partner's share in the Seigneurie de Beaupré Wind Farms Phases I and II, in Québec, currently in operation.

Boralex's shares, 35% of which are held by Cascades Inc. ("Cascades"), and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively.

Growth Strategy and Key Developments in Recent Fiscal Years

Over the past few years, Boralex has strived to lay the foundations of above-average, balanced and sustainable growth by pursuing its key goals of enhancing the value of its asset base, securing steady and predictable revenue and cash flow streams, and lowering its business risk exposures. As a result, the Corporation has made the following strategic choices:

- Target the acquisition and development of renewable energy assets covered by long-term indexed fixed-price power sales contracts;
- Prioritize renewable energy assets with above-average profit margins, particularly wind, hydroelectric and solar power; and
- Focus development initiatives on Canada and France.

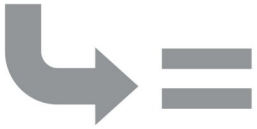
Key achievements under Boralex's growth and positioning strategy since fiscal 2009 are discussed below:

- The **wind power segment expanded significantly** with the installed capacity operated by Boralex increasing to 462 MW (Boralex's net share) as at December 31, 2013 from 108 MW in December 2008. These operating assets located in France (236 MW) and Canada (net share of 226 MW) are fully covered by long-term power sales contracts. In addition, the Corporation is currently developing, independently or with partners, various wind power projects in which it holds a total net share of 182 MW, comprising 48 MW in France and 134 MW in Canada, slated for commissioning in 2014 and 2015. Backed by its significant financial resources, the Corporation is pursuing other acquisition and development targets in Canada and in France;
- **All of the trust units of the Boralex Power Income Fund (the "Fund") were acquired** in November 2010, increasing Boralex's energy portfolio by a fully contracted installed capacity of 131 MW mainly comprising excellent hydroelectric assets of approximately 100 MW;
- **Boralex entered the solar power market** in June 2011 with the commissioning of its first solar power station with an installed capacity of 5 MW located in Southwestern France. To date, the facility has met management expectations with its contribution while allowing Boralex to develop expertise in this segment; and
- **The relative weight of the thermal power segment and assets with non-contracted capacity in Boralex's energy portfolio was scaled back**, mainly following the sale in December 2011 of U.S. wood-residue power stations with a total installed capacity of 186 MW, which were not covered by sales contracts and sold their electricity in the Northeastern United States open market. In line with Boralex's target positioning, the cash proceeds of approximately $81 million (net of taxes) from this sale were partly used to acquire operating assets and development projects in the wind and hydroelectric power segments. Also, in 2011 and 2012, two thermal power stations located in Québec discontinued their operations, namely the Dolbeau wood-residue power station and the Kingsey Falls natural gas power station. In 2013, the Corporation disposed of a non-strategic thermal power segment business unit.

Growth Path

652 MW in operation
$102 million EBITDA

	CONTRACTED							PIPELINE
Country	FRANCE		CANADA					Europe or Canada
Commissioning	2014	2015	2014	2014	2014	2015	2015	
Project	Fortel-Bonnières	St-François	Jamie Creek	Seigneurie de Beaupré (phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II	
Capacity	23 MW	23 MW	22 MW	68 MW	25 MW	25 MW	50 MW	+/- 100 MW
Segment	WIND	WIND	HYDRO	WIND	WIND	WIND	WIND	WIND EQUIVALENT
Contract termination date	2029	2030	2054	2034	2034	2035	2035	
Total project investment (million $) (1)	$60 - $65	$60 - $65	$55 - $60	$180 - $190	$65 - $70	$65 - $70	$130 - $140	
Boralex's ownership	75%	75%	100%	50%	51%	51%	100%	100%



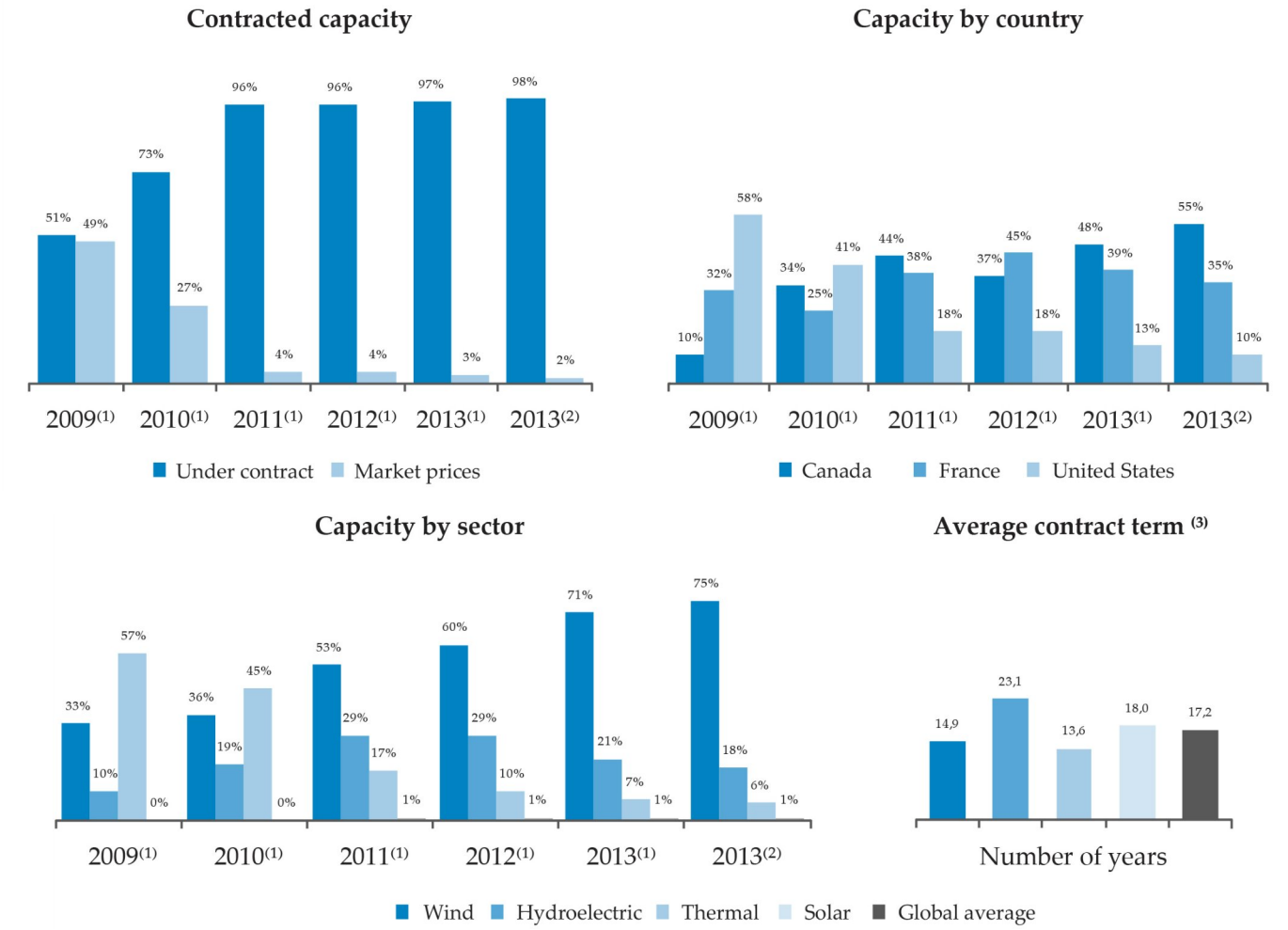
± 950 MW
$200 million EBITDA
Pro forma attributable to Boralex in 2016

(1) *All investment estimates include all costs related to the development of projects including turbines, construction, roads, financing fees and capitalized interest during construction. Investment estimates may vary over time for reasons including but not limited to changes in configuration of a site, foreign exchange fluctuations or a change in turbine type.*

Note: This data is consolidated in accordance with IFRS, except for the Seigneurie de Beaupré phases I and II (owned at 50%) which are proportionately consolidated for projection purposes.

Impact of Recent Developments on the Makeup of Boralex's Energy Portfolio

These charts show changes in all sites owned as at December 31, 2013 compared with the end of previous fiscal years.



(1) In operation; net share to Boralex

(2) Pro forma, including Boralex's net interest of 202 MW currently in development projects

(3) Based on annual production in MWh

As the above charts show, Boralex's strategic decisions made in recent fiscal years have substantially transformed and enhanced its positioning. Since the end of fiscal 2009, Boralex's long-term contracted portion of installed capacity in operation grew from 51% to 97%. If Boralex's net share in projects currently under development is taken into account, this proportion increases to approximately 98%, ensuring higher and more predictable future profits and cash flows.

From a segment perspective, these developments mainly resulted in a higher relative weight of the wind, hydroelectric and solar power segments, which generate higher profit margins than Boralex's thermal power segment. Together, the three segments now account for 93% of assets in operation, and will reach 94% in 2015 after the wind power sites and the hydroelectric power station currently under development are commissioned, without reflecting expansion projects that could be carried out by the Corporation in its target markets over the coming quarters and years. In contrast, the thermal power segment's share of Boralex's overall installed capacity fell from 57% in 2009 to 7%, in accordance with the Corporation's decision to reduce the relative weight of its thermal power segment. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost and potential scarcity of raw materials used in the thermal power stations, namely natural gas and wood residue.

Developments over recent fiscal years have strengthened the Corporation's geographic positioning in Canada, where 48% of Boralex's installed capacity in operation is now located, compared with 10% in 2009. France and the United States account for 39% and 13%, respectively, of the Corporation's installed capacity in operation. Accordingly, Boralex now enjoys greater geographic balance in its revenue streams as well as reduced exposure to currency fluctuations. As indicated in the above chart, the Canadian market share should reach 55% with the commissioning of projects under development, which does not reflect, however, potential expansion transactions that the Corporation could complete in both France and Canada.

Outlook and Development Objectives

2014-2016 Outlook

Fiscal 2013 was a period of transition into superior growth and profitability, from which the Corporation will begin to reap the benefits in 2014. In fiscal 2014, the Corporation will benefit from the full contribution of assets commissioned in 2013, in particular its net share of Phase I of the Seigneurie de Beaupré Wind Farms. Boralex's management is satisfied with the results to date of this facility, which is fully operational since the beginning of fiscal 2014, whose productivity augurs well for the future. In addition, during 2014, Boralex will commission other wind power projects in Québec and France, as well as a hydroelectric power station in British Columbia, for a total net share of 104 MW, and will also pursue the finalization of additional projects with a total capacity of 98 MW (Boralex's net share) slated for commissioning in 2015.

In terms of utilization of funds, Boralex is planning investments of $263 million in 2014 and approximately $185 million in 2015, without taking into account new development opportunities which will likely materialize in the coming quarters. Among the asset acquisitions planned for 2014, an amount of $246 million will be allocated to the construction of new sites, $4 million for repairs to the Buckingham dam, $8 million for the renovation of the Blendecques facility and the balance of $5 million for maintenance and improvement of existing infrastructure. In terms of segments, notwithstanding new opportunities which may arise moving forward, a tranche of approximately $230 million of investments in 2014 will be earmarked for the wind power segment, $20 million for the hydroelectric power segment and $8 million for the thermal power segment.

To support execution of its various development projects, Boralex has a solid financial position, including total cash amounting to $188 million which includes restricted cash and cash resources of the Joint Ventures as at December 31, 2013. In light of the expertise it has demonstrated for many years in the development, financing, construction, commissioning and profitable operation of increasingly large-scale energy assets, Boralex is confident it will be able to successfully complete all of its projects currently under development. Finally, on February 19, 2014, the Corporation announced its first ever dividend, namely a quarterly dividend of $0.13 per Class A common share. In the medium term, Boralex expects to pay dividends amounting to 40% to 60% of its annual cash flows

2016 Objectives

Based on the Corporation's projects currently under development and use, to expand its asset base, of all or a large part of the Corporation's cash resources, which could finance the equity portion of new projects representing the equivalent of 100 MW in wind power, Boralex estimates that at the end of 2016 it will have energy infrastructure able to generate an EBITDA of $200 million, on a proportionate consolidation basis, or twice the EBITDA of 2013.

Ultimately, its goal is to create increasing and sustainable economic value for its shareholders by positioning itself as a world-class company among the largest, most profitable, experienced and diversified green energy producers.

While keeping a close eye on international developments in green and renewal energy production, Boralex will continue seeking acquisition projects, mainly in Canada and France. The Corporation is exclusively targeting operating projects covered by long-term power sales contracts to secure steady and predictable cash flows. More specifically, its expansion targets are as follows:

- The wind power segment, primarily in Québec, Ontario, British Columbia and France;
- The hydroelectric segment in Québec and British Columbia; and
- The solar power segment in Ontario and France.

Boralex believes that along with its solid presence in these markets conducive to further expansion, it commands a strong competitive edge to continue seizing market opportunities in terms of asset quality and available development projects, in line with its strategy. The Corporation's main strengths reside in its robust finances, its growing capacity to generate cash from operations and its targeted development approach, as well as a solid multidisciplinary team and its entrepreneurial culture. They provide for agile, well-orchestrated business acquisitions as opportunities arise as well as competent execution of increasingly large-scale projects while meeting budgets, deadlines and financial performance targets.

To support its growth projects and maintain current and future operational endeavours, Boralex will continue to strengthen its business model by:

- Maintaining comprehensive in-house expertise in developing and operating renewable energy production assets, supported by leading-edge management tools;
- A disciplined and targeted development approach based on meeting financial performance targets in step with the risks inherent in each project; and
- Assuring sound capital management and retaining sufficient financial flexibility to seize potential growth opportunities and ensure uninterrupted access to capital markets.

TO SUM UP,

Boralex has set a target of establishing a wholly owned asset base of approximately 955 MW and reaching an EBITDA of over $200 million by the end of 2016, on a proportionate consolidation basis, without diluting the interest of current shareholders. In the short, mid and long terms, the Corporation intends to continue to set itself apart as one of the scant few Canadian and global producers devoted entirely to developing and operating renewable energies, particularly by its capacity to achieve high operational and earnings growth. To meet its growth goals, Boralex will remain a solid and innovative company, driven by clear objectives with rigorous attention to meeting target returns and guided by a long-term vision setting out its sources of production, its target markets and its approach to project development.

Wind Power Stations

Development Projects

As at the date of this MD&A, Boralex had entered into long-term power sales contracts, independently or with partners, for wind power projects in which it holds a total net share of 182 MW, comprising 134 MW in Québec (Canada) and 48 MW in France, slated for commissioning in 2014 and 2015.

Canada

1. Boralex and its partner Gaz Métro Limited Partnership are working together to implement a second phase in the Seigneurie de Beaupré wind farm with a 68 MW capacity (Boralex's net share of 34 MW), scheduled for commissioning in December 2014. In May 2013, the partners formed a second joint venture, Joint Venture Phase II, with an ownership interest of 50% for Boralex, to continue the construction activities and subsequently to operate Phase II. In January 2013, the project was authorized by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*, and work began last May. The long-term financing of $166.1 million was finalized on October 29, 2013, comprising a construction loan of $142.4 million which will be converted, following the commissioning of the power station, into a fixed-rate term loan amortized over 19.5 years, along with a short-term bridge financing and letter of credit facility totalling $23.7 million. Apart from the site's significant advantages regarding wind and environmental conditions and existing infrastructure, in addition to the expertise acquired during the construction of the 272 MW Phase I, the future wind farm performance will benefit from logistical synergies to be achieved during its construction and subsequent operation.
2. In June 2011, two community wind farm projects developed jointly by Boralex and the Québec RCMs of Témiscouata and La Côte-de-Beaupré secured 20-year power sales contracts with Hydro-Québec. These wind farms, with a capacity of 25 MW each, are to be commissioned late in 2014 and in 2015, respectively. Construction on the Témiscouata site started on September 23, 2013 while the environmental approval process for the Côte-de-Beaupré project was launched on September 15, 2013.
3. On March 27, 2012, Boralex signed a 20-year power supply contract with Hydro-Québec for a 50 MW wind farm project. The project, Témiscouata II, is expected to be commissioned in late 2015 and will be developed in the Témiscouata RCM on a site adjacent to the above-mentioned community wind farm project. In January 2014, the Témiscouata II project was authorized by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*. Construction began in 2014.

The Corporation also purchased the rights for wind power projects in Ontario and British Columbia, and is currently evaluating the potential for future calls for tenders.

France

Boralex is currently working on the development of two wind power stations of 23 MW each: Fortel-Bonnières and St-François. The Corporation received the green light from the Credit Committee and expects the financing on these two projects to be finalized shortly. Construction work on the Fortel-Bonnières project has already started.

In recent quarters, Boralex has ramped up development of new greenfield projects in France, where the wind power market potential is considerable. The efforts made to date target potential development of 200 to 300 MW wind power projects, with possible commissioning beginning in 2016. Further, in 2012 Boralex entered into a five-year agreement with InnoVent to secure options to acquire 130 MW in additional wind power projects currently under development by InnoVent.

The following table shows Boralex's projects currently under development, independently or with partners:

WIND PROJECTS IN DEVELOPMENT					
FRANCE		CANADA (Québec)			
2014	2015	2014	2014	2015	2015
Fortel-Bonnières	St-François	Seigneurie de Beaupré (Phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II
23 MW	23 MW	68 MW	25 MW	25 MW	50 MW

Outlook

For fiscal 2014, notwithstanding the potential impact of external factors such as currency fluctuations and weather conditions, wind power segment financial growth will be driven by the full contribution of the power stations commissioned in 2013, namely the Corporation's La Vallée and Vron French wind farms, and more specifically, the share of Boralex in the EBITDA of Joint Venture Phase I. In addition, as shown in the preceding table, the commissioning of Joint Venture Phase II, French wind farm Fortel-Bonnières and Québec wind farm Témiscouata I before the end of 2014 will result in an increase of 116 MW (82 MW net share for Boralex), equal to 23% of the wind power segment's installed capacity in operation. By the end of 2014, the installed capacity in operation will thus total 543 MW, up 99% compared with as at December 31, 2012. In fiscal 2015, the Corporation will commission Québec wind farms Côte-de-Beaupré and Témiscouata II, and the St-François wind farm in France, contributing an additional 98 MW (net share for Boralex), not including the other expansion projects that could be completed in the interim.

In addition, segment performance will continue to be supported, in the coming quarters, by unrelenting efforts to optimize wind turbine availability and performance, leveraging in particular the team's expertise in preventive and corrective maintenance and remote management of wind turbines.

Following the momentum of recent quarters, efforts in the wind power segment have been largely focused on developing new expansion opportunities, garnering its pipeline with long-term projects. Boralex currently has the financial resources to potentially fund the equity portion of wind power projects totalling approximately 100 MW of additional capacity (in addition to the projects already under development). The Corporation's expansion targets include acquisitions of facilities in operation or projects in advanced stages of development, but also certain greenfield projects in conducive markets for such developments, such as in France.

Canada

Although Canada is not as far along as France in its support of wind power, Canadian provincial governments have proved increasingly amenable to this renewable energy source. Québec is the second largest wind power producer among the Canadian provinces, after Ontario, with more than 2,000 MW of installed capacity, and in December 2013, issued a request for proposals ("RFP") for a total of 450 MW in additional wind power infrastructure. This RFP is aimed at development projects with 50% community involvement, such as certain projects currently under development by Boralex and its partners. Boralex intends to submit a bid under this RFP by proposing new projects for a significant portion of the RFP and believes that it is solidly positioned to capitalize on this opportunity.

The Ontario government is also planning to issue two RFPs for 600 MW of wind power, with details forthcoming in spring 2014. Following the success of its first facility in Ontario where it has been operating the 90 MW Thames River wind farm since 2009, Boralex is reviewing opportunities to strengthen its presence in this market. The British Columbia government has also been amenable to developing wind power within the province, and Boralex has been closely analyzing potential opportunities in that province for some time.

France

In Europe, Boralex will continue to focus primarily on the French market, due in particular to the solid market share and credibility that Boralex has built in that market over the past decade. France's new government has reiterated the country's commitment to increase the share of renewable energy in its domestic power output to 23% by 2020. Boralex is currently developing various business opportunities in France, which could result in a significant increase in installed capacity by the end of 2016.

However, management notes that a potential risk exists regarding the continuity of the current rate for purchasing electricity from onshore wind power facilities in France. As it was set by ministerial order in 2008, Électricité de France ("EDF") has been obliged since then to buy power generated by onshore wind power operators at this set rate. In spring 2012, the French Council of State held that, although the rate was not unreasonable under French law, the rate decree may have violated European law, as it constituted government assistance non-disclosed to the European Commission, and reserved its decision by referring the matter to the Court of Justice of the European Union (CJUE). The CJUE ruled in favour of the question submitted to it by the French Council of State, that is, the French mechanism for offsetting the additional costs arising from the obligation to purchase the electricity generated by wind turbines falls within the concept of an intervention by the State through State resources. Consequently, the French Council of State is expected to hand down a decision in the first half of 2014 that will quash the November 17, 2008 ministerial order.

Despite the foregoing, in October 2013, the French government filed a new rate decree with the European Commission, with the same terms as the preceding decree. The Corporation's management is confident that the European Commission will validate the rate in a timely manner. While this situation created some uncertainty in financial markets and prompted certain banks to delay their participation in new projects, the Corporation successfully financed two wind power projects, namely, Vron and La Vallée, and received a green light from the Credit Committee for the St-François and Fortel-Bonnières projects.

Boralex's Competitive Environment and Positioning

The Corporation's prevailing business conditions have significantly tightened over the past two years, due to several factors, including the growing trend for Canadian provincial governments to issue RFPs, thereby increasing price pressure, as well as the slow-down in the start-up of new wind power projects in France owing to the decision by the French Council of State, which reduces Boralex's opportunities to acquire projects in relatively advanced stages of development. Despite these impediments, Boralex has several assets to leverage its development while continuing to meet its project performance targets. First, certain external factors favour the Corporation, including a relatively stable financial and interest-rate environment which it expects to remain so in the foreseeable future, and technological breakthroughs in wind turbines that, by enhancing equipment productivity, allow Boralex to maintain its profit margins in spite of competitive pressures. Second, the Corporation's management believes that the quality of the wind power segment's medium- and long-term outlook is based on the Corporation's intrinsic strengths, such as:

- Its solid and flexible financial position;
- The scope and quality of its assets in operation and its projects under development, which are all covered by long-term power sales contracts and enjoy strong geographical diversification in Québec, Ontario and several regions of France;
- Its highly skilled, multidisciplinary and entrepreneurial team with a constant eye out for the best development opportunities;
- Its growing expertise in project development and assembling financial packages, as well as the construction and operation of wind farms, based on rigorous financial management and proactive and disciplined operational management; and
- Its growing reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities.

Hydroelectric Power Stations

Projects under Development and Outlook

Boralex is currently developing a 22 MW run-of-river hydroelectric power station project, namely the Jamie Creek power station near Gold Bridge in British Colombia, Canada. Project financing was completed in August 2013, for a total of $55.3 million. Boralex will enjoy a nine-year grace period for principal repayment under the loan, which will be amortized thereafter over a 31-year term. Construction of the new facility is almost completed, with commissioning planned for the first quarter of 2014. Jamie Creek is expected to generate approximately 70,000 MWh of power annually and is covered by a 40-year power purchase agreement with BC Hydro that also contains a 10- to 20-year renewal option for BC Hydro.

By the end of 2015, Boralex will have completed the work required at the Buckingham power station in Québec, Canada to comply with the *Dam Safety Act*. To meet this obligation, Boralex intends to invest approximately $4 million and $7 million in 2014 and 2015, respectively. Concurrently with this work, management is still reviewing various investment scenarios aimed at expanding the power station's current installed capacity to 20 MW.

Boralex is currently reviewing certain acquisition opportunities to grow its hydroelectric segment, particularly in Ontario and British Colombia. With over twenty years' experience in hydroelectric power, a skilled team and high quality assets, Boralex believes it is poised to make further inroads into the hydroelectric market. The Corporation has a large hydroelectric power base with good geographic distribution, attractive profit margins, and, steady and predictable cash flows. This balanced profile softens the impact on segment results of weather or economic conditions, including fluctuations in open market selling prices in the United States, and U.S. and Canadian dollar exchange rate movements. Given the quality of our assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue benefitting from indexation under power sales contracts, as well as from capacity premiums, throughout the initial contract term.

Thermal Power Stations

Outlook

Since 2011, Boralex has considerably reduced the relative weight of the thermal power segment in its energy portfolio. While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is still open to business opportunities that arise in the sector, provided the assets are covered by long-term power sales and raw material supply contracts, and meet Boralex's market position and performance objectives. As discussed below, Boralex is planning significant investments to upgrade the Blendecques power station to capitalize on a new 12-year contract with EDF.

Canada

Under a new agreement entered into with Hydro-Québec for the years 2014 to 2018 inclusively, the Senneterre power station will generate electricity eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability relative to recent years. Management believes this agreement will allow the Senneterre power station to operate under conditions that are conducive to stable and predictable profitability. In particular, this eight-month operating period, compared with six-month periods in 2012 and 2013, will facilitate access to better quality and lower cost supply arrangements.

France

The initial power sales contract with EDF at the Blendecques power station expired on March 31, 2013. The Corporation received confirmation that it had met all of the conditions to secure a certificate entitling it to the purchase obligation, as stipulated in the operating contract entered into in November 2013. This project will require an investment of approximately €6 million. Construction work will begin in spring 2014.

Solar Power Station

Outlook

Broadly speaking, Boralex expects its solar power station to generate an average of approximately 5,000 MWh of electricity for the first ten years, with an expected average EBITDA margin of 80%-85% over the period.

Solar power is a high-growth industry with market rules and government positions to be worked out in the years to come. Boralex believes this clean and abundant source of renewable energy has great potential, particularly as performance gradually improves through technological breakthroughs, thereby lowering the cost of equipment. In addition to the European market, more specifically France where Boralex has built a skilled solar project development team, the Corporation is particularly interested in the Ontario market, which could offer attractive potential for Boralex to make inroads in this Canadian niche market.

Key Events Affecting Boralex's Results, Financial Position and Positioning in 2013

Shutdown of Power Production at the Kingsey Falls Power Station (Québec, Canada)

On November 30, 2012, the day its power sales contract with Hydro-Québec expired, the 31 MW natural gas cogeneration power station in Kingsey Falls, Québec, shut down its power production operations. In the Corporation's fiscal 2013 results, this shutdown resulted in a $10.0 million shortfall in thermal power segment EBITDA and Boralex's consolidated EBITDA compared with 2012. The consolidated EBITDA shortfall in fiscal 2013 was largely offset by expansion in the wind power segment described below, as well as by sound performance in the hydroelectric power segment.

Acquisition of St-Patrick Wind Power Site (France) in 2012 and Commissioning of New Wind Power Sites in Canada and in France in 2013

On June 28, 2012, Boralex acquired the St-Patrick wind farm located in France, a 34.5 MW facility already in operation. This facility contributed to the Corporation's results for the entire year, compared with only six months in 2012.

In addition, in fiscal 2013, the Corporation commissioned the following power stations:

- On September 15, 2013, Boralex commissioned its 8 MW Vron wind farm in France;
- On November 28, 2013, Joint Venture Phase I totalling 272 MW (net share of 136 MW for Boralex) commissioned the first 131 MW under the project, while the remaining 141 MW were commissioned on December 10, 2013; and
- From December 2 to December 23, 2013, the Corporation commissioned French wind farm La Vallée (32 MW).

For fiscal 2013, the full contribution by the St-Patrick wind farm and the commissioning of French wind farms Vron and La Vallée together contributed an additional $6.2 million to wind power segment EBITDA and Boralex's consolidated EBITDA compared with fiscal 2012. In addition, as described later in this MD&A, Boralex's share in the EBITDA generated by Joint Venture Phase I after commissioning amounted to $2.1 million.

Expansion in wind power segment significantly offset the impact of the Kingsey Falls thermal power station shutdown on the Corporation's fiscal 2013 results. In addition, this expansion enhances Boralex's geographical diversification, due particularly to its positioning in Québec, in addition to diversifying its technological expertise through the operation of different wind turbine types.

New Production Sites Currently under Development in Canada and in France

In addition to the wind power projects described previously, Boralex is currently investing, independently or with partners, in the development of other energy assets to be commissioned in 2014 and 2015. While these projects did not contribute to the Corporation's 2013 results, some projects impacted its cash flows and financial position in the current fiscal year. The projects are described below:

- 22 MW hydroelectric power station, Jamie Creek, British Columbia (2014);
- 68 MW Phase II (34 MW net share for Boralex) of the Seigneurie de Beaupré Wind Farms developed under a partnership in Québec (2014);
- 25 MW wind power project, Témiscouata I, developed in collaboration with the Regional County Municipality ("RCM") of Témiscouata in Québec (2014);
- 25 MW wind power project developed with La Côte-de-Beaupré RCM in Québec (2015);
- 50 MW wind power project, Témiscouata II in Québec (2015); and
- 23 MW wind power projects, Fortel-Bonnières and St-François, France (2014 and 2015).

Projects under development are described in greater detail in the sections of this MD&A pertaining to the different operating segments.

TO SUM UP,

in the past few years, including fiscal 2013, the financial returns from Boralex's development strategy have included:

- Growth in the Corporation's operating profit margin resulting from the increased weighting of more profitable segments in its energy portfolio–wind and hydroelectric power–combined with sound performance in these segments;
- A stabilizing impact on results by these sectors, due to the geographic diversification of their assets; and
- In spite of the scale of investments for the period, maintaining a solid cash position and reasonable debt thanks to significant and steady fund inflows from operations.

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Year ended
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	December 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	191,028	166,992	96,921	227,195	682,136
Hydroelectric power stations	148,473	197,923	131,786	142,912	621,094
Thermal power stations	70,879	7,191	33,851	31,448	143,369
Solar power station	1,079	1,788	2,098	980	5,945
	411,459	373,894	264,656	402,535	1,452,544
REVENUES FROM ENERGY SALES					
Wind power stations	23,598	20,384	11,822	29,305	85,109
Hydroelectric power stations	14,113	15,691	11,206	12,746	53,756
Thermal power stations	12,546	3,268	4,657	6,976	27,446
Solar power station	479	798	966	469	2,712
	50,736	40,141	28,651	49,496	169,023
EBITDA					
Wind power stations	19,875	15,569	6,872	24,279	66,594
Hydroelectric power stations	11,284	12,532	7,595	9,002	40,413
Thermal power stations	4,668	(1,070)	(614)	26	3,010
Solar power station	382	706	853	438	2,379
	36,209	27,737	14,706	33,745	112,396
Corporate and eliminations	(2,956)	(4,544)	(2,054)	(4,706)	(14,259)
	33,253	23,193	12,652	29,039	98,137
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	4,007	(1,685)	(8,390)	455	(5,612)
Discontinued operations	161	622	917	74	1,774
	4,168	(1,063)	(7,473)	529	(3,838)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.11	($0.04)	($0.22)	$0.01	($0.15)
Discontinued operations	—	$0.02	$0.02	—	$0.05
	$0.11	($0.02)	($0.20)	$0.01	($0.10)
CASH FLOWS FROM OPERATIONS					
In dollars	22,954	17,775	(5,135)	15,322	50,916
Per share (basic)	$0.61	$0.47	($0.14)	$0.41	$1.35
Weighted average number of shares outstanding (basic)	37,735,065	37,740,004	37,748,196	37,757,835	37,745,345

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Year ended
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	December 31, 2012
POWER PRODUCTION (MWh)					
Wind power stations	172,405	138,836	110,343	210,838	632,422
Hydroelectric power stations	163,095	158,874	86,472	164,072	572,513
Thermal power stations	118,323	41,981	83,815	66,051	310,170
Solar power station	1,329	1,940	2,056	991	6,316
	455,152	341,631	282,686	441,952	1,521,421
REVENUES FROM ENERGY SALES					
Wind power stations	20,647	16,345	12,540	25,124	74,654
Hydroelectric power stations	13,986	12,445	7,456	13,860	47,748
Thermal power stations	22,242	9,285	12,173	12,654	56,355
Solar power station	576	830	852	425	2,683
	57,451	38,905	33,021	52,063	181,440
EBITDA					
Wind power stations	16,977	13,082	9,549	21,327	60,935
Hydroelectric power stations	10,644	9,056	7,510	9,541	36,752
Thermal power stations	8,395	1,154	2,408	2,601	14,558
Solar power station	495	723	770	324	2,312
	36,511	24,015	20,237	33,793	114,557
Corporate and eliminations	(3,169)	(5,155)	(3,965)	(3,910)	(16,200)
	33,342	18,860	16,272	29,883	98,357
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	4,826	(6,035)	(8,167)	542	(8,836)
Discontinued operations	2,323	134	566	696	3,721
	7,149	(5,901)	(7,601)	1,238	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.13	($0.16)	($0.22)	$0.01	($0.24)
Discontinued operations	$0.06	—	$0.02	$0.02	$0.10
	$0.19	($0.16)	($0.20)	$0.03	($0.14)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.12	($0.16)	($0.22)	$0.01	($0.24)
Discontinued operations	$0.06	—	$0.02	$0.02	$0.10
	$0.18	($0.16)	($0.20)	$0.03	($0.14)
CASH FLOWS FROM OPERATIONS					
In dollars	21,849	5,507	6,870	13,495	47,721
Per share (basic)	$0.58	$0.15	$0.18	$0.36	$1.26
Weighted average number of shares outstanding (basic)	37,726,689	37,727,077	37,730,162	37,732,568	37,729,137

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for only 4% of the Corporation's total installed capacity in operation, are not covered by long-term sales contracts.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method, as described below.

Wind

For the wind power assets currently in operation in which Boralex's net share totals 462 MW, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

Following the development projects completed since 2009 and described previously, the wind power segment is now Boralex's largest segment in terms of installed capacity, revenues, EBITDA and cash flows. The segment is expected to account for an increasing share of the Corporation's energy portfolio in the coming years as wind farms that Boralex is developing independently or with partners in Canada and in France are gradually commissioned. These facilities will total 216 MW, of which Boralex's net interest represents 182 MW. The commissioning of these facilities will increase the installed capacity of wind power assets in operation fully owned by Boralex to approximately 645 MW by the end of fiscal 2015, excluding opportunities to acquire further assets in operation or under development. In particular, this expansion will intensify the impact of the seasonality of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

Hydroelectricity

For Boralex's hydroelectric assets totalling 136 MW, and whose installed capacity will soon reach 158 MW, power output depends on water flow, which in Canada and the Northeastern United States tends to be at a maximum in spring and generally good in the fall, which are Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

As previously discussed, five U.S. power stations are not covered by long-term power sales contracts. These facilities have an installed capacity of 23 MW, which currently accounts for 17% of the hydroelectric power segment's total installed capacity and 4% of Boralex's total installed capacity. Since these power stations sell their power on the open market in the State of New York, they are more vulnerable to seasonal fluctuations which, in addition to influencing power production volumes, also have an impact on selling prices obtained. They are partly influenced by seasonal demand, which is traditionally higher during winter and summer. Historically, power stations obtain generally higher average prices during these periods. Moreover, the price of natural gas, which is highly volatile, has a significant influence on electricity selling prices in the State of New York.

Thermal

Boralex owns and operates two thermal power stations for an aggregate 49 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec under which the Senneterre power station will produce power six months per year in 2012 and 2013, from December to March and in July and August. The Corporation recently concluded an extension of the agreement with Hydro-Québec until 2018. During this period, the Senneterre power station will operate for eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability to recent years.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station only operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with French government corporation EDF ended on March 31, 2013 and was renewed for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur in 2014.

Solar

The Corporation's only solar power station (5 MW) currently in operation is located in Southwestern France. For this facility, which benefits from a long-term power sales contract, sunlight conditions are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power station will be generated in the second and third quarters.

TO SUM UP,

although seasonal and other cyclical factors have a certain impact on Boralex's performance, this is mitigated by the fact that, following the main events in recent years, namely the significant expansion of the wind power segment, the acquisition of the Boralex Power Income Fund, the commissioning of a solar power station and the sale of the U.S. wood-residue power stations, nearly all of the Corporation's revenues are now generated by assets with indexed fixed-price sales contracts. The Corporation also capitalizes on solid diversification in its power generation sources and favourable geographic positioning. Furthermore, Boralex gives priority to sound capital management to ensure financial health and flexibility to effectively manage the seasonality of its business. These factors will contribute to strong, stable results for Boralex in the coming years.

