BORALEX

energy creator

INTERIM REPORT

AS AT SEPTEMBER 30, 2013

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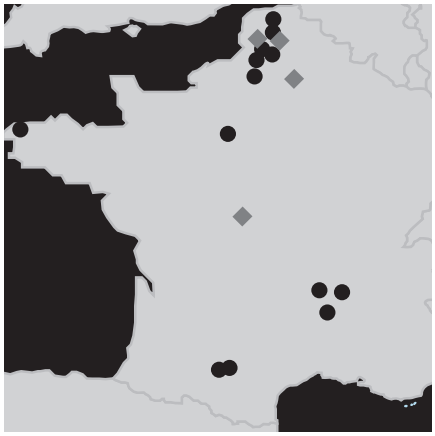

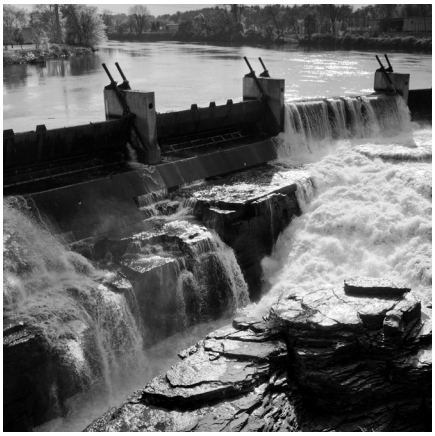

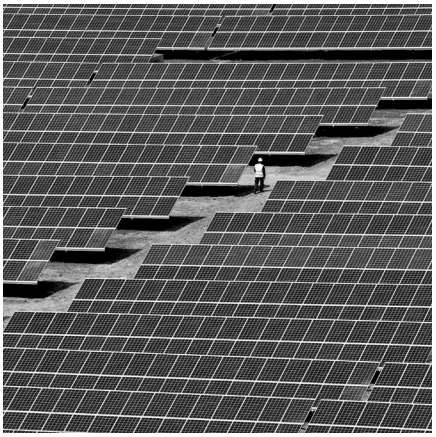

PROFILE

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 almost 500 MW** in Canada, the Northeastern United States and France. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to add approximately **550 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.

@BoralexInc

HEAD OFFICE

36 Lajeunesse Street
Kingsey Falls, Québec
Canada J0A 1B0
Telephone: 819-363-6363
Fax: 819-363-6399

BUSINESS OFFICES

Montréal
772 Sherbrooke Street West
Montréal, Québec
Canada H3A 1G1
Telephone: 514-284-9890
Fax: 514-284-9895

Vancouver
606-1155 Robson Street
Vancouver, British Columbia
Canada V6E 1B5
Telephone: 855-604-6403

Lille
2, rue du Priez
59 000 Lille
France
Telephone : 33 (0)3 28 36 54 95
Fax: 33 (0)3 28 36 54 96

Marseille
25, rue de la République
13 002 Marseille
France
Telephone: 33 (0)4 91 01 64 40
Fax: 33 (0)4 91 01 64 46

Interim Management's Discussion and Analysis 3

As at September 30, 2013

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Introductory Comments to the Interim Management's Discussion and Analysis

General

This interim Management's Discussion and Analysis ("MD&A") reviews the operating results for the three- and nine-month periods ended September 30, 2013 compared with the corresponding periods of 2012 and cash flows for the three- and nine-month period ended September 30, 2013 compared with the corresponding periods of 2012, as well as the Corporation's financial position as at September 30, 2013 compared with as at December 31, 2012. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes appearing in this interim report, as well as with the audited consolidated financial statements and accompanying notes appearing in the most recent Annual Report for the year ended December 31, 2012.

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 November 5, 2013, the date on which the Board of Directors approved the interim MD&A and the unaudited interim condensed 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, as of January 1, 2011, constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CICA Handbook*. The unaudited interim condensed consolidated financial statements included in this interim MD&A have been prepared according to IFRS applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*, and contain comparative figures for 2012.

This interim MD&A also contains information derived from non-IFRS measures, as discussed under *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 November 5, 2013.