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
POWER PRODUCTION (MWh)				
Wind power stations	227,195	210,838	682,136	632,422
Hydroelectric power stations	142,912	164,072	621,094	572,513
Thermal power stations	31,448	66,051	143,369	310,170
Solar power station	980	991	5,945	6,316
	402,535	441,952	1,452,544	1,521,421
REVENUES FROM ENERGY SALES				
Wind power stations	29,305	25,124	85,109	74,654
Hydroelectric power stations	12,746	13,860	53,756	47,748
Thermal power stations	6,976	12,654	27,446	56,355
Solar power station	469	425	2,712	2,683
	49,496	52,063	169,023	181,440
BAIIA				
Wind power stations	24,279	21,327	66,594	60,935
Hydroelectric power stations	9,002	9,541	40,413	36,752
Thermal power stations	26	2,601	3,010	14,558
Solar power station	438	324	2,379	2,312
	33,745	33,793	112,396	114,557
Corporate and eliminations	(4,706)	(3,910)	(14,259)	(16,200)
	29,039	29,883	98,137	98,357
NET EARNINGS (LOSS) ATTRIBUTABLE SHAREHOLDERS OF BORALEX				
Continuing operations	455	542	(5,612)	(8,836)
Discontinued operations	74	696	1,774	3,721
	529	1,238	(3,838)	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	$0.01	$0.01	($0.15)	($0.24)
Discontinued operations	—	$0.02	$0.05	$0.10
	$0.01	$0.03	($0.10)	($0.14)
CASH FLOWS FROM OPERATIONS				
In dollars	15,322	13,495	50,916	47,721
Per share (basic)	$0.41	$0.36	$1.35	$1.26
Weighted average number of shares outstanding (basic)	37,757,835	37,732,568	37,745,345	37,729,137

Operating Results Data

(in thousands of dollars, except per share amounts and number of shares outstanding)	Years ended December 31 2013	2012	2011
POWER PRODUCTION (MWh)	1,452,544	1,521,421	1,731,255
REVENUES FROM ENERGY SALES	169,023	181,440	194,025
EBITDA	98,137	98,357	100,756
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(5,612)	(8,836)	(2,606)
Discontinued operations	1,774	3,721	5,489
	(3,838)	(5,115)	2,883
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.15)	($0.24)	($0.07)
Discontinued operations	$0.05	$0.10	$0.15
	($0.10)	($0.14)	$0.08
Weighted average number of shares outstanding (basic)	37,745,345	37,729,137	37,752,670

Statement of Financial Position Data

(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012	As at December 31, 2011
Total assets	1,422,727	1,229,871	1,176,855
Debt*	662,948	522,186	506,184
Convertible debentures	229,578	226,299	223,347
Total equity	386,134	342,369	328,878

* Including non-current debt and current portion of debt.

Analysis of Operating Results for the Three-Month Period Ended December 31, 2013

The following table shows major changes in net earnings from continuing operations attributable to shareholders of Boralex:

	Net earnings (in thousands of dollars)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED DECEMBER 31, 2012	542	$0.01
Change:		
EBITDA	(844)	($0.02)
Amortization	1,034	$0.03
Financing costs	(421)	($0.01)
Foreign exchange effect	450	$0.01
Financial instruments	(34)	—
Income taxes	(395)	($0.01)
Non-controlling shareholders	123	—
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	455	$0.01

For the three-month period ended December 31, 2013, Boralex recognized net earnings in line with the year-over-year levels of $0.5 million or $0.01 per share (basic and diluted). As discussed in greater detail elsewhere in this section, the $1.0 million decline in amortization, combined with the $0.5 million favourable change in the foreign exchange effect offset the $0.8 million decline in EBITDA, the $0.4 million increase in financing costs arising from expansion to the asset base, and the $0.4 million increase in tax expense.

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED DECEMBER 31, 2012	52,063	29,883
Shutdown of Kingsey Falls thermal power station	(4,924)	(1,098)
	47,139	28,785
Power stations commissioned*	1,328	1,122
Price	(504)	(504)
Volume	(1,369)	(1,222)
Translation of self-sustaining subsidiaries (exchange rate effect)	2,997	1,930
Maintenance	—	(493)
Development - prospecting	—	205
Retroactive adjustments to taxes on water rights of a hydroelectric power station in Canada	—	717
Share of Joint Ventures	—	(316)
Other income	—	(1,815)
Other	(95)	630
THREE-MONTH PERIOD ENDED DECEMBER 31, 2013	49,496	29,039

*Vron and La Vallée wind farms commissioned on September 15, 2013 and December 20, 2013, respectively.

Revenues from Energy Sales

For the three-month period ended December 31, 2013, revenues from energy sales totalled $49.5 million, down $2.6 million or 4.9% from $52.1 million for the same period of 2012. Excluding the $4.9 million shortfall generated by the November 2012 shutdown of the Kingsey Falls power station, quarterly revenues rose $2.4 million or 5.0% year over year. This growth resulted primarily from the commissioning of the Vron and La Vallée wind farms in France in the third and fourth quarters, respectively, as well as the $3.0 million favourable impact of the weakening of Canada's currency against the euro, and to a lesser extent, the U.S. dollar. Conversely, excluding the shutdown of the Kingsey Falls power station, revenue growth was curbed by $1.4 million unfavourable volume effect, mainly originating in the hydroelectric power segment, and by a $0.5 million unfavourable pricing effect related to the Blendecques, France thermal power station.

Note that in accordance with IFRS, those results exclude Boralex's $2.4 million share in the revenues generated by the commissioning of the Joint Venture phase I in the first weeks of the period.

In total, Boralex generated 402,535 MWh of electricity in the fourth quarter of 2013, up from 409,621 MWh for the same period of 2012, excluding the Kingsey Falls power station. The wind power segment boosted production by 7.8% with the commissioning of the Vron and La Vallée wind farms, while production at existing power stations was slightly lower owing primarily to more intense periods of frost in France than in the previous year. Hydroelectric power segment production was down 12.9% due to less favourable water flow conditions year over year and the longer shutdown in the fourth quarter of 2013 than in the same period of 2012 in the U.S. power stations required by maintenance work and a number of technical issues. Excluding the Kingsey Falls power station, the thermal power segment reported a 6.7% drop in production, owing to a temporary decline in productivity at the Senneterre power station.

Other Income

Other income totalled $0.3 million in the fourth quarter of 2013, consisting primarily of management fees, compared with $2.4 million last year, including $1.8 million in non-recurring revenues on receipt of shares from Resolute, as well as proceeds from the sale of excess CO_2 quotas by the Blendecques thermal power station.

EBITDA and EBITDA Margin

Consolidated EBITDA amounted to $29.0 million for the fourth quarter of 2013, down $0.8 million or 3.0% from $29.9 million for the same period of 2012. However, excluding the $1.1 million impact of the closure of the Kingsey Falls power station, consolidated EBITDA grew $0.3 million or 0.1% between the two comparative periods, due to the following favourable items:

- The $1.1 million contribution from new French wind farms Vron and La Vallée;
- A $1.9 million favourable foreign exchange effect; and
- Various other items with a favourable net total of $1.6 million, including a decline in development and prospecting costs and the non-recurrence of an unfavourable tax adjustment in 2012, as well as several other favourable changes of lesser significance.

Together, the above items offset the $1.2 million unfavourable volume effect, the $0.5 million unfavourable price effect, and the $0.5 million increase in maintenance costs originating in large part in the wind power segment in France, as well as the $0.3 million change in the *Share in results of the Joint Ventures* and the non-recurrence of $1.8 million in 2012 on receipt of shares from Resolute.

The reader is reminded that the EBITDA comparison in 2012 and 2013 must consider the existence of a certain number of items not related to Boralex's core operations, including a number of non-recurring items or items over which the Corporation has little control. Such items include $1.8 million in revenues recognized in 2012 on receipt of shares from Resolute and $1.0 million in other non-recurring items recorded last year. In 2013, EBITDA was, in contrast, adversely impacted by the inclusion in *Share in results of the Joint Ventures* of an amount totalling $2.3 million consisting of items not related to the EBITDA of the Joint Ventures, including a net loss on financial instruments and the amortization expense and financial costs of the Joint Ventures. For discussion purposes, if all of said items were excluded from the Corporation's four quarters of 2013 and 2012, EBITDA generated directly from Boralex's operations would have reflected $2.3 million or 7.9% in actual growth, compared with 2012, despite the closure of the Kingsey Falls power station. On the same basis, EBITDA margin for the fourth quarter of 2013 stood at 63.4%, compared with 55.9% for the same period of 2012 (excluding the Kingsey Falls power station).

Amortization

Amortization expense fell $1.0 million to $14.0 million for the fourth quarter of 2013. The decrease resulted primarily from the closure of the Kingsey Falls thermal power station combined with a number of other favourable items, consisting primarily of the accelerated amortization of the former boiler at the Blendecques, France thermal power station in 2012 on entering into its new power sales contract with EDF and the extended useful lives of certain components in the wind power segment. In the aggregate, the aforementioned items offset the addition of the new Vron and La Vallée wind farms, as well as the unfavourable effect of the weakening of Canada's currency against the euro and the U.S. dollar on the amortization of Boralex's foreign assets.

Financing Costs, Foreign Exchange Loss (Gain) and Net Loss (Gain) on Financial Instruments

Financing costs for the fourth quarter of 2013 climbed $0.4 million to $13.1 million, owing primarily to the impact of the euro's strengthening on financing costs incurred in France and new debt contracted in France. However, those items were curtailed by the decrease in debt related to the Thames River wind power site in Canada, as well as the refinancing of U.S. debt discussed later in this MD&A.

Boralex recorded a $0.5 million foreign exchange gain compared with a $0.1 million foreign exchange gain in the same quarter of the previous year, while the net gain on financial instruments was comparable to that recorded a year earlier, approximating $0.1 million.

Net Earnings Attributable to Shareholders

Boralex ended the three-month period ended December 31, 2013 with net earnings attributable to shareholders of $0.5 million or $0.01 per share (basic and diluted), which was unchanged from the same quarter of the previous year.

TO SUM UP,

excluding the non-recurring items and items not related to actual performance of the Corporation's current operational base, its fourth-quarter results reflect a significant rise in profitability, reaffirming the benefits of Boralex's expansion strategy centred on developing its two promising segments–wind and hydroelectric power–as well as the geographical diversification of its operations. This allowed its key segments to maintain strong performance overall, despite changing weather conditions experienced in their various markets.

Analysis of Operating Results for the Year Ended December 31, 2013

The following table shows major changes in net loss from continuing operations attributable to shareholders of Boralex:

	Net loss (in thousands of dollars)	Per share (in $, basic)
YEAR ENDED DECEMBER 31, 2012	(8,836)	($0.24)
Change:		
EBITDA	(220)	($0.01)
Impairment of property, plant and equipment and intangible assets	557	$0.01
Amortization	4,142	$0.12
Financing costs	(1,414)	($0.04)
Foreign exchange effect	814	$0.02
Financial instruments	1,138	$0.03
Other gains	1,203	$0.03
Income taxes	(2,720)	($0.06)
Non-controlling shareholders	(276)	($0.01)
YEAR ENDED DECEMBER 31, 2013	(5,612)	($0.15)

Boralex reported a net loss for fiscal 2013 of $5.6 million or $0.15 per share, compared with a net loss of $8.8 million or $0.24 per share in 2012. This improvement of $3.2 million or $0.09 per share was driven primarily by a $4.1 million decrease in amortization expense and a total of $2.0 million in favourable changes consisting of foreign exchange gains and net gains on financial instruments. Those items more than offset the increase in financing costs resulting from the Corporation's expansion strategy, as well as the increase in income taxes. In addition, in 2012, Boralex reported another $1.0 million loss on the sale of share of Resolute versus a $0.1 million gain this year.

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
YEAR ENDED DECEMBER 31, 2012	181,440	98,357
Shutdown of Kingsey Falls thermal power station	(29,266)	(10,038)
	152,174	88,319
Power stations commissioned*	7,192	6,164
Pricing	827	827
Volume	3,006	2,572
Capacity premiums	759	759
Translation of self-sustaining subsidiaries (exchange rate effect)	5,205	3,231
CO_2 quotas	—	(231)
Maintenance	—	(727)
Development - prospecting	—	(663)
Retroactive adjustments to taxes on water rights of hydroelectric power stations in Canada and the United States	—	(3,240)
Professional fees incurred in connection with acquisitions in France and Canada	—	1,848
Share of Joint Ventures	—	(2,167)
Other	(140)	1,445
YEAR ENDED DECEMBER 31, 2013	169,023	98,137

* Full contribution from the St-Patrick wind power station acquired on June 28, 2012 and commissioning of the Vron and La Vallée wind farms on the September 15, 2013 and December 20, 2013, respectively.

Revenues from Energy Sales

For the year ended December 31, 2013, revenues from energy sales totalled $169.0 million, compared with $181.4 million in 2012. Excluding the Kingsey Falls power station whose closure in November 2012 resulted in a $29.3 million shortfall since the beginning of fiscal 2013, consolidated revenues for 2013 grew $16.8 million or 11.1%, owing to the following items:

- A $7.2 million additional contribution from the St-Patrick, Vron and La Vallée wind farms in France;
- Additional revenues of $3.8 million driven by higher output from existing assets, mainly in the hydroelectric segment, and an increase in capacity premiums;
- A $0.8 million favourable price effect, relating to the hydroelectric and wind power segments; and
- A $5.2 million favourable foreign exchange effect attributable primarily to the decline in the Canadian dollar against the euro, as well as the U.S. dollar.

In total, Boralex generated 1,452,544 MWh of electricity in 2013, up 7.8% from 1,347,806 MWh in 2012 (excluding the Kingsey Falls power station). This performance stemmed from the addition of the St-Patrick in 2012, as well as Vron and La Vallée wind farms, coupled with a 3.4% increase in total production at existing power stations.

Other Income

Excluding pre-tax revenues of $1.6 million and $1.8 million recorded on receipt of Resolute shares in 2013 and 2012, respectively, *Other income* totalled $1.5 million in 2013 compared with $1.0 million the previous year. The increase was driven primarily by the management fees paid by the Joint Ventures.

EBITDA and EBITDA Margin

Consolidated EBITDA for fiscal 2013 totalled $98.1 million, which was comparable to the level recorded in 2012. The apparent stability, in spite of expansion in the wind power segment and sound performance in the hydroelectric power segment, resulted in large part from the $10.0 million adverse impact of the closure of the Kingsey Falls power station. Excluding this last item from our 2012 results, EBITDA grew $9.8 million or 11.1% while the EBITDA margin as a percentage of revenues rose to 58.1% in 2013 from 58.0% in 2012. The higher profitability was driven by the following key favourable items:

- A $6.2 million additional contribution from the St-Patrick, Vron and La Vallée wind farms;
- A $2.6 million favourable volume effect originating primarily in the hydroelectric power segment, combined with a $0.8 million increase in capacity premiums;
- A $0.8 million favourable price effect;
- A $3.2 million favourable foreign exchange effect;
- A $1.8 million favourable change in professional fees incurred for acquisitions in France and Canada; and
- A $1.4 million favourable change in other items, consisting primarily of a $1.6 million reversal of a provision during the first quarter of 2013 to reflect an amendment to the employee bonus plan.

The above favourable items offset substantially all of the impact of the following unfavourable items:

- Increases in maintenance costs, and development and prospecting costs of $0.7 million and $0.7 million, respectively;
- A $0.2 million decline in sale of excess CO_2 quotas by the Blendecques thermal power station in international markets;
- A $2.2 million loss arising from the share in results of the Joint Ventures; and
- The non-recurrence of a $3.2 million favourable retroactive adjustment to taxes on water rights in 2012.

Excluding the various items accounted for in 2012 and 2013 that are unrelated to Boralex's core operational base, particularly the $3.2 million retroactive adjustment to taxes on water rights in 2012, the items not related to the EBITDA of the Joint Ventures amounting to a loss of $0.1 million and a revenue of $4.2 million in 2012 and 2013, respectively, $1.5 million and $1.6 million in revenues recognized on receipt of shares from Resolute in 2012 and 2013, respectively, as well as $1.8 million and $0.1 million in acquisition fees in 2012 and 2013, respectively, EBIDTA generated by Boralex's operational base reflected actual growth of $5.4 million or 5.7% in 2013, compared with 2012, totalling $100.4 million. EBITDA margin stood at 59.4% in 2013 compared with 52.4% in 2012.

Amortization and Impairment of Property, Plant and Equipment and Intangible Assets

Amortization expense fell $4.1 million between the two comparative annual periods to total $53.9 million in 2013. The addition of the St-Patrick, Vron and La Vallée wind farms and the unfavourable effect of the weakening of Canada's currency against the euro and the U.S. dollar were largely offset by the shutdown of the Kingsey Falls thermal power station and the other favourable items described in *Analysis of Operating Results for the Three-Month Period Ended December 31, 2013*.

Boralex recorded a $0.3 million impairment loss on property, plant and equipment in the second quarter of 2013, compared with a $0.8 million impairment loss on property, plant and equipment and intangible assets recorded in 2012.

Financing Costs, Foreign Exchange Loss (Gain) and Net Loss (Gain) on Financial Instruments

Financing costs climbed $1.4 million to $50.7 million in 2013, owing primarily to the acquisition of the St-Patrick wind power station in 2012, the addition of the Vron and La Vallée wind farms in 2013 and the unfavourable impact of exchange rate fluctuations. However, those items were partially offset by the decrease in other debt contracted in France and debt related to the Thames River wind farm in Canada, the September 3, 2013 refinancing of the U.S. note and certain other favourable factors.

Boralex recorded a $0.8 million foreign exchange gain and a $0.7 million net gain on financial instruments in 2013, representing a total favourable change of $2.0 million compared with the slight foreign exchange loss and net loss on financial instruments amounting to $0.4 million last year. Note that *Net loss (gain) on financial instruments* consists mainly of the ineffective portion of financial instruments. Although all of the financial instruments used by Boralex are highly effective, they always include a very small ineffective portion.

Net Loss Attributable to Shareholders

Boralex ended fiscal 2013 with a net loss attributable to shareholders of $5.6 million or $0.15 per share (basic and diluted), compared with a net loss of $8.8 million or $0.24 per share (basic and diluted) in 2012.

TO SUM UP,

in line with Boralex's strategic expansion and positioning objectives, growth in EBITDA and EBITDA margin generated by the Corporation's operational continued apace, rising to high levels in 2013, driven by development in the wind power segment and sound performance in the hydroelectric power segment. As a result, the revenue shortfall arising from the shutdown of the Kingsey Falls thermal power station was more than offset by expansion and organic growth in Boralex's key segments. This favourable trend, reflecting the positive impacts of Boralex's strategic positioning on profit margins, cash flows and geographical diversification, is expected to continue over the next few years, supporting the creation of superior value added for the Corporation and its shareholders.

Review of Operating Segments

Wind Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
YEAR ENDED DECEMBER 31, 2012	74,654	60,935
Power stations commissioned*	7,192	6,164
Price	1,113	1,113
Volume	(920)	(920)
Translation of self-sustaining subsidiaries (exchange rate effect)	3,174	2,529
Maintenance	—	(1,216)
Share of Joint Ventures	—	(1,477)
Other	(104)	(534)
YEAR ENDED DECEMBER 31, 2013	85,109	66,594

* Full contribution from the St-Patrick wind power station acquired on June 28, 2012 and commissioning of the Vron and La Vallée wind farms on the September 15, 2013 and December 20, 2013, respectively.

Boralex's results and major developments in fiscal 2013 confirm the wind power segment's role as the powerhouse behind corporate financial growth, squarely at the fore of its long-term value creation strategy. The segment not only reported solid financial performance in 2013 driven, in particular, by an 84% increase in its installed capacity since the middle of fiscal 2012, but also invested over $70 million more in its development.

Operating Results

The wind power segment reported growth in production and revenues for fiscal 2013 of 7.9% and 14.0%, respectively (before the commissioning of Joint Venture Phase I is even factored in). EBITDA for 2013 was up 9.3% from 2012, while EBITDA margin ended in 2013 at 78.2%, compared with 81.6% in 2012. That being said, as explained above, excluding the share of Joint Ventures items not related to EBITDA of the Joint Ventures amounting to $3.5 million, including losses on financial instruments, amortization and financing costs, EBITDA directly related to operations was up 15.0% from 2012, while EBITDA margin rose to 82.2% in 2013 from 81.5% in 2012. This performance was driven essentially by the albeit partial contribution by recently commissioned wind farms, coupled by sound overall performance at existing Canadian power stations.

Production

Wind power segment output totalled 682,136 MWh in 2013, compared with 632,422 MWh for the previous year. This growth resulted primarily from the contribution by French wind farm St-Patrick throughout all of fiscal 2013, compared with only six months in 2012, as well as the commissioning of the Vron and La Vallée wind farms in the third and fourth quarters of 2013, respectively. Excluding the contribution from the new French power stations, production at the wind power segment's existing asset base remained steady compared with the previous year. Canadian power stations reported a 4.6% increase in production, stemming from generally favourable wind conditions that were better than last year, coupled with excellent equipment availability. Despite maintaining strong equipment availability, our existing power stations in France reported a 4.8% decline in production owing, in particular, to more severe frost in the first and fourth quarters in 2013 than last year, in addition to less favourable wind conditions in the second and third quarters of 2013 than a year earlier.

Excluding the significant favourable impact of commissioning new wind farms, weather variations in the different regions over the year as a whole resulted in stable overall performance for the wind power segment, demonstrating the benefits of geographic diversification.

Revenues

Wind power segment revenues totalled $85.1 million in 2013, up $10.5 million or 14.0% from $74.7 million last year. As shown in the preceding table, this growth resulted from the addition of new wind farms in France since the middle of 2012 and the euro's favourable foreign exchange effect relative to the Canadian dollar, as well as an increase in the overall average selling price due to contractual price indexation and reduced contractual prices at certain French power stations.

Breaking down results geographically, Canadian power stations posted organic growth of 5.4% of revenues. Revenues at French power stations were up an aggregate 19.8% due to the addition of new wind farms and a favourable foreign exchange effect. Excluding those two items, revenues at existing French power stations was down 3.4% owing mainly to more difficult weather conditions in 2013 than in 2012.

EBITDA

EBITDA for fiscal 2013 amounted to $66.6 million, up $5.7 million or 9.3% from 2012. The expansion in the wind power segment's operational base, including the addition of French wind farms St-Patrick, Vron and La Vallée, resulted in a total additional contribution of $6.2 million to wind power segment EBITDA. EBITDA attributable to existing power stations was up $1.0 million, as the $1.1 million favourable pricing effect and the $2.5 million favourable foreign exchange effect offset the $0.9 million unfavourable volume effect, the $1.2 million increase in maintenance costs and a number of other unfavourable changes totalling $0.5 million. The *Share in results of the Joint Ventures*, a $1.5 million loss, included items unrelated to EBITDA of the Joint Ventures amounting to income of $3.5 million. Excluding those items, the share of operational EBITDA of the Joint Ventures would have instead reflected a positive contribution of approximately $2 million to wind power segment EBITDA, an amount which management deems satisfactory, given that phase I of the Seigneurie de Beaupré Wind Farms was in a run-in period at the time.

Breaking down EBITDA geographically and excluding the *Share in results of the Joint Ventures*, the change in EBITDA was as follows:

- EBITDA at our French operations in 2013 was up 16.4% after the foreign exchange effect and 9.1% before the foreign exchange effect, with growth driven in large part by expansion in the asset base in 2012 and 2013, coupled with the quality of the new power stations. Expansion over the past few quarters readily offset the impact of more difficult weather conditions in 2013 than last year, increases in maintenance costs and a number of sundry costs, and the non-recurrence of certain favourable items recorded in 2012;
- EBITDA at existing Canadian power stations was up 5.2%, which more than offset the slight increase in maintenance costs and other miscellaneous expenses.

Recent Significant Events

In the past fiscal year, Boralex commissioned wind power assets representing a net share totalling 176 MW, representing a 62% increase in the wind power segment's aggregate installed capacity in operation.

Canada

In 2011, Boralex and its partner Gaz Métro Limited Partnership set up a first equally owned joint venture, the Joint Venture Phase I, to build and operate Phase I of the Seigneurie de Beaupré Wind Farms with a combined installed capacity of 272 MW (net share of Boralex of 136 MW), which is covered by a 20-year sales contract with Hydro-Québec. The Corporation's construction of that large-scale wind farm–its most ambitious to date–was completed on schedule and on budget in late 2013. To provide perspective on its scope, the construction site employed on average 600 workers over a cumulative 24-month period, for a total of 1.5 million hours worked, supported by some thirty businesses from the area. A road network of over 110 km has been built and nearly all of the 126 towers have been erected. A transformer substation featuring the latest technology has been built, one of the largest of its kind in Canada today.

In step with management's objectives, the first 62 wind turbines, totalling an installed capacity of 131 MW, were commercially commissioned on November 28, 2013, and the 64 remaining wind turbines, representing 141 MW, were commissioned on December 10, 2013. Despite the extreme weather conditions that hit Québec in December 2013, the equipment run-in was completed as anticipated, and the wind farm has been fully operational since the beginning of fiscal 2014. Boralex is proud of this massive achievement and considers that the leading-edge expertise acquired in the design, construction and operation of this type of large-scale facility, including the financing secured, will be a key asset to the future success of the wind power segment's growth strategy.

Note that, with a view to securing project financing, the Joint Venture Phase I completed $725 million in financing in 2011, comprising a two-year construction loan of $590 million, to be converted shortly into a term loan amortized over an 18-year term, together with short-term facilities totalling $135 million. In November 2011, this joint venture also entered into interest rate swap transactions to set a significant portion of the financing rate for said Phase I of the Seigneurie de Beaupré Wind Farms. These financial instruments have interest rates ranging from 3.18% to 3.22%.

The contribution from this commissioning will be discussed later in this MD&A under *Proportionate Consolidation*.

France

In November 2012, Boralex acquired the 32 MW La Vallée wind farm project located in the French department of Indre. In January and April 2013, the long-term financing for the La Vallée project was completed with a French banking consortium. In addition, to reduce its exposure to rate movements, the Corporation has entered into interest rate financial swaps covering 100% of the loan payable. Construction of this power station began in October 2013 to erect and commission 16 Gamesa G90 wind turbines, rated at 2 MW each, which has allowed Boralex to expand its wind turbine operating expertise to different models. A first batch of equipment totalling 18 MW was commissioned on December 2, 2013, with a second 14 MW batch commissioned on December 23, 2013. Since then, performance at the La Vallée power station has met management's expectations. Note that all of the power generated is sold to EDF under 15-year contracts.

In another French transaction, on June 28, 2012, Boralex acquired three fully authorized wind farm projects from InnoVent SAS ("InnoVent") with a total capacity of 56 MW, on which EDF has a long-term purchase obligation: Vron, an 8 MW site commissioned on September 15, 2013, as well as Fortel-Bonnières and St-François, two wind farms totalling 46 MW to be commissioned in or around late 2014 and 2015.

Hydroelectric Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
YEAR ENDED DECEMBER 31, 2012	47,748	36,752
Pricing	1,504	1,504
Volume	3,509	3,509
Capacity premiums	295	295
Translation of self-sustaining subsidiaries (exchange rate effect)	753	718
Retroactive adjustments to taxes on water rights of hydroelectric power stations in Canada and the United States	—	(3,240)
Maintenance	—	643
Other	(53)	232
YEAR ENDED DECEMBER 31, 2013	53,756	40,413

The following table shows recent and historical statistical data concerning hydroelectric power segment production:

HYDROELECTRIC PRODUCTION (MWh)	2013	2012
Three-month periods ended December 31:		
Actual	142,912	164,072
Historical average[(1)]	163,813	163,682
Years ended December 31:		
Actual	621,094	572,513
Annual historical average[(1)]	623,490	626,297

(1) The historical average is calculated using all production data available for each power station up to the end of Boralex's previous fiscal year. Historical averages include all of Boralex's power stations currently in operation.

Boralex's fiscal 2013 results underscore the hydroelectric power segment's traditional role as a significant and reliable profit centre, in addition to its advantageous geographic positioning.

Operating Results

In the hydroelectric power segment, production, revenues and EBITDA for fiscal 2013 grew 8.5%, 12.6% and 9.7%, respectively, while EBITDA margin declined to 75.0% in 2013 from 77.0% in 2012.

Production

Hydroelectric power segment production for 2013 totalled 621,094 MWh compared with 572,513 MWh for 2012. In spite of improving on the segment's 2012 level, production was in line with the hydroelectric power segment's historical average. Production at Canadian power stations was relatively unchanged from last year and their historical averages. Output at U.S. power stations grew 13.0% compared with 2012, but was slightly shy of historical averages. Note that the Northeastern United States experienced abnormally low water flow conditions in summer and fall 2012, which largely explains the production increase logged at Boralex's U.S. power stations in 2013. In 2013, water flow conditions were generally favourable in the second and third fiscal quarters, but weaker in the first and fourth quarters, particularly in the United States.

Revenues

Hydroelectric power segment revenues rose $6.0 million to $53.8 million in 2013. Revenues climbed 3.7% in Canada due to selling price indexation and slightly higher production volumes and capacity premiums. Boralex reported U.S. revenue growth of 19.8%, driven primarily by a $3.5 million favourable production and capacity premium effect, a $1.1 million favourable pricing effect from a sharply higher average electricity selling price in the New York State market, and a $0.8 million favourable foreign exchange effect.

EBITDA

The same factors, combined with a $0.6 million decline in maintenance costs and certain other expenses, generated a $3.7 million increase in hydroelectric power segment EBITDA, despite the recognition in 2012 of a $3.2 million favourable retroactive adjustment to taxes on water rights. Excluding this non-recurring item, hydroelectric power segment EBITDA rose 20.6% to $40.4 million in 2013 from $33.5 million in 2012, while segment EBITDA margin rose to 75.2% in 2013 from 70.2% in 2012. All power stations contributed to this performance although EBITDA growth was stronger in the United States for the reasons previously mentioned.

Thermal Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
YEAR ENDED DECEMBER 31, 2012	56,355	14,558
Shutdown of Kingsey Falls power station	(29,267)	(10,038)
	27,088	4,520
Pricing	(1,807)	(1,807)
Volume	578	144
Translation of self-sustaining subsidiaries (exchange rate effect)	1,105	167
Capacity premiums	464	464
CO_2 quotas	—	(231)
Raw material costs	—	(137)
Maintenance	—	(139)
Development - prospecting	—	157
Other	18	(128)
YEAR ENDED DECEMBER 31, 2013	27,446	3,010

The main thermal power development in fiscal 2013 was the impact of the November 30, 2012 shutdown of the Kingsey Falls natural gas cogeneration power station upon expiry of its power sales contract. For fiscal 2013 as a whole, this triggered revenue and EBITDA shortfalls of $29.3 million and $10.0 million, respectively.

Operating Results

Production

Excluding the Kingsey Falls power station, the thermal power segment stepped up electricity production by 5.0% to 143,369 MWh in 2013 from 136,555 MWh last year. The Senneterre power station reported slightly higher electricity production, whereas output at the Blendecques, France power station was up 16.3%, mainly because its agreement with EDF to extend its contract saw it operate one more month in the second quarter of 2013 than a year ago. Its steam production was stable compared with the previous year.

Revenues

Thermal power segment revenues for 2013 totalled $27.4 million, compared with $27.1 million in 2012 (excluding the Kingsey Falls power station). The Senneterre power station reported revenue growth of 9.1%, arising mainly from increases in capacity premiums generated by strong first-quarter performance, as well as from selling price indexation and a slightly favourable volume effect. The Blendecques power station posted a 2.5% decline in revenues, owing mainly to a lower average price for the steam and power produced, attributable to market conditions as well as to specific clauses contained in the new sales contracts entered into in the past few quarters. However, the pricing effect was offset by the favourable foreign exchange effect involving the euro and the Canadian dollar, as well as the aforementioned production increase.

EBITDA

Wind power segment EBITDA for 2013 stood at $3.0 million, compared with $4.5 million in 2012 (excluding the Kingsey Falls power station). The decline originated from the Blendecques power station which, in addition to aforementioned unfavourable price effect of nearly $2.0 million, saw a $0.5 million increase in raw material costs upon renewal of its natural gas supply contract under less favourable terms than in the previous contract. Those items, as well as certain other unfavourable changes of lesser significance, were partially offset by a favourable foreign exchange effect, a decline in maintenance costs and development and prospecting costs, as wells as the decrease in or non-recurrence of certain other costs incurred at the Blendecques facility in 2012. The Senneterre power station reported a $0.4 million improvement in EBITDA, driven by the same revenue growth factors, which offset the increase in maintenance costs and certain other expenses.

Solar Power Station

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Revenues from energy sales	EBITDA
YEAR ENDED DECEMBER 31, 2012	2,683	2,312
Pricing	18	18
Volume	(161)	(161)
Translation of self-sustaining subsidiaries (exchange rate effect)	173	149
Maintenance	—	84
Other	(1)	(23)
YEAR ENDED DECEMBER 31, 2013	2,712	2,379

Operating Results

For the fiscal year ended December 31, 2013, the solar power station produced 5,945 MWh of electricity, compared with 6,316 MWh in 2012. This 5.9% decrease was mainly attributable to a drop in average irradiation, which was curbed by improved solar panel performance. Note that a gradual decline in solar equipment productivity is a normal phenomenon in the life cycle of this type of production facility.

In 2013, the decline in production had a $0.2 million unfavourable impact on revenues and EBITDA, which was offset by a favourable foreign exchange effect, selling price indexation and lower costs for equipment maintenance, which is now performed in-house by Boralex. Solar power revenues and EBITDA totalled $2.7 million and $2.4 million, respectively, for a stellar EBITDA margin of 87.7%.

Since the mid-June 2011 commissioning, productivity and profitability at Boralex's first solar power station have met management's expectations. While the facility's contribution to the Corporation's consolidated results remains marginal, Boralex's management believes that its strong performance reflects the intrinsic quality of this first solar project with regard to choice of technology, location and contractual benefits, as well as the growing expertise of the Boralex team.

Cash Flows

(in thousands of dollars)	2013	2012
Net cash flows related to operating activities	59,266	47,396
Net cash flows related to investing activities	(158,383)	(75,087)
Net cash flows related to financing activities	110,866	(5,202)
Cash from discontinued operations	2,054	(3,642)
Translation adjustment on cash and cash equivalents	4,001	(1,030)
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,804	(37,565)
CASH AND CASH EQUIVALENTS - END OF YEAR	124,942	107,138

Operating Activities

In fiscal 2013, Boralex reported $50.9 million or $1.35 per share in cash flows from operations compared with $47.7 million or $1.26 per share in 2012. Excluding non-cash items from net loss for both comparative annual periods, the $3.2 million increase in cash flows from operations resulted primarily from improved EBITDA and a decrease in taxes paid, partially offset by a rise in financing costs.

The change in non-cash items related to operating activities freed up an additional $8.4 million in cash (compared with cash outflows of $0.3 million in 2012). The cash inflow in 2013 resulted from a $4.0 million decrease in *Trade and other receivables*, owing primarily to lower sales in December, improved collection of trade payables and the sale of shares of Resolute Forest Products valued at $3.0 million as at December 31, 2012.

In light of the foregoing, operating activities generated net cash flows totalling $59.3 million for fiscal 2013 compared with $47.4 million for the previous year.

Investing Activities

In fiscal 2013, investing activities required net cash outflows of $158.4 million consisting of:

- $107.5 million for additions to property, plant and equipment, including $70.7 million in furtherance of wind power projects, primarily at French wind farms La Vallée, Vron, Fortel-Bonnières and St-François, as well as two projects developed with Québec RCMs, and $29.7 million for construction of the Jamie Creek hydroelectric power station in British Columbia, with the balance, amounting to approximately $7.1 million, invested in asset maintenance and betterment in the other operating segments and the corporate segment;
- $18.9 million injected into restricted cash, primarily as part of construction at the Jamie Creek hydroelectric power station, and to a lesser extent, the La Vallée wind farm;
- $14.0 million injected into the change in reserve funds, primarily for refinancing of the U.S. note that matured on September 3, 2013 and development at the Jamie Creek hydroelectric power station;
- $9.7 million for various development projects in Québec, Ontario and British Columbia; and
- $8.3 million to increase Boralex's interest in the 68 MW Joint Venture Phase II of the Seigneurie de Beaupré Wind Farms.

Financing Activities

In fiscal 2013, financing activities generated total net cash inflows of $110.9 million.

Subsequent to the June 27, 2013 completion of the long-term refinancing of an amount of US$90.0 million secured by two of its U.S. power stations, Boralex drew down $93.1 million (in Canadian dollars) on this borrowing on the maturity date of the former debt, September 3, 2013, and repaid the former debt of US$70.7 million ($73.1 million). The balance of this non-recourse financing will allow Boralex to set aside the necessary reserves and free up certain funds to support its development. Note that the new US$90.0 million loan bears interest at an annual rate of 3.51% and will be fully amortized by semi-annual payments over a 13-year period.

Excluding the U.S. debt refinancing and sundry financing costs, in fiscal 2013, the Corporation contracted $119.5 million in new non-current debt, mainly in relation to financing for French wind farms La Vallée and Vron ($63.7 million) and Jamie Creek hydroelectric power station ($55.3 million). Conversely, the Corporation repaid $28.4 million on existing non-current debt in France and Canada.

Moreover, the Corporation received $2.6 million in the form of a capital injection by Témiscouata RCM and La Côte-de-Beaupré RCM, its partners in wind power projects, rated at 25 MW each, under development in Québec.

Discontinued Operations

For the year ended December 31, 2013, discontinued operations generated cash inflows of $2.1 million, mainly from REC sales, compared with cash outflows of $3.6 million in 2012, triggered primarily by taxes on Boralex's December 2011 transaction to dispose of its U.S. wood-residue power stations and by REC sales.

Net Change in Cash and Cash Equivalents

In light of the foregoing, total cash movements for fiscal 2013 resulted in a $17.8 million increase in the balance of cash and cash equivalents, which stood at $124.9 million as at December 31, 2013, compared with $107.1 million as at December 31, 2012.

TO SUM UP,

cash flows for fiscal 2013 highlight the gradual expansion in Boralex's capacity to generate cash flows from operations, owing to its tight focus on operations covered by power sales contracts offering fixed and indexed pricing, and superior profit margins. Furthermore, they reflect management's commitment to use the Corporation's significant financial resources to develop its two strategic segments - wind and hydroelectric power - in which the Corporation invested over $100.0 million in 2013. By December 2015, Boralex thus expects to have increased its contracted installed capacity by nearly 75% since December 2012, not including other projects to be added to its pipeline in the coming quarters.

Financial Position

The following table shows condensed information from the Consolidated Statements of Financial Position:

(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012
ASSETS		
Cash and cash equivalents	124,942	107,138
Restricted cash	19,366	5,063
Other current assets	49,072	55,139
CURRENT ASSETS	193,380	167,340
Property, plant and equipment	799,213	689,024
Other intangible assets	257,058	253,115
Miscellaneous non-current assets	173,076	120,392
NON-CURRENT ASSETS	1,229,347	1,062,531
TOTAL ASSETS	1,422,727	1,229,871
LIABILITIES		
CURRENT LIABILITIES	158,785	172,764
Non-current debt	578,914	423,616
Other non-current liabilities	298,894	291,122
NON-CURRENT LIABILITIES	877,808	714,738
TOTAL LIABILITIES	1,036,593	887,502
EQUITY		
TOTAL EQUITY	386,134	342,369
TOTAL LIABILITIES AND EQUITY	1,422,727	1,229,871

Summary of Significant Changes

Excluding the foreign exchange rate effect, Boralex's change in financial position between December 31, 2012 and 2013 primarily reflects investments and financing in furtherance of the Corporation's wind and hydroelectric power development projects.

Assets

Boralex's total assets as at December 31, 2013 increased $192.9 million or 15.7% to $1,422.7 million from $1,229.9 million as at December 31, 2012. This increase stemmed primarily from *Non-current assets*, which were $166.8 million higher than at the previous fiscal year-end. In particular, investments aimed at expanding the Corporation's operational base boosted the value of *Property, plant and equipment* and the *Interest in Joint Ventures* by $110.2 million and $31.9 million, respectively. Total current assets were up $26.0 million due to a combined increase of $32.1 million in *Cash and cash equivalents* and *Restricted cash*.

As at December 31, 2013, Boralex reported working capital of $34.6 million, with a ratio of 1.22:1 compared with a working capital deficit of $5.4 million and a ratio of 0.97:1 as at December 31, 2012. As discussed in the interim MD&As for fiscal 2013, the Corporation's working capital was temporarily in a deficit position from December 31, 2012 to September 3, 2013 due to the classification of the US$70.7 million U.S. note that matured on September 3, 2013 under *Current portion of debt*. As indicated in the previous section, the note was refinanced on that date by a new US$90.0 million long-term debt. In addition, as at December 31, 2013, the $35.4 million Canadian note was reported in *Current portion of debt*, as it matures in 2014. The revolving credit facility with an authorized amount of $60.0 million could be increased by $35.0 million if the Corporation were to repay its Canadian private placement and pledge the underlying assets as security. Excluding those reclassifications, working capital would have amounted to $70.0 million with a ratio of 1.57:1 compared with a working capital of $66.6 million and a ratio of 1.66:1 as at December 31, 2012.

Total Debt and Equity

The Corporation's total debt, consisting of *Non-current debt*, the current portion of *Non-current debt* and the liability component of *Convertible debentures*, rose to $892.5 million as at December 31, 2013 from $748.5 million as at December 31, 2012, primarily as a result of debt contracted to finance the Corporation's La Vallée and Vron wind power projects, the refinancing of the US$90.0 million U.S. note and the construction of the Jamie Creek hydroelectric power station, net of repayments made on the Corporation's existing debt. Breaking down the Corporation's non-current debt as at December 31, 2013 geographically, 40% was in Canada, 46% in France and 14% in the United States, compared with 42%, 44% and 14%, respectively, as at December 31, 2012.

Net debt, as defined under *Non-IFRS Measures*, amounted to $529.4 million as at December 31, 2013 compared with $417.2 million as at December 31, 2012. Between those two dates, total equity grew $43.8 million to $386.1 million from $342.4 million. As a result, the net debt ratio, as defined under *Non-IFRS Measures*, rose slightly to 46.2% as at December 31, 2013 from 42.1% as at the last fiscal year-end, December 31, 2012.

Information about the Corporation's Equity Securities

As at December 31, 2013, Boralex's capital stock consisted of 37,767,855 Class A shares issued and outstanding (37,734,895 as at December 31, 2012) while stock options outstanding numbered 2,085,272, of which 1,593,275 were exercisable. During fiscal 2013, 7,536 shares were issued in connection with the conversion of 942 debentures and 25,424 shares were issued on exercise of stock options held by senior executives. As at December 31, 2013, Boralex had 2,446,545 issued and outstanding convertible debentures (2,447,487 as at December 31, 2012).

From January 1, 2014 to March 10, 2014, 551,538 shares were issued on exercise of stock options and 232 new shares were issued in connection with the conversion of 29 debentures.

Normal Course Issuer Bid

On November 14, 2013, Boralex announced its intention to carry out a normal course issuer bid (the "Bid"). Under the twelve-month Bid from November 18, 2013 to November 17, 2014, Boralex may buy back up to 250,000 Class A shares, or approximately 0.66% of the 37,750,791 issued and outstanding Class A shares of Boralex as at October 31, 2013. All buybacks will be carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at March 10, 2014, Boralex had not repurchased any Class A shares under the Bid. A copy of the Notice of Intention to Make a Bid may be obtained free of charge from the Corporation.

Related Party Transactions

The Corporation has entered into a management agreement with Fiducie RSP Hydro, an entity controlled by Bernard Lemaire, a director of Cascades, a corporation exercising significant influence over the Corporation. For the year ended December 31, 2013, revenues from this agreement totalled $0.6 million ($0.6 million for 2012).

The Corporation has entered into a four-year consulting agreement with Bernard Lemaire, amounting to $0.1 million per year, which began in May 2013.

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the year ended December 31, 2013, these services totalled $1.1 million ($0.8 million for 2012).

Transactions with Joint Ventures

Seigneurie de Beaupré: Phase I

For the year ended December 31, 2013, the net results of the Joint Venture Phase I represented a $2.8 million loss (Boralex's share was $1.4 million). In addition, amortization of the unrealized loss on financial instruments generated a loss of $0.7 million. Accordingly, for the year ended December 31, 2013, the Corporation's share in results of the Joint Ventures represented a $2.1 million loss.

Also, in fiscal 2013, Boralex charged back $2.6 million in salaries, management fees and other costs to this joint venture in connection with construction and operation of the wind farm.

Seigneurie de Beaupré: Phase II

In May 2013, in connection with Phase II of the Seigneurie de Beaupré Wind Farms, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and Valener Inc. and created the Joint Venture Phase II in which each party owns a 50% interest. For fiscal 2013, the net results of this joint venture represented an insignificant loss (Boralex's share was insignificant). Boralex charged back $0.5 million in salaries and management fees to this joint venture in connection with construction of the wind farm.

TO SUM UP,

although investments totalling nearly $160 million were made in fiscal 2013, Boralex ended the year with cash of $144.3 million, a stronger position than a year earlier. This positive trend demonstrates the benefits of the strategy in place at Boralex since 2009 aimed at supporting significant and steady cash flows from operations, which in turn, are conducive to maintaining a solid cash position and sound capital structure. The Corporation intends to continue leveraging its financial resources, primarily to accelerate growth, strengthen its positioning, and generate superior economic value over the long term.

Interest in the Joint Ventures

In June 2011 and May 2013, Boralex and its equal partner in the development of the first two 272 MW and 68 MW phases of the Seigneurie de Beaupré Wind Farms in Québec, created the Joint Ventures in which each partner has a 50% interest. Under IFRS, the Corporation's investment in the Joint Ventures is reported under *Interest in Joint Ventures* in the consolidated statement of financial position and the Corporation's share in results of the Joint Ventures is accounted for using the equity method and reported separately under *Share in earnings (loss) of the Joint Ventures* in Boralex's consolidated statement of loss. In 2011 and 2012, this item essentially comprised the Corporation's share of costs related to site development and gains and losses on derivative financial instruments. However, starting in the fourth quarter of 2013, following the commissioning of the 272 MW Phase I of the Seigneurie de Beaupré Wind Farms, the item will also include the share of income generated from the operation of these assets.

Given the strategic nature and scale of these assets and the significant results that these wind farms are expected to generate, Boralex's management has considered it relevant to include a new section, *Proportionate Consolidation*, in this MD&A, where the results of the Joint Ventures are proportionately consolidated. This section is added to make it easier for investors to understand the concrete impacts of strategic and operating decisions made by the Corporation.

These numbers are clearly identified as "proportionate consolidation" and are reconciled in the *Non-IFRS Measures* and the *Reconciliations between IFRS and Proportionate Consolidation* sections.

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Year ended
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013	December 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	191,028	166,992	96,921	249,276	704,217
Hydroelectric power stations	148,473	197,923	131,786	142,912	621,094
Thermal power stations	70,879	7,191	33,851	31,448	143,369
Solar power station	1,079	1,788	2,098	980	5,945
	411,459	373,894	264,656	424,616	1,474,625
REVENUES FROM ENERGY SALES					
Wind power stations	23,598	20,384	11,822	31,676	87,481
Hydroelectric power stations	14,113	15,691	11,206	12,746	53,756
Thermal power stations	12,546	3,268	4,657	6,976	27,446
Solar power station	479	798	966	469	2,712
	50,736	40,141	28,651	51,867	171,395
EBITDA					
Wind power stations	20,035	16,439	7,347	26,136	69,957
Hydroelectric power stations	11,284	12,532	7,595	9,002	40,413
Thermal power stations	4,668	(1,070)	(614)	26	3,010
Solar power station	382	706	853	438	2,379
	36,369	28,607	15,181	35,602	115,759
Corporate and eliminations	(3,055)	(4,642)	(2,001)	(4,226)	(13,923)
	33,314	23,965	13,180	31,376	101,836
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	3,909	(1,783)	(8,489)	394	(5,966)
Discontinued operations	161	622	917	74	1,774
	4,070	(1,161)	(7,572)	468	(4,192)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.10	($0.05)	($0.22)	$0.01	($0.16)
Discontinued operations	$0.01	$0.02	$0.02	—	$0.05
	$0.11	($0.03)	($0.20)	$0.01	($0.11)
CASH FLOWS FROM OPERATIONS					
In dollars	22,806	17,624	(5,333)	16,086	51,180
Per share (basic)	$0.60	$0.47	($0.14)	$0.43	$1.36
Weighted average number of shares outstanding (basic)	37,735,065	37,740,004	37,748,196	37,757,835	37,745,345

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Year ended
	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012	December 31, 2012
POWER PRODUCTION (MWh)					
Wind power stations	172,405	138,836	110,343	210,838	632,422
Hydroelectric power stations	163,095	158,874	86,472	164,072	572,513
Thermal power stations	118,323	41,981	83,815	66,051	310,170
Solar power station	1,329	1,940	2,056	991	6,316
	455,152	341,631	282,686	441,952	1,521,421
REVENUES FROM ENERGY SALES					
Wind power stations	20,647	16,345	12,540	25,124	74,654
Hydroelectric power stations	13,986	12,445	7,456	13,860	47,748
Thermal power stations	22,242	9,285	12,173	12,654	56,355
Solar power station	576	830	852	425	2,683
	57,451	38,905	33,021	52,063	181,440
EBITDA					
Wind power stations	16,928	13,074	9,493	21,321	60,816
Hydroelectric power stations	10,644	9,056	7,510	9,541	36,752
Thermal power stations	8,395	1,154	2,408	2,601	14,558
Solar power station	495	723	770	324	2,312
	36,462	24,007	20,181	33,787	114,438
Corporate and eliminations	(3,169)	(5,155)	(3,968)	(3,910)	(16,200)
	33,293	18,852	16,213	29,877	98,238
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	4,826	(6,035)	(8,167)	542	(8,836)
Discontinued operations	2,323	134	566	696	3,721
	7,149	(5,901)	(7,601)	1,238	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.13	($0.16)	($0.22)	$0.01	($0.24)
Discontinued operations	$0.06	—	$0.02	$0.02	$0.10
	$0.19	($0.16)	($0.20)	$0.03	($0.14)
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.12	($0.16)	($0.22)	$0.01	($0.24)
Discontinued operations	$0.06	—	$0.02	$0.02	$0.10
	$0.18	($0.16)	($0.20)	$0.03	($0.14)
CASH FLOWS FROM OPERATIONS					
In dollars	21,849	5,473	6,862	13,481	47,665
Per share (basic)	$0.58	$0.15	$0.18	$0.36	$1.26
Weighted average number of shares outstanding (basic)	37,726,689	37,727,077	37,730,162	37,732,568	37,729,137

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
POWER PRODUCTION (MWh)				
Wind power stations	249,276	210,838	704,217	632,422
Hydroelectric power stations	142,912	164,072	621,094	572,513
Thermal power stations	31,448	66,051	143,369	310,170
Solar power station	980	991	5,945	6,316
	424,616	441,952	1,474,625	1,521,421
REVENUES FROM ENERGY SALES				
Wind power stations	31,676	25,124	87,481	74,654
Hydroelectric power stations	12,746	13,860	53,756	47,748
Thermal power stations	6,976	12,654	27,446	56,355
Solar power station	469	425	2,712	2,683
	51,867	52,063	171,395	181,440
EBITDA				
Wind power stations	26,136	21,321	69,957	60,816
Hydroelectric power stations	9,002	9,541	40,413	36,752
Thermal power stations	26	2,601	3,010	14,558
Solar power station	438	324	2,379	2,312
	35,602	33,787	115,759	114,438
Corporate and eliminations	(4,226)	(3,910)	(13,923)	(16,200)
	31,376	29,877	101,836	98,238
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	394	542	(5,966)	(8,836)
Discontinued operations	74	696	1,774	3,721
	468	1,238	(4,192)	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	$0.01	$0.01	($0.16)	($0.24)
Discontinued operations	—	$0.02	$0.05	$0.10
	$0.01	$0.03	($0.11)	($0.14)
CASH FLOWS FROM OPERATIONS				
In dollars	16,086	13,481	51,180	47,665
Per share (basic)	$0.43	$0.36	$1.36	$1.26
Weighted average number of shares outstanding (basic)	37,757,835	37,732,568	37,745,345	37,729,137

Operating Results Data

(in thousands of dollars, except per share amounts and number of shares outstanding)	Years ended December 31 2013	2012
POWER PRODUCTION (MWh)	1,474,625	1,521,421
REVENUES FROM ENERGY SALES	171,395	181,440
EBITDA	101,836	98,238
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS		
Continuing operations	(5,966)	(8,836)
Discontinued operations	1,774	3,721
	(4,192)	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	($0.16)	($0.24)
Discontinued operations	$0.05	$0.10
	($0.11)	($0.14)
Weighted average number of shares outstanding (basic)	37,745,345	37,729,137

Statement of Financial Position Data

(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012
Total assets	1,791,440	1,323,164
Debt*	977,993	593,660
Convertible debentures	229,578	226,299
Total equity	385,780	342,369

* Including non-current debt and current portion of debt.

Analysis of Operating Results for the Three-Month Period and the Year Ended December 31, 2013

Wind Power Stations

The main differences in revenues from energy sales and EBITDA are as follows:

	Three-month periods ended		Years ended	
(in thousands of dollars)	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
DECEMBER 31, 2012	25,124	21,321	74,654	60,816
Power stations commissioned*	3,699	3,236	9,563	8,278
Pricing	242	242	1,113	1,113
Volume	662	662	(920)	(920)
Translation of self-sustaining subsidiaries (exchange rate effect)	1,835	1,525	3,174	2,529
Maintenance	—	(508)	—	(1,216)
Other	114	(342)	(103)	(643)
DECEMBER 31, 2013	31,676	26,136	87,481	69,957

* Full contribution of the St-Patrick wind power facility acquired on June 28, 2012, and commissioning of the Vron wind farm on September 15, 2013, the La Vallée wind power facility on December 20, 2013 and the Joint Venture Phase I on November 28, 2013 and December 10, 2013.

For the wind power segment, the proportionate consolidation of the initial results of the 272 MW Phase I of Seigneurie de Beaupré Wind Farms for the three-month and the year ended December 31, 2013 mainly impacted the *Power stations commissioned* item, as it also includes 50% of production, revenues and EBITDA generated by this facility since its gradual commissioning between November 28, 2013 and December 10, 2013, in addition to the additional contributions from the new St-Patrick, Vron and La Vallée facilities in France.

Accordingly, the commissioning of this large-scale wind farm, in which Boralex's net share is 136 MW, generated an additional 22,081 MW (Boralex's net share). Under the IFRS equity method (for an operating period of less than one month), this performance represents a 9.7% increase in segment output for the fourth quarter and a 3.2% increase for fiscal 2013.

Boralex's share in revenues generated by this new facility amounted to $2.4 million, representing additional contributions of 8.1% and 2.8%, respectively, for wind power segment revenues for the fourth quarter and fiscal 2013, compared with revenues accounted for under IFRS.

Moreover, as shown in the table below, proportionate consolidation had a favourable impact of $1.9 million or 7.6% on fourth quarter EBITDA and a favourable impact of $3.4 million or 5.1% on EBITDA in fiscal 2013, compared with IFRS.

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2013	2012	2013	2012
EBITDA (IFRS)	24,279	21,327	66,594	60,935
Less: Share in earnings (loss) of the Joint Ventures	212	(13)	(1,426)	51
Plus: EBITDA - Joint Ventures	2,069	(19)	1,937	(68)
Non-EBITDA items	1,857	(6)	3,363	(119)
EBITDA (proportionate consolidation)	26,136	21,321	69,957	60,816

Note that proportionate consolidation had a significant impact on EBITDA for the quarter and fiscal year ended December 31, 2013, given that the addition of EBITDA of $2.1 million to the *Power stations commissioned* item under the proportionate consolidation method does not correspond to the amount reported under *Share in earnings (loss) of the Joint Ventures* according to the equity method since this item includes non-EBITDA items such as amortization and financing costs.

Boralex management is satisfied with the initial results from the equipment run-in period, especially since weather conditions were particularly unfavourable. The productivity of the facility, which is fully operational since the beginning of fiscal 2014, augurs well for the future.

Consolidated Results

The main differences in revenues from energy sales and EBITDA are as follows:

(in thousands of dollars)	Three-month periods ended		Years ended ended	
	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
DECEMBER 31, 2012	52,063	29,877	181,440	98,238
Shutdown of Kingsey Falls thermal power station	(4,924)	(1,098)	(29,266)	(10,038)
	47,139	28,779	152,174	88,200
Power stations commissioned*	3,699	3,236	9,563	8,278
Pricing	(504)	(504)	827	827
Volume	(1,369)	(1,222)	3,006	2,572
Capacity premiums	(195)	(195)	759	759
Translation of self-sustaining subsidiaries (exchange rate effect)	2,997	1,930	5,205	3,231
CO_2 quotas	—	(231)	—	(231)
Maintenance	—	(493)	—	(727)
Development - prospecting	—	205	—	(663)
Retroactive adjustment to taxes on water rights of hydroelectric power stations in Canada and the United States	—	717	—	(3,240)
Professional fees incurred in connection with acquisitions in France and Canada	—	—	—	1,848
Other income	—	(1,815)	—	—
Other	100	969	(139)	982
DECEMBER 31, 2013	51,867	31,376	171,395	101,836

* Full contribution of the St-Patrick wind power facility acquired on June 28, 2012, and commissioning of the Vron wind farm on September 15, 2013, the La Vallée wind power facility on December 20, 2013 and the Joint Venture Phase I on November 28, 2013 and December 10, 2013.

Operating Results for the Fourth Quarter and Fiscal Year Ended December 31, 2013

At the consolidated level, as the accompanying tables show, proportionately consolidated results of Joint Venture Phase I reflect the following changes, compared with the IFRS equity method:

- Increases in revenues of 4.8% and 1.4%, respectively, for the fourth quarter and fiscal 2013 as a whole; and
- Increases in EBITDA of $2.3 million or 8.0% and $3.7 million or 3.8%, respectively, for the quarter and the fiscal year, due to the elimination of the *Share in earnings (loss) of the Joint Ventures* and the addition of the actual EBITDA of Joint Ventures, as discussed previously.

(in thousands of dollars)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
EBITDA (IFRS)	29,039	29,883	98,137	98,357
Less: Share in earnings (loss) of the Joint Ventures	(329)	(13)	(2,116)	51
Plus: EBITDA - Joint Ventures	2,069	(19)	1,937	(68)
Non-EBITDA items	2,398	(6)	4,053	(119)
Elimination of management fees against property, plant and equipment	(61)	—	(354)	—
EBITDA (proportionate consolidation)	31,376	29,877	101,836	98,238

Cash Flows for the Year Ended December 31, 2013

Besides a slight increase of $0.3 million or $0.01 per share in cash flows from continuing operations, the main impacts of proportionate consolidation compared with the IFRS equity method are:

- A $241.8 million increase in cash used in investing activities, including $215.9 million for additions to property, plant and equipment and $34.2 million for restricted cash; and
- An additional amount of $243.8 million generated by new non-current debt.

Financial Position as at December 31, 2013

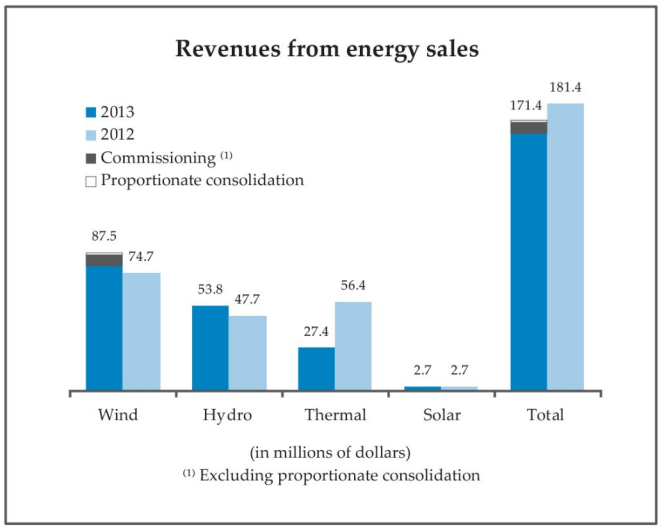
In the statement of financial position, besides a $315.0 million or 47.5% increase in non-current debt (including the current portion), proportionate consolidation resulted in increasing Boralex's total assets by $368.7 million of 25.9%, including:

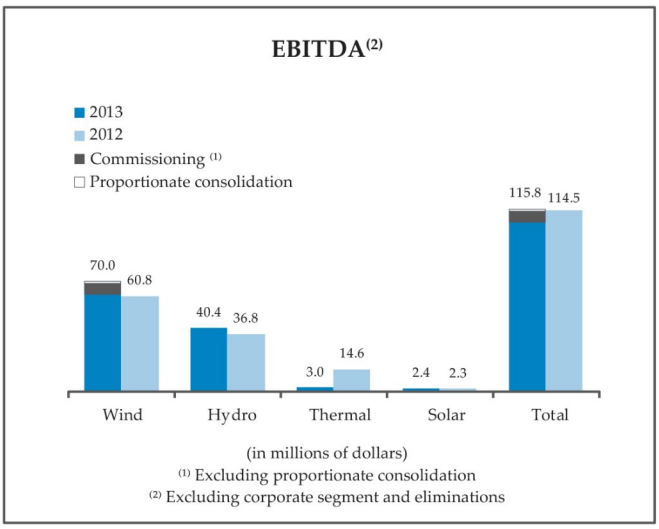
- A $380.4 million or 47.6% increase in the carrying amount of property, plant and equipment; and
- A $74.5 million increase in total current assets, of which $40.8 million is related to restricted cash.

Accordingly, under proportionate consolidation, short-term cash resources (including cash and cash equivalents plus restricted cash) totalled $187.7 million, compared with $144.3 million under IFRS.

Segment and Geographic Breakdown of Results of Continuing Operations for the Years Ended December 31, 2013 and 2012

Segment Breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA for the year ended December 31,2013 compared with fiscal 2012.

Wind

For fiscal 2013, revenues in the wind power segment grew 17.1% from the previous year, boosting its share of consolidated revenues to 51.1% in 2013 from 41.2% in 2012. Besides the 4.4% increase in revenues generated by the segment's existing assets, revenue growth stems primarily from the full contribution of the St-Patrick facility in France compared with only six months in 2012, commissioning of the Vron and La Vallée facilities in France in the third and fourth quarters of 2013, and the commissioning of Joint Venture Phase I in Québec towards the end of 2013. Apart from actual growth in the wind power segment, its higher relative share of consolidated revenues resulted from the reduction in the thermal power segment's size owing to the closure of the Kingsey Falls power station on November 30, 2012.

In the wind power segment, EBITDA rose 15.1%, accounting for 60.4% of consolidated EBITDA (before the corporate segment and eliminations) compared with 53.1% in 2012, thereby confirming the segment's position as Boralex's largest source of EBITDA. The segment's EBITDA margin is also higher than the average for Boralex's energy asset portfolio, amounting to approximately 80.0% for 2013 (81.4% in 2012). The marginal decline in 2013 was attributable to less-than-optimal performance for Joint Venture Phase I during its equipment run-in period. With Boralex's net share of wind power projects under development set to add nearly 157 MW to its net contracted capacity and the ongoing initiatives to continue expanding its operating assets, the segment's top contribution to operating profitability stands to grow in the coming quarters and years, enhancing the Corporation's average profit margin.

Hydroelectric

Revenues in the hydroelectric segment were up 12.8% between the two comparative fiscal years, boosting its share of consolidated revenues to 31.4% for 2013 from 26.3% in 2012. Apart from revenue growth, the cause of the hydroelectric power segment's higher relative weight from a consolidated revenue standpoint was the thermal power segment's decline in weight owing to the closure of the Kingsey Falls power station. Hydroelectric segment EBITDA rose 9.8% (a 20.6% increase, excluding the $3.2 million favourable adjustments for taxes on water rights recorded in 2012). As a result, the segment's EBITDA represented 34.9% of consolidated EBITDA (before the corporate segment and eliminations) compared with 32.2% in 2012. As a percentage of revenues, the segment's EBITDA margin rose to 75.1% in 2013 (excluding the adjustment for taxes) from 70.2% in 2012.

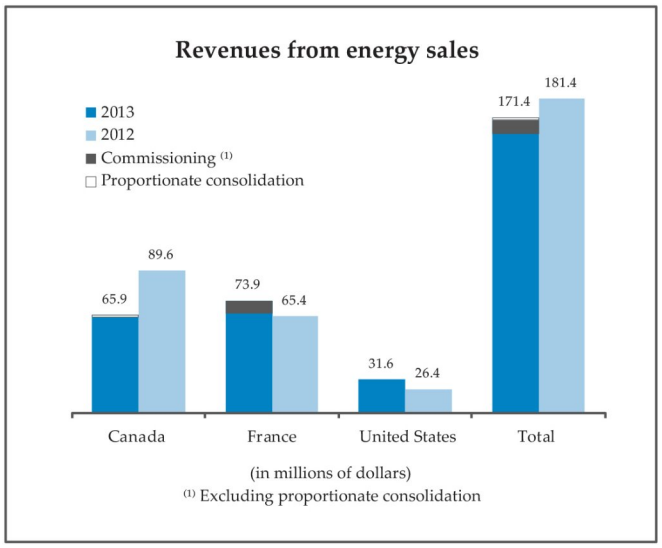
Thermal

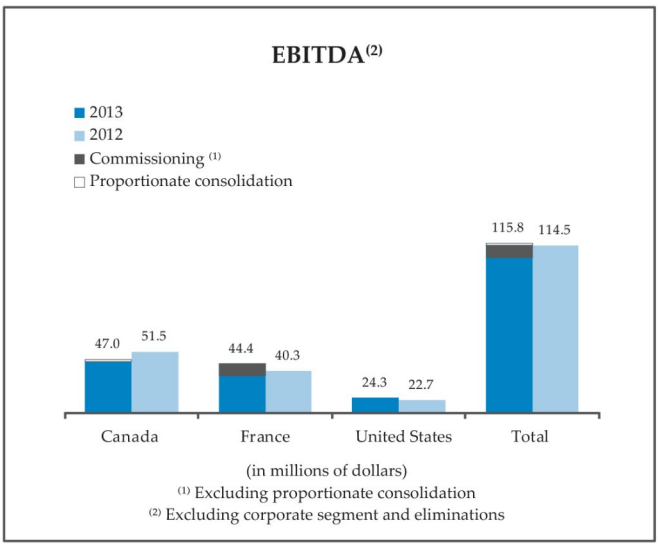
The thermal segment accounted for 16.0% of consolidated revenues in 2013, compared with 31.1% in 2012, due to the shutdown of the Kingsey Falls power station. For the same reason, this segment's share of consolidated EBITDA (before the corporate segment and eliminations) stood at 2.6% compared with 12.8% for the previous year. EBITDA margin fell to 10.9% in 2013 from 25.9% in 2012.

Solar

Boralex's only solar power station generated EBITDA of $2.4 million on revenues of $2.7 million in 2013, representing an EBITDA margin of 87.7%. In 2012, EBITDA and revenues totalled $2.3 million and $2.7 million, respectively, with a margin of 85.2%. The solar power segment, which currently accounts for only a marginal share of Boralex's energy portfolio, generated 1.6% of revenues and 2.1% of consolidated EBITDA (before the corporate segment and eliminations) in fiscal 2013.

Geographic Breakdown





Geographically, Boralex's revenues from energy sales for the year ended December 31, 2013 were broken down as follows:

- 38.5% in Canada compared with 49.4% in 2012;
- 43.1% in France compared with 36.1% in 2012; and
- 18.4% in the United States compared with 14.5% in 2012.

The decrease in the Canadian assets' relative share of revenues resulted primarily from the shutdown of the Kingsey Falls power station, and the higher relative weight of the European market following the addition of the St-Patrick wind farm. The increase in the share of revenues from the United States reflected the significant revenue growth reported by the U.S. hydroelectric power stations in the second and third quarters, as well as the decrease in the relative weight of the Canadian thermal segment.

Non-IFRS Measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, cash flows from operations and the ratio of net debt as performance measures. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations.

These non-IFRS measures are derived primarily from the audited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies.

This section also shows proportionately consolidated EBITDA and cash flows from operations where the results of Joint Ventures are proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is collected on a proportionate consolidation basis, management has considered it relevant to include these amounts to help investors understand the concrete impacts of decisions made by the Corporation. Moreover, tables reconciling IFRS data with data presented on a proportionate consolidation basis are provided below.

EBITDA

Investors should not view EBITDA as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA is reconciled to the most comparable IFRS measure, namely, net earnings (loss) attributable to shareholders of Boralex, in the following table:

IFRS

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2013	2012	2013	2012
Net earnings (loss) attributable to shareholders of Boralex	529	1,238	(3,838)	(5,115)
Net earnings from discontinued operations	(74)	(696)	(1,774)	(3,721)
Non-controlling shareholders	511	634	127	(149)
Income tax expense (recovery)	1,624	1,229	537	(2,183)
Net loss (gain) on financial instruments	(69)	(103)	(742)	396
Foreign exchange loss (gain)	(530)	(80)	(788)	26
Financing costs	13,061	12,640	50,693	49,279
Impairment of property, plant and equipment and intangible assets	—	—	266	823
Other losses (gains)	—	—	(232)	971
Amortization	13,987	15,021	53,888	58,030
EBITDA	29,039	29,883	98,137	98,357

Proportionate Consolidation

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2013	2012	2013	2012
Net earnings (loss) attributable to shareholders	468	1,238	(4,192)	(5,115)
Net earnings from discontinued operations	(74)	(696)	(1,774)	(3,721)
Non-controlling shareholders	511	634	127	(149)
Income tax expense (recovery)	1,624	1,229	537	(2,183)
Net loss (gain) on financial instruments	(1,309)	(105)	(553)	286
Foreign exchange loss (gain)	(521)	(80)	(700)	27
Financing costs	15,082	12,636	52,861	49,269
Impairment of property, plant and equipment and intangible assets	—	—	266	823
Other losses (gains)	—	—	(232)	971
Amortization	15,595	15,021	55,496	58,030
EBITDA	31,376	29,877	101,836	98,238

Cash Flows from Operations

Cash flows from operations are equal to net cash flows related to operating activities before change in non-cash items related to operating activities. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and development activities, changes in non-cash items can vary considerably. In addition, development activities result in significant changes in *Trade and other payables* during the construction period, as well as an initial injection of working capital at project start-up. Accordingly, the Corporation considers it more representative not to integrate changes in non-cash items in this performance measure.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely, net cash flows related to operating activities, in the following table:

IFRS

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2013	2012	2013	2012
Net cash flows related to operating activities	2,712	(1,712)	59,266	47,396
Change in non-cash items related to operating activities	(12,610)	(15,207)	8,350	(325)
CASH FLOWS FROM OPERATIONS	15,322	13,495	50,916	47,721

Proportionate Consolidation

	Three-month periods ended December 31		Years ended December 31	
(in thousands of dollars)	2013	2012	2013	2012
Net cash flows related to operating activities	17,130	4,037	59,878	46,874
Change in non-cash items related to operating activities	1,044	(9,444)	8,698	(791)
CASH FLOWS FROM OPERATIONS	16,086	13,481	51,180	47,665

Net Debt Ratio

The Corporation defines net debt as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Non-current debt	578,914	423,616	855,484	495,090
Current portion of debt	84,034	98,570	122,509	98,570
Borrowing costs, net of accumulated amortization	10,737	7,263	30,714	25,779
Less:				
Cash and cash equivalents	(124,942)	(107,138)	(127,541)	(107,138)
Restricted cash	(19,366)	(5,063)	(60,126)	(11,650)
Net debt	529,377	417,248	821,040	500,651

The Corporation defines total book capitalization as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Total equity	386,134	342,369	385,780	342,369
Net debt	529,377	417,248	821,040	500,651
Convertible debentures	229,578	226,299	229,578	226,299
Convertible debenture issuance costs, net of accumulated amortization	3,522	4,164	3,522	4,164
Deferred taxes on convertible debentures	5,158	5,158	5,158	5,158
Imputed interest calculated on convertible debentures	(7,982)	(5,251)	(7,982)	(5,251)
Total book capitalization	1,145,787	989,987	1,437,096	1,073,390

The Corporation computes the ratio of net debt as follows:

	IFRS		Proportionate consolidation	
(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Net debt	529,377	417,248	821,040	500,651
Total book capitalization	1,145,787	989,987	1,437,096	1,073,390
NET DEBT RATIO	46.2 %	42.1 %	57.1 %	46.6 %

Financial Instruments

Foreign Exchange Risk

Generally, as regards operating cash flows generated by foreign subsidiaries, the Corporation is not significantly exposed to currency fluctuations, as its subsidiaries are self-sustaining foreign operations and typically keeps liquid assets in their country of origin to pursue their development. However, the Corporation does not anticipate any short-term capital expenditures to expand its U.S. asset base. In light of the foregoing and due to excess cash generated by its U.S. subsidiaries, the Corporation is currently studying a number of medium-term hedging strategies and intends to implement the selected strategy over the next few quarters.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on equity by purchasing hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

Price Risk

In the Northeastern United States, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in electricity prices. Electricity prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at December 31, 2013, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls in the United States, have long-term power sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 4% of Boralex's installed capacity is exposed to price risk.