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 in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's Annual Report for the year ended December 31, 2012.

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.

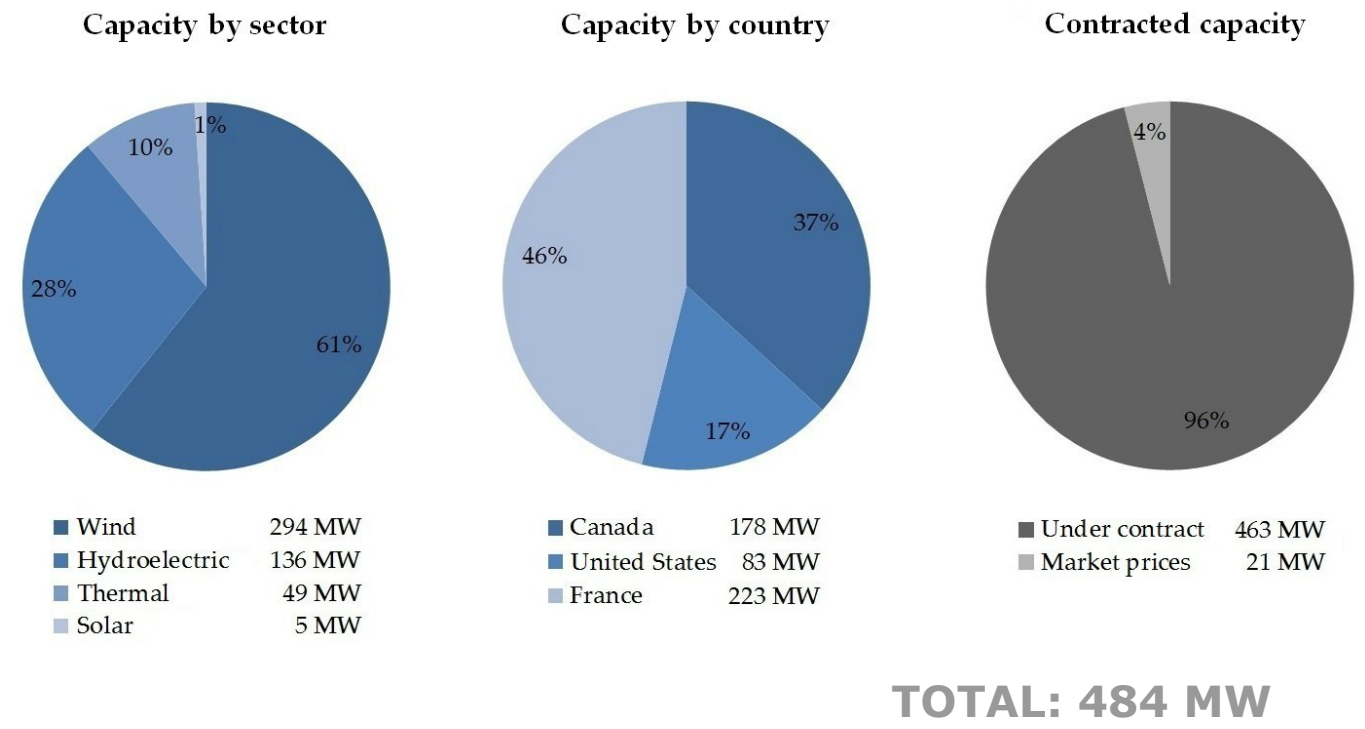
Description of Business

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 a total installed capacity of nearly 500 megawatts ("MW") in Canada, the Northeastern United States and France. Boralex is also committed under power development projects, both independently and with Canadian and European partners, to add nearly 550 MW of power that will be put in service 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 **294 MW wind power** portfolio in Canada and France. In recent years, Boralex has become one of the most experienced wind power producers in France, where it currently generates 204 MW of power with an additional 80 MW total in projects. Boralex has also entered the wind power market in Canada with 90 MW of installed capacity in Ontario. In Québec, the Corporation is working independently or with partners on the development of wind farms with a total installed capacity of 440 MW, slated for commissioning by the end of 2015. These projects include the Seigneurie de Beaupré wind farms, which is currently one of Canada's largest wind farms under development. Phase I of this project with a total installed capacity of 272 MW will be commissioned at the end of 2013.
- Boralex has nearly two decades of expertise in **hydroelectric power** generation. The Corporation owns and operates **136 MW** of hydro 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 as at September 30, 2013:



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 294 MW today from 108 MW in December 2008. These operating assets located in France (204 MW) and Canada (90 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 totalling 520 MW, comprising 80 MW in France and 440 MW in Canada, slated for commercial commissioning from the end of fiscal 2013 to the end of fiscal 2015. Boralex's total net interest in all these projects, which are all covered by long-term power sales contracts, amounts to 326 MW. Backed by its significant financial resources, the Corporation is currently pursuing other acquisition targets consisting of wind power assets in operation and under development in Canada and 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 190 MW (131 MW, excluding the Dolbeau power station sold in April 2012 and the Kingsey Falls thermal power station, which discontinued operations on November 30, 2012), mainly comprising, at acquisition, 100 MW in excellent hydroelectric assets;
- **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 $80 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

484 MW in operation

$99 million EBITDA (YTD)

	CONTRACTED									PIPELINE
Country	France			Canada						Europe or Canada
Commissioning	2013	2014	2014	2013	2014	2014	2014	2015	2015	
Project	La Vallée	Fortel - Bonnières	St-François	Seigneurie de Beaupré (Phase I)	Jamie Creek	Seigneurie de Beaupré (Phase II)	Témiscouata I	La Côte-de-Beaupré	Témiscouata II	
Capacity	32 MW	24 MW	24 MW	272 MW	22 MW	68 MW	25 MW	25 MW	50 MW	+/- 100 MW net
Sector	WIND	WIND	WIND	WIND	HYDRO	WIND	WIND	WIND	WIND	WIND EQUIVALENT
Total project investment (millions $)	$50 - $ 55	$60 - $65	$65 - $70	$700 - $725	$55 - $60	$180 - $190	$65 - $70	$65 - $70	$130 - $140	
Boralex's Ownership	75%	75%	75%	50%	100%	50%	51%	51%	100%	100%

+/- 930 MW Pro Forma net to Boralex [1]

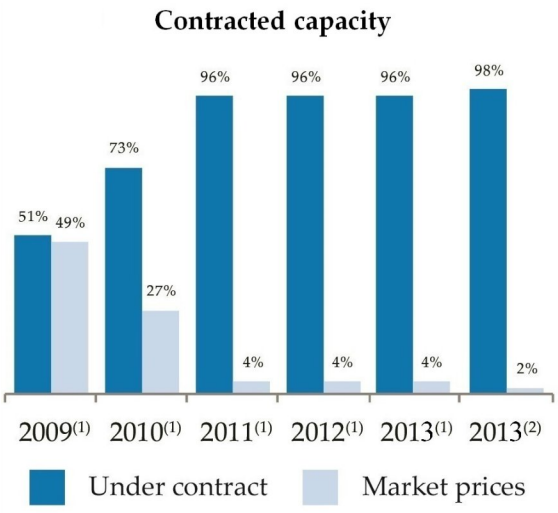
More than $200 million EBITDA by the end of 2016 [1]