Interest Rate Risk

Under IFRS, as at December 31, 2013, approximately 40% of non-current debt issued bears interest at variable rates. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its exposure to interest rate fluctuations is reduced to only 5% of total debt. As at December 31, 2013, these swaps and forward contracts had a notional balance of $403.1 million (€173.1 million and $149.5 million) and an unfavourable fair value of $34.7 million (€13.2 million and $15.2 million)). The non-current debt, interest rate swaps and interest rate forward contracts do not include those reported in the Joint Venture Phase I's financial statements in which Boralex has a share of 50%.

Under proportionate consolidation, as at December 31, 2013, these swaps and forward contracts had a notional balance of $679.0 million (€173.1 million and $425.4 million) and an unfavourable fair value of $33.7 million (€13.2 million and $14.3 million).

The Corporation does not plan to sell these instruments, since they were entered into to reduce the Corporation's risk related to interest rate fluctuations, and fully intends to make every reasonable effort to protect the anticipated return on those projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates have fallen and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy.

All of these contracts qualify for hedge accounting.

Commitments and Contingencies

	2013			
(in thousands of dollars)	Current portion	1 to 5 years	Over 5 years	Total
Non-current debt	84,034	185,518	404,688	674,240
Purchase and construction contracts	99,789	2,879	—	102,668
Maintenance contracts	6,040	25,114	43,189	74,343
Land lease contracts	2,143	12,995	26,185	41,323
Joint Ventures	59,852	18,701	32,064	110,617
TOTAL	251,858	245,207	506,126	1,003,191

Energy Sales Contracts - Power Stations in Operation

Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing between 2016 and 2045. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the power stations in Québec (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate on the total price should not be lower than 3% or higher than 6%.

France

a) For the wind power stations and the solar power facility in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing between 2017 and 2031. The contracts provide for annual indexation of the total price based on changes in hourly labour costs and industry activity levels.

b) Steam and electricity production from Blendecques, France is sold under long-term contracts expiring in 2022 and 2025, respectively.

United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its Middle Falls hydroelectric power station. As of January 1, 2014, a price equal to 90% of the market price is stipulated in the contract, which will apply downward pressure on the power selling price. This decline will be offset by the decrease in lease payments to 30% of gross revenues as of January 1, 2014.

For the South Glens Falls and Hudson Falls hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

	South Glens Falls US$/MWh	Hudson Falls US$/MWh
2014 - 2017	86.06 - 86.65	83.82 - 80.58
2018 - 2024	86.65	48.27
2025	121.79 or market*	48.27
2026 and thereafter	121.79 or market*	56.28 or market*

* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

Energy Sales Contracts - Projects Under Development

Canada

a) The Jamie Creek hydroelectric power project in British Columbia with a 22 MW capacity is covered by a fixed-price 40-year power sales contract, including a 10 to 20-year renewal option, at the client's discretion. The contract will begin when the power station is commissioned.

b) The Corporation has two power sales contracts with Hydro-Québec for a total capacity of 50 MW for the two community wind power projects, Témiscouata I and La Côte-de-Beaupré, developed jointly with Témiscouata RCM and La Côte-de-Beaupré RCM, respectively. These power sales contracts have 20-year terms, which will begin when the wind farms are commissioned, and will be annually indexed over 20% of the selling price.

c) The Corporation has a 20-year power sales contract for the 50 MW Témiscouata II wind power project under development. The contract will begin when the wind farm is commissioned and will be indexed annually based on the CPI.

France

The Corporation has 15-year power sales contracts for each of the two wind power projects under development in France, Fortel-Bonnières and St-François, with a capacity of 46 MW. These contracts will begin when the wind farms are commissioned and the selling price will be indexed annually on the total price.

Purchase and Construction Contracts - Projects Under Development

Canada

a) The Corporation has entered into contracts for the construction and installation of the Jamie Creek, British Columbia hydroelectric power station. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments under those contracts of $4.3 million.

b) For the Témiscouata I community wind power project developed jointly with the Témiscouata RCM, the Corporation has entered into a road construction contract, a wind turbine construction and installation contract, as well as a transformer purchase contract. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments of $54.1 million under those contracts.

c) The Corporation entered into an engineering and electrical research contract for the Témiscouata II wind power project. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had a net commitment of $0.4 million under said contract.

France

For the two wind power projects under development in France, Fortel-Bonnières and St-François, the Corporation has entered into wind turbine purchase and installation contracts, contingent on the closing of project financing scheduled for the first quarter of 2014. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments under those contracts of €30.0 million ($43.9 million).

Maintenance Contracts

Canada

The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 with Enercon for its Thames River wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years. As at December 31, 2013, the Corporation had net commitments of $3.6 million under those contracts, solely reflecting the first five years of the contracts, of which $1.8 million is payable in 2014.

France

a) With respect to the wind power projects in operation in France (excluding La Vallée), the Corporation has entered into maintenance contracts, including several turnkey agreements with suppliers such as Enercon, General Electric and Siemens. The contracts have initial periods of 5-15 years, requiring expenditures totalling €36.7 million ($53.8 million), of which approximately €2.8 million ($4.0 million) is payable in 2014.

b) The Corporation has entered into maintenance contracts with Gamesa expiring in 2028 for its La Vallée wind power project in France. The contracts have an initial term of 15 years and required, as at December 31, 2013, net commitments of €7.3 million ($10.7 million) payable as of the third year following commercial commissioning, as the first two years of service are free.

c) For the two wind power projects under development in France, Fortel-Bonnières and St-François, the Corporation has entered into maintenance contracts with General Electric. The contracts have an initial term of five years and require net commitments of €4.3 million ($6.3 million) payable as of the commissioning slated for the end of 2014 and 2015, contingent on the closing of project financing expected in the first quarter of 2014.

Operating Leases on Property

Canada

a) For the Thames River Project, the Corporation leases land on which wind turbines are installed under 27 lease agreements with 20-year terms, renewable once only at the Corporation's option for the same lease terms. The total lease amount under all these agreements is estimated at approximately $0.7 million per annum.

b) The Corporation leases the sites on which six hydroelectric power stations are located in Canada, as well as the water rights required to operate them. Under the terms of these agreements, expiring from 2015 to 2020, the Corporation's lease payments are based on power generation levels.

France

The land on which the wind power stations and the solar power facility are located in France is leased under emphyteutic leases over terms of 28-99 years. Payments under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies, and represent an annual commitment of €0.8 million ($1.2 million).

United States

a) To operate the Middle Falls power station in the United States, the Corporation leases the land on which the Niagara Mohawk Power Corporation ("NMPC") power station is located under a lease expiring in 2029. From 2014 onwards, lease payments will be variable, totalling 30% of the power station's gross revenue. The lease amount is estimated at approximately $0.2 million per annum.

b) The land on which the Corporation's U.S. Hudson Falls and South Glens Falls hydroelectric facilities are located is leased from NMPC. The lease agreements terminate at the end of the power sales contracts with NMPC. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms.

Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement because of uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair market value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US$10.0 million (Hudson Falls power station) and US$5.0 million (South Glens Falls power station).

Total minimum future payments under these leases, excluding contingent lease payments for South Glens Falls, as of December 31, 2013 are as follows:

(in thousands of dollars)	
Current portion	343
1 to 5 years	4,660
Over 5 years	6,221
Total	11,224

Other

Canada

a) Hydroelectric power stations in Québec are subject to the *Dam Safety Act* and the regulations thereunder, which will gradually affect some of the Corporation's hydroelectric facilities. Depending on the region where the power stations are located, dams will have to comply with some criteria defined in this Act. Application of the Act is expected to be phased in. Once the Corporation's recommendations are accepted by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*, an action plan will be prepared reflecting the relative urgency of the work required. The St-Lambert power station is in compliance with the Act as at December 31, 2013 but is not affected as it is located on the St. Lawrence Seaway, which is not subject to this legislation. With regard to the facilities of those power stations, excluding Buckingham, the Corporation expects that investments of $0.3 million will be required to comply with the Act.

With regard to the Buckingham facility, Boralex will undertake work in fiscal 2014 and 2015 estimated at $4.0 million and $7.0 million, respectively, to comply with the Act. Concurrently with this work, management is still reviewing various investment scenarios aiming to increase the power station's current installed capacity by up to 10 MW.

b) Following the motion filed on August 30, 2010 and the subsequent ruling of October 28, 2010, O'Leary Funds Management L.P. et al. filed an amended motion with the Superior Court of Québec on January 11, 2011. This motion alleges that the November 1, 2010 business combination between Boralex and the Fund was illegal and, consequently, claims damages of nearly $14.0 million. The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. Moreover, the Corporation filed its defence on September 12, 2011, including a counterclaim of over $1.4 million.

c) Subsequent to the December 20, 1996 motion against one of the Corporation's subsidiaries for charges claimed under Section 68 of the *Watercourses Act*, as a holder of hydraulic power, the claim by Attorney General of Québec amounts to $3.2 million. The Corporation has begun negotiations to settle the dispute and believes a settlement can be reached in the following year. In light of the foregoing, the Corporation recorded a provision of $1.0 million in 2012 in respect of this dispute as a result of the amounts that the Corporation expects to recover under its lease.

France

On August 25, 2011, Boralex obtained two amended building permits for the expansion of the Avignonet-Lauragais site comprising two wind turbines. These permits have been on appeal since October 12, 2011. This decision does not jeopardize the power sales contract with EDF or operation of the expansion. Furthermore, this situation does not place Boralex in default under any credit agreement.

Joint Venture Phase I

Energy Sales Contracts

Joint Venture Phase I is committed to selling 100% of its power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033. A number of these contracts provide for annual indexation based on the CPI.

Maintenance Contract

Joint Venture Phase I entered into a 15-year wind turbine maintenance contract maturing in 2028. The contract includes a cancellation option at this joint venture's discretion after seven years. Outlays under the contract will be made one year after the commissioning date and depend, in particular, on the power output of the wind turbines. As at December 31, 2013, Boralex's share in the net commitments of this contract was $24.2 million for the next seven years of which an amount of $0.2 million is payable in 2014.

Land Lease Contract

Joint Venture Phase I has a land lease contract maturing in 2033, renewable each year at the lessee's option. The land on which wind turbines are installed is leased for an annual amount of approximately $1.5 million, indexed annually at a rate of 1.5%. As at December 31, 2013, Boralex's share in the net commitments of this contract was $17.3 million.

Letters of Credit

As at December 31, 2013, the Corporation's share of the letters of credit issued by Joint Venture Phase I amounted to $41.7 million.

Financing

On November 8, 2011, the Corporation finalized financing for construction work on Joint Venture Phase I. The amount of the financing, secured by the joint venture's assets without recourse against the partners, consists of a $560.0 million two-year construction loan, which will convert into a term loan repayable over an 18-year amortization period. A $260.0 million tranche of the financing is covered by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency, Euler-Hermes. With this financing and the equity injected on or before the financing closing date, the first phase of the wind farms is entirely funded.

In addition to the $560.0 million in long-term financing, current loans, including bridge financing and letter of credit facilities, totalling $165.0 million have been contracted for purposes of financing certain costs incurred during construction that are repayable by Hydro-Québec and issuing various letters of credit, increasing the total amount of financing to $725.0 million. As at December 31, 2013, an amount of $595.3 million was drawn from these loans and letters of credits amounting to $83.4 million were issued.

On September 20, 2013, the Corporation cancelled a $28.8 million tranche. This tranche had been issued to meet increased financing needs resulting from a potential increase in the Canadian dollar's exchange rate into euros during the construction period as a portion of the turbine purchase costs was denominated in euros. Since the Canadian dollar mostly strengthened against the euro during this period, the available amounts were not required.

After the financing closing date, Joint Venture Phase I entered into interest rate swap transactions to set the financing rate for a significant portion of the project over the expected term of the underlying financing. The swap transactions have a total nominal amount of $551.7 million with rates ranging from 3.18% to 3.22%.

Joint Venture Phase II

Energy Sales Contract

In 2008, Joint Venture Phase II entered into a power sales contract with Hydro-Québec for a capacity of 68 MW. The contract has a 20-year term, commencing from commissioning of the wind farm. The contract provides for annual CPI indexing of 80% of the selling price.

Construction Contracts

a) In May 2013, Joint Venture Phase II entered into a contract to build and install wind turbines on private land of the Séminaire de Québec. Expenditures will be made according to the percentage of completion. In the event of cancellation of the current agreement by this joint venture, the joint venture must, in addition to the costs of work already carried out, compensate the contractor for any loss of unrealized profit on work not carried out. As at December 31, 2013, Boralex's share in the net commitments of this contract was $55.0 million ($34.7 million and €13.8 million).

b) In May 2013, Joint Venture Phase II entered into a contract for the construction of the roads and the electrical network of the wind farm project. Expenditures will be made according to the percentage of completion. As at December 31, 2013, Boralex's share in the net commitments of this contract was $3.9 million.

Maintenance Contract

In September 2013, Joint Venture Phase II entered into a 15-year wind turbine maintenance agreement that will be effective as of project commissioning slated for December 2014. The contract includes a cancellation option at the joint venture's discretion after seven years. Expenditures under the contract will be made one year after the commissioning date and depend, in particular, on the power output (MWh) of the wind turbines. As at December 31, 2013, Boralex's share in the net commitments of this contract amounted to $5.8 million for the first seven years of the contract.

Land Lease Contract

In November 2013, Joint Venture Phase II entered into a land lease contract maturing in 2034, renewable each year at the lessee's option. The land on which wind turbines will be installed is leased for an annual amount of approximately $0.4 million, indexed annually at a rate of 1.5%. As at December 31, 2013, Boralex's share in the net commitments of this contract was $4.4 million.

Letters of Credit

As at December 31, 2013, the Corporation's share of the letters of credit issued by Joint Venture Phase II amounted to $1.4 million.

Financing

On October 29, 2013, the Corporation finalized financing for construction work on Joint Venture Phase II. The amount of the financing, secured by the project's assets without recourse against the partners, consists in short-term bridge financing and a letter of credit facility totalling $23.7 million as well as a $142.4 million construction loan which will convert into a term loan after the start of commercial operations, slated for December 2014. As at December 31, 2013, $74.8 million was drawn from the construction loan and letters of credit amounting to $2.8 million were issued.

The term loan will be fully amortized by quarterly payments over a 19.5-year period and will bear interest at a fixed rate of 5.66% over the term of the loan. With this financing and the equity injected on or before the financing closing date, the second phase of the wind farms is entirely funded.

Other

On October 24, 2013, a motion for authorization to institute a class action and to obtain representative status was filed with the Superior Court of Québec against the Joint Ventures. The applicants of the motion are requesting authorization from the Court to institute a class action on behalf of a group of persons regarding allegations of, without limitation, neighbourhood disturbances (noise, dust, etc.) experienced as a result of the construction of Seigneurie de Beaupré Wind Farms Phases I and II. The merits of the class action have not yet been established.

Subsequent Event

On January 28, 2014, the Corporation entered into an agreement, jointly with Témiscouata RMC, for the construction of the transformation station and control building for the Témiscouata I wind power project for a total amount of $6.6 million. Expenditures will be made according to the percentage of completion.

Risk Factors and Uncertainties

Risk Factors

Seasonal Factors

By the nature of its business, the Corporation's earnings are sensitive to variations in weather conditions from period to period. Variations in winter weather affect the demand for electrical heating requirements. Variations in summer weather affect the demand for electrical cooling requirements. This fluctuation in demand translates into spot market price volatility, which affects approximately 17% of the Corporation's installed capacity in the Northeastern United States where it operates hydroelectric facilities.

Hydrology

The amount of electricity generated by the Corporation's hydroelectric assets is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high water flow in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact water conditions in a particular watershed. Annual deviations from the long-term average are sometimes significant.

Wind and Sunlight

Wind and sunlight are naturally variable. Therefore, the quantity of power production from a wind or solar power station will also be variable. A reduced or increased amount of wind or sunlight at a power station over an extended period causes variations in the station's output and the Corporation's revenues and profitability.

Raw Material Supply

The operation of wood-residue or natural gas thermal power stations, which represented 7% of the installed capacity as at December 31, 2013, requires fuel in the form of wood residue or natural gas. If there is an interruption in the supply or a change in the price of wood residue or natural gas for the Corporation's power stations, their ability to generate power or produce it in a profitable manner will be adversely affected. The Corporation mitigates this risk by establishing partnerships with suppliers and seeking alternatives to virgin residue, as well as by adopting storage strategies that help avoid purchasing during periods when raw materials are scarce and prices therefore are high.

Power Station Performance and Equipment Failure

The ability of the power stations to generate the maximum amount of power is a key determinant of the Corporation's profitability. If the power stations require longer downtime than expected for maintenance and repairs, or if power production is suspended for other reasons, it could adversely affect the Corporation's profitability.

Development, Construction and Design

The Corporation participates in the construction and development of new power stations. Delays and cost overruns may occur in the course of project construction. Even when complete, a power station may not operate as planned, or design and manufacturing flaws may occur, which could conceivably not be covered by warranty.

The new power stations have no operating history and may employ recently developed, technologically complex equipment. Moreover, power sales agreements entered into with a counterparty early in the development phase of a project may enable the counterparty to terminate the agreement or retain security posted as liquidated damages, if a project fails to achieve commercial operation or certain operating levels by specified dates or if the Corporation fails to make specified payments. As a result, a new power station may be unable to fund principal and interest payments under its financing obligations. Defaulting on such financing obligation could forfeit the Corporation's interest in a power station.

Dam Safety

Hydroelectric power stations in Québec, which represented 6% of installed capacity as at December 31, 2013, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams are required to comply with some criteria defined in this Act. Generally speaking, once the Corporation's recommendations are accepted by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*, an action plan is prepared reflecting the relative urgency of the work required. The Corporation is also subject to disclosure requirements and regulations relating to the monitoring of structural integrity of the power stations it operates in British Columbia and the United States.

The consequence of a dam failure at any of the Corporation's hydroelectric power stations could result in a loss of production capacity, and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could expose the Corporation to significant liability for damages. The Corporation cannot guarantee with certainty that its dam safety program will be able to detect potential dam failures prior to occurrence or eliminate all adverse consequences if an unforeseen or exceptional event occurs.

Other safety regulations could change from time to time, potentially impacting the Corporation's costs and operations. Upgrading all dams to enable them to withstand all events could require the Corporation to incur significant expenditures of capital and other resources. That being said, apart from the Buckingham power station where work is planned over the next two years, all of Boralex's power stations meet the criteria defined in the Act and its regulations.

Power Sales Agreements

Obtaining new power sales agreements is a key component for the sustainability of the Corporation's profits and cash resources. In several instances, the Corporation obtains new power sales agreements by submitting offers in response to requests for proposals issued by large clients. There is no assurance that the Corporation will be selected as power supplier following requests for proposals in the future or that existing power sales agreements will be renewed, or will be renewed under equivalent terms and conditions on the expiry.

Key Employees

Holders of securities of the Corporation must rely on the experience and expertise of several key employees of the Corporation. The Corporation's continued success is dependent on its ability to attract and retain experienced officers.

Natural Disasters and Force Majeure Events

The Corporation's power stations and operations are exposed to damage and/or destruction resulting from environmental disasters (for example, floods, high winds, fires and earthquakes), equipment failure and the like. The occurrence of a significant event which disrupts the production capacity of the Corporation's assets or prevents it from selling its power for an extended period, such as an event that precludes existing clients from purchasing electricity, could have a material adverse impact on 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 at the Corporation's generation assets or a generating plant owned by a third party to which the transmission assets are connected. In certain cases, there is the potential that some events may not excuse the Corporation from performing its obligations pursuant to agreements with third parties. In addition, many of the Corporation's generation assets are located in remote areas, which makes access for repair of damage difficult.

Insurance Limits

While the Corporation believes that its insurance coverage addresses all material insurable risks, provides adequate coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. There can be no assurance that such insurance will continue to be offered on an economically affordable basis, nor that such insurance will cover all events which could give rise to a loss or claim involving the assets or operations of the Corporation.

Non-performance by Counterparties

The Corporation sells the majority of its power to a limited number of clients. The Corporation is exposed to credit-related losses in the event of the non-performance by counterparties to power purchase agreements and financial instruments. Credit risks arise from the risk that a counterparty will fail to discharge its contractual obligations and are limited to those contracts where replacing the defaulted transaction would cause a loss for the Corporation. The Corporation minimizes credit risk with counterparties to financial instruments and physical electricity and gas trades through the selection, monitoring and diversification of counterparties by regularly assessing credit risk exposure and changes in their financial position, use of standard trading contracts, collateral and other credit risk mitigation techniques.

Further, the Corporation's power sales agreements are almost exclusively with clients with longstanding credit histories or investment grade ratings. Where a client does not have a public credit rating, the Corporation assesses risk exposure and may require financial guarantees.

Industry Risk and Competition

The Corporation currently operates in the power segment in Canada, France and the United States. These areas of operation are affected by competition ranging from large utilities to small independent power producers. The Corporation competes with other companies with significantly greater financial and other resources than itself for power generation contracts as well as for the recruitment of qualified personnel, which may adversely affect implementation of its long-term vision.

Debts

Since the Corporation's projects require significant capital, it uses a project-based financing approach to maximize its leverage and generally the debt term according to contract term. The cash flows from several of the power stations are subordinated to senior debt on each project. There is a risk that a loan may go into default if the Corporation does not fulfill its commitments and obligations, which may result in the lender realizing on its security and, indirectly, causing the Corporation to lose its ownership or possession of such power station.

Interest Rate and Refinancing Risk

Interest rate fluctuations may affect the profitability of the Corporation, given its project-based financing approach. The Corporation carries non-current debt bearing interest at variable rates. In light of the financial swaps, only 5% of the non-current debt securities issued at December 31, 2013 bore interest at variable rates. A sharp increase in interest rates in the future could affect the liquid assets available to fund the Corporation's development projects. In addition, the ability of the Corporation to refinance debt when due is dependent on capital market conditions which can change over time.

Additional Financing

To the extent that external sources of capital, including the issuance of additional securities of the Corporation, become limited or unavailable, the Corporation's ability to make the necessary capital investments to build new power stations or maintain its existing power stations and remain in business would be impaired. There can be no assurance that additional financing would be obtained or obtained under reasonable terms and conditions. If financing were to be obtained by issuing additional Class A shares of the Corporation, investors could suffer dilution to their holdings of securities of the Corporation.

Foreign Exchange Risk

The Corporation is exposed to foreign exchange risk through certain operations and investments that require foreign currency translations. Most transactions are denominated in local currency, and the purchase of wind turbines, in euros. With respect to currency translation for the Corporation's foreign subsidiaries, only 48% of installed capacity is located in Canada, while 39% is located in the France and 13% in the United States. Since all subsidiaries are self-sustaining, the impact of exchange rate fluctuations reflects on the Corporation's net investment in its subsidiaries and variances are reported in shareholders' equity, not in the statement of loss, until the Corporation repatriates the funds to Canada and/or disposes of its total investment in the country concerned.

Health, Safety and Environmental Risks

The ownership and operation of the Corporation's 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, licences, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation's business.

Regulatory and Political Environment

Nearly 52% of the Corporation's operations by installed capacity are located in France and the United States. Any changes in government policies could have a significant impact on the Corporation's business ventures in such jurisdictions. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation and regulation, taxation, royalties, duties, rates of exchange, inflation, foreign exchange controls, repatriation of earnings and civil unrest.

There can be no assurance that economic and political conditions in the countries in which the Corporation operates or intends to operate will continue as they are at present. The effect of such factors is unpredictable.

The Corporation's operations are also subject to changes in governmental regulatory requirements or applicable governing statutes, including environment and energy related regulations, unforeseen environmental effects, general economic conditions and other matters beyond the control of the Corporation.

The operation of power stations is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels. There is always a risk of changes in government policies and laws, including the various taxes the Corporation is subject to.

Currently unregulated operations may become regulated. Because legal requirements change frequently and are subject to interpretation, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of the Corporation's operations are regulated by government agencies that exercise statutory discretion. Because the scope of such authority is uncertain and may be inconsistently applied, the Corporation is unable to predict the ultimate cost of compliance with such requirements or their effect on operations. The failure of the Corporation to obtain or maintain all necessary licences, leases or permits, including renewals thereof or modifications thereto, may adversely affect its ability to generate revenues.

The Corporation holds permits and licences from various regulatory authorities for the construction and operation of its power stations. These licences and permits are critical to the Corporation's operations. The majority of these permits and licences are long-term in nature, reflecting the anticipated useful life of the facilities. These permits and licences are dependent upon the Corporation's compliance with the terms thereof. In addition, delays may occur in obtaining government approvals required for future power projects.

In France, a group opposed to wind power development has petitioned regulators to dispute the 2008 ministerial order requiring EDF to purchase energy produced by land-based wind power producers at a set rate. While this situation is currently generating some uncertainty in the industry, Boralex's management deems an unfavourable outcome for French wind power producers to be unlikely. For more information on this matter, see *Outlook and Development Objectives* for the wind power segment.

The Hudson Falls hydroelectric power station currently benefits from a surplus water flow of about 500 cubic feet per second under a U.S. Federal Energy Regulatory Commission ("FERC") exemption, which was renewed at the beginning of 2011 for an additional five years or until third-party cleanup work is completed. Were this exemption to be withdrawn or expire, this power station's production could be reduced by approximately 16,000 MWh.

Litigation

In the normal course of its operations, the Corporation may become involved in various legal actions, typically involving claims relating to personal injuries, property damage, property taxes, land rights and contract disputes. The Corporation maintains adequate provisions for outstanding claims with merit. The final outcome with respect to outstanding or future disputes 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 operating results of the Corporation in a particular quarter or fiscal year. The Corporation believes that it is not currently involved in any litigation, claim or proceedings whose adverse outcome could have a material adverse effect on its consolidated financial position or results, but this could arise in the future.

Segment and Geographical Diversification

The Corporation benefits from some diversification in terms of types of power generated. This diversification is reflected in the business' operating revenues and EBITDA. In addition, from a geographic perspective, the regional EBITDA breakdown is satisfactory and will improve with the commissioning of projects in Canada in the coming years. Note that the Corporation is not exposed to any material financial consequence in the event of a significant downturn in any of its areas of operation.

Main Sources of Uncertainty Relating to Management's Key Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements. Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to estimation uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

The following items require management to make the most critical estimates and judgments:

Impairment of Assets

Every year, on October 31, the Corporation tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and their goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

Recoverable Amount

Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

Discount Rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends. Management believes that such assumptions are reasonable.

Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

Deferred Taxes

Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

Decommissioning Liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect current market conditions or the time value of money, as well as risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

Fair Value of Financial Instruments

Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive income (loss).

Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments.

Evidence of Asset Impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its capacity to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

Accounting Policies

Change in Accounting Estimate

Change in Useful Life of a Wind Power Site Component

As of January 1, 2013, the Corporation changed the useful life of a component for certain wind turbine models. The estimated life, which was formerly 10 years, was increased to 20 years, which now represents the estimated useful life for these models. This change in accounting estimate arose from new information obtained, as well as more experience regarding the component's estimated useful life. This change in estimate was recorded prospectively. The estimated annual impact of this change in accounting estimate is a decrease in annual amortization expense of approximately $1.2 million for the fiscal year ended December 31, 2013 and for future periods.

Changes in Accounting Policies

IAS 32, *Financial Instruments: Presentation* (Revised 2011)

In December 2011, the IASB revised IAS 32, *Financial Instruments: Presentation*, to clarify the existing requirements for offsetting financial instruments in the statement of financial position. The revised IAS 32 will be effective for the fiscal years of the Corporation beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation adopted this new standard as at January 1, 2013 and this change had no impact on the Corporation's consolidated financial statements.

IAS 36, *Impairment of Assets*

In May 2013, the IASB amended IAS 36, *Impairment of Assets*, to enhance disclosure requirements relating to assets for which an impairment loss has been recognized or reversed as well as to cash generating units where the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to such units is material in relation to the total carrying amount of goodwill or assets with indefinite useful lives of the entity. The entity must apply these amendments retrospectively for fiscal years beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation adopted this new standard as at January 1, 2013 and this change only affected the level of disclosure in the consolidated financial statements of the Corporation regarding goodwill and impairment of property, plant and equipment and intangible assets.

Future Changes in Accounting Policies

IFRS 2, *Share-based Payment*

In December 2013, the IASB amended IFRS 2 to clarify the definition of "vesting conditions" by setting out separate definitions of the terms "performance conditions" and "service conditions." Amended IFRS 3 will be effective for the fiscal years beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 3, *Business Combinations*

In December 2013, the IASB amended IFRS 3 to clarify that contingent consideration in a business combination must be classified as a financial liability or an equity instrument and that a consideration not classified as equity must be subsequently measured at fair value at each reporting date.

The IASB also concluded that IFRS 3.2(a) should be amended to address all types of joint arrangements and remove any uncertainty as to which financial statements the standard applies.

Amended IFRS 3 will be effective for the fiscal years beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 9, *Financial Instruments*

IFRS 9, *Financial Instruments*, issued in November 2009, addresses classification and measurement of financial assets, and replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement*, with a new measurement model comprising only two categories: amortized cost and fair value through profit or loss.

In October 2010, the IASB amended this standard to provide guidelines on the classification and measurement of financial liabilities. Companies that elect to measure their debt at fair value must recognize changes in fair value resulting from changes to their own credit risk through *Other comprehensive income (loss)* instead of the statement of earnings (loss).

In November 2013, the IASB amended IFRS 9, removing the mandatory effective date of January 1, 2015. The amendments also bring into effect an overhaul of hedge accounting and authorize the early adoption of proposed changes to the recognition of liabilities eligible for fair value measurement prior to the application of all other provisions of IFRS 9.

The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13, *Fair Value Measurement*

In December 2013, the IASB amended IFRS 13 to clarify that an entity is not required to recognize short-term receivables and current debt with no stated interest rate at an amount lower than the stated invoice amount when the impact of not discounting is immaterial.

The IASB also amended this standard to clarify that the exception for portfolios applies to all contracts that fall within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* or IFRS 9, *Financial Instruments*, whether or not these contracts meet the definition of a financial asset or liability pursuant to IAS 32, *Financial Instruments: Presentation*.

Amended IFRS 13 will be effective for the fiscal years of the Corporation beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Internal Controls and Procedures

In accordance with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. Internal control over financial reporting has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of Boralex's disclosure controls and procedures as of December 31, 2013, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are effective.

During the year ended December 31, 2013, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated Statements of Financial Position

(in thousands of dollars)	As at December 31, 2013	As at December 31, 2012
ASSETS		
Cash and cash equivalents	127,541	107,138
Restricted cash	60,126	11,650
Trade and other receivables	72,758	48,930
Inventories	4,502	4,404
Other current financial assets	—	14
Available-for-sale financial asset	—	3,009
Prepaid expenses	2,945	2,137
CURRENT ASSETS	267,872	177,282
Property, plant and equipment	1,179,653	812,830
Other intangible assets	257,058	253,115
Goodwill	49,890	48,663
Other non-current financial assets	1,262	—
Other non-current assets	35,705	31,274
NON-CURRENT ASSETS	1,523,568	1,145,882
TOTAL ASSETS	1,791,440	1,323,164
LIABILITIES		
Trade and other payables	81,607	50,826
Current portion of debt	122,509	98,570
Current income tax liability	1,516	1,741
Other current financial liabilities	15,243	29,342
CURRENT LIABILITIES	220,875	180,479
Non-current debt	855,484	495,090
Convertible debentures	229,578	226,299
Deferred income tax liability	37,493	29,513
Decommissioning liability	8,160	6,099
Other non-current financial liabilities	19,704	38,469
Other non-current liabilities	34,366	4,846
NON-CURRENT LIABILITIES	1,184,785	800,316
TOTAL LIABILITIES	1,405,660	980,795
EQUITY		
Equity attributable to shareholders	356,094	319,868
Non-controlling shareholders	29,686	22,501
TOTAL EQUITY	385,780	342,369
TOTAL LIABILITIES AND EQUITY	1,791,440	1,323,164

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
REVENUES				
Revenues from energy sales	51,867	52,063	171,395	181,440
Other income	342	2,401	2,726	2,853
	52,209	54,464	174,121	184,293
COSTS AND OTHER EXPENSES				
Operating expenses	16,294	18,868	54,699	66,330
Administration	3,295	4,364	13,381	14,591
Development	1,181	1,355	4,142	5,134
Amortization	15,595	15,021	55,496	58,030
Other losses (gains)	—	—	(232)	971
Impairment of property, plant and equipment and intangible assets	—	—	266	823
	36,365	39,608	127,752	145,879
OPERATING INCOME	15,844	14,856	46,369	38,414
Financing costs	15,082	12,636	52,861	49,269
Foreign exchange loss (gain)	(521)	(80)	(700)	27
Net loss (gain) on financial instruments	(1,309)	(105)	(553)	286
Other	63	—	63	—
EARNINGS (LOSS) BEFORE INCOME TAXES	2,529	2,405	(5,302)	(11,168)
Income tax expense (recovery)	1,624	1,229	537	(2,183)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	905	1,176	(5,839)	(8,985)
Net earnings from discontinued operations	74	696	1,774	3,721
NET EARNINGS (LOSS)	979	1,872	(4,065)	(5,264)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	468	1,238	(4,192)	(5,115)
Non-controlling shareholders	511	634	127	(149)
NET EARNINGS (LOSS)	979	1,872	(4,065)	(5,264)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	394	542	(5,966)	(8,836)
Discontinued operations	74	696	1,774	3,721
	468	1,238	(4,192)	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	$0.01	$0.01	($0.16)	($0.24)
Discontinued operations	—	$0.02	$0.05	$0.10
	$0.01	$0.03	($0.11)	($0.14)

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
Net earnings (loss)	979	1,872	(4,065)	(5,264)
Less: Net earnings from discontinued operations	74	696	1,774	3,721
Net earnings (loss) from continuing operations	905	1,176	(5,839)	(8,985)
Financing costs	15,082	12,636	52,861	49,269
Interest paid	(15,515)	(14,175)	(50,136)	(47,258)
Income tax expense (recovery)	1,624	1,229	537	(2,183)
Income taxes paid	(647)	(2,694)	(3,372)	(5,334)
Non-cash items in earnings (loss):				
Net loss (gain) on financial instruments	(1,309)	(105)	(553)	286
Amortization	15,595	15,021	55,496	58,030
Impairment of property, plant and equipment and intangible assets	—	—	266	823
Other losses (gains)	—	—	(232)	971
Other	351	393	2,152	2,046
	16,086	13,481	51,180	47,665
Change in non-cash items related to operating activities	1,044	(9,444)	8,698	(791)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	17,130	4,037	59,878	46,874
Business acquisitions	—	(24,801)	—	(63,881)
Additions to property, plant and equipment	(82,942)	(22,253)	(323,415)	(103,138)
Additions to other intangible assets	—	(402)	—	(2,550)
Change in restricted cash	(46,921)	(9,364)	(53,063)	11,315
Change in reserve funds	23	—	(13,956)	—
Development projects	(2,177)	(178)	(9,666)	(3,422)
Proceeds from sale of assets	15	—	389	8,763
Other	(247)	723	(463)	833
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(132,249)	(56,275)	(400,174)	(152,080)
Net increase in non-current debt	105,958	16,226	453,517	77,889
Repayments on non-current debt	(4,097)	(3,747)	(101,471)	(28,088)
Contribution of non-controlling shareholders	1,856	4,307	2,593	22,513
Other	66	—	5	(2)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	103,783	16,786	354,644	72,312
Cash from discontinued operations	84	1,041	2,054	(3,642)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	1,906	1,055	4,001	(1,030)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(9,346)	(33,356)	20,403	(37,566)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	136,887	140,494	107,138	144,704
CASH AND CASH EQUIVALENTS - END OF YEAR	127,541	107,138	127,541	107,138

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
POWER PRODUCTION (MWh)				
Wind power stations	249,276	210,838	704,217	632,422
Hydroelectric power stations	142,912	164,072	621,094	572,513
Thermal power stations	31,448	66,051	143,369	310,170
Solar power station	980	991	5,945	6,316
	424,616	441,952	1,474,625	1,521,421
REVENUE FROM ENERGY SALES				
Wind power stations	31,676	25,124	87,481	74,654
Hydroelectric power stations	12,746	13,860	53,756	47,748
Thermal power stations	6,976	12,654	27,446	56,355
Solar power station	469	425	2,712	2,683
	51,867	52,063	171,395	181,440
EBITDA				
Wind power stations	26,136	21,321	69,957	60,816
Hydroelectric power stations	9,002	9,541	40,413	36,752
Thermal power stations	26	2,601	3,010	14,558
Solar power station	438	324	2,379	2,312
Corporate and eliminations	(4,226)	(3,910)	(13,923)	(16,200)
	31,376	29,877	101,836	98,238

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month periods ended December 31		Years ended December 31	
	2013	2012	2013	2012
POWER PRODUCTION (MWh)				
Canada	169,293	181,870	593,143	729,443
United States	86,871	100,441	387,942	343,294
France	168,452	159,641	493,540	448,684
	424,616	441,952	1,474,625	1,521,421
REVENUE FROM ENERGY SALES				
Canada	19,688	21,888	65,940	89,623
United States	7,295	7,960	31,601	26,375
France	24,884	22,215	73,854	65,442
	51,867	52,063	171,395	181,440
EBITDA				
Canada	11,467	10,269	37,253	40,664
United States	5,149	5,546	23,864	21,869
France	14,760	14,062	40,719	35,705
	31,376	29,877	101,836	98,238

Consolidated Statements of Financial Position

(in thousands of dollars)	2013 IFRS	2013 Adjustments Joint Ventures	2013 Proportionate Consolidation
ASSETS			
Cash and cash equivalents	124,942	2,599	127,541
Restricted cash	19,366	40,760	60,126
Trade and other receivables	41,625	31,133	72,758
Inventories	4,502	—	4,502
Prepaid expenses	2,945	—	2,945
CURRENT ASSETS	193,380	74,492	267,872
Property, plant and equipment	799,213	380,440	1,179,653
Other intangible assets	257,058	—	257,058
Goodwill	49,890	—	49,890
Interest in Joint Ventures	90,880	(90,880)	—
Other non-current financial assets	289	973	1,262
Other non-current assets	32,017	3,688	35,705
NON-CURRENT ASSETS	1,229,347	294,221	1,523,568
TOTAL ASSETS	1,422,727	368,713	1,791,440
LIABILITIES			
Trade and other payables	57,992	23,615	81,607
Current portion of debt	84,034	38,475	122,509
Current income tax liability	1,516	—	1,516
Other current financial liabilities	15,243	—	15,243
CURRENT LIABILITIES	158,785	62,090	220,875
Non-current debt	578,914	276,570	855,484
Convertible debentures	229,578	—	229,578
Deferred income tax liability	37,493	—	37,493
Decommissioning liability	7,198	962	8,160
Other non-current financial liabilities	19,704	—	19,704
Other non-current liabilities	4,921	29,445	34,366
NON-CURRENT LIABILITIES	877,808	306,977	1,184,785
TOTAL LIABILITIES	1,036,593	369,067	1,405,660
EQUITY			
Equity attributable to shareholders	356,448	(354)	356,094
Non-controlling shareholders	29,686	—	29,686
TOTAL EQUITY	386,134	(354)	385,780
TOTAL LIABILITIES AND EQUITY	1,422,727	368,713	1,791,440

Consolidated Statements of Financial Position

(in thousands of dollars)	2012 IFRS	2012 Adjustments Joint Ventures	2012 Proportionate Consolidation
ASSETS			
Cash and cash equivalents	107,138	—	107,138
Restricted cash	5,063	6,587	11,650
Trade and other receivables	45,589	3,341	48,930
Inventories	4,404	—	4,404
Other current financial assets	—	14	14
Available-for-sale financial asset	3,009	—	3,009
Prepaid expenses	2,137	—	2,137
CURRENT ASSETS	167,340	9,942	177,282
Property, plant and equipment	689,024	123,806	812,830
Other intangible assets	253,115	—	253,115
Goodwill	48,663	—	48,663
Interest in Joint Ventures	58,994	(58,994)	—
Other non-current assets	12,735	18,539	31,274
NON-CURRENT ASSETS	1,062,531	83,351	1,145,882
TOTAL ASSETS	1,229,871	93,293	1,323,164
LIABILITIES			
Trade and other payables	46,945	3,881	50,826
Current portion of debt	98,570	—	98,570
Current income tax liability	1,741	—	1,741
Other current financial liabilities	25,508	3,834	29,342
CURRENT LIABILITIES	172,764	7,715	180,479
Non-current debt	423,616	71,474	495,090
Convertible debentures	226,299	—	226,299
Deferred income tax liability	29,514	(1)	29,513
Decommissioning liability	5,765	334	6,099
Other non-current financial liabilities	24,698	13,771	38,469
Other non-current liabilities	4,846	—	4,846
NON-CURRENT LIABILITIES	714,738	85,578	800,316
TOTAL LIABILITIES	887,502	93,293	980,795
EQUITY			
Equity attributable to shareholders	319,868	—	319,868
Non-controlling shareholders	22,501	—	22,501
TOTAL EQUITY	342,369	—	342,369
TOTAL LIABILITIES AND EQUITY	1,229,871	93,293	1,323,164

Consolidated Statements of Earnings (Loss)

(in thousands of dollars, except per share amounts)	Three-month period ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	49,496	2,371	51,867
Other income	331	11	342
	49,827	2,382	52,209
COSTS AND OTHER EXPENSES			
Operating expenses	15,952	342	16,294
Administration	3,263	32	3,295
Development	1,181	—	1,181
Amortization	13,987	1,608	15,595
	34,383	1,982	36,365
OPERATING INCOME	15,444	400	15,844
Financing costs	13,061	2,021	15,082
Foreign exchange loss (gain)	(530)	9	(521)
Net loss on financial instruments	(69)	(1,240)	(1,309)
Share in earnings (loss) of the Joint Ventures	(329)	329	—
Other	63	—	63
EARNINGS (LOSS) BEFORE INCOME TAXES	2,590	(61)	2,529
Income tax expense	1,624	—	1,624
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	966	(61)	905
Net earnings from discontinued operations	74	—	74
NET EARNINGS (LOSS)	1,040	(61)	979
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	529	(61)	468
Non-controlling shareholders	511	—	511
NET EARNINGS (LOSS)	1,040	(61)	979
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	455	(61)	394
Discontinued operations	74	—	74
	529	(61)	468
NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	$0.01	—	$0.01
Discontinued operations	—	—	—
	$0.01	—	$0.01

Consolidated Statements of Earnings

(in thousands of dollars, except per share amounts)	Three-month period ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	52,063	—	52,063
Other income	2,401	—	2,401
	54,464	—	54,464
COSTS AND OTHER EXPENSES			
Operating expenses	18,868	—	18,868
Administration	4,347	17	4,364
Development	1,353	2	1,355
Amortization	15,021	—	15,021
	39,589	19	39,608
OPERATING INCOME (LOSS)	14,875	(19)	14,856
Financing costs	12,640	(4)	12,636
Foreign exchange gain	(80)	—	(80)
Net loss on financial instruments	(103)	(2)	(105)
Share in earnings (loss) of the Joint Ventures	(13)	13	—
EARNINGS BEFORE INCOME TAXES	2,405	—	2,405
Income tax expense	1,229	—	1,229
NET EARNINGS FROM CONTINUING OPERATIONS	1,176	—	1,176
Net earnings from discontinued operations	696	—	696
NET EARNINGS	1,872	—	1,872
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	1,238	—	1,238
Non-controlling shareholders	634	—	634
NET EARNINGS	1,872	—	1,872
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	542	—	542
Discontinued operations	696	—	696
	1,238	—	1,238
NET EARNINGS PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	$0.01	—	$0.01
Discontinued operations	$0.02	—	$0.02
	$0.03	—	$0.03

Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	169,023	2,372	171,395
Other income	3,009	(283)	2,726
	172,032	2,089	174,121
COSTS AND OTHER EXPENSES			
Operating expenses	54,357	342	54,699
Administration	13,214	167	13,381
Development	4,145	(3)	4,142
Amortization	53,888	1,608	55,496
Other gains	(232)	—	(232)
Impairment of property, plant and equipment and intangible assets	266	—	266
	125,638	2,114	127,752
OPERATING INCOME (LOSS)	46,394	(25)	46,369
Financing costs	50,693	2,168	52,861
Foreign exchange loss (gain)	(788)	88	(700)
Net loss (gain) on financial instruments	(742)	189	(553)
Share in earnings (loss) of the Joint Ventures	(2,116)	2,116	—
Other	63	—	63
LOSS BEFORE INCOME TAXES	(4,948)	(354)	(5,302)
Income tax expense	537	—	537
NET LOSS FROM CONTINUING OPERATIONS	(5,485)	(354)	(5,839)
Net earnings from discontinued operations	1,774	—	1,774
NET LOSS	(3,711)	(354)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex	(3,838)	(354)	(4,192)
Non-controlling shareholders	127	—	127
NET LOSS	(3,711)	(354)	(4,065)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(5,612)	(354)	(5,966)
Discontinued operations	1,774	—	1,774
	(3,838)	(354)	(4,192)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.15)	($0.01)	($0.16)
Discontinued operations	$0.05	—	$0.05
	($0.10)	($0.01)	($0.11)

Consolidated Statements of Loss

(in thousands of dollars, except per share amounts)	Year ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenues from energy sales	181,440	—	181,440
Other income	2,853	—	2,853
	184,293	—	184,293
COSTS AND OTHER EXPENSES			
Operating expenses	66,330	—	66,330
Administration	14,528	63	14,591
Development	5,129	5	5,134
Amortization	58,030	—	58,030
Other losses	971	—	971
Impairment of property, plant and equipment and intangible assets	823	—	823
	145,811	68	145,879
OPERATING INCOME (LOSS)	38,482	(68)	38,414
Financing costs	49,279	(10)	49,269
Foreign exchange loss	26	1	27
Net loss (gain) on financial instruments	396	(110)	286
Share in earnings (loss) of the Joint Ventures	51	(51)	—
LOSS BEFORE INCOME TAXES	(11,168)	—	(11,168)
Income tax recovery	(2,183)	—	(2,183)
NET LOSS FROM CONTINUING OPERATIONS	(8,985)	—	(8,985)
Net earnings from discontinued operations	3,721	—	3,721
NET LOSS	(5,264)	—	(5,264)
NET LOSS ATTRIBUTABLE TO:			
Shareholders of Boralex	(5,115)	—	(5,115)
Non-controlling shareholders	(149)	—	(149)
NET LOSS	(5,264)	—	(5,264)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	(8,836)	—	(8,836)
Discontinued operations	3,721	—	3,721
	(5,115)	—	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	($0.24)	—	($0.24)
Discontinued operations	$0.10	—	$0.10
	($0.14)	—	($0.14)

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings (loss)	1,040	(61)	979
Less: Net earnings from discontinued operations	74	—	74
Net earnings (loss) from continuing operations	966	(61)	905
Financing costs	13,061	2,021	15,082
Interest paid	(14,280)	(1,235)	(15,515)
Income tax expense	1,624	—	1,624
Income taxes paid	(647)	—	(647)
Non-cash items in earnings (loss):			
Net loss on financial instruments	(69)	(1,240)	(1,309)
Share in results of the Joint Ventures	329	(329)	—
Amortization	13,987	1,608	15,595
Other	351	—	351
	15,322	764	16,086
Change in non-cash items related to operating activities	(12,610)	13,654	1,044
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	2,712	14,418	17,130
Additions to property, plant and equipment	(28,395)	(54,547)	(82,942)
Change in restricted cash	(9,529)	(37,392)	(46,921)
Increase in interest in Joint Ventures	(2,781)	2,781	—
Change in reserve funds	23	—	23
Development projects	(2,177)	—	(2,177)
Proceeds from sale of assets	15	—	15
Other	(247)	—	(247)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(43,091)	(89,158)	(132,249)
Net increase in non-current debt	29,439	76,519	105,958
Repayments on non-current debt	(4,097)	—	(4,097)
Contribution of non-controlling shareholders	1,856	—	1,856
Other	66	—	66
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	27,264	76,519	103,783
Cash from discontinued operations	84	—	84
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	1,906	—	1,906
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11,125)	1,779	(9,346)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	136,067	820	136,887
CASH AND CASH EQUIVALENTS - END OF PERIOD	124,942	2,599	127,541

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings	1,872	—	1,872
Less: Net earnings from discontinued operations	696	—	696
Net earnings from continuing operations	1,176	—	1,176
Financing costs	12,640	(4)	12,636
Interest paid	(14,180)	5	(14,175)
Income tax expense	1,229	—	1,229
Income taxes paid	(2,694)	—	(2,694)
Non-cash items in earnings:			
Net loss on financial instruments	(103)	(2)	(105)
Share in results of the Joint Ventures	13	(13)	—
Amortization	15,021	—	15,021
Other	393	—	393
	13,495	(14)	13,481
Change in non-cash items related to operating activities	(15,207)	5,763	(9,444)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	(1,712)	5,749	4,037
Business acquisitions	(24,801)	—	(24,801)
Additions to property, plant and equipment	(4,787)	(17,466)	(22,253)
Additions to other intangible assets	(402)	—	(402)
Change in restricted cash	(4,856)	(4,508)	(9,364)
Development projects	(178)	—	(178)
Other	723	—	723
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(34,301)	(21,974)	(56,275)
Net increase in non-current debt	—	16,226	16,226
Repayments on non-current debt	(3,747)	—	(3,747)
Contribution of non-controlling shareholders	4,307	—	4,307
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	560	16,226	16,786
Cash from discontinued operations	1,041	—	1,041
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	1,055	—	1,055
NET CHANGE IN CASH AND CASH EQUIVALENTS	(33,357)	1	(33,356)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	140,495	(1)	140,494
CASH AND CASH EQUIVALENTS - END OF PERIOD	107,138	—	107,138

Consolidated Statements of Cash Flows

(in thousands of dollars)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net loss	(3,711)	(354)	(4,065)
Less: Net earnings from discontinued operations	1,774	—	1,774
Net loss from continuing operations	(5,485)	(354)	(5,839)
Financing costs	50,693	2,168	52,861
Interest paid	(48,905)	(1,231)	(50,136)
Income tax expense	537	—	537
Income taxes paid	(3,372)	—	(3,372)
Non-cash items in loss:			
Net loss (gain) on financial instruments	(742)	189	(553)
Share in results of the Joint Ventures	2,116	(2,116)	—
Amortization	53,888	1,608	55,496
Impairment of property, plant and equipment and intangible assets	266	—	266
Other gains	(232)	—	(232)
Other	2,152	—	2,152
	50,916	264	51,180
Change in non-cash items related to operating activities	8,350	348	8,698
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	59,266	612	59,878
Additions to property, plant and equipment	(107,479)	(215,936)	(323,415)
Change in restricted cash	(18,890)	(34,173)	(53,063)
Increase in interest in Joint Ventures	(8,318)	8,318	—
Change in reserve funds	(13,956)	—	(13,956)
Development projects	(9,666)	—	(9,666)
Proceeds from sale of assets	389	—	389
Other	(463)	—	(463)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(158,383)	(241,791)	(400,174)
Net increase in non-current debt	209,739	243,778	453,517
Repayments on non-current debt	(101,471)	—	(101,471)
Contribution of non-controlling shareholders	2,593	—	2,593
Other	5	—	5
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	110,866	243,778	354,644
Cash from discontinued operations	2,054	—	2,054
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	4,001	—	4,001
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,804	2,599	20,403
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	107,138	—	107,138
CASH AND CASH EQUIVALENTS - END OF YEAR	124,942	2,599	127,541

Consolidated Statements of Cash Flows

(in thousands of dollars)	Year ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net loss	(5,264)	—	(5,264)
Less: Net earnings from discontinued operations	3,721	—	3,721
Net loss from continuing operations	(8,985)	—	(8,985)
Financing costs	49,279	(10)	49,269
Interest paid	(47,271)	13	(47,258)
Income tax recovery	(2,183)	—	(2,183)
Income taxes paid	(5,334)	—	(5,334)
Non-cash items in loss:			
Net loss (gain) on financial instruments	396	(110)	286
Share in results of the Joint Ventures	(51)	51	—
Amortization	58,030	—	58,030
Impairment of property, plant and equipment and intangible assets	823	—	823
Other losses	971	—	971
Other	2,046	—	2,046
	47,721	(56)	47,665
Change in non-cash items related to operating activities	(325)	(466)	(791)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	47,396	(522)	46,874
Business acquisitions	(63,881)	—	(63,881)
Additions to property, plant and equipment	(10,320)	(92,818)	(103,138)
Additions to other intangible assets	(2,550)	—	(2,550)
Change in restricted cash	13,225	(1,910)	11,315
Increase in interest in Joint Ventures	(17,735)	17,735	—
Development projects	(3,422)	—	(3,422)
Proceeds from sale of assets	8,763	—	8,763
Other	833	—	833
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(75,087)	(76,993)	(152,080)
Net increase in non-current debt	—	77,889	77,889
Repayments on non-current debt	(27,713)	(375)	(28,088)
Contribution of non-controlling shareholders	22,513	—	22,513
Other	(2)	—	(2)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(5,202)	77,514	72,312
Cash from discontinued operations	(3,642)	—	(3,642)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(1,030)	—	(1,030)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(37,565)	(1)	(37,566)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	144,703	1	144,704
CASH AND CASH EQUIVALENTS - END OF YEAR	107,138	—	107,138

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month period ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	227,195	22,081	249,276
Hydroelectric power stations	142,912	—	142,912
Thermal power stations	31,448	—	31,448
Solar power station	980	—	980
	402,535	22,081	424,616
REVENUE FROM ENERGY SALES			
Wind power stations	29,305	2,371	31,676
Hydroelectric power stations	12,746	—	12,746
Thermal power stations	6,976	—	6,976
Solar power station	469	—	469
	49,496	2,371	51,867
EBITDA			
Wind power stations	24,279	1,857	26,136
Hydroelectric power stations	9,002	—	9,002
Thermal power stations	26	—	26
Solar power station	438	—	438
	33,745	1,857	35,602
Corporate and eliminations	(4,706)	480	(4,226)
	29,039	2,337	31,376

(in thousands of dollars, except MWh)	Three-month period ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	210,838	—	210,838
Hydroelectric power stations	164,072	—	164,072
Thermal power stations	66,051	—	66,051
Solar power station	991	—	991
	441,952	—	441,952
REVENUE FROM ENERGY SALES			
Wind power stations	25,124	—	25,124
Hydroelectric power stations	13,860	—	13,860
Thermal power stations	12,654	—	12,654
Solar power station	425	—	425
	52,063	—	52,063
EBITDA			
Wind power stations	21,327	(6)	21,321
Hydroelectric power stations	9,541	—	9,541
Thermal power stations	2,601	—	2,601
Solar power station	324	—	324
	33,793	(6)	33,787
Corporate and eliminations	(3,910)	—	(3,910)
	29,883	(6)	29,877

Information by Operating Segment

(in thousands of dollars, except MWh)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	682,136	22,081	704,217
Hydroelectric power stations	621,094	—	621,094
Thermal power stations	143,369	—	143,369
Solar power station	5,945	—	5,945
	1,452,544	22,081	1,474,625
REVENUE FROM ENERGY SALES			
Wind power stations	85,109	2,372	87,481
Hydroelectric power stations	53,756	—	53,756
Thermal power stations	27,446	—	27,446
Solar power station	2,712	—	2,712
	169,023	2,372	171,395
EBITDA			
Wind power stations	66,594	3,363	69,957
Hydroelectric power stations	40,413	—	40,413
Thermal power stations	3,010	—	3,010
Solar power station	2,379	—	2,379
	112,396	3,363	115,759
Corporate and eliminations	(14,259)	336	(13,923)
	98,137	3,699	101,836

(in thousands of dollars, except MWh)	Year ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	632,422	—	632,422
Hydroelectric power stations	572,513	—	572,513
Thermal power stations	310,170	—	310,170
Solar power station	6,316	—	6,316
	1,521,421	—	1,521,421
REVENUE FROM ENERGY SALES			
Wind power stations	74,654	—	74,654
Hydroelectric power stations	47,748	—	47,748
Thermal power stations	56,355	—	56,355
Solar power station	2,683	—	2,683
	181,440	—	181,440
EBITDA			
Wind power stations	60,935	(119)	60,816
Hydroelectric power stations	36,752	—	36,752
Thermal power stations	14,558	—	14,558
Solar power station	2,312	—	2,312
	114,557	(119)	114,438
Corporate and eliminations	(16,200)	—	(16,200)
	98,357	(119)	98,238

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month period ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	147,212	22,081	169,293
United States	86,871	—	86,871
France	168,452	—	168,452
	402,535	22,081	424,616
REVENUE FROM ENERGY SALES			
Canada	17,317	2,371	19,688
United States	7,295	—	7,295
France	24,884	—	24,884
	49,496	2,371	51,867
EBITDA			
Canada	9,130	2,337	11,467
United States	5,149	—	5,149
France	14,760	—	14,760
	29,039	2,337	31,376

(in thousands of dollars, except MWh)	Three-month period ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	181,870	—	181,870
United States	100,441	—	100,441
France	159,641	—	159,641
	441,952	—	441,952
REVENUE FROM ENERGY SALES			
Canada	21,888	—	21,888
United States	7,960	—	7,960
France	22,215	—	22,215
	52,063	—	52,063
EBITDA			
Canada	10,275	(6)	10,269
United States	5,546	—	5,546
France	14,062	—	14,062
	29,883	(6)	29,877

Information by Geographic Segment

(in thousands of dollars, except MWh)	Year ended December 31 2013 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	571,062	22,081	593,143
United States	387,942	—	387,942
France	493,540	—	493,540
	1,452,544	22,081	1,474,625
REVENUE FROM ENERGY SALES			
Canada	63,568	2,372	65,940
United States	31,601	—	31,601
France	73,854	—	73,854
	169,023	2,372	171,395
EBITDA			
Canada	33,554	3,699	37,253
United States	23,864	—	23,864
France	40,719	—	40,719
	98,137	3,699	101,836

(in thousands of dollars, except MWh)	Year ended December 31 2012 IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	729,443	—	729,443
United States	343,294	—	343,294
France	448,684	—	448,684
	1,521,421	—	1,521,421
REVENUE FROM ENERGY SALES			
Canada	89,623	—	89,623
United States	26,375	—	26,375
France	65,442	—	65,442
	181,440	—	181,440
EBITDA			
Canada	40,783	(119)	40,664
United States	21,869	—	21,869
France	35,705	—	35,705
	98,357	(119)	98,238

Consolidated Financial Statements

Management's Report

The consolidated financial statements and other financial information included in the Annual Report are the responsibility of, and have been prepared by, the management of Boralex Inc. within reasonable limits of materiality. To fulfill this responsibility, management maintains appropriate systems of internal control, policies and procedures. These systems of internal control, policies and procedures help ensure that the Corporation's reporting practices and accounting and administrative procedures provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are safeguarded and transactions are executed in accordance with proper authorization. These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are summarized in the consolidated financial statements. Where appropriate, these consolidated financial statements reflect estimates based on management's best judgment. Financial information presented elsewhere in this Annual Report is consistent, where applicable, with that reported in the accompanying consolidated financial statements.

The audited consolidated financial statements have been reviewed by the Board of Directors and by its Audit Committee. The Audit Committee consists exclusively of independent directors and meets periodically during the year with the independent auditor. The independent auditor has full access to and meets with the Audit Committee both in the presence and absence of management.

PricewaterhouseCoopers LLP has audited the consolidated financial statements of Boralex Inc. The independent auditor's responsibility is to express a professional opinion on the fairness of the consolidated financial statement presentation. The Independent Auditor's Report outlines the scope of its audits and sets forth its opinion on the consolidated financial statements.

(s) Patrick Lemaire

Patrick Lemaire
President and Chief Executive Officer

(s) Jean-François Thibodeau

Jean-François Thibodeau
Vice-President and Chief Financial Officer

Montréal, Canada
March 10, 2014

Independent Auditor's Report

To the Shareholders of Boralex Inc.

We have audited the accompanying consolidated financial statements of Boralex Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012 and the consolidated statements of loss, comprehensive income (loss), changes in equity and cash flows for the years then ended, and related notes which comprise a summary of significant accounting policies and explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boralex Inc. and its subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for the years then ended, in accordance with IFRS.

(s) PricewaterhouseCoopers LLP[1]

Montréal, Québec
March 10, 2014

[1] CPA auditor, CA, public accounting permit No. A126402

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Consolidated Statements of Financial Position

(in thousands of Canadian dollars)	Note	As at December 31, 2013	As at December 31, 2012
ASSETS			
Cash and cash equivalents		124,942	107,138
Restricted cash		19,366	5,063
Trade and other receivables	5	41,625	45,589
Inventories	6	4,502	4,404
Available-for-sale financial asset		—	3,009
Prepaid expenses		2,945	2,137
CURRENT ASSETS		193,380	167,340
Property, plant and equipment	7	799,213	689,024
Other intangible assets	8	257,058	253,115
Goodwill	8	49,890	48,663
Interest in Joint Ventures	9	90,880	58,994
Other non-current financial assets	28	289	—
Other non-current assets	10	32,017	12,735
NON-CURRENT ASSETS		1,229,347	1,062,531
TOTAL ASSETS		1,422,727	1,229,871
LIABILITIES			
Trade and other payables	11	57,992	46,945
Current portion of debt	12	84,034	98,570
Current income tax liability		1,516	1,741
Other current financial liabilities	28	15,243	25,508
CURRENT LIABILITIES		158,785	172,764
Non-current debt	12	578,914	423,616
Convertible debentures	13	229,578	226,299
Deferred income tax liability	14	37,493	29,514
Decommissioning liability	15	7,198	5,765
Other non-current financial liabilities	28	19,704	24,698
Other non-current liabilities		4,921	4,846
NON-CURRENT LIABILITIES		877,808	714,738
TOTAL LIABILITIES		1,036,593	887,502
EQUITY			
Equity attributable to shareholders		356,448	319,868
Non-controlling shareholders	19	29,686	22,501
TOTAL EQUITY		386,134	342,369
TOTAL LIABILITIES AND EQUITY		1,422,727	1,229,871

The accompanying notes are an integral part of these consolidated financial statements.

The Board of Directors approved these audited annual consolidated financial statements on March 10, 2014.

(s) Robert F. Hall

Robert F. Hall, Director

(s) Pierre Seccareccia

Pierre Seccareccia, Director

Consolidated Statements of Loss

(in thousands of Canadian dollars, except per share amounts)	Note	2013	2012
REVENUES			
Revenues from energy sales		169,023	181,440
Other income		3,009	2,853
		172,032	184,293
COSTS AND OTHER EXPENSES			
Operating expenses	20, 21	54,357	66,330
Administration	20	13,214	14,528
Development		4,145	5,129
Amortization		53,888	58,030
Other losses (gains)	22	(232)	971
Impairment of property, plant and equipment and intangible assets	23	266	823
		125,638	145,811
OPERATING INCOME		46,394	38,482
Financing costs	24	50,693	49,279
Foreign exchange loss (gain)		(788)	26
Net loss (gain) on financial instruments		(742)	396
Share in earnings (loss) of the Joint Ventures	9	(2,116)	51
Other		63	—
LOSS BEFORE INCOME TAXES		(4,948)	(11,168)
Income tax expense (recovery)	14	537	(2,183)
NET LOSS FROM CONTINUING OPERATIONS		(5,485)	(8,985)
Net earnings from discontinued operations	25	1,774	3,721
NET LOSS		(3,711)	(5,264)
NET EARNINGS (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		(3,838)	(5,115)
Non-controlling shareholders		127	(149)
NET LOSS		(3,711)	(5,264)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		(5,612)	(8,836)
Discontinued operations	25	1,774	3,721
		(3,838)	(5,115)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		($0.15)	($0.24)
Discontinued operations		$0.05	$0.10
	26	($0.10)	($0.14)

The accompanying notes are an integral part of these consolidated financial statements.

Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars)	Note	2013	2012
NET LOSS		(3,711)	(5,264)
Other comprehensive income (loss) to be subsequently reclassified to net loss when certain conditions are met	18		
Translation adjustments:			
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations		18,026	(1,352)
Cash flow hedges:			
Change in fair value of financial instruments		7,917	(16,931)
Hedging items realized and recognized in net loss		8,361	14,526
Taxes		(4,819)	1,109
Cash flow hedges - Joint Ventures:			
Change in fair value of financial instruments		18,655	(4,088)
Taxes		(4,855)	1,087
Available-for-sale financial asset:			
Change in fair value of an available-for-sale financial asset		858	(48)
Items realized and recognized in net loss		(149)	968
Total other comprehensive income (loss)		43,994	(4,729)
COMPREHENSIVE INCOME (LOSS)		40,283	(9,993)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of Boralex		35,665	(9,131)
Non-controlling shareholders		4,618	(862)
COMPREHENSIVE INCOME (LOSS)		40,283	(9,993)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		33,891	(12,852)
Discontinued operations		1,774	3,721
		35,665	(9,131)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

2013

(in thousands of Canadian dollars)	Equity attributable to shareholders						Non-controlling shareholders	Total equity
	Capital stock (note 16)	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive income (loss) (note 18)	Total		
BALANCE AS AT JANUARY 1, 2013	222,870	14,379	6,945	144,492	(68,818)	319,868	22,501	342,369
Net earnings (loss)	—	—	—	(3,838)	—	(3,838)	127	(3,711)
Other comprehensive income	—	—	—	—	39,503	39,503	4,491	43,994
COMPREHENSIVE INCOME (LOSS)	—	—	—	(3,838)	39,503	35,665	4,618	40,283
Conversion of convertible debentures (note 13)	94	—	—	—	—	94	—	94
Exercise of options	115	—	—	—	—	115	—	115
Stock option expense (note 17)	—	—	785	—	—	785	—	785
Excess of proceeds on repurchase by non-controlling shareholders	—	—	—	(79)	—	(79)	(26)	(105)
Contribution of non-controlling shareholders (note 19)	—	—	—	—	—	—	2,593	2,593
BALANCE AS AT DECEMBER 31, 2013	223,079	14,379	7,730	140,575	(29,315)	356,448	29,686	386,134

2012

(in thousands of Canadian dollars)	Equity attributable to shareholders						Non-controlling shareholders	Total equity
	Capital stock (note 16)	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive income (loss) (note 18)	Total		
BALANCE AS AT JANUARY 1, 2012	222,758	14,379	6,106	144,501	(65,980)	321,764	7,114	328,878
Net loss	—	—	—	(5,115)	—	(5,115)	(149)	(5,264)
Other comprehensive loss	—	—	—	—	(4,016)	(4,016)	(713)	(4,729)
COMPREHENSIVE LOSS	—	—	—	(5,115)	(4,016)	(9,131)	(862)	(9,993)
Conversion of convertible debentures (note 13)	117	—	—	—	—	117	—	117
Share repurchases	(5)	—	—	(2)	—	(7)	—	(7)
Stock option expense (note 17)	—	—	839	—	—	839	—	839
Excess of proceeds from partial sale of a subsidiary (note 19)	—	—	—	5,108	1,178	6,286	(6,286)	—
Contribution of non-controlling shareholders (note 19)	—	—	—	—	—	—	22,535	22,535
BALANCE AS AT DECEMBER 31, 2012	222,870	14,379	6,945	144,492	(68,818)	319,868	22,501	342,369

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Note	2013	2012
Net loss		(3,711)	(5,264)
Less: Net earnings from discontinued operations	25	1,774	3,721
Net loss from continuing operations		(5,485)	(8,985)
Financing costs		50,693	49,279
Interest paid		(48,905)	(47,271)
Income tax expense (recovery)		537	(2,183)
Income taxes paid		(3,372)	(5,334)
Non-cash items in loss:			
Net loss (gain) on financial instruments		(742)	396
Share in results of the Joint Ventures	9	2,116	(51)
Amortization		53,888	58,030
Impairment of property, plant and equipment and intangible assets	23	266	823
Other losses (gains)		(232)	971
Other		2,152	2,046
		50,916	47,721
Change in non-cash items related to operating activities	27	8,350	(325)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		59,266	47,396
Business acquisitions		—	(63,881)
Additions to property, plant and equipment		(107,479)	(10,320)
Additions to other intangible assets		—	(2,550)
Change in restricted cash		(18,890)	13,225
Increase in interest in Joint Ventures	9	(8,318)	(17,735)
Change in reserve funds		(13,956)	—
Development projects		(9,666)	(3,422)
Proceeds from sale of assets		389	8,763
Other		(463)	833
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(158,383)	(75,087)
Net increase in non-current debt		209,739	—
Repayments on non-current debt		(101,471)	(27,713)
Contribution of non-controlling shareholders	19	2,593	22,513
Other		5	(2)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		110,866	(5,202)
Cash from discontinued operations	25	2,054	(3,642)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		4,001	(1,030)
NET CHANGE IN CASH AND CASH EQUIVALENTS		17,804	(37,565)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		107,138	144,703
CASH AND CASH EQUIVALENTS - END OF YEAR		124,942	107,138

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

As at December 31, 2013

(Tabular amounts are in thousands of Canadian dollars, unless otherwise specified.)

Note 1.

Incorporation and Nature of Business

Boralex Inc. and its subsidiaries ("Boralex" or the "Corporation") operate mainly as a private producer of energy. The Corporation has interests in 25 wind power stations, 14 hydroelectric power stations, two thermal power stations and a solar power facility for a total capacity of nearly 650 megawatts ("MW"*). The Corporation also operates two hydroelectric power stations on behalf of Fiducie RSP Hydro, an entity controlled by a director of Cascades, a corporation exercising significant influence over the Corporation. The generated power is sold mainly in Canada, France and the United States. In addition, Boralex operates Seigneurie de Beaupré Wind Farms Phases I and II, as defined in note 3 under Joint Ventures, in which it holds a 50% interest.

The Corporation is incorporated under the *Canada Business Corporations Act*. Boralex's head office is located at 36 Lajeunesse St., Kingsey Falls, Québec, Canada and its shares and convertible debentures are listed on the Toronto Stock Exchange ("TSX").

(The data expressed in MW and MWh contained in notes 1, 9, 25, 31, 33 and 34 is unaudited.)*

Note 2.

Basis of Presentation

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB") and set out in the *CPA Canada Handbook*, including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of financial statements, and IAS 1, *Presentation of Financial Statements*. The Corporation has consistently applied the same accounting policies for all of the periods presented.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The Board of Directors approved these financial statements on March 10, 2014.

Note 3.

Significant Accounting Policies

The significant accounting policies used to prepare these consolidated financial statements are as follows:

Measurement Basis

The consolidated financial statements have been prepared on a going concern basis, under the historical cost method, except for the revaluation of financial assets and financial liabilities at fair value through profit or loss and the revaluation of available-for-sale financial assets at fair value through comprehensive income (loss).

Basis of Consolidation

The consolidated financial statements include the following accounts of the Corporation:

Subsidiaries

The subsidiaries are entities over which the Corporation exercises control. The Corporation controls an entity when it has power to direct the relevant activities, when it is exposed, or has rights to variable returns, and when it has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date the Corporation acquires control and are deconsolidated on the date control ends. Intercompany transactions and balances and unrealized gains and losses on transactions between these entities are eliminated.

The Corporation's main subsidiaries as at December 31, 2013 are as follows:

Name of subsidiary	Voting rights held	Location
Boralex Europe S.A.	74.67%	Luxembourg
Boralex US Energy Inc.	100%	United States
Boralex Ontario Energy Holdings LP	100%	Canada
Boralex Ontario Energy Holdings 2 LP	100%	Canada
Boralex Power Limited Partnership	100%	Canada

Joint Ventures

A joint venture is a joint arrangement in which the parties are bound by a contractual agreement that gives them joint control over the net assets. The decisions about the relevant activities of the joint arrangement require the unanimous consent of the parties that exercise joint control. The Corporation's interest in the Joint Ventures is accounted for using the equity method. The Corporation's share in earnings (loss) of the Joint Ventures is recorded as a separate line item in the consolidated statement of loss. Unrealized gains and losses on transactions between the Corporation and the Joint Venture are eliminated to the extent of the Corporation's interest in the Joint Ventures.

The Corporation's main joint ventures as at December 31, 2013 are as follows:

Name of joint venture	% interest	Location
Seigneurie de Beaupré 2 and 3 wind farms L.P. ("Joint Venture Phase I")	50%	Canada
Seigneurie de Beaupré wind farm 4 L.P. ("Joint Venture Phase II")	50%	Canada

In these financial statements, the term "Joint Ventures" refers to phases I and II of the Seigneurie de Beaupré Wind Farms.

Non-controlling Shareholders

The non-controlling shareholders represents the interest held by third parties in subsidiaries. The net assets of the subsidiary attributable to non-controlling shareholders are reported as a component of equity. Their share in net earnings (loss) and comprehensive income (loss) is recognized directly in equity. Any change in the Corporation's interest in a subsidiary that does not result in an acquisition or a loss of control is accounted for as a capital transaction.

Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed to earnings (loss) as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have previously been recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is determined after separate recognition of identifiable assets acquired. It is calculated as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling shareholders in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (gain on a bargain purchase) is recognized through earnings immediately.

Foreign Currency Translation

Functional and Reporting Currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is Boralex's functional currency.

The financial statements of entities with a different functional currency from that of Boralex (foreign companies) are translated into Canadian dollars as follows: the assets and liabilities are translated at the exchange rate prevailing at the reporting date. Revenues and expenses are translated at the average exchange rate for each period. Translation gains or losses are deferred and included in *Other comprehensive income (loss)*. When a foreign company is disposed of, translation gains or losses accumulated in *Other comprehensive income (loss)* are maintained in comprehensive income (loss) until the Corporation's net investment in that country has been entirely sold. Where applicable, exchange differences are recognized under *Foreign exchange loss (gain)* in net loss.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Exchange differences resulting from transactions are recognized under *Foreign exchange loss (gain)* in net loss except for those relating to qualifying cash flow hedges, which are deferred under *Other comprehensive income (loss)* in equity.

Financial Instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are removed from the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is extinguished, cancelled or terminated.

Classification of Financial Instruments

The Corporation classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification of its financial assets and liabilities upon initial recognition. The Corporation classifies its financial assets and liabilities in the following categories:

(a) Financial Assets and Liabilities at Fair Value Through Profit or Loss

Financial assets and liabilities at fair value through profit or loss are financial assets and liabilities held for trading. A financial asset or liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Financial instruments classified in this category are reported under current assets or current liabilities. The financial instrument is recorded initially and subsequently at fair value determined using market prices. Directly attributable transaction costs and any changes in fair value are recognized in net loss.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented in current assets when recoverable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current assets. Financial instruments classified in this category include *Cash and cash equivalents*, *Restricted cash*, *Trade and other receivables* and *Reserve funds*. Loans and receivables are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method less allowances for doubtful accounts.

(c) Available-for-Sale Assets

Available-for-sale assets are non-derivative instruments that are either classified in this category or not classified in any of the other categories. They are presented in current financial assets when recoverable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current financial assets. Available-for-sale assets are initially recognized at fair value plus directly attributable transaction costs and are subsequently measured at fair value with unrealized gains and losses recognized under *Other comprehensive income (loss)*. Upon sale or impairment, fair value adjustments accumulated in *Other comprehensive income (loss)* are recognized in net loss.

(d) Other Liabilities at Amortized Cost

Other liabilities are recognized initially at fair value and transaction costs are deducted from this fair value. Subsequently, other liabilities are measured at amortized cost. The difference between the initial carrying amount of other liabilities and their repayment value is recognized in net loss over the term of the contract using the effective interest method. Other liabilities are presented in current liabilities when they are repayable within 12 months following the end of the reporting period. Otherwise, they are classified as non-current liabilities. This item includes *Trade and other payables*, *Non-current debt* and *Convertible debentures*.

(e) Compound Financial Instruments

Compound financial instruments issued by the Corporation, namely convertible debentures, are split into separate liability and equity components in accordance with the substance of the contractual arrangement. At the issue date, the fair value of the liability component was measured using the prevailing market interest rate for a similar non-convertible instrument. This amount is recognized as a liability at amortized cost using the effective interest method until conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component from the total fair value of the compound instrument. This amount, less the tax impact, is accounted for in equity and is not subsequently remeasured.

Hedge Accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Corporation designates these derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge).

The Corporation documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Corporation also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining life of the hedged item is more than 12 months and as a current asset or liability when the remaining life of the hedged item is less than 12 months. Held-for-trading derivative financial instruments are classified as a current asset or liability.

Cash Flow Hedges

The Corporation designates all derivative financial instruments as cash flow hedges. In a cash flow hedge relationship, the change in value of the effective portion of the derivative is recognized in *Other comprehensive income (loss)*. The gain or loss relating to the ineffective portion is recognized immediately in net loss under *Net loss (gain) on financial instruments*.

Amounts accumulated in equity are reclassified to net loss in the periods in which the hedged item affects net loss (for example, when the forecasted sale that is hedged takes place). The effective portion of the hedging derivative is recognized in the statement of loss under *Financing costs*. The ineffective portion is recognized in the statement of loss under *Net loss (gain) on financial instruments*. However, when the forecasted transaction that is hedged results in the recognition of a non-financial asset (for example, *Property, plant and equipment*), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts in property, plant and equipment are subject to amortization.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss accumulated in equity at that time remains in equity and is recognized when the forecasted transaction affects earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reversed through net loss under *Net loss (gain) on financial instruments*.

Cash and Cash Equivalents

Cash includes cash on hand and bank balances. Cash equivalents are short-term investments that mature within three months and comprise bankers' acceptances or deposit certificates guaranteed by banks. These instruments include highly liquid instruments that are readily convertible into known amounts of cash and subject to non-significant risk of changes in value.

Restricted Cash

Restricted cash comprises highly liquid investments along with reserves to finance capital expenditures within a one-year period following each year-end.

Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value corresponds to replacement cost in the normal course of business. Inventories mainly consist of replacement parts.

Property, Plant and Equipment

Property, plant and equipment, consisting mainly of power stations and power station sites, are recorded at cost less accumulated amortization and impairment losses, including interest incurred during the construction period of new power stations or wind power facilities. Amortization begins on the date the assets are commissioned using the following methods:

Wind Power Stations

Wind power stations are amortized by component using the straight-line method over their useful life ranging from 5 to 40 years.

Hydroelectric Power Stations

The hydroelectric power stations are amortized by component using the straight-line method over their useful life ranging from 20 to 40 years.

Thermal Power Stations

The natural gas power station in France is amortized by component using the straight-line method until its energy and steam sales contracts expire, corresponding to useful lives of 12 and 20 years, respectively. The wood-residue power station in Canada is amortized by component using the straight-line method over their useful life of 25 years.

Solar Power Station

The solar power station is amortized by component using the straight-line method over its useful life of 20 years.

Major Maintenance

Major maintenance work is capitalized and amortized using the straight-line method over the scheduled maintenance frequency, that is a useful life of approximately five years.

Useful lives, residual values and amortization methods are reviewed every year according to asset type, expected usage and changes in technology. Impairment losses and reversals are recognized in net loss under *Impairment of property, plant and equipment and intangible assets*.

Other Intangible Assets

Energy Sales Contracts

Acquisition costs for power sales contracts are amortized on a straight-line basis over the remaining contract terms, including one renewal period, if applicable, which range from 15 to 40 years, except for those relating to the Hudson Falls and South Glens Falls hydroelectric power stations in the United States. These costs are amortized using a method based on contract revenues up to contract expiry in 2034 and 2035, respectively.

Water Rights

The water rights related to all the hydroelectric power stations, except for Buckingham (as this asset has an indefinite useful life), are amortized on a straight-line basis over the remaining contract term, including one renewal period, ranging from 20 to 30 years. Assets with indefinite lives, specifically the water rights at the Buckingham power station, are not amortized but are tested for impairment annually on October 31 or as soon as there is evidence of impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

Development Projects

Project development costs include design and acquisition costs related to new projects. These costs are deferred until construction begins on the new power station or expansion of an existing power station, at which time they are included in the cost of the power station or recorded as property, plant and equipment and intangible assets, as appropriate. The Corporation defers costs for projects when it believes they are more likely than not to be completed. If this probability subsequently declines, the costs deferred to that date are expensed.

Goodwill

Goodwill, representing the excess of the consideration paid for businesses acquired over the net amount allocated to assets acquired and liabilities assumed, is not amortized. Goodwill is tested for impairment annually on October 31. Tests are also carried out when events or circumstances indicate a possible impairment. Any impairment loss is charged to earnings (loss) in the period in which it arises.

Other Non-current Assets

Renewable Energy Tax Credits

Renewable energy tax credits which were attributed on the basis of incurred operating expenses were recorded as a reduction of operating expenses for the period in which the credits were earned to the extent that it is more likely than not that they will be recoverable during their useful lives. This program came to an end on December 31, 2009.

Reserve Funds

Reserve funds represent funds held in trust for the purpose of meeting the requirements of certain non-current debt agreements including the maintenance of reserves for debt servicing and to maintain property, plant and equipment. The reserve funds, consisting of deposit certificates, are valued at amortized cost.

Borrowing Costs

The Corporation capitalizes costs directly attributable to the acquisition, construction or production of qualifying assets during their active construction. Other borrowing costs are expensed during the period in which they are incurred.

Leases

Leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the Corporation. Leases are classified as operating leases when the lease arrangement does not transfer substantially all the risks and rewards of ownership to the Corporation. Payments made under operating leases are charged to the statement of earnings (loss) on a straight-line basis over the lease term.

Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. Such lease obligations, net of financing costs, are included under *Other non-current liabilities*. The interest component of the financing costs is charged to earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is amortized over the shorter of the useful life of the asset and the lease term.

Impairment of Assets

Non-current assets with indefinite useful lives, specifically the goodwill and water rights of the Buckingham power station, as well as intangible assets that are not yet ready for use, are tested for impairment annually on October 31 or if trigger events occur. These assets are tested for impairment when particular events or changes in circumstances indicate that their carrying amount might not be recoverable. An impairment loss is recognized when the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the higher of that asset's fair value less costs of disposal and its value in use.

At the end of each reporting period, if there is any indication that an impairment loss recognized in a prior period, for an asset other than goodwill, no longer exists or has decreased, the loss is reversed up to its recoverable amount. The carrying amount following the reversal must not be higher than the carrying amount that would have prevailed (net of amortization) had the original impairment not been recognized in prior periods. Goodwill impairment charges are not reversed.

Impairment testing of assets is conducted at the level of the cash-generating units ("CGUs"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Corporation's assets are monitored separately by site, which corresponds to the CGUs of the smallest identifiable group.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use. To calculate value in use, estimated future cash flows are discounted to their present value using a discount rate that reflects changes in the time value of money and the risks specific to the asset or the CGU. When determining fair value less costs of disposal, the Corporation considers whether there is a current market price for the asset. Otherwise, the Corporation uses a revenue approach, which is based on the present value of future cash flows generated by an asset or a CGU. The discounted cash flow method consists of projecting cash flows and converting them into present values by applying discount rates.

Provisions

A provision is recognized in the statement of financial position when the Corporation has a legal or constructive obligation as a result of a past event and it is probable that settlement of the obligation will require a financial payment or cause a financial loss, and a reliable estimate can be made of the amount of the obligation. If the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recorded in the statement of financial position as a separate asset, but only if it is virtually certain that reimbursement will be received. Provisions are measured using Boralex management's best estimate as to the outcome based on known facts as at the reporting date.

Litigation Provisions

Litigations are monitored regularly, case by case, by the legal department of the Corporation with the assistance of external legal advisors for major and complex litigation. A provision is recognized as soon as it becomes likely that a current obligation resulting from a past event will require a settlement whose amount can be reliably estimated.

Decommissioning Liability

A decommissioning liability is recognized at fair value in the period during which a legal or constructive obligation is incurred, when the amount of the liability can be reliably estimated and it is probable that the settlement of the obligation will require a financial payment. Decommissioning costs are capitalized into the value of the related asset and are amortized over the asset's remaining useful life. The liability is discounted using a risk-free interest rate.

The Corporation has no obligation to decommission hydroelectric power stations located on public land. Under site leases, these power stations must be handed back to the lessor at the end of the lease term without any decommissioning. For the other hydroelectric power stations located on private properties belonging to Boralex, the likelihood of such an obligation arising is low since the decommissioning of such facilities would have significant consequences on the ecosystem and economic life in surrounding areas. It is usually more beneficial for the environment, local residents and companies to keep the dam. Given this low likelihood, no provision has been recognized.

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation.

The Corporation has environmental obligations with respect to its wood-residue thermal power station. If the power station were to be sold, the Corporation would be responsible for removing the piles of wood residue and environmental protection membranes. The Corporation has determined that the wood residue would be burned to produce electricity and that additional cleaning costs would not be material. Accordingly, the fair value of the liability is not material.

Last, the Corporation has an obligation to decommission its solar power site at the end of the lease term. The decommissioning costs are non-significant.

Taxes

The Corporation accounts for its income taxes using the deferred tax assets and liabilities method. Deferred income tax assets and liabilities are determined based on the difference between the carrying amount and the tax basis of the assets and liabilities. Any change in the net amount of deferred income tax assets and liabilities is charged to earnings (loss). Deferred income tax assets and liabilities are determined based on enacted or substantively enacted tax rates and laws which are expected to apply to taxable income for the periods in which the assets and liabilities will be recovered or settled. Deferred income tax assets are recognized when it is likely they will be realized. Deferred tax assets and liabilities are reported under non-current assets and liabilities.

The tax expense includes current and deferred taxes. This expense is recognized in net earnings (loss), except for income tax related to the components of *Other comprehensive income (loss)* or in equity, in which case the tax expense is recognized in *Other comprehensive income (loss)* or in equity, respectively.

Current income tax assets or liabilities are obligations or claims for the current and prior periods to be recovered from (or paid to) taxation authorities that are still outstanding at the end of the reporting period and included under current assets or liabilities. Current tax is computed on the basis of tax profit which differs from net earnings (loss). This calculation is made using tax rates and laws enacted at the end of the reporting period.

The Corporation recognizes a deferred income tax asset or liability for all temporary differences generated by interests in subsidiaries and in the joint ventures, except where it is likely that the temporary difference will not reverse in the foreseeable future and the Corporation is able to control the date of the reversal of the temporary difference.

Equity

Capital stock is presented at the value at which the shares were issued. Costs related to the issuance of stock or stock options are presented in equity, net of taxes, as a deduction from issuance proceeds.

Stock-based Compensation

Stock options granted to senior management are measured at fair value. This fair value is then recognized in net earnings (loss) over the vesting period for senior management with an offsetting increase in *Contributed surplus*. Fair value is determined using the widely-used Black-Scholes option pricing model, which was designed to estimate the fair value of exchange-traded options that have no restrictions as to vesting and are entirely transferable. Some of the outstanding options carry restrictions but, in the Corporation's opinion, the Black-Scholes model provides an appropriate estimate of fair value in these cases. Any consideration paid by employees on the exercise of stock options is credited to *Capital stock*.

Expenses related to stock options are recorded under *Administrative* and the cumulative value of unexercised options outstanding is included under *Contributed surplus*.

Revenue Recognition

The Corporation recognizes its revenue under the following policies:

Revenues from Energy Sales

The Corporation recognizes its revenues, which consist of product sales, when persuasive evidence of an arrangement exists, the goods are delivered, the significant risks and benefits of ownership are transferred, the price is fixed or determinable and collection of the resulting receivable is reasonably assured.

Other Income

Other income is recognized when the service is provided and collection is considered likely.

Net Earnings (Loss) per Share

Net earnings (loss) per share is determined based on the weighted average number of Class A shares outstanding during the year. The calculation of diluted earnings (loss) per share takes into account the potential impact of the exercise of all dilutive instruments, i.e., stock options and the impact of convertible debentures, on the theoretical number of shares. Diluted earnings (loss) per share is calculated using the treasury stock method to determine the dilutive effect of the stock options and the "if converted" method for convertible debentures. For options that have a dilutive effect, i.e., when the average share price for the period is higher than the exercise price of the options, these methods assume that the options have been exercised at the beginning of the period and that the resulting proceeds have been used to buy back common shares of the Corporation at their average price during the period.

Change in Accounting Estimate

Change in Useful Life of a Wind Power Site Component

As of January 1, 2013, the Corporation changed the useful life of a component for certain wind turbine models. The estimated life, which was formerly 10 years, was increased to 20 years, which now represents the estimated useful life for these models. This change in accounting estimate arose from new information obtained, as well as more experience regarding the component's estimated useful life. This change in estimate was recorded prospectively. The estimated annual impact of this change in accounting estimate is a decrease in annual amortization expense of approximately $1,167,000 for the fiscal year ended December 31, 2013 and for future periods.

Changes in Accounting Policies

IAS 32, *Financial Instruments: Presentation* (Revised 2011)

In December 2011, the IASB revised IAS 32, *Financial Instruments: Presentation*, to clarify the existing requirements for offsetting financial instruments in the statement of financial position. The revised IAS 32 will be effective for the fiscal years of the Corporation beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation adopted this new standard as at January 1, 2013 and this change had no impact on the Corporation's consolidated financial statements.

IAS 36, *Impairment of Assets*

In May 2013, the IASB amended IAS 36, *Impairment of Assets*, to enhance disclosure requirements relating to assets for which an impairment loss has been recognized or reversed as well as to cash generating units where the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to such units is material in relation to the total carrying amount of goodwill or assets with indefinite useful lives of the entity. The entity must apply these amendments retrospectively for fiscal years beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation adopted this new standard as at January 1, 2013 and this change only affected the level of disclosure in the consolidated financial statements of the Corporation regarding goodwill and impairment of property, plant and equipment and intangible assets.

Future Changes in Accounting Policies

IFRS 2, *Share-based Payment*

In December 2013, the IASB amended IFRS 2 to clarify the definition of "vesting conditions" by setting out separate definitions of the terms "performance conditions" and "service conditions." The amended standard will be effective for the fiscal years beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 3, *Business Combinations*

In December 2013, the IASB amended IFRS 3 to clarify that contingent consideration in a business combination must be classified as a financial liability or an equity instrument and that a consideration not classified as equity must be subsequently measured at fair value.

The IASB also concluded that IFRS 3.2(a) should be amended to address all types of joint arrangements and remove any uncertainty as to which financial statements the standard applies.

Amended IFRS 3 will be effective for the fiscal years beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 9, *Financial Instruments*

IFRS 9, *Financial Instruments*, issued in November 2009, addresses classification and measurement of financial assets, and replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement*, with a new measurement model comprising only two categories: amortized cost and fair value through profit or loss.

In October 2010, the IASB amended this standard to provide guidelines on the classification and measurement of financial liabilities. Companies that elect to measure their debt at fair value must recognize changes in fair value resulting from changes to their own credit risk through *Other comprehensive income (loss)* instead of the statement of earnings (loss).

In November 2013, the IASB amended IFRS 9, removing the mandatory effective date of January 1, 2015. The amendments also bring into effect an overhaul of hedge accounting and authorize the early adoption of proposed changes to the recognition of liabilities eligible for fair value measurement prior to the application of all other provisions of IFRS 9.

The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13, *Fair Value Measurement*

In December 2013, the IASB amended IFRS 13 to clarify that an entity is not required to recognize short-term receivables and payables with no stated interest rate at an amount lower than the stated invoice amount when the impact of not discounting is immaterial.

The IASB also amended this standard to clarify that the exception for portfolios applies to all contracts that fall within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* or IFRS 9, *Financial Instruments*, whether or not these contracts meet the definition of a financial asset or liability pursuant to IAS 32, *Financial Instruments: Presentation*.

Amended IFRS 13 will be effective for the fiscal years of the Corporation beginning on or after July 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Note 4.

Main Sources of Uncertainties

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect the recognized amounts of revenues, expenses, comprehensive income (loss), assets and liabilities, and the information reported in the consolidated financial statements.

The following items require management to make the most critical estimates and judgments:

Main Sources of Uncertainty Relating to Management's Key Estimates

Management determines its estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to estimation uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

Impairment of Assets

Every year, on October 31, the Corporation tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and goodwill. Also, at each reporting date, if any evidence of impairment exists, the Corporation must perform impairment tests on its assets with indefinite and finite useful lives and their goodwill to assess whether their carrying amounts are recoverable. Impairment tests require the use of various assumptions based on management's best estimates.

Recoverable Amount

Recoverable amounts are determined using value-in-use calculations based on cash flows discounted over a five-year period that factor in current economic conditions and management's estimates based on past experience. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including market and production estimates, together with economic factors such as selling prices, production cost estimates, future capital expenditure, after-tax discount rates, the growth rate and useful lives.

Discount Rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a group of CGUs. The growth rate is determined based on past experience, economic trends as well as market and industry trends. Management believes that such assumptions are reasonable.

Useful Lives of Property, Plant and Equipment and Intangible Assets with Finite Useful Lives

In determining the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates are reviewed annually and the impacts of any changes are accounted for prospectively.

Deferred Taxes

Management is required to estimate the amounts to be recognized as deferred income tax assets and liabilities. In particular, management must assess the timing of the reversal of temporary differences to which future income tax rates are applied. Further, the amount of deferred tax assets, which is limited to the amount that is considered likely to be realized, is estimated by taking into account future taxable income.

Decommissioning Liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected undiscounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and pre-tax interest rates that reflect current market conditions or the time value of money, as well as risks specific to the liability. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

Fair Value of Financial Instruments

Fair value is determined using discounted cash flow models. Fair value determined using such valuation models requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments. See note 28 for a more detailed explanation of the bases for the calculations and estimates used.

Derivative financial instruments designated as cash flow hedges are accounted for at fair value in the statement of financial position and changes in fair value are reported in comprehensive income (loss).

Main Sources of Uncertainty Relating to Management's Key Judgments

Evidence of Asset Impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

Determining the Development Phase

The Corporation capitalizes project development costs during the period preceding commissioning. Recognition of an intangible asset resulting from the development phase starts when a given project meets IFRS capitalization criteria. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its capacity to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

Note 5.
Trade and Other Receivables

	As at December 31, 2013	As at December 31, 2012
Trade receivables - net	26,026	33,224
Receivables from related parties (note 32)	1,058	3,100
Other receivables	14,541	9,265
	41,625	45,589

All these amounts have current maturities. Their net carrying amounts reasonably approximate their fair values.

The Corporation has recorded an immaterial provision for the accounts in the above table given the clients' high credit ratings. As at December 31, 2013, approximately 4% of trade and other receivables (2% as at December 31, 2012) were outstanding for more than 90 days since invoice date, while approximately 88% of accounts (80% as at December 31, 2012) were current (under 30 days).

Note 6.
Inventories

	As at December 31, 2013	As at December 31, 2012
Replacement parts	3,721	3,340
Wood residue	745	1,020
Other raw materials	36	44
	4,502	4,404

Inventory costs of $3,144,000 were expensed in 2013 ($3,615,000 in 2012) under *Operating expenses* in the statement of loss.

Note 7.
Property, Plant and Equipment

	Wind power stations	Hydroelectric power stations	Thermal power stations	Solar power station	Corporate	**Total**
Year ended December 31, 2012:						
Balance - beginning of year	396,848	178,281	44,608	18,166	5,144	643,047
Translation adjustment	10	(2,210)	(71)	(87)	(43)	(2,401)
Additions	12,730	6,922	423	1,523	566	22,164
Additions via business acquisitions	75,284	6,768	—	—	—	82,052
Disposals	(151)	(151)	(6,991)	(25)	—	(7,318)
Amortization	(29,005)	(6,319)	(11,757)	(991)	(432)	(48,504)
Impairment	—	—	(268)	—	—	(268)
Other changes	433	157	(108)	—	(230)	252
Balance - end of year	456,149	183,448	25,836	18,586	5,005	689,024
As at December 31, 2012:						
Cost	571,162	201,721	51,016	20,185	9,195	853,279
Accumulated amortization	(115,013)	(18,273)	(25,180)	(1,599)	(4,190)	(164,255)
Net carrying amount	456,149	183,448	25,836	18,586	5,005	689,024
Year ended December 31, 2013:						
Balance - beginning of year	456,149	183,448	25,836	18,586	5,005	689,024
Translation adjustment	34,389	6,537	265	2,102	(21)	43,272
Additions	77,775	31,373	2,638	—	2,393	114,179
Disposals	(354)	—	(918)	—	—	(1,272)
Amortization	(32,485)	(6,518)	(4,310)	(1,061)	(400)	(44,774)
Impairment	—	—	(266)	—	—	(266)
Other changes	(379)	—	—	—	(571)	(950)
Balance - end of year	535,095	214,840	23,245	19,627	6,406	799,213
As at December 31, 2103:						
Cost	693,941	242,143	51,348	22,550	11,196	1,021,178
Accumulated amortization	(158,846)	(27,303)	(28,103)	(2,923)	(4,790)	(221,965)
Net carrying amount	535,095	214,840	23,245	19,627	6,406	799,213

Amortization of property, plant and equipment is presented under *Amortization*. Amortization of property, plant and equipment amounted to $44,774,000 for the year ended December 31, 2013 ($48,504,000 in 2012) including $2,470,000 related to finance leases ($2,251,000 in 2012). Cost and accumulated amortization of assets under finance leases totalled $31,523,000 and $23,251,000, respectively, as at December 31, 2013 ($28,217,000 and $18,445,000 as at December 31, 2012).

Assets include replacement parts amounting to $2,850,000 ($2,841,000 as at December 31, 2012) and power stations under construction totalling $72,068,000 ($32,523,000 as at December 31, 2012). These assets are not amortized until they are commissioned.

An amount of $17,370,000 relating to additions to property, plant and equipment was still unpaid as at December 31, 2013 ($7,585,000 in 2012) and included under *Trade and other payables*.

The impairment charge is recorded under *Impairment of property, plant and equipment and intangible assets* in the consolidated statement of loss. For more information, see note 23.

Note 8.
Other Intangible Assets and Goodwill

	Other intangible assets					
	Energy sales contracts	Water rights	Development projects	Other intangible assets	Total	Goodwill
Year ended December 31, 2012:						
Balance - beginning of year	97,705	111,844	3,633	1,652	214,834	38,063
Translation adjustment	(1,435)	—	958	3	(474)	151
Additions	—	117	4,612	3,196	7,925	—
Additions via business acquisitions	16,849	—	24,189	—	41,038	10,449
Disposals	—	—	(858)	—	(858)	—
Amortization	(5,648)	(2,990)	—	(888)	(9,526)	—
Impairment	—	—	(555)	—	(555)	—
Other changes	940	(27)	(684)	502	731	—
Balance - end of year	108,411	108,944	31,295	4,465	253,115	48,663
As at December 31, 2012:						
Cost	128,139	115,852	31,295	6,828	282,114	48,663
Accumulated amortization	(19,728)	(6,908)	—	(2,363)	(28,999)	—
Net carrying amount	108,411	108,944	31,295	4,465	253,115	48,663
Year ended December 31, 2013:						
Balance - beginning of year	108,411	108,944	31,295	4,465	253,115	48,663
Translation adjustment	5,716	—	2,872	152	8,740	1,027
Additions	—	19	10,536	—	10,555	200
Disposals - Joint Venture Phase II	—	—	(6,382)	—	(6,382)	—
Amortization	(5,827)	(2,965)	—	(322)	(9,114)	—
Other changes	2,906	—	(2,762)	—	144	—
Balance - end of year	111,206	105,998	35,559	4,295	257,058	49,890
As at December 31, 2013:						
Cost	140,986	115,871	35,559	6,980	299,396	49,890
Accumulated amortization	(29,780)	(9,873)	—	(2,685)	(42,338)	—
Net carrying amount	111,206	105,998	35,559	4,295	257,058	49,890

Amortization of energy sales contracts, water rights and other intangible assets are included under *Amortization*.

The weighted average amortization period of intangible assets with finite useful lives is as follows (in number of years):

Energy sales contracts	16 years
Water rights	26 years

Water rights of the Buckingham hydroelectric power station, which represent an amount of $38,214,000 ($38,195,000 in 2012), are not amortized given their indefinite useful life.

Development projects consist primarily of several wind power projects in Québec, Ontario, British Columbia and France, and one hydroelectric project in Québec.

Other intangible assets comprise mostly CO_2 quotas held by the Blendecques natural gas power station in France and an integrated management software.

For annual impairment testing purposes, *Goodwill* was allocated to two CGUs, namely (i) seven hydroelectric power stations, (ii) the Jamie Creek power station and (iii) the wind farms, comprising St-Patrick, Vron and the two development projects (Fortel-Bonnières and St-François), based on their respective values of $38,063,000, $1,836,000 and $9,791,000 (€6,681,000).

The goodwill and water rights of the Buckingham power station were tested for impairment on October 31, 2013. Currently, according to analyses, their carrying amounts are supported by the recoverable amounts determined using cash flow projections. A discount rate between 6% and 8% as well as a growth rate of 2% were used in this impairment test.

The impairment charge is recorded under *Impairment of property, plant and equipment and intangible assets* in the consolidated statement of loss. For more information, see note 23.

Note 9.

Interest in the Joint Ventures

Joint Venture Phase I

In June 2011, in connection with Phase I of Seigneurie de Beaupré Wind Farms, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and Valener Inc. and created the joint venture Seigneurie de Beaupré 2 and 3 wind farm General Partnership located in Canada, of which each party owns 50%. Under the agreement, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the joint venture are shared jointly but not severally. The Corporation's interest in this joint venture is accounted for using the equity method. This joint venture's year-end date is December 31.

Joint Venture Phase II

In May 2013, in connection with Phase II of Seigneurie de Beaupré Wind Farms, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and Valener Inc. and created the joint venture Seigneurie de Beaupré 4 wind farm General Partnership located in Canada, of which each party owns 50%. Under the agreement, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the joint venture are shared jointly but not severally. The Corporation's interest in this joint venture is accounted for using the equity method. This joint venture's year-end date is December 31.

Interest in the Joint Ventures

	Phase I		Phase II		Total	
	2013	2012	2013	2012	2013	2012
Balance - beginning of year	58,994	45,266	—	—	58,994	45,266
Cash contribution	—	17,735	8,318	—	8,318	17,735
Capital contribution	—	—	6,382	—	6,382	—
Share in results	(1,412)	51	(12)	—	(1,424)	51
Share in comprehensive income (loss)	17,860	(4,088)	795	—	18,655	(4,088)
Other	—	30	(45)	—	(45)	30
Balance - end of year	75,442	58,994	15,438	—	90,880	58,994

Joint Ventures Financial Statements

	Phase I		Phase II		Total	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Cash and cash equivalents	552	—	4,646	—	5,198	—
Restricted cash	35,279	13,175	46,241	—	81,520	13,175
Other current assets	61,306	6,709	960	—	62,266	6,709
Non-current financial assets	1,947	—	—	—	1,947	—
Non-current assets	707,082	321,769	61,969	—	769,051	321,769
TOTAL ASSETS	806,166	341,653	113,816	—	919,982	341,653
Current portion of debt	76,951	—	—	—	76,951	—
Current financial liabilities	—	7,669	—	—	—	7,669
Other current liabilities	42,861	7,763	4,370	—	47,231	7,763
Non-current debt	482,248	142,948	—	—	482,248	142,948
Non-current financial liabilities	—	27,540	—	—	—	27,540
Other non-current liabilities	53,224	37,746	78,479	—	131,703	37,746
TOTAL LIABILITIES	655,284	223,666	82,849	—	738,133	223,666
NET ASSETS	150,882	117,987	30,967	—	181,849	117,987

	Phase I		Phase II		Total	
	2013	2012	2013	2012	2013	2012
Revenues from energy sales	4,743	—	—	—	4,743	—
Other income	215	—	—	—	215	—
	4,958	—	—	—	4,958	—
Operating expenses	755	—	—	—	755	—
Administrative	265	137	63	—	328	137
Amortization	3,217	—	—	—	3,217	—
OPERATING INCOME	721	(137)	(63)	—	658	(137)
Financing costs	2,982	(24)	(28)	—	2,954	(24)
Foreign exchange loss	173	2	2	—	175	2
Net loss (gain) on financial instruments	390	(217)	(13)	—	377	(217)
NET EARNINGS (LOSS)	(2,824)	102	(24)	—	(2,848)	102
Other comprehensive income (loss)	35,719	(8,177)	1,590	—	37,309	(8,177)
COMPREHENSIVE INCOME (LOSS)	32,895	(8,075)	1,566	—	34,461	(8,075)

Share in earnings (loss) of the Joint Ventures

The following table reconciles the total share in results of the Joint Ventures as reported in the consolidated statements of loss of Boralex:

	Phase I		Phase II		Total	
	2013	2012	2013	2012	2013	2012
Share in results	(1,412)	51	(12)	—	(1,424)	51
Other	(692)	—	—	—	(692)	—
Share in earnings (loss) of the Joint Ventures	(2,104)	51	(12)	—	(2,116)	51

Share in comprehensive income (loss) of the Joint Ventures

The following table reconciles the change in fair value of financial instruments of the Joint Ventures as reported in the consolidated statements of comprehensive income (loss) of Boralex:

	Phase I		Phase II		Total	
	2013	2012	2013	2012	2013	2012
Share in comprehensive income (loss)	17,860	(4,088)	795	—	18,655	(4,088)

Commitments

Joint Venture Phase I

	2013			
	Payments			
	Current portion	1 to 5 years	Over 5 years	Total
Maintenance contract	233	11,988	11,986	24,207
Land lease contract	754	3,131	13,463	17,348
Total	987	15,119	25,449	41,555

Energy Sales Contracts

a) Joint Venture Phase I is committed to selling 100% of its power output (subject to certain minimum criteria) under 20-year contracts maturing in 2033. A number of these contracts provide for annual indexation based on the Consumer Price Index ("CPI").

Maintenance Contract

b) Joint Venture Phase I entered into a 15-year wind turbine maintenance contract maturing in 2028. The contract includes a cancellation option at this joint venture's discretion after seven years. Outlays under the contract will be made one year after the commissioning date and depend, in particular, on the power output of the wind turbines. As at December 31, 2013, Boralex's share in the net commitments of this contract was $24,207,000 for the next seven years of which an amount of $233,000 is payable in 2014.

Land Lease Contract

c) Joint Venture Phase I has a land lease contract maturing in 2033, renewable each year at the lessee's option. The land on which the wind turbines are installed is leased for an annual amount of approximately $1,508,000, indexed annually at a rate of 1.5%. As at December 31, 2013, Boralex's share in the net commitments of this contract was $17,348,000.

Letters of Credit

d) As at December 31, 2013, Boralex's share of the letters of credit issued by Joint Venture Phase I amounted to $41,680,000.

Joint Venture Phase II

	2013			
	Payments			
	Current portion	1 to 5 years	Over 5 years	**Total**
Construction contracts	58,849	—	—	58,849
Maintenance contract	—	2,800	2,997	5,797
Land lease contract	16	782	3,618	4,416
Total	58,865	3,582	6,615	69,062

Energy Sales Contract

a) In 2008, Joint Venture Phase II entered into a power sales contract with Hydro-Québec for a capacity of 68 MW*. The contract has a 20-year term, commencing from commissioning of the wind farm. The contract provides for annual CPI indexing of 80% of the selling price.

Construction Contracts

b) In May 2013, Joint Venture Phase II entered into a contract to build and install wind turbines on private land of the Séminaire de Québec. Expenditures will be made according to the percentage of completion. In the event of cancellation of the current agreement by this joint venture, the joint venture must, in addition to the costs of work already carried out, compensate the contractor for any loss of unrealized profit on work not carried out. As at December 31, 2013, Boralex's share in the net commitments of this contract was $54,969,000 ($34,715,000 and €13,820,000).

c) In May 2013, Joint Venture Phase II entered into a contract for the construction of the roads and the electrical network of the wind farm project. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Boralex's share in the net commitments of this contract was $3,880,000.

Maintenance Contract

d) In September 2013, Joint Venture Phase II entered into a 15-year wind turbine maintenance agreement that will be effective as of project commissioning slated for December 2014. The contract includes a cancellation option at the joint venture's discretion after seven years. Expenditures under the contract will be made one year after the commissioning date and depend, in particular, on the power output (MWh) of the wind turbines. As at December 31, 2013, Boralex's share in the net commitments of this contract amounted to $5,797,000 for the first seven years of the contract.

Land Lease Contract

e) In November 2013, Joint Venture Phase II entered into a land lease contract maturing in 2034, renewable each year at the lessee's option. The land on which wind turbines will be installed is leased for an annual amount of approximately $400,000, indexed annually at a rate of 1.5%. As at December 31, 2013, Boralex's share in the net commitments of this contract was $4,416,000.

Letters of Credit

f) As at December 31, 2013, the Corporation's share of the letters of credit issued by Joint Venture Phase II amounted to $1,417,000.

Financing

Joint Venture Phase I

On November 8, 2011, the Corporation finalized financing for construction work on Joint Venture Phase I. The amount of the financing, secured by the joint venture's assets without recourse against the partners, consists of a $560,000,000 two-year construction loan, which will convert into a term loan repayable over an 18-year amortization period. A $260,000,000 tranche of the financing is covered by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency, Euler-Hermes. With this financing and the equity injected on or before the financing closing date, the first phase of the wind farms is entirely funded.

In addition to the $560,000,000 in long-term financing, current loans, including bridge financing and letter of credit facilities, totalling $165,000,000, have been contracted for purposes of financing certain costs incurred during construction that are repayable by Hydro-Québec and issuing various letters of credit, increasing the total amount of financing to $725,000,000. As at December 31, 2013, an amount of $595,281,000 was drawn from these loans and letters of credits amounting to $83,359,000 were issued.