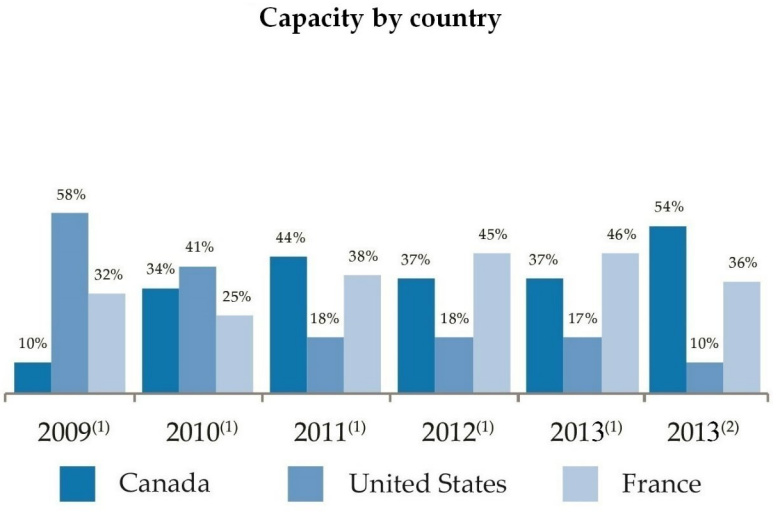
[1] Last 12 months

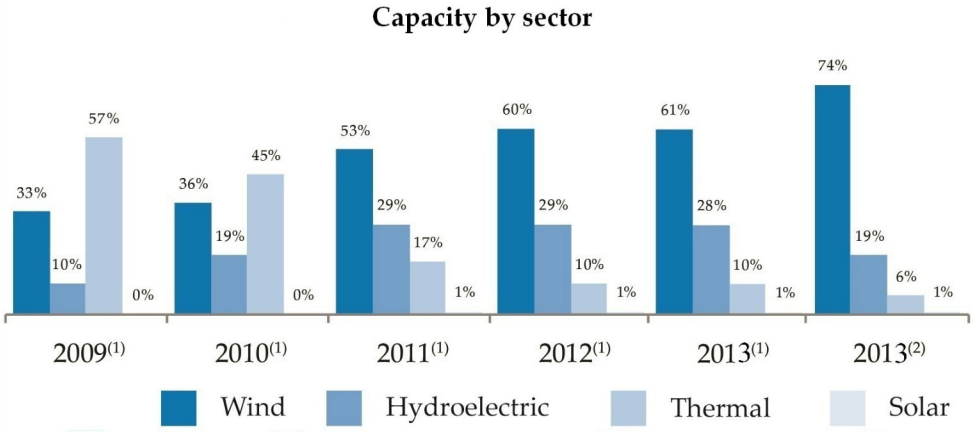
[2] This data is consolidated in accordance with IFRS, except for the Seigneurie de Beaupré Phases I and II (owned at 50%) which are proportionally consolidated for projection purposes. Under IFRS, these projects are accounted for using the equity method.

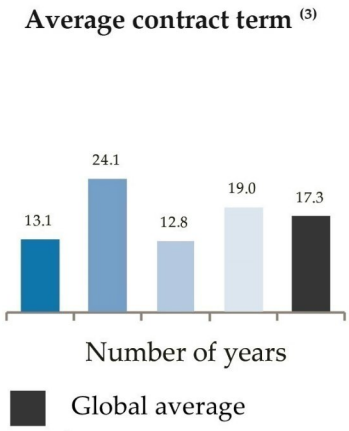
Impact of Recent Developments on the Makeup of Boralex's Energy Portfolio

These charts show changes in all sites owned as at September 30, 2013 compared with the end of previous fiscal years.









(1) In operation

(2) Pro forma, including Boralex's net interest in development projects totalling over of 540 MW

(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 96%. If Boralex's net interest 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 90% 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 these 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 10%, and will be marginal in 2015, 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 37% of Boralex's installed capacity in operation is now located, compared with 10% in 2009. The United States and France account for 17% and 46%, 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 54% 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.

Key Events Affecting Boralex's Results, Financial Position and Positioning in 2013 compared with 2012

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. For fiscal 2013 as a whole, compared with fiscal 2012, the shutdown will give rise to a shortfall of approximately $10 million in thermal power segment EBITDA and Boralex's consolidated EBITDA, which management expects to be offset, however, by expansion in the wind power segment on a consolidated level, as discussed below.

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. In 2013, the site will contribute to the Corporation's results for the entire year, compared with only six months in 2012.

On September 15, 2013, just before the end of the third quarter, Boralex commissioned its 8 MW Vron wind power site in France. In addition, by the end of fiscal 2013, Boralex will have commissioned wind power sites totalling 304 MW, namely the La Vallée (32 MW) wind farm in France, as well as Phase I of Seigneurie de Beaupré Wind Farms (272 MW) in Québec. Boralex's net interest in these new energy assets will be 168 MW. Although the new sites will make a partial contribution to 2013 results, this expansion will have a significant impact on Boralex's operations as of the fourth quarter of the current fiscal year, owing in particular to the scale of Phase I of Seigneurie de Beaupré Wind Farms.

As mentioned previously, the contribution of the St-Patrick wind farm for the full year and the commissioning of new wind power sites in the third and fourth quarters should offset the impact on fiscal 2013 results of the shutdown of the Kingsey Falls thermal power station. Besides, this expansion of the wind power segment will deliver the added benefit of enhanced geographic diversification for Boralex, due particularly to its positioning in Québec, in addition to diversifying its technological expertise in operating a range of 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 will not contribute to 2013 results, some projects will impact the Corporation's cash flows and financial position during the current fiscal year. The projects are described below:

In Canada:

- 22 MW Jamie Creek hydroelectric power station in British Columbia (2014);
- 68 MW Phase II of Seigneurie de Beaupré Wind Farms 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 in collaboration with the RCM of La Côte-de-Beaupré in Québec (2015); and
- 50 MW Témiscouata II wind power project in Québec (2015).

In France:

- Fortel-Bonnières and St-François wind power projects with 24 MW, respectively (2014).

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

TO SUM UP,

over the last few quarters, and more specifically since the beginning of fiscal 2013, financial returns from Boralex's development strategy were:

- Growth of the Corporation's profit margin resulting from the increased weight of more profitable sectors in its energy portfolio - wind and hydroelectric power - combined with sound performance by these sectors;
- 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 through 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 December 31, 2012	March 31, 2013	June 30, 2013	September 30, 2013	Twelve-month period ended September 30, 2013
POWER PRODUCTION (MWh)					
Wind power stations	210,838	191,028	166,992	96,921	665,779
Hydroelectric power stations	164,072	148,473	197,923	131,786	642,254
Thermal power stations	66,051	70,879	7,191	33,851	177,972
Solar power station	991	1,079	1,788	2,098	5,956
	441,952	411,459	373,894	264,656	1,491,961
REVENUES FROM ENERGY SALES					
Wind power stations	25,124	23,598	20,384	11,822	80,928
Hydroelectric power stations	13,860	14,113	15,691	11,206	54,870
Thermal power stations	12,654	12,546	3,268	4,657	33,125
Solar power station	425	479	798	966	2,668
	52,063	50,736	40,141	28,651	171,591
EBITDA					
Wind power stations	21,363	19,875	15,569	6,872	63,679
Hydroelectric power stations	9,541	11,284	12,532	7,595	40,952
Thermal power stations	2,601	4,668	(1,070)	(614)	5,585
Solar power station	324	382	706	853	2,265
	33,829	36,209	27,737	14,706	112,481
Corporate and eliminations	(3,902)	(2,956)	(4,544)	(2,054)	(13,456)
	29,927	33,253	23,193	12,652	99,025
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	542	4,007	(1,685)	(8,390)	(5,526)
Discontinued operations	696	161	622	917	2,396
	1,238	4,168	(1,063)	(7,473)	(3,130)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.01	$0.11	($0.04)	($0.22)	($0.14)
Discontinued operations	$0.02	—	$0.02	$0.02	$0.06
	$0.03	$0.11	($0.02)	($0.20)	($0.08)
CASH FLOWS FROM OPERATIONS*					
In dollars	14,118	22,954	17,775	(5,135)	49,712
Per share (basic)	$0.37	$0.61	$0.47	($0.14)	$1.32
Weighted average number of shares outstanding (basic)	37,732,568	37,735,065	37,740,004	37,748,196	37,735,870

* As the scheduled payment date of the $8.3 million interest on the convertible debentures was June 30, a Sunday, the payment was made on the following business day, July 2, 2013. Taking this into account, cash flows from operations would have been $9.5 million ($0.25 per share) for the three-month period ended June 30, 2013 and $3.1 million ($0.08 per share) for the three-month period ended September 30, 2013.