On September 20, 2013, the Corporation cancelled a $28,750,000 tranche. This tranche had been issued to meet increased financing needs resulting from a potential increase in the Canadian dollar's exchange rate into euros during the construction period as a portion of the turbine purchase costs was denominated in euros. Since the Canadian dollar mostly strengthened against the euro during this period, the available amounts were not required.

After the financing closing date, Joint Venture Phase I entered into interest rate swap transactions to set the financing rate for a significant portion of the project over the expected term of the underlying financing. The swap transactions have a total nominal amount of $551,732,000 with rates ranging from 3.18% to 3.22%.

Joint Venture Phase II

On October 29, 2013, the Corporation finalized financing for construction work on Joint Venture Phase II. The amount of the financing, secured by the project's assets without recourse against the partners, consists in short-term bridge financing and a letter of credit facility totalling $23,674,000 as well as a $142,445,000 construction loan which will convert into a term loan after the start of commercial operations, slated for December 2014. As at December 31, 2013, $74,764,000 was drawn from the construction loan and letters of credit amounting to $2,833,000 were issued.

The term loan will be fully amortized by quarterly payments over a 19.5-year period and will bear interest at a fixed rate of 5.66% over the term of the loan. With this financing and the equity injected on or before the financing closing date, the second phase of the wind farms is entirely funded.

Other

On October 24, 2013, a motion for authorization to institute a class action and to obtain representative status was filed with the Superior Court of Québec against the Joint Ventures. The applicants of the motion are requesting authorization from the Court to institute a class action on behalf of a group of persons regarding allegations of, without limitation, neighbourhood disturbances (noise, dust, etc.) experienced as a result of the construction of Seigneurie de Beaupré Wind Farms Phases I and II. The merits of the class action have not yet been established.

Note 10.
Other Non-current Assets

	Note	As at December 31, 2013	As at December 31, 2012
Reserve Funds	a)	22,850	3,125
Renewable Energy Tax Credits	b)	8,705	9,530
Other		462	80
		32,017	12,735

a) *Reserve funds* consist primarily of reserves for servicing non-current debt. The reserves guarantee financing arrangements in France, the United States and Canada and are sufficient to service the debt for three to nine months, depending on the project. These reserves totalled $19,170,000 (€5,156,000, US$7,160,000 and $3,999,000) as at December 31, 2013 and $2,729,000 (€1,142,000 and US$1,237,000) as at December 31, 2012. A reserve to finance maintenance of property, plant and equipment amounted to $3,317,000 (US$3,072,000 and $50,000) as at December 31, 2013 and $298,000 (US$300,000) as at December 31, 2012.

b) *Renewal energy tax credits* represent the balance of tax credits earned by the Corporation in the United States and will be used to reduce the Corporation's future tax burden in that country. Financial projections indicate that the amount recorded may be realized by the expiration date, that is, from 2025 to 2029.

Note 11.
Trade and Other Payables

	As at December 31, 2013	As at December 31, 2012
Trade payables	12,804	8,750
Due to related parties (note 32)	2,872	1,506
Accrued liabilities	17,544	18,150
Other payables	24,772	18,539
	57,992	46,945

Note 12.
Non-current Debt

	Note	Maturity	Rate [1]	As at December 31, 2013	As at December 31, 2012
Canadian senior secured note	a)	2014	6.63	35,450	36,601
Finance leases (France)	b)	2014-2015	4.58	2,088	3,026
Term loan payable - Nibas wind farm	c)	2016	5.00	4,406	5,104
Master agreement - wind farms (France)	d)	2017-2022	4.69	164,788	161,042
Term loan payable - Ocean Falls power station	e)	2024	6.55	9,514	10,138
Term loan payable - St-Patrick wind farm	f)	2025	5.04	49,500	47,448
Term loan payable - Lauragais solar power station	g)	2025-2028	4.01	16,961	15,738
U.S. senior secured note	a)	2026	3.51	95,724	—
Term loan payable - La Vallée wind farm	h)	2029	4.35	48,673	—
Term loan payable - Vron wind farm	i)	2030	3.08	19,130	—
Term loan payable - Thames River wind farms	j)	2031	7.05	166,974	173,481
Term loan payable - Jamie Creek power station	k)	2054	5.42	55,250	—
U.S. note repaid	a)	—	—	—	71,994
Other debts		—	—	5,227	4,877
			5.22	673,685	529,449
Current portion of debt				(84,034)	(98,570)
Borrowing cost, net of accumulated amortization				(10,737)	(7,263)
				578,914	423,616

[1] Weighted-average rates adjusted to reflect the impact of interest rate swaps, where applicable.

a) The Canadian note is secured by all of the assets of a thermal power station and five hydroelectric power stations in Québec. The U.S. note is secured by all of the assets of two hydroelectric power stations in the United States. Under these agreements, the Corporation is subject to a number of covenants, including the maintenance of certain financial ratios. For the U.S. note, the loan agreement requires the Corporation to maintain two reserve accounts at all times. The first account, amounting to at least US$3,072,000 ($3,267,000), serves to fund capital expenditures. The second account is a debt servicing reserve, the minimum amount of which has been set at six months of capital and debt servicing payments, representing US$7,159,000 ($7,614,000). As at December 31, 2013, deposits in trust totalled US$10,231,000 ($10,881,000). The previous U.S. note matured on September 3, 2013 and the Corporation closed the long-term refinancing in this respect on June 27, 2013. The new loan was disbursed on September 3, 2013 and on December 31, 2013 the balance stood at US$90,000,000 ($95,724,000). The loan bears interest at the annual rate of 3.51% and will be fully amortized by half-yearly payments over a 13-year period. The Canadian note matures on July 9, 2014. The Corporation is currently evaluating various debt refinancing scenarios.

b) Finance leases consist of finance leases on assets located in France. As at December 31, 2013, the balance of these finance leases stood at €1,425,000 ($2,088,000) (€2,307,000 or $3,026,000 as at December 31, 2012). The finance lease obligations bear interest at fixed and variable rates and are repayable on a quarterly basis. The associated property, plant and equipment had a net carrying amount of €5,644,000 ($8,272,000) as at December 31, 2013 (€7,449,000 or $9,772,000 as at December 31, 2012).

The scheduled maturities of finance lease obligations are as follows:

	2013	2012
Minimum lease payments		
Current portion	1,709	1,533
1 to 5 years	490	1,729
Over 5 years	—	—
Interest included in minimum payments	111	236
Present value of minimum lease payments		
Current portion	1,508	1,406
1 to 5 years	392	1,487
Over 5 years	—	—

c) This loan payable bears interest at a fixed rate of 5.00% and repayments are quarterly. As at December 31, 2013, the balance stood at €3,006,000 ($4,406,000) (€3,891,000 or $5,104,000 as at December 31, 2012). All Nibas wind farm assets are pledged as collateral for this loan.

d) The master agreement comprises financing for several wind farms in France. The agreement provides for a senior credit facility (the "Senior Facility") and a junior credit facility (the "Junior Facility"), both of which are secured by all project assets. However, the Junior Facility is subordinated to the Senior Facility. As at December 31, 2013, the balance of the Senior Facility stood at €105,187,000 ($154,152,000) (€114,420,000 or $150,095,000 as at December 31, 2012), with a Junior Facility balance of €7,258,000 ($10,636,000) (€8,345,000 or $10,947,000 as at December 31, 2012). As at the same date, letters of credit amounting to €9,994,000 ($14,646,000) were issued to cover the various reserves required under the master agreement. The Senior Facility and Junior Facility interest rates are variable and based on EURIBOR, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to rate fluctuations as discussed below.

Repayments are made semi-annually over a 15-year period for the Senior Facility and a 10-year period for the Junior Facility, as of each project's commercial commissioning date.

e) This 13-year term credit agreement for an amount of $11,000,000 is secured by all the assets of the Ocean Falls power station, without recourse to Boralex. The credit agreement allows for early repayment, subject to the payment of a premium calculated on the date of repayment as the difference, if any, between the balance of the debt and the future cash flows discounted using the rate of Government of Canada bonds with a similar term plus 0.5%.

f) The St-Patrick wind farm's term loan payable was acquired at the time of the business combination. As at December 31, 2013, the loan amounted to €33,777,000 ($49,500,000). The remaining financing term is 12 years, and the loan matures on February 15, 2025. The Corporation makes semi-annual repayments of principal and interest. The variable interest rate for this financing is based on EURIBOR, plus a margin. The margin is 2.25% for the next two years, then 2.50% for the five subsequent years and, lastly, 3.00%. To reduce its exposure to rate movements, interest rate financial swaps have been entered into with a total notional amount of €25,175,000 ($36,893,000). Under these swaps, a fixed rate is provided for approximately 75% of total debt. At present, the variable interest rate is 2.47%, while the fixed rate is approximately 5.83%. The portion of debt hedged by the interest rate financial swaps will gradually fall from 74% to 68% from the third to the seventh year. Then, it will gradually decline over the five remaining years.

g) This loan payable, secured by the assets of the solar power station in Europe, consists of a net amount of €3,000,000 ($4,397,000) over 15 years, a net amount of €10,000,000 ($14,655,000) over 18 years and a net amount of €2,600,000 ($3,810,000) drawn down under a revolving VAT financing facility. The first quarterly repayment was made on June 30, 2012. As at December 31, 2013, the loan amounted to €11,574,000 ($16,961,000). The interest rate for the €3,000,000 ($4,397,000) facility is variable and based on EURIBOR, plus a margin, but the Corporation used interest rate swaps to reduce its exposure to rate fluctuations as discussed below. The interest rate for the €10,000,000 ($14,655,000) facility is fixed at 2.05% over a 10-year period, plus a margin. The rate will then be revised as of the 11th year and fixed for the remaining loan term. The Corporation also uses an interest rate swap to reduce its exposure to the change in the future rate for years 11 to 18 and covers 80% of the debt during that period.

h) This loan payable, secured by the assets of the La Vallée wind farm in France, consists of a net amount of €26,733,000 ($39,177,000) drawn down under an initial financing facility of €27,000,000 ($39,569,000) over 15 years and a net amount of €5,358,000 ($7,852,000) drawn down under a second financing facility of €6,400,000 ($9,379,000) over 15 years and a net amount of €1,122,000 ($1,644,000) drawn down under a revolving VAT financing facility. The Corporation will make quarterly repayments of principal and interest. The variable interest rate for this financing is based on EURIBOR, plus a margin of 2.6%. To reduce its exposure to rate movements, interest rate financial swaps have been entered into, one with a notional amount of €27,000,000 ($39,569,000) at a rate of 1.86% over 15 years, and a second with a notional amount of €6,400,000 ($9,379,000) at a rate of 1.64% over 15 years. The swaps fix the combined average rate including the margins at 4.47% over 15 years for 100% of the total debt.

i) This loan payable, secured by the assets of the Vron wind power station in France, consist of a commercial tranche of €1,550,000 ($2,271,000), a tranche of €9,640,000 ($14,127,000), a VAT financing facility of €1,864,000 ($2,732,000) drawn down on €2,600,000 ($3,810,000) and a reserve fund for dismantling of €360,000 ($528,000) undrawn, totalling financing of €14,150,000 ($20,737,000). As at December 31, 2013, the loan amounted to €13,054,000 ($19,130,000). The loan will be amortized in quarterly payments over a 15-year period. The variable interest rate for the €1,550,000 financing facility is based on EURIBOR, plus a margin. The interest rate for the €9,640,000 ($14,217,000) facility is fixed for a 10-year period. The rate will then be revised as of the 11th year and fixed for the remaining loan term. Since mid-October 2013, the Corporation has also used interest rate swaps to reduce its exposure to rate fluctuations for years 1 to 15, thereby hedging 100% of the debt during this period. The swaps that were implemented fix the combined average rate including the margins at 3.47% over 15 years for 100% of the total debt.

j) This loan payable is secured by all of the assets of the Thames River, Ontario wind power stations. Boralex makes quarterly repayments of principal and interest. The interest rate is fixed at 7.05% with a final debt maturity of January 2, 2031. The letter of credit facility is renewable on March 15, 2016, at the lenders' option. Any amounts drawn bear interest at the Canadian bankers' acceptance rate ("BA") plus 2%. If the facility is undrawn, Boralex pays a standby fee of 2%.

k) The loan, without recourse to the Corporation, is secured by the totality of assets of the Jamie Creek hydroelectric power station in Canada and amounts to $55,250,000. The loan will enjoy a grace period of over nine years for repayment of principal and be amortized thereafter, in semi-annual payments, over a 31-year period. The interest rate on the financing is fixed at 5.42% over the loan term.

Amortization of financing costs amounted to $2,349,000 for the year ended December 31, 2013 ($2,244,000 in 2012) and is accounted for under *Financing costs*.

The senior secured notes and the term loan for the Thames River wind farms may be repaid early subject to the payment of a premium, which is calculated by discounting the expected future payments using the risk-free rate plus a margin of 45 to 50 basis points, depending on the debt. Under current market conditions, this would result in a significant premium.

Revolving Credit Facility

Boralex has a revolving credit facility maturing on June 30, 2014 with an authorized amount of $60,000,000. However, cash advances are limited to a total of $40,000,000. For drawdowns in US dollars, the interest rate is based on LIBOR or the U.S. prime rate plus a margin while interest on Canadian dollar drawdowns is calculated using the Canadian bankers' acceptance rates or the prime rate plus their respective margins. This facility is secured by the assets of Boralex Inc., its power stations in Québec and its investments in its U.S. operations.

The authorized amount could be increased by $35,000,000 if the Corporation were to repay its $35,000,000 Canadian private placement, maturing on July 9, 2014, and pledge the underlying assets as security.

As at December 31, 2013, letters of credit totalling $19,690,000 had been issued. No cash advances had been drawn under this credit facility. Management intends to arrange for a one-year extension to this credit facility in the coming months.

Financial Ratios and Guarantees

The debt agreements include certain restrictions governing the use of cash resources of the Corporation's subsidiaries. As well, certain financial ratios, such as debt service ratios, must be met on a quarterly, semi-annual or annual basis.

The Senior Facility, Junior Facility, senior secured notes and certain other debts or interest rate swaps include requirements to establish and maintain reserve accounts to cover current debt servicing, equipment maintenance and income taxes at various times over the terms of the agreements. As at December 31, 2013, $22,850,000 ($3,125,000 as at December 31, 2012) was kept in reserve fund accounts for that purpose. These amounts are included in *Other non-current assets* in the Corporation's consolidated statement of financial position.

As at December 31, 2013, Boralex and its subsidiaries were in compliance with all of its financial ratio requirements.

Minimum Future Payments

Estimated aggregate repayments of non-current debt as at December 31, 2013 are detailed as follows:

Current portion*	84,034
1 to 5 years	185,518
Over 5 years	404,688

*Including $35,450,000 for Canadian note maturing on July 9, 2014.

Note 13.

Convertible Debentures

In 2010, the Corporation closed its bought deal financing of extendible convertible unsecured subordinated debentures with a syndicate of underwriters. The debentures issued in 2010 had a total value of $245,150,000, of which $19,537,000 (before taxes) was allocated to the equity component.

Using acceptable pricing models and the 8.50% interest rate prevailing at the date of issuance for instruments with similar conditions and risk, the debt and equity components of the debentures were separately recognized based on their respective fair values. The debt component, representing the value allocated to the liability at inception, is accounted for as a non-current liability. To accrete the debt to its face value, the Corporation records additional interest expense in the debt component through to maturity, which is a seven-year period.

The debentures mature on June 30, 2017. The convertible debentures bear interest at an annual rate of 6.75% payable semi-annually, in arrears, on June 30 and December 31 each year. Each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time prior to the close of business on the earlier of the final maturity date and the business day immediately preceding the date fixed for redemption of the debentures at a conversion price of $12.50 per common share, being a conversion rate of approximately eight common shares for each $100 principal amount of debentures, subject to adjustments in accordance with the trust indenture. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from the last interest payment date on their debentures, to, but not including, the date of conversion.

The value of convertible debentures was determined as follows:

	2013	2012
Balance - beginning of year	226,299	223,347
Conversion of debentures	(94)	(117)
Amortization of convertible debenture issuance costs	643	546
Imputed interest on convertible debentures of 8.50%	2,730	2,523
Balance - end of year	229,578	226,299

As at December 31, 2013, Boralex had 2,446,545 issued and outstanding convertible debentures with a nominal value of $100 each (2,447,487 as at December 31, 2012).

Note 14.

Income Taxes

The impact of income tax expense (recovery) on earnings is as follows:

	2013	2012
Current taxes	4,137	2,620
Deferred taxes	(3,600)	(4,803)
	537	(2,183)

The reconciliation of income tax expense (recovery) on loss from continuing operations, calculated using the statutory income tax rates prevailing in Canada, with the income tax expense (recovery) reported in the financial statements is as follows:

	2013	2012
Pre-tax net loss from continuing operations	(4,948)	(11,168)
Combined basic Canadian and provincial income tax rate	26.59%	26.59%
Income tax recovery at the statutory rate	(1,316)	(2,970)
Increase (decrease) in income taxes arising from the following:		
Non-taxable/non-deductible items	(148)	(1,355)
Difference in foreign operations' statutory income tax rates	1,752	1,838
Change in valuation allowance and tax rates	(545)	(434)
Remeasurement of current and deferred tax assets and liabilities	83	320
Foreign income taxes payable on dividends and other items	711	418
Effective income tax expense (recovery)	537	(2,183)

Note 14. Income taxes (cont'd)

The changes in deferred taxes by nature are as follows:

	As at January 1st, 2013	Recorded in comprehensive income (loss)	Recorded in net loss	Recorded in goodwill	As at December 31, 2013
Deferred income tax asset related to loss carryforwards	82,828	—	(6,845)	—	75,983
Financial instruments	8,113	(4,819)	5,763	—	9,057
Provisions	1,847	—	622	—	2,469
Interest in Joint Ventures	4,831	(4,855)	520	—	496
Temporary differences between accounting and tax amortization	(125,258)	—	3,807	(200)	(121,651)
Translation adjustments	(36)	(1,705)	33	—	(1,708)
Financing and other costs	(1,839)	—	(300)	—	(2,139)
Total deferred income tax liabilities	(29,514)	(11,379)	3,600	(200)	(37,493)

	As at January 1st, 2012	Recorded in comprehensive income (loss)	Recorded in net loss	Recorded in goodwill	As at December 31, 2012
Deferred income tax asset related to loss carryforwards	61,123	—	3,286	18,419	82,828
Financial instruments	13,354	1,109	(7,651)	1,301	8,113
Provisions	2,200	—	(353)	—	1,847
Interest in Joint Venture Phase I	3,788	1,087	(44)	—	4,831
Temporary differences between accounting and tax amortization	(103,643)	—	8,552	(30,167)	(125,258)
Translation adjustments	(1,647)	(35)	1,646	—	(36)
Financing and other costs	(1,206)	—	(633)	—	(1,839)
Total deferred income tax liabilities	(26,031)	2,161	4,803	(10,447)	(29,514)

Given that future taxable income is expected to be sufficient, deductible temporary differences, unused loss carryforwards and tax credits have been recorded as a deferred tax asset in the statement of financial position. A valuation allowance of $1,583,000 ($344,000 in 2012) was recognized in capital loss carryforwards as no unrealized capital gain is expected.

The Corporation and its subsidiaries have accumulated losses for income tax purposes amounting to approximately $259,856,000, which may be carried forward to reduce taxable income in future years. These loss carryforwards have been realized essentially due to the accelerated capital cost allowance for wind farm assets in France. The tax benefit arising from these loss carryforwards has been recognized as a deferred tax asset. These loss carryforwards, which may be claimed in future years, expire as follows:

	2026	2027	2028	2029	2030	2031	2032	2033	Unlimited	Total
Canada	2,645	5,224	2,604	2,688	8,268	1,314	3,504	12,535	13,763	52,545
France	—	—	—	—	—	—	—	—	207,311	207,311
	2,645	5,224	2,604	2,688	8,268	1,314	3,504	12,535	221,074	259,856

Note 15.

Decommissioning Liability

For the wind power sites, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. The Corporation has considered the duration of the leases and of the energy sales contracts, as well as their renewal periods, if applicable, ranging from 31 to 81 years, to calculate the decommissioning liability. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, as well as the revegetation. No disbursements are expected before 2043.

Boralex recorded, as at December 31, 2013, a provision of $7,198,000 for the decommissioning of wind power stations ($5,765,000 for 2012).

As at December 31, 2013, cash flows were discounted using risk-free interest rates related to each wind power station, ranging from 3.14% to 7.05% to determine the non-current decommissioning liability.

The following table illustrates variation of the liability during fiscal 2013:

	2013
Balance - beginning of year	5,765
Additional provisions	1,252
Increase owing to accretion expense	181
Balance - end of year	7,198

Note 16.

Capital Stock and Contributed Surplus

Boralex's capital stock is composed of an unlimited number of Class A common shares and an unlimited number of preferred shares, none of which had been issued as at December 31, 2013. The Class A shares have no par value and confer on each shareholder the right to vote at any meeting of shareholders, receive any dividends declared by the Corporation thereon and share in the residual property upon dissolution of the Corporation. The preferred shares have no par value and were created to provide the Corporation with additional flexibility with respect to future financing, strategic acquisitions and other transactions. The preferred shares are issuable in series with the number of shares in each series to be determined by the directors prior to issuance.

On February 19, 2014, the Corporation announced its first ever dividend, namely a quarterly dividend of $0.13 per Class A common share. Boralex, at the sole discretion of the Board of Directors, expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations less capital investments required to maintain its production capacity less reimbursments of project-related debt).

The Corporation's contributed surplus is equal to the cumulative value of unexercised options granted to senior management.

The following changes occurred in the Corporation's capital stock and contributed surplus between December 31, 2012 and 2013:

		Capital stock		Contributed surplus
	Note	Number of shares	Amount	Amount
Balance as at January 1, 2012		37,726,427	222,758	6,106
Issuance of shares on debenture conversions	a)	9,368	117	—
Share repurchases	b)	(900)	(5)	—
Fair value of options recorded during the year	c)	—	—	839
Balance as at December 31, 2012		37,734,895	222,870	6,945
Issuance of shares on debenture conversions	a)	7,536	94	—
Fair value of options recorded during the year	c)	—	—	785
Exercise of options	17	25,424	115	—
Balance as at December 31, 2013		37,767,855	223,079	7,730

a) Each debenture is convertible into Class A common shares of Boralex at the option of the holder at any time under the terms and conditions described in note 13. Some debenture holders availed themselves of this option and converted 942 debentures with a value of $94,000 into 7,536 shares (1,171 debentures with a value of $117,000 into 9,368 shares in 2012).

b) Note that in 2011, Boralex carried out a normal course issuer bid. Under the twelve-month bid from November 8, 2011 to November 7, 2012, Boralex was authorized to buy back up to 250,000 Class A shares, or 0.66% of the 37,725,787 Boralex Class A shares issued and outstanding as at October 31, 2011. As at December 31, 2012, 900 shares were repurchased by the Corporation under the bid. This offer was renewed on November 14, 2013 for a twelve-month period from November 18, 2013 to November 17, 2014. As at December 31, 2013, no shares were repurchased by the Corporation under the bid.

   All buybacks were carried out through the Toronto Stock Exchange, and the repurchased shares were cancelled.

c) The Corporation has a stock option plan as disclosed in note 17.

Note 17.

Stock-based Compensation

The Corporation has a stock option plan for the benefit of directors, senior management and certain key employees under which 3,500,000 Class A shares have been reserved for issuance. The exercise price equals the market value on the day preceding the option grant date. The options granted prior to May 19, 2004 may be exercised over a period of four years at 25% per year beginning at the grant date, with no restrictions. Options granted after May 19, 2004 may be exercised at 25% per year beginning the year after they are granted. Furthermore, the options granted from 2004 to 2011 cannot be exercised if the market value of the share is lower than the carrying amount on the option grant date. All the options have a ten-year term. This plan has been determined to be settled using equity securities.

The stock options are as follows for the years ended December 31:

	2013		2012	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding - beginning of year	1,978,023	8.94	1,804,845	9.07
Granted	132,673	10.29	257,387	7.96
Exercised	(25,424)	4.53	—	—
Expired	—	—	(18,021)	8.63
Cancelled	—	—	(66,188)	8.80
Outstanding - end of year	2,085,272	9.08	1,978,023	8.94
Options exercisable - end of year	1,593,275	9.16	1,126,335	9.72

The following options were outstanding as at December 31, 2013:

	Options outstanding		Options exercisable		
Granted in	Number of options	Exercise price	Number of options	Exercise price	Year of expiry
2004	25,315	4.45	25,315	4.45	2014
2005	335,248	6.41	335,248	6.41	2015
2006	296,434	9.60	296,434	9.60	2016
2007	151,745	13.30	151,745	13.30	2017
2008	130,050	17.29	130,050	17.29	2018
2009	314,037	7.14	314,037	7.14	2019
2010	213,322	9.20	161,569	9.20	2020
2011	229,061	8.50	114,530	8.50	2021
2012	257,387	7.96	64,347	7.96	2022
2013	132,673	10.29	—	—	2023
	2,085,272	9.08	1,593,275	9.16	

The fair value of each option granted was determined using the Black-Scholes model. The assumptions used to calculate the fair values of options are detailed below:

	2013	2012
Share price on grant date	10.32	8.03
Exercise price	10.29	7.96
Expected annual dividend	0%	0%
Term	10 years	10 years
Expected volatility	26.11%	30.17%
Risk-free interest rate	2.33%	2.45%
Weighted average fair value per option	4.14	3.54

Determining the volatility assumption is based on a historic volatility analysis over a period equal to the options' lifetime.

The Corporation applies the fair value method of accounting for options granted to officers and employees. These amounts are recorded under *Administrative* and *Contributed surplus*. A $785,000 compensation expense in respect of the stock option plans was recognized for fiscal 2013 ($839,000 in 2012).

Note 18.
Other Comprehensive Income (Loss)

	2013				
		Cash flow hedges			
	Translation adjustments	Hedges Interest rate	Joint Ventures	Available-for-sale financial asset	Total
Balance - beginning of year	(11,228)	(43,998)	(12,883)	(709)	(68,818)
Change in fair value	14,849	6,603	18,655	858	40,965
Reclassification to net loss	—	8,361	—	(149)	8,212
Taxes	—	(4,819)	(4,855)	—	(9,674)
Balance - end of year	3,621	(33,853)	917	—	(29,315)

	2012						
		Cash flow hedges					
	Translation adjustments	Hedges Interest rate	Hedges Commodities	Hedges Foreign currency	Joint Ventures	Available-for-sale financial asset	Total
Balance - beginning of year	(9,636)	(40,501)	(4,032)	(300)	(9,882)	(1,629)	(65,980)
Change in fair value	(1,592)	(11,055)	(3,745)	—	(4,088)	(48)	(20,528)
Reclassification to net loss	—	4,943	9,237	346	—	968	15,494
Taxes	—	2,615	(1,460)	(46)	1,087	—	2,196
Balance - end of year	(11,228)	(43,998)	—	—	(12,883)	(709)	(68,818)

Note 19.

Non-controlling Shareholders

La Côte-de-Beaupré wind power project

In 2013, the Corporation received capital subscriptions of $470,000 ($173,000 in 2012), from its partner Côte-de-Beaupré RCM, which holds a 49% interest in the wind power project currently under development in Québec.

Témiscouata I wind power project

In 2013, the Corporation received capital subscriptions of $2,123,000 ($324,000 in 2012) from its partner Témiscouata RCM, which holds a 49% interest in the wind power project currently under development in Québec.

Boralex Europe S.A.

On June 28, 2012, the Corporation received a $17,708,000 (€13,735,000) capital subscription from its European partner. This partner's ownership interest in the Corporation's European operations, Luxembourg-based subsidiary Boralex Europe S.A., increased 5.32% to 25.33%. The initial agreement entered into in December 2009 provided the partner with the option to increase its capital subscription to a maximum of €33,000,000. To date, the maximum amount has been contributed. The excess of proceeds over the carrying amount from the partial sale of the subsidiary Boralex Europe S.A. amounting to $6,286,000 was recognized under *Retained earnings* and *Other comprehensive income (loss).*

On December 27, 2012, an additional capital subscription amounting to $4,308,000 (€3,320,000) was received from the European partner.

Assets, liabilities, revenues, net earnings (loss) and comprehensive income (loss) and cash flows pertaining to subsidiary Boralex Europe S.A. (100%) are detailed as follows:

	As at December 31, 2013	As at December 31, 2012
Current assets	44,853	40,480
Non-current assets	457,104	359,914
TOTAL ASSETS	501,957	400,394
Current liabilities	65,855	44,260
Non-current liabilities	331,666	269,384
TOTAL LIABILITIES	397,521	313,644
NET ASSETS	104,436	86,750

	2013	2012
Revenues	73,935	65,668
NET EARNINGS (LOSS)	109	(145)
COMPREHENSIVE INCOME (LOSS)	17,782	(3,575)
Net cash flows related to operating activities	31,130	31,569
Net cash flows related to investing activities	(73,931)	(59,660)
Net cash flows related to financing activities	42,895	27,505
Translation adjustments on cash and cash equivalents	1,840	(261)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,934	(847)
CASH AND CASH EQUIVALENTS - END OF YEAR	15,991	14,057

Note 20.
Expenses by Nature
Operating Expenses and Administration

	2013	2012
Raw material and consumables	16,832	30,432
Maintenance and repairs	12,933	12,736
Employee benefits	16,420	16,642
Rental expenses, taxes and permits	11,997	9,038
Other operating expenses	3,082	5,065
Professional fees	3,103	3,904
Other administrative expenses	3,204	3,041
	67,571	80,858

Employee Benefits

	2013	2012
Current salaries and benefits	14,315	14,535
Other post-employment benefits	1,320	1,268
Share-based benefits	785	839
	16,420	16,642

Note 21.
Dispute Settlement

On July 31, 2012, the U.S. Federal Energy Regulatory Commission determined that the Hudson River-Black River Regulating District, to which the Corporation was party for two of its U.S. hydroelectric power stations, over-assessed the hydroelectric dam operators for the 2002-2008 period. As a result, for the third quarter of 2012, the Corporation recognized a gain of US$4,045,000 ($3,957,000) under *Operating expenses*, reversed a provision of US$1,832,000 ($1,792,000) and recorded a receivable of US$2,213,000 ($2,165,000).

Note 22.
Other Losses (Gains)

Other losses (gains) are detailed in the following table:

	Note	2013	2012
Loss (gain) on sale of shares	a)	(135)	971
Other		(97)	—
Other losses (gains)		(232)	971

a) In 2013, Boralex sold 342,000 shares of Resolute Forest Products ("Resolute") at a net unit price of $15.84. The sale of said shares in the market generated a net gain on disposal of $135,000. On September 28, 2012, Boralex sold 75,000 common shares of Resolute at a net unit price of $12.88. The sale of those shares in the market generated a net loss on disposal of $971,000. As at December 31, 2013, Boralex no longer held any shares of Resolute.

Note 23.
Impairment of Property, Plant and Equipment and Intangible Assets

	Note	As at December 31, 2013	As at December 31, 2012
Thermal power stations	a)	266	268
Development projects	b)	—	555
		266	823

a) On June 27, 2013, the Corporation undertook to sell the equipment of a thermal site (Secure) in Québec, Canada for a consideration of $374,000. The sale closed on August 16, 2013. As the assets were sold at a price below their carrying amount, a $266,000 impairment loss was recognized. In April 2012, the Corporation completed the sale of the Dolbeau wood-residue thermal power station to Resolute for a cash consideration of $5,000,000. An impairment loss of $268,000 on the property, plant and equipment and intangible assets of the Dolbeau power station was recognized as at March 31, 2012 to reduce the assets' carrying amount to their recoverable amount.

b) In April 2012, the Corporation closed the sale of a wind power development project in Italy for a consideration of €1,466,000 ($1,950,000). An impairment loss of $555,000 on property, plant and equipment and intangible assets was recognized as at March 31, 2012 to reduce the assets' carrying amount to their recoverable amount.

The Corporation classifies as Level 2 the fair value measurements for each of the transactions listed above, as they are based on contracts concluded following an agreement between the parties.

Note 24.
Financing Costs

	Note	2013	2012
Interest on non-current debt, net of the impact of interest rate swaps	a)	32,393	30,839
Interest on convertible debentures		19,249	19,048
Interest and other interest income		(2,973)	(4,357)
Amortization of borrowing costs		2,349	2,244
Other interest and banking fees		1,170	1,658
		52,188	49,432
Interest capitalized to qualifying assets	b)	(1,495)	(153)
		50,693	49,279

a) Interest expense on finance leases was $129,000 for fiscal 2013 ($185,000 in 2012).

b) The weighted average rate for the capitalization of borrowing costs to qualifying assets was 4.65% per annum (3.20% per annum in 2012).

Note 25.

Discontinued Operations

On December 20, 2011, the Corporation closed the sale of its U.S. wood-residue thermal power stations, with a total installed capacity of 186 MW* for a consideration of US$86,798,000 ($89,428,000), plus 50% of REC sales proceeds exceeding a set price threshold for 2012, 2013 and 2014.

In 2013, the Corporation recognized US$2,676,000 ($2,765,000) in REC revenues under that clause. In 2012, US$5,405,000 ($5,366,000) of RECs was sold, US$1,592,000 ($1,577,000) of which pursuant to that clause.

Net earnings from discontinued operations are detailed as follows:

	2013	2012
Revenues from energy sales - RECs	2,765	5,366
Expenses	—	116
Pre-tax operating income from discontinued operations	2,765	5,250
Income tax expense	991	2,066
Net operating income	1,774	3,184
Other gains	—	(537)
Net gain on sale of assets	—	(537)
Net earnings from discontinued operations	1,774	3,721

Cash flows related to discontinued operations are related to operating activities.

Note 26.

Net Earnings (Loss) per Share

(a) Net Earnings (Loss) per Share-Basic

(in thousands of dollars, except per share amounts and number of shares)	2013	2012
Net loss attributable to shareholders of Boralex	(3,838)	(5,115)
Less:		
Net earnings from discontinued operations	1,774	3,721
Net loss from continuing operations attributable to shareholders of Boralex	(5,612)	(8,836)
Weighted average number of shares-basic	37,745,345	37,729,137
Net loss per share from continuing operations attributable to shareholders of Boralex-basic	($0.15)	($0.24)
Net earnings per share from discontinued operations-basic	$0.05	$0.10
Net loss per share attributable to shareholders of Boralex-basic	($0.10)	($0.14)

(b) Net Earnings (Loss) per Share-Diluted

(in thousands of dollars, except per share amounts and number of shares)	2013	2012
Net loss attributable to shareholders of Boralex	(3,838)	(5,115)
Less:		
Net earnings from discontinued operations	1,774	3,721
Net loss from continuing operations attributable to shareholders of Boralex	(5,612)	(8,836)
Weighted average number of shares	37,745,345	37,729,137
Dilutive effect of stock options	—	—
Weighted average number of shares-diluted	37,745,345	37,729,137
Net loss per share from continuing operations attributable to shareholders of Boralex-diluted	($0.15)	($0.24)
Net earnings per share from discontinued operations-diluted	$0.05	$0.10
Net loss per share attributable to shareholders of Boralex-diluted	($0.10)	($0.14)

The table below shows the items that could dilute basic net loss per common share in the future, but that were not reflected in the calculation of diluted net loss per common share due to their anti-dilutive effect:

	2013	2012
Convertible debentures excluded due to their anti-dilutive effect	19,576,790	19,586,028
Stock options excluded due to their anti-dilutive effect	2,085,272	1,978,023

Note 27.

Change in non-cash items related to operating activities

	2013	2012
Decrease (increase) in:		
Trade and other receivables and Available-for-sale financial asset	13,647	5,759
Inventories	128	(719)
Prepaid expenses	(577)	212
Decrease in:		
Trade and other payables	(4,848)	(5,577)
	8,350	(325)

Note 28.
Financial Instruments

The classification of financial instruments, complete with the respective carrying amounts and fair values, is as follows:

	As at December 31, 2013		As at December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Non-current debt	662,948	674,442	522,186	556,618
Convertible debentures (including equity portion)	243,957	261,169	240,678	259,434

The fair value of the derivative financial instruments designated as cash flow hedges is as follows:

	As at December 31, 2013	As at December 31, 2012
OTHER NON-CURRENT FINANCIAL ASSETS		
Financial swaps - interest rates	289	—
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	15,243	25,508
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	19,704	24,698

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds, and trade and other payables approximate their carrying amounts due to their short-term maturities.