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(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	December 31, 2011	March 31, 2012	June 30, 2012	September 30, 2012	September 30, 2012
POWER PRODUCTION (MWh)					
Wind power stations	182,810	172,405	138,836	110,343	604,394
Hydroelectric power stations	196,522	163,095	158,874	86,472	604,963
Thermal power stations	114,225	118,323	41,981	83,815	358,344
Solar power station	1,017	1,329	1,940	2,056	6,342
	494,574	455,152	341,631	282,686	1,574,043
REVENUES FROM ENERGY SALES					
Wind power stations	22,461	20,647	16,345	12,540	71,993
Hydroelectric power stations	15,982	13,986	12,445	7,456	49,869
Thermal power stations	17,584	22,242	9,285	12,173	61,284
Solar power station	465	576	830	852	2,723
	56,492	57,451	38,905	33,021	185,869
EBITDA					
Wind power stations	18,440	16,977	13,082	9,505	58,004
Hydroelectric power stations	11,386	10,644	9,056	7,510	38,596
Thermal power stations	4,100	8,395	1,154	2,408	16,057
Solar power station	399	495	723	770	2,387
	34,325	36,511	24,015	20,193	115,044
Corporate and eliminations	(4,024)	(3,169)	(5,155)	(3,967)	(16,315)
	30,301	33,342	18,860	16,226	98,729
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	3,536	4,826	(6,035)	(8,167)	(5,840)
Discontinued operations	4,651	2,323	134	566	7,674
	8,187	7,149	(5,901)	(7,601)	1,834
NET EARNINGS (LOSS) PER SHARE (BASIC) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.10	$0.13	($0.16)	($0.22)	($0.15)
Discontinued operations	$0.12	$0.06	—	$0.02	$0.20
	$0.22	$0.19	($0.16)	($0.20)	$0.05
NET EARNINGS (LOSS) PER SHARE (DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	$0.10	$0.12	($0.16)	($0.22)	($0.15)
Discontinued operations	$0.12	$0.06	—	$0.02	$0.20
	$0.22	$0.18	($0.16)	($0.20)	$0.05
CASH FLOWS FROM OPERATIONS					
In dollars	17,613	21,849	5,507	6,870	51,839
Per share (basic)	$0.47	$0.58	$0.15	$0.18	$1.37
Weighted average number of shares outstanding (basic)	37,725,898	37,726,689	37,727,077	37,730,162	37,727,460

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's facilities have long-term indexed fixed-price power sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only four 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 294 MW of Boralex's wind power assets currently in operation, 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 are 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 520 MW, of which Boralex's net interest represents 326 MW. The commissioning of these facilities will increase the installed capacity of wind power assets in operation fully owned by Boralex to approximately 620 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 on 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.

Hydroelectric

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, four U.S. power stations are not covered by long-term power sales contracts. These facilities have a combined installed capacity of 21 MW, which currently accounts for 15% 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 have 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. Its sales contract with government utility Électricité de France ("EDF") expired on April 30, 2013. The Corporation obtained a power purchase agreement from EDF for winter 2013-2014. The power station is therefore expected to resume operations as of November 2013. Moreover, the Corporation obtained from the French government a power purchase obligation certificate and believes it is well placed to sign a new 12-year agreement by the end of the year, with the final business terms of the agreement to be confirmed by the French government.

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 our 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 September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
POWER PRODUCTION (MWh)				
Wind power stations	96,921	110,343	454,941	421,584
Hydroelectric power stations	131,786	86,472	478,182	408,441
Thermal power stations	33,851	83,815	111,921	244,119
Solar power station	2,098	2,056	4,965	5,325
	264,656	282,686	1,050,009	1,079,469
REVENUES FROM ENERGY SALES				
Wind power stations	11,822	12,540	55,804	49,531
Hydroelectric power stations	11,206	7,456	41,010	33,887
Thermal power stations	4,657	12,173	20,471	43,701
Solar power station	966	852	2,243	2,258
	28,651	33,021	119,528	129,377
EBITDA				
Wind power stations	6,872	9,505	42,316	39,564
Hydroelectric power stations	7,595	7,510	31,411	27,211
Thermal power stations	(614)	2,408	2,984	11,957
Solar power station	853	770	1,941	1,988
	14,706	20,193	78,652	80,720
Corporate and eliminations	(2,054)	(3,967)	(9,554)	(12,290)
	12,652	16,226	69,098	68,430
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(8,390)	(8,167)	(6,068)	(9,378)
Discontinued operations	917	566	1,700	3,025
	(7,473)	(7,601)	(4,368)	(6,353)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	($0.22)	($0.22)	($0.16)	($0.25)
Discontinued operations	$0.02	$0.02	$0.04	$0.08
	($0.20)	($0.20)	($0.12)	($0.17)
CASH FLOWS FROM OPERATIONS*				
In dollars	(5,135)	6,870	35,594	34,226
Per share (basic)	($0.14)	$0.18	$0.94	$0.91
Weighted average number of shares outstanding (basic)	37,748,196	37,730,162	37,741,137	37,727,984

* As the scheduled payment date of the $8.3 million interest on the convertible debentures was June 30, a Sunday, the payment was made on the following business day, July 2, 2013. Taking this amount into account, cash flows from operations for the three-month period ended September 30, 2013 amounted to $3.1 million.

Statement of Financial Position Data

(in thousands of dollars)	As at September 30, 2013	As at December 31, 2012
Total assets	1,358,676	1,229,871
Debt*	620,416	522,186
Convertible debentures	228,674	226,299
Total equity	371,426	342,369

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

Non-IFRS Measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, adjusted EBITDA, adjusted net earnings (loss), cash flows from operations, adjusted cash flows from operations and the ratio of net debt as performance measures. Management believes that these measures are financial indicators widely accepted 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 unaudited interim condensed 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.

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 loss attributable to shareholders of Boralex, in the following table:

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2013	2012	2013	2012
Net loss attributable to shareholders of Boralex	(7,473)	(7,601)	(4,368)	(6,353)
Net earnings from discontinued operations	(917)	(566)	(1,700)	(3,025)
Non-controlling shareholders	(856)	(632)	(384)	(783)
Income tax recovery	(3,640)	(3,494)	(1,086)	(3,456)
Net loss (gain) on financial instruments	—	14	(673)	499
Foreign exchange loss (gain)	(112)	(25)	(258)	106
Financing costs	12,613	12,440	37,632	36,639
Impairment of property, plant and equipment and intangible assets	—	—	266	823
Other losses (gains)	(150)	971	(232)	971
Amortization	13,187	15,119	39,901	43,009
EBITDA	12,652	16,226	69,098	68,430

Adjusted EBITDA

The following four tables reconcile wind, hydroelectric and corporate segment as well as consolidated EBITDA as reported in the financial statements with adjusted EBITDA:

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2013	2012	2013	2012
EBITDA - Consolidated	12,652	16,226	69,098	68,430
Specific items:				
Non-EBITDA items included in the *Share in earnings (loss) of Joint Ventures*	475	(13)	1,505	(113)
Retroactive adjustment to taxes on water rights of U.S. hydroelectric power stations	—	(3,957)	—	(3,957)
Professional fees incurred in connection with acquisitions in France and Canada	—	711	129	1,543
Other income	(1,556)	—	(1,556)	—
ADJUSTED EBITDA - CONSOLIDATED	11,571	12,967	69,176	65,903

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2013	2012	2013	2012
EBITDA - Wind power segment	6,872	9,505	42,316	39,564
Specific item:				
Non-EBITDA items included in the *Share in earnings (loss) of Joint Ventures*	475	(13)	1,505	(113)
ADJUSTED EBITDA - WIND POWER SEGMENT	7,347	9,492	43,821	39,451

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
EBITDA - Hydroelectric power segment	7,595	7,510	31,411	27,211
Specific item:				
Retroactive adjustment to taxes on water rights of U.S. hydroelectric power stations	—	(3,957)	—	(3,957)
ADJUSTED EBITDA - HYDROELECTRIC POWER SEGMENT	7,595	3,553	31,411	23,254