The fair value of non-current debt is essentially based on the calculation of discounted cash flows. Discount rates were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures and available-for-sale financial asset are traded on the stock exchange and their fair values are based on the prices as at December 31, 2013.

As at December 31, 2013	Maturity	Rate [1]	Discount rate	Fair value
Canadian senior secured note	2014	6.63	2.66	36,829
Finance leases (France)	2014-2015	4.58	3.58	2,599
Term loan payable - Nibas wind farm	2016	5.00	2.62	4,557
Master agreement - wind farms (France)	2017-2022	4.69	4.69	164,788
Term loan payable - Ocean Falls power station	2024	6.55	4.67	10,480
Term loan payable - St-Patrick wind farm	2025	5.04	5.04	49,500
Term loan payable - Lauragais solar power station	2025-2028	4.01	2.75	17,780
U.S. senior secured note	2026	3.51	3.81	95,556
Term loan payable - La Vallée wind farm	2029	4.35	4.35	48,673
Term loan payable - Vron wind farm	2030	3.08	3.41	14,522
Term loan payable - Thames River wind farms	2031	7.05	5.90	184,388
Term loan payable - Jamie Creek power station	2054	5.42	5.83	39,441
Other debts	—	—	—	5,329
				674,442
Convertible debentures	2017	6.75	—	261,169

[1] Weighted average annual rates, adjusted to reflect the impact of interest rate swaps, where applicable.

Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under interest rate swaps as at December 31, 2013:

As at December 31, 2013	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in $C)	Fair value (in $C)
Financial swaps - interest rates	EUR	1.640% - 5.155%	6-month EURIBOR	2015-2030	253,626	(19,415)
Financial swaps - interest rates	CAD	4.61% - 4.92%	3-month CDOR	2031-2033	149,508	(15,243)

Financial swaps - interest rates maturing in 2031 contain an early termination clause that is mandatory in 2013. As a result, they are presented as current financial liabilities.

Hierarchy of Financial Assets and Liabilities Measured at Fair Value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Financial instruments measured at fair value in the financial statements are classified according to the following hierarchy of levels:

- Level 1: Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2: Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3: Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Corporation classified the available-for-sale financial asset and convertible debentures as Level 1, as their fair values are determined using quoted market prices.

For non-current debt and financial swaps - interest rates, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields and interest rates.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

		Fair value hierarchy levels		
	As at December 31, 2013	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Financial swaps - interest rates	289	—	289	—
OTHER LIABILITIES				
Non-current debt	674,442	—	674,442	—
Convertible debentures	261,169	261,169	—	—
	935,611	261,169	674,442	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	34,947	—	34,947	—

		Fair value hierarchy levels		
	As at December 31, 2012	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Available-for-sale financial asset	3,009	3,009	—	—
OTHER LIABILITIES				
Non-current debt	556,618	—	556,618	—
Convertible debentures	259,434	259,434	—	—
	816,052	259,434	556,618	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	50,206	—	50,206	—

Note 29.

Financial Risks

The Corporation is exposed in the normal course of business to various financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

Market Risk

Foreign Exchange Risk

Generally, as regards operating cash flows generated by foreign subsidiaries, the Corporation is not significantly exposed to currency fluctuations, as its subsidiaries are self-sustaining foreign operations and typically keep liquid assets in their country of origin to pursue development. However, the Corporation does not anticipate any short-term capital expenditures to expand its U.S. asset base.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. Where applicable, the Corporation's objective is to protect its anticipated return on equity by purchasing hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

On December 31, 2013, a $0.05 rise or fall in the Canadian dollar against the other currencies, assuming that all other variables had remained the same, would have resulted in a $480,000 ($365,000 in 2012) increase or decrease, respectively, in the Corporation's net loss for the year ended December 31, 2013, whereas *Other comprehensive income (loss)* would have increased or decreased by a net after-tax amount of $7,880,000 ($5,070,000 in 2012), respectively.

Price Risk

In the Northeastern United States, a portion of the Corporation's power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in electricity prices. Electricity prices vary according to supply, demand and certain external factors, including weather conditions, and the price from other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at December 31, 2013, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls, have long-term power sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, only 4% of Boralex's installed capacity is exposed to price risk.

On December 31, 2013, a 5% rise or fall in electricity prices, assuming that all other variables had remained the same, would have resulted in an increase or decrease of $205,000 ($75,000 in 2012), respectively, in the Corporation's net loss for the fiscal year ended December 31, 2013, whereas *Other comprehensive income (loss)* would have been unchanged (unchanged in 2012).

Interest Rate Risk

In Europe, the vast majority of non-current debt bears interest at variable rates. To mitigate interest rate risk, the Corporation has entered into interest rate swaps to fix the interest rate on 74%-100% of the corresponding variable rate debt. These agreements involve the periodic exchange of interest payments without any exchange of the notional amount on which payments are calculated. Under these agreements, the Corporation receives a variable amount based on EURIBOR and pays fixed amounts at rates ranging from 1.64% to 5.16%. Since the credit is drawn gradually and the loans are periodically repaid when sites are commissioned, the swaps have been structured to mirror the terms of the underlying credit arrangements and to always cover a significant portion of the arrangements. These instruments have allowed the Corporation to reduce the percentage of variable rate debt from 40% to 5%.

As at December 31, 2013, the nominal balance of these swaps stood at $253,626,000 (€173,065,000) ($191,116,000 (€145,690,000) in 2012), while their unfavourable fair value was $19,415,000 (€13,248,000) ($24,698,000 (€18,828,000) in 2012). These swaps mature from 2015 to 2030 and are all subject to cash flow hedge accounting. Accordingly, unrealized gains and losses resulting from changes in fair value of the effective portion of these contracts are included in *Other comprehensive income (loss)* until the corresponding hedged item is recognized in earnings (loss). The contracts are then recognized in earnings (loss) as an adjustment to *Financing costs*. Over the next 12 months, the Corporation expects to reclassify an approximate pre-tax expense of $7,050,000 ($5,685,000 in 2012) from *Other comprehensive income (loss)* to earnings (loss).

The wind power projects in La Côte-de-Beaupré and the municipality of Témiscouata, which the Corporation intends to build from 2014 to 2015, also have interest rate risk exposure. As at December 31, 2013, the Corporation held two interest rate financial swaps designated as hedges of variable interest rates under the anticipated financing programs. Until September 30, 2013, one of those swaps served as an interest rate risk hedge related to the Joint Venture Phase II project. Given that, at that date, the Corporation expected to close the financing of said project and that it needed to hedge said risk for its Témiscouata II project, Boralex terminated that hedge relationship and redesignated the swap as a hedge of said project. An unrealized gain of $951,000 had accrued in *Other comprehensive income (loss)*.

With a view to controlling interest rate risk between October 1 and the financing closing date, the Corporation simultaneously entered into a forward contract on Canadian bonds. The contract made it possible to more exactly reflect the conditions for setting the interest rate, as negotiated under the credit agreement. On the October 2013 closing of that financing, the Corporation unwound those forward contracts, which gave rise to an unrealized loss of $707,000 in *Other comprehensive income (loss)*. For the aggregate hedging activities of the Joint Venture Phase II project, an unrealized gain of $244,000 in *Other comprehensive income (loss)* will be recognized in net earnings (loss) over the life of the project's financing. Subsequent changes in fair value of the instruments designated as cash flow hedges of the La Côte-de-Beaupré, Témiscouata I and Témiscouata II projects will accrue in *Other comprehensive income (loss)* until such time as the Corporation completes financing for those projects.

As at December 31, 2013, the swaps had a notional balance of $149,508,000 ($125,000,000 in 2012) and an unfavourable fair value of $15,243,000 ($25,508,000 in 2012).

Note that as at December 31, 2012, the Corporation held two interest rate financial swaps that had been designated as hedges of variable interest rates related to the Joint Venture Phase I project. When financing closed in November 2011, the hedge relationship was terminated, and the financial swaps were redesignated. The $34,199,000 unrealized loss accrued to that point in Other comprehensive income (loss) will be recognized in net earnings (loss) over the life of the financing of the Joint Venture Phase I project, ending in 2031. As at December 31, 2013, $690,000 had been amortized.

On December 31, 2013, a 5% rise or fall in interest rates, assuming that all other variables had remained the same, would have resulted in a decrease or increase of $22,000 ($23,000 in 2012), respectively, in the Corporation's net loss for the fiscal year ended December 31, 2013, whereas *Other comprehensive income (loss)* would have increased or decreased by an after tax amount of $4,416,000 ($3,955,000 in 2012).

Credit Risk

Credit risk stems primarily from the potential inability of clients to meet their obligations. Given the nature of the Corporation's business, its clients are few in number. However, they generally have high credit ratings. The electricity markets that the Corporation serves in Canada and France are limited to monopolies. Steam generated in France is used in the papermaking process. Accordingly, the Corporation's client is in the private sector, which makes for a higher credit risk. The U.S. market is more deregulated, and the Corporation transacts some business through the New York State regional producers' association, NYISO, which enjoys a very high credit rating. In the U.S. market, the Corporation can also negotiate private agreements directly with electricity distributors - usually large corporations which typically have investment grade credit ratings. The Corporation regularly monitors the financial condition of these clients.

The Corporation's counterparties for derivative financial instruments, as well as cash and cash equivalents and restricted cash, consist mainly of large corporations. Before entering into a derivative transaction, the Corporation analyzes the counterparty's credit rating and assesses the overall risk based on the counterparty's weighting in the Corporation's portfolio.

Where these analyses return unfavourable results because the partner's credit rating has changed significantly or its portfolio weighting has become too high, the Corporation does not pursue the transaction. Furthermore, if a company does not have a public credit rating, the Corporation assesses the risk and may require financial guarantees.

Liquidity Risk

Liquidity risk is the risk that the Corporation will experience difficulty meeting its obligations as they fall due. The Corporation has a Treasury Department in charge, among other things, of ensuring sound management of available cash resources, of securing financing and meeting maturity obligations for all of the Corporation's activities. With senior management oversight, the Treasury Department manages the Corporation's cash resources based on financial forecasts and expected cash flows. As at December 31, 2013, the Corporation also had a revolving credit facility with an authorized amount of $60,000,000 under which letters of credit totalling $19,690,000 had been issued, as well as a master agreement for combined financing of several wind farms in France under which letters of credit amounting to $14,646,000 (€9,994,000) were issued.

The contractual maturities of the Corporation's non-derivative financial liabilities and derivative financial instruments as at December 31, 2013 and 2012 are detailed in the following tables:

As at December 31,		Undiscounted cash flows (principal and interest)				
2013	Carrying amount	Under 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	57,992	57,992	—	—	—	57,992
Non-current debt	662,948	116,958	74,631	211,453	509,543	912,585
Convertible debentures	243,957	16,514	16,514	24,772	—	57,800
Derivative financial instruments:						
Financial swaps - interest rates	34,947	8,746	8,491	17,624	4,760	39,621
	999,844	200,210	99,636	253,849	514,303	1,067,998

As at December 31, 2012	Carrying amount	Undiscounted cash flows (principal and interest)				
		Under 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Non-derivative financial liabilities:						
Trade and other payables	46,945	46,945	—	—	—	46,945
Non-current debt	522,186	127,770	89,524	152,044	368,646	737,984
Convertible debentures	240,678	16,521	16,521	41,300	—	74,342
Derivative financial instruments:						
Financial swaps - interest rates	50,206	7,446	9,427	22,641	19,001	58,515
	860,015	198,682	115,472	215,985	387,647	917,786

Undiscounted cash flows of non-derivative financial liabilities are determined using expected principal repayments and interest payments and a conversion of convertible debentures in 2017. Undiscounted cash flows of derivatives are determined using the values of underlying indices at the reporting date. Since these indices are highly volatile, the undiscounted cash flows presented could vary significantly until realized.

Note 30.

Capital Management

The Corporation's objectives when managing capital are as follows:

- Safeguard the Corporation's ability to pursue its operations and development;
- Maintain financial flexibility to enable the Corporation to seize opportunities when they arise;
- Safeguard the Corporation's financial flexibility with a view to offsetting the seasonal nature of its operations primarily for the cyclical variations in hydroelectric and wind power generation;
- Ensure continuous access to capital markets; and
- Diversify the project risks in its portfolio through project-specific financing arrangements without recourse to the other assets of the parent company to maximize its financial leverage in light of the significant capital requirements for project completion in the energy sector.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain its capital structure, the Corporation prioritizes the use of less costly financing sources, such as cash flows from operations, borrowings, hybrid instruments such as convertible debentures, equity issuance and, as a last resort, the sale of assets. In managing liquidity, the Corporation's policy is to earmark in priority its available cash resources for (i) growth projects and (ii) the payment of a quarterly dividend, as announced on February 19, 2014. Generally, Boralex expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows (defined as its cash flows from operations less capital investments required to maintain its production capacity less reimbursements of project-related debt).

The Corporation's investment policy governing cash resources is limited to investments with maturities of less than one year that are guaranteed by financial institutions. For instance, bankers' acceptances guaranteed by a Canadian chartered bank meet these criteria. The Corporation deems its current financing sources to be sufficient to support its plans and its operating activities.

The Corporation monitors its capital on a quarterly and annual basis based on various financial ratios and non-financial performance indicators. It is also required to meet certain financial ratios under its non-current financial commitments. More specifically, the Corporation must meet ratios pertaining to debt coverage, debt service and interest coverage in relation to the measures specified in the respective credit agreements.

As at December 31, 2013 and 2012, the Corporation was in compliance with its minimum ratio commitments. The Corporation is not subject to any regulatory capital requirements.

The Corporation's capital management objectives have remained unchanged from the previous year. The Corporation relies mainly on the net debt ratio for capital management purposes. Cash and cash equivalents available are also a key factor in capital management, as the Corporation must retain sufficient flexibility to seize potential growth opportunities. To achieve this objective, the Corporation establishes long-term financial forecasts to determine future financing requirements in line with its strategic business development plans.

For calculation purposes, net debt is defined as follows:

	As at December 31, 2013	As at December 31, 2012
Non-current debt	578,914	423,616
Current portion of debt	84,034	98,570
Borrowing costs, net of accumulated amortization	10,737	7,263
Less:		
Cash and cash equivalents	(124,942)	(107,138)
Restricted cash	(19,366)	(5,063)
Net debt	529,377	417,248

Note 30. Capital Management (cont'd)

The Corporation defines total book capitalization as follows:

	As at December 31, 2013	As at December 31, 2012
Total equity	386,134	342,369
Net debt	529,377	417,248
Convertible debentures	229,578	226,299
Convertible debentures issuance costs, net of accumulated amortization	3,522	4,164
Deferred taxes on convertible debentures	5,158	5,158
Imputed interest calculated on convertible debentures	(7,982)	(5,251)
Total book capitalization	1,145,787	989,987

Based on these definitions, the Corporation's performance relative to its capital management objectives was as follows:

	As at December 31, 2013	As at December 31, 2012
Net debt	529,377	417,248
Total book capitalization	1,145,787	989,987
Net debt to capitalization ratio	46.2 %	42.1 %

At present, the Corporation has a net debt to capitalization ratio of 46.2% and a long-term goal of keeping it below a ratio of approximately 40%. It is important to specify that the Corporation uses a project-based financing approach whereby each project is leveraged up to a maximum of nearly 80% of amounts invested. However, those financing arrangements are generally repayable over the life of the contract. Consequently, as the Corporation adds several projects, the debt level tends to increase and subsequently readjust toward the long-term goal. Analysis of those ratios must take into account changes in items such as *Other comprehensive income (loss)*, which are affected by the notional amount of the interest rate swaps, which declines each year.

Furthermore, the Corporation would tolerate a ratio of up to 50% were a significant project to warrant it, but would strive to reduce said ratio within a 24-month period. Despite the fact that the ratio exceeds the long-term target, in light of the aforementioned specific events and items, the Corporation's management is not concerned about this excess.

Note 31.

Commitments and Contingencies

In addition to the commitments of the Joint Ventures (discussed in note 9), the Corporation entered into the following transactions:

Energy Sales Contracts - Power Stations in Operation

Canada

For the Canadian power stations, the Corporation is committed to selling 100% of its power output (subject to certain minimum criteria) under long-term contracts maturing between 2016 and 2045. These contracts provide for annual indexation based on the Consumer Price Index ("CPI"). However, under long-term contracts for the power stations in Québec (except for the Forces Motrices St-François power station, which is indexed at an annual fixed rate), the indexation rate on the total price should not be lower than 3% or higher than 6%.

France

a) For the wind power stations and the solar power facility in France, the Corporation is committed to selling 100% of its power output under long-term contracts maturing between 2017 and 2031. The contracts provide for annual indexation of the total price based on changes in hourly labour costs and industry activity levels.

b) Steam and electricity production from Blendecques, France is sold under long-term contracts expiring in 2022 and 2025, respectively.

United States

In the United States, under a long-term contract expiring in 2029, the Corporation is committed to selling 100% of the power output of its Middle Falls hydroelectric power station. As of January 1, 2014, a price equal to the 90% of the market price is stipulated in the contract, which will apply downward pressure on the power selling price. This decline will be offset by the decrease in lease payments to 30% of gross revenues as of January 1, 2014.

For the South Glens Falls and Hudson Falls hydroelectric power stations in the United States, the Corporation is committed to sell the electricity it generates under long-term contracts expiring in 2034 and 2035. These contracts provide for contract payment rates for most of the electricity it generates. The price structure is as follows:

	South Glens Falls US$/MWh	Hudson Falls US$/MWh
2014 - 2017	86.06 – 86.65	83.82 – 80.58
2018 - 2024	86.65	48.27
2025	121.79 or market*	48.27
2026 and thereafter	121.79 or market*	56.28 or market*

* The client has the option of replacing the contract price with the market price until the contract terminates in 2025 for the South Glens Falls facility and in 2026 for the Hudson Falls facility.

Energy Sales Contracts - Projects Under Development

Canada

a) The Jamie Creek hydroelectric power project in British Columbia with a 22 MW* capacity is covered by a fixed-price 40-year power sales contract, including a 10 to 20-year renewal option, at the client's discretion. The contract will begin when the power station is commissioned.

b) The Corporation has two power sales contracts with Hydro-Québec for a total capacity of 50 MW* for the two community wind power projects, Témiscouata I and La Côte-de-Beaupré, developed jointly with Témiscouata RCM and La Côte-de-Beaupré RCM, respectively. These power sales contracts have 20-year terms, which will begin when the wind farms are commissioned, and will be annually indexed over 20% of the selling price.

c) The Corporation has a 20-year power sales contract for the 50 MW* Témiscouata II wind power project under development. The contract will begin when the wind farm is commissioned and will be indexed annually based on the CPI.

France

The Corporation has 15-year power sales contracts for each of the two wind power projects under development in France, Fortel-Bonnières and St-François, with a capacity of 46 MW*. These contracts will begin when the wind farms are commissioned and the selling price will be indexed annually on the total price.

Purchase and Construction Contracts - Projects Under Development

	Payments			
	Current portion	1 to 5 years	Over 5 years	**Total**
Purchase and construction contracts	99,789	2,879	—	102,668

Canada

a) The Corporation has entered into contracts for the construction and installation of the Jamie Creek, British Columbia hydroelectric power station. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments under those contracts of $4,296,000.

b) For the Témiscouata I community wind power project developed jointly with the Témiscouata RCM, the Corporation has entered into a road construction contract, a wind turbine construction and installation contract, as well as a transformer purchase contract. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments of $54,077,000 under those contracts.

c) The Corporation entered into an engineering and electrical research contract for the Témiscouata II wind power project. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had a net commitment of $353,000 under said contract.

France

For the two wind power projects under development in France, Fortel-Bonnières and St-François, the Corporation has entered into wind turbine purchase and installation contracts, contingent on the closing of project financing scheduled for the first quarter of 2014. Expenditures will be made according to the percentage of completion. As at December 31, 2013, the Corporation had net commitments under those contracts of €29,984,000 ($43,942,000).

Maintenance Contracts

	Payments			
	Current portion	1 to 5 years	Over 5 years	**Total**
Maintenance contracts	6,040	25,114	43,189	74,343

Canada

The Corporation has entered into 12-year wind turbine maintenance contracts expiring in 2022 with Enercon for its Thames River wind farms. Those contracts include a cancellation option at the Corporation's discretion after five years. As at December 31, 2013, the Corporation had net commitments of $3,638,000 under those contracts, solely reflecting the first five years of the contracts, of which $1,798,000 is payable in 2014.

France

a) With respect to the wind power projects in operation in France (excluding La Vallée), the Corporation has entered into maintenance contracts, including several turnkey agreements with suppliers such as Enercon, General Electric and Siemens. The contracts have initial periods of 5-15 years, requiring expenditures totalling €36,691,000 ($53,770,000), of which approximately €2,761,000 ($4,046,000) is payable in 2014.

b) The Corporation has entered into maintenance contracts with Gamesa expiring in 2028 for its La Vallée wind power project in France. The contracts have an initial term of 15 years and required, as at December 31, 2013, net commitments of €7,285,000 ($10,676,000) payable as of the third year following commercial commissioning, as the first two years of service are free.

c) For the two wind power projects under development in France, Fortel-Bonnières and St-François, the Corporation has entered into maintenance contracts with General Electric. The contracts have an initial term of five years and require net commitments of €4,271,000 ($6,259,000) payable as of the commissioning slated for the end of 2014 and 2015, contingent on the closing of project financing expected in the first quarter of 2014.

Operating Leases on Property

	Payments			
	Current portion	1 to 5 years	Over 5 years	**Total**
Land lease contracts	2,143	12,995	26,185	41,323

Canada

a) For the Thames River Project, the Corporation leases land on which wind turbines are installed under 27 lease agreements with 20-year terms, renewable once only at the Corporation's option for the same lease terms. The total lease amount under all these agreements is estimated at approximately $650,000 per annum.

b) The Corporation leases the sites on which six hydroelectric power stations are located in Canada, as well as the water rights required to operate them. Under the terms of these agreements, expiring from 2015 to 2020, the Corporation's lease payments are based on power generation levels.

France

The land on which the wind power stations and the solar power facility are located in France is leased under emphyteutic leases over terms of 28-99 years. Payments under these leases are due annually and are indexed each year, based on the CPI and the Construction Cost Index published by the National Institute of Statistics and Economic Studies, and represent an annual commitment of €800,000 ($1,172,000).

United States

a) To operate the Middle Falls power station in the United States, the Corporation leases the land on which the Niagara Mohawk Power Corporation ("NMPC") power station is located under a lease expiring in 2029. From 2014 onwards, lease payments will be variable, totalling 30% of the power station's gross revenue. The lease amount is estimated at approximately $200,000 per annum.

b) The land on which the Corporation's U.S. Hudson Falls and South Glens Falls hydroelectric facilities are located is leased from NMPC. The lease agreements terminate at the end of the power sales contracts with NMPC. Rental expense for non-contingent lease payments is recognized in earnings (loss) on a straight-line basis based on the average rental payment over the lease terms.

Total minimum future lease payments for the South Glens Falls power station in New York State do not include contingent lease payments for years 26 through 40, inclusively, of the lease agreement because of uncertainty surrounding the amounts. Rental expense in those years is based on a percentage of gross revenues. In addition, the leases provide NMPC a right of first refusal to acquire the hydroelectric facilities at fair market value at the end of the lease term. The leases also require the Corporation to convey title to the hydroelectric facilities if abandoned during the lease term and require NMPC to acquire, and the Corporation to sell, the hydroelectric facilities at the end of the lease term at the lower of fair value or US$10,000,000 (Hudson Falls power station) and US$5,000,000 (South Glens Falls power station).

Total minimum future payments under these leases, excluding contingent lease payments for South Glens Falls, as of December 31, 2013 are as follows:

Current portion	343
1 to 5 years	4,660
Over 5 years	6,221
Total	11,224

Other

Canada

a) Hydroelectric power stations in Québec are subject to the *Dam Safety Act* and the regulations thereunder, which will gradually affect some of the Corporation's hydroelectric facilities. Depending on the region where the power stations are located, dams will have to comply with some criteria defined in this Act. Application of the Act is expected to be phased in. Once the Corporation's recommendations are accepted by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs*, an action plan will be prepared reflecting the relative urgency of the work required. The St-Lambert power station is in compliance with the Act as at December 31, 2013 but is not affected as it is located on the St. Lawrence Seaway, which is not subject to this legislation. With regard to the facilities of those power stations, excluding Buckingham, the Corporation expects that investments of $336,000 will be required to comply with the Act.

With regard to the Buckingham facility, Boralex will undertake work in fiscal 2014 and 2015 estimated at $4,000,000 and $7,000,000, respectively, to comply with the Act. Concurrently with this work, management is still reviewing various investment scenarios aiming to increase the power station's current installed capacity by up to 10 MW.*

b) Following the motion filed on August 30, 2010 and the subsequent ruling of October 28, 2010, O'Leary Funds Management L.P. et al. filed an amended motion with the Superior Court of Québec on January 11, 2011. This motion alleges that the November 1, 2010 business combination between Boralex and the Fund was illegal and, consequently, claims damages of nearly $14,000,000. The Corporation considers that this procedure has no basis in fact or in law and is defending itself vigorously. Therefore, the Corporation has not recorded any provision in respect of this litigation. Moreover, the Corporation filed its defence on September 12, 2011, including a counterclaim of over $1,400,000.

c) Subsequent to the December 20, 1996 motion against one of the Corporation's subsidiaries for charges claimed under Section 68 of the *Watercourses Act*, as a holder of hydraulic power, the claim by Attorney General of Québec amounts to $3,190,000. The Corporation has begun negotiations to settle the dispute and believes a settlement can be reached in the following year. In light of the foregoing, the Corporation recorded a provision of $1,024,000 in 2012 in respect of this dispute as a result of the amounts that the Corporation expects to recover under its lease.

France

On August 25, 2011, Boralex obtained two amended building permits for the expansion of the Avignonet-Lauragais site comprising two wind turbines. These permits have been on appeal since October 12, 2011. This decision does not jeopardize the power sales contract with EDF or operation of the expansion. Furthermore, this situation does not place Boralex in default under any credit agreement.

Note 32.

Related Party Transactions

Related parties include the Corporation's subsidiaries, Joint Ventures and senior executives.

Details of related party transactions are as follows:

	2013	2012
REVENUES		
Revenues from energy sales		
Cascades Inc. - Entity having significant influence over the Corporation	—	17,801
Other income		
Fiducie RSP Hydro – Entity controlled by a director of Cascades, and entity having significant influence over the Corporation	565	556
Joint Ventures	779	—
COSTS AND OTHER EXPENSES		
Operating expenses		
Cascades Inc. - Entity having significant influence over the Corporation	1,071	758
Joint Ventures	2,314	1,828
Capitalized expenses		
Cascades Inc. - Entity having significant influence over the Corporation	10	294
Interest income		
Fiducie RSP Hydro – Entity controlled by a director of Cascades, and entity having significant influence over the Corporation	(30)	(38)

These transactions were made on terms equivalent to those that prevail under normal terms in arm's length transactions.

Receivables and payables arising from the above transactions at the end of the fiscal year are as follows:

	As at December 31, 2013	As at December 31, 2012
RELATED PARTY RECEIVABLES		
Cascades Inc. - Entity having significant influence over the Corporation	239	2,248
Fiducie RSP Hydro – Entity controlled by a director of Cascades, and entity having significant influence over the Corporation	413	574
Joint Ventures	406	278
	1,058	3,100
RELATED PARTY PAYABLES		
Cascades Inc. - Entity having significant influence over the Corporation	643	1,506
European partner	2,229	—
	2,872	1,506

Related party receivables and payables are due between 30 and 45 days following the sale or purchase. Receivables are unsecured and bear interest when past due. No allowance for doubtful accounts has been recognized in respect of receivables.

In 2013, our European partner contributed €1,520,000 ($2,229,000) for planned renovations at the Blendecques power stations in 2014.

Executive Compensation

Compensation allocated to senior executives and to members of the Board of Directors is detailed in the following table:

	2013	2012
Current salaries and benefits	1,697	1,599
Other long-term benefits	1,163	1,194
Stock-based compensation	469	632
	3,329	3,425
Termination benefit for an executive	—	900
	3,329	4,325

Note 33.

Seasonal and Other Cyclical Factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only five hydroelectric power stations in the United States, accounting for only 4% of the Corporation's total installed capacity in operation, are not covered by long-term sales contracts.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets currently in operation in which Boralex's share totals 462 MW*, wind conditions are usually more favourable in the winter, which falls during Boralex's first and fourth quarters, both in France and Canada. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. In general, management estimates that approximately 60% of annual production in its wind power segment is generated in the first and fourth quarters and 40% in the second and third quarters.

Hydroelectric

For Boralex's hydroelectric assets totalling 136 MW*, power output depends on water flow, which in Canada and the Northeastern United States tends to be at a maximum in spring and generally good in the fall, which are Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. In general, management estimates that approximately 60% of annual production in its hydroelectric power segment is generated in the second and fourth quarters and 40% in the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream yet not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Thermal

Boralex owns and operates two thermal power stations for an aggregate 49 MW* of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. The Corporation has entered into an agreement with Hydro-Québec under which the Senneterre power station will produce power six months per year in 2012 and 2013, from December to March and in July and August. The Corporation recently concluded an extension of the agreement with Hydro-Québec until 2018. During this period, the Senneterre power station has agreed to operate for eight months of the year, from December to March and June to September, and will receive financial compensation to maintain comparable profitability to recent years.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station only operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with French government corporation Électricité de France ("EDF") ended on March 31, 2013 and was renewed for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur in 2014.

Solar

The Corporation's only solar power station (5 MW*) currently in operation is located in Southwestern France. For this facility, which benefits from a long-term power sales contract, sunlight conditions are usually more favourable in the spring and summer, which fall during Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of the annual production at its solar power station will be generated in the second and third quarters.

In short, while Boralex's performance remains partially exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are now derived from assets covered by fixed-price and price-indexed contracts, thereby mitigating their effect. The Corporation also capitalizes on solid diversification in its power generation sources and favourable geographic positioning.

Note 34.

Segmented Information

The Corporation's power stations are grouped into four distinct operating segments-wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on production of electricity, revenues from energy sales and EBITDA.

EBITDA does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA is reconciled to the most comparable IFRS measure, namely, net loss attributable to shareholders of Boralex, in the following table:

	2013	2012
Net loss attributable to shareholders of Boralex	(3,838)	(5,115)
Net earnings from discontinued operations	(1,774)	(3,721)
Non-controlling shareholders	127	(149)
Income tax expense (recovery)	537	(2,183)
Net loss (gain) on financial instruments	(742)	396
Foreign exchange loss (gain)	(788)	26
Financing costs	50,693	49,279
Impairment of property, plant and equipment and intangible assets	266	823
Other losses (gains)	(232)	971
Amortization	53,888	58,030
EBITDA	98,137	98,357

Information on Principal Clients

Revenue is allocated according to the client's country of domicile. In 2013 and 2012, the Corporation had four clients accounting for more than 10% of its revenue.

The tables below show the respective percentage of consolidated revenues from each client, as well as the segments in which they operate:

2013		2012	
% of sales attributable to one client	Segment(s)	% of sales attributable to one client	Segment(s)
37	Wind, thermal and solar	30	Wind, thermal and solar
19	Wind	22	Hydroelectric and thermal
17	Hydroelectric and thermal	17	Wind
16	Hydroelectric	13	Hydroelectric

Information by Operating Segment

	2013	2012	2013	2012
	Power production (MWh*)		Revenues from energy sales	
	(Unaudited)	(Unaudited)		
Wind power stations	682,136	632,422	85,109	74,654
Hydroelectric power stations	621,094	572,513	53,756	47,748
Thermal power stations	143,369	310,170	27,446	56,355
Solar power station	5,945	6,316	2,712	2,683
	1,452,544	1,521,421	169,023	181,440
	EBITDA		Additions to property, plant and equipment	
Wind power stations	66,594	60,935	71,169	3,157
Hydroelectric power stations	40,413	36,752	30,894	3,939
Thermal power stations	3,010	14,558	2,018	423
Solar power station	2,379	2,312	527	720
Corporate and eliminations	(14,259)	(16,200)	2,871	2,081
	98,137	98,357	107,479	10,320

	As at December 31, 2013	As at December 31, 2012
Total assets		
Wind power stations	783,729	646,121
Hydroelectric power stations	472,045	420,553
Thermal power stations	45,685	79,093
Solar power station	21,433	20,768
Corporate	99,835	63,336
	1,422,727	1,229,871
Total liabilities		
Wind power stations	531,269	463,914
Hydroelectric power stations	224,801	147,795
Thermal power stations	12,066	11,487
Solar power station	17,332	16,438
Corporate	251,125	247,868
	1,036,593	887,502

Information by Geographic Segment

	2013	2012	2013	2012
	Power production (MWh*)		Revenues from energy sales	
	(Unaudited)	(Unaudited)		
Canada	571,062	729,443	63,568	89,623
United States	387,942	343,294	31,601	26,375
France	493,540	448,684	73,854	65,442
	1,452,544	1,521,421	169,023	181,440
	EBITDA		Additions to property, plant and equipment	
Canada	33,554	40,783	38,534	6,750
United States	23,864	21,869	210	164
France	40,719	35,705	68,735	3,406
	98,137	98,357	107,479	10,320

	As at December 31, 2013	As at December 31, 2012
Total assets		
Canada	716,118	651,146
United States	204,725	178,329
France	501,884	400,396
	1,422,727	1,229,871
Non-current assets, excluding *Interest in Joint Ventures*		
Canada	523,993	498,019
United States	157,370	145,604
France	457,104	359,914
	1,138,467	1,003,537
Total liabilities		
Canada	538,310	497,855
United States	120,518	94,461
France	377,765	295,186
	1,036,593	887,502

Note 35.

Subsequent Event

On January 28, 2014, the Corporation entered into an agreement, jointly with Témiscouata RMC, for the construction of the transformation station and control building for the Témiscouata I wind power project for a total amount of $6,571,000. Expenditures will be made according to the percentage of completion.

GENERAL INFORMATION

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1 800 564-6253
Fax: 514 982-7635
1 888 453-0330
service@computershare.com

Shareholder Information

The **Annual Meeting** of Shareholders will be held on Wednesday, May 7, 2014, at 11:00 a.m., at the following address:

Cinéma Excentris
Fellini Room
3536 St-Laurent Boulevard
Montréal, Québec
Canada H2X 2V1
Telephone: 514 847-9272
1 855 331-3303

Additional information may be obtained from:

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Boralex Inc.
772 Sherbrooke Street West
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Telephone: 514 985-1353
Fax: 514 284-9895
info@boralex.com

Additional copies of the following documents and other information can also be obtained at the above address or on Boralex's and SEDAR's websites:

- Annual Report
- Quarterly Reports
- Annual Information Form
- Information Circular

Pour obtenir une version française du rapport annuel, veuillez communiquer avec le Service des communications.

BOARD OF **DIRECTORS**

1 Robert F. Hall
Chairman of the Board
Boralex Inc.

2 Patrick Lemaire
President and Chief Executive Officer
Boralex Inc.

3 Germain Benoit [4]
Chairman of the board
Capital Benoit Inc.

4 Alain Ducharme [2] [4]
Consultant

5 Edward H. Kernaghan [3]
President
Principia Research Inc. and Kernwood Ltd.

Senior Investment Advisor
Chippingham Financial Group Ltd.

6 Richard Lemaire [2]
President
Séchoirs Kingsey Falls Inc.

7 Yves Rheault [2] [4]
Corporate Director and Consultant

8 Alain Rhéaume [1] [3]
Founder and Managing Partner
Trio Capital Inc.

9 Michelle Samson-Doel [1] [3]
President
Samson-Doel Group Ltd

Corporate Director

10 Pierre Seccareccia [1]
Corporate Director

[1] Member of the Audit Committee
[2] Member of the Environmental, Health and Safety Committee
[3] Member of the Corporate Governance Committee
[4] Member of the Human Resources Committee

MANAGEMENT TEAM

1 Patrick Lemaire
President and Chief Executive Officer

2 Jean-François Thibodeau
Vice-President and Chief Financial Officer

3 Sylvain Aird
Vice-President, Europe and Chief Legal Officer

4 Hugues Girardin
Vice-President, Development

5 Denis Aubut
General Manager, Operations

6 Patrick Decostre
General Manager, Boralex Europe

7 Guy D'Aoust
Director, Finance and Treasury

8 Guy Gagnon
Corporate Director, Human Resources

9 Patricia Lemaire
Director, Public Affairs and Communications

10 Gabriel Ouellet
Director, Biomass

11 Jean Virolle
IT Director

Text: Lefebvre communications financières inc.

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