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
EBITDA - Corporate segment	(2,054)	(3,967)	(9,554)	(12,290)
Specific items:				
Professional fees incurred in connection with acquisitions in France and Canada	—	711	129	1,543
Other income	(1,556)	—	(1,556)	—
ADJUSTED EBITDA - CORPORATE SEGMENT	(3,610)	(3,256)	(10,981)	(10,747)

Adjusted Net Loss

The following table reconciles net loss attributable to shareholders of Boralex as reported in the financial statements with adjusted net loss:

(in thousands of dollars)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Net loss attributable to shareholders of Boralex	(7,473)	(7,601)	(4,368)	(6,353)
Net earnings from discontinued operations	(917)	(566)	(1,700)	(3,025)
Specific items* :				
Retroactive adjustment to taxes on water rights of U.S. hydroelectric power stations	—	(2,374)	—	(2,374)
Other losses (gains)	(37)	680	(95)	680
Impairment of property, plant and equipment and intangible assets	—	—	195	492
Professional fees incurred in connection with acquisitions in France and Canada	—	477	95	1,034
Other income	(1,136)	—	(1,136)	—
ADJUSTED NET LOSS - CONSOLIDATED	(9,563)	(9,384)	(7,009)	(9,546)

* Net of income taxes

Cash flows from operations and adjusted cash flows from operations

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

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in thousands of dollars)	2013	2012	2013	2012
Net cash flows related to operating activities	1,806	2,796	56,553	49,108
Change in non-cash items related to operating activities	6,941	(4,074)	20,959	14,882
CASH FLOWS FROM OPERATIONS	(5,135)	6,870	35,594	34,226
Interest on convertible debentures *	8,258	—	—	—
ADJUSTED CASH FLOWS FROM OPERATIONS	3,123	6,870	35,594	34,226

* As the scheduled payment date of the $8.3 million interest on the convertible debentures was on June 30, a Sunday, the payment was made on the following business day on July 2, 2013.

Net Debt Ratio

The Corporation defines net debt as follows:

(in thousands of dollars)	As at September 30, 2013	As at December 31, 2012
Non-current debt	542,623	423,616
Current portion of debt	77,793	98,570
Borrowing costs, net of accumulated amortization	10,325	7,263
Less:		
Cash and cash equivalents	(136,067)	(107,138)
Restricted cash	(19,480)	(5,063)
Net debt	475,194	417,248

The Corporation defines total book capitalization as follows:

(in thousands of dollars)	As at September 30, 2013	As at December 31, 2012
Total equity	371,426	342,369
Net debt	475,194	417,248
Convertible debentures	228,674	226,299
Convertible debenture issuance costs, net of accumulated amortization	3,703	4,164
Deferred taxes on convertible debentures	5,158	5,158
Imputed interest calculated on convertible debentures	(7,230)	(5,251)
Total book capitalization	1,076,925	989,987

The Corporation computes the ratio of net debt as follows:

(in thousands of dollars)	As at September 30, 2013	As at December 31, 2012
Net debt	475,194	417,248
Total book capitalization	1,076,925	989,987
NET DEBT RATIO	44.1 %	42.1 %

Specific Items for the Three-Month Periods Ended September 30, 2013 and 2012

Adjusted EBITDA

During the third quarter ended September 30, 2013, Boralex reported two specific items that impacted its EBITDA. Note that those amounts gave rise to adjustments to EBITDA, as they are not related to operations inherent to power generation for Boralex. More specifically, the items were as follows:

- A $0.5 million unfavourable item related to non-EBITDA, consisting primarily of an ineffectiveness change related to financial instruments included in the *Share of loss (earnings) of Joint Ventures*, compared with immaterial gains in the same period last year; and
- Other income amounting to $1.6 million before taxes representing the value of 112,567 shares received on August 8, 2013 from paper manufacturer Resolute Forest Products ("Resolute") in relation to a claim filed by the Corporation in connection with Resolute's C-36 filing. In September 2013, Boralex sold the shares received from Resolute in the marketplace, generating a slight gain.

In the third quarter of 2012, apart from the aforementioned items, a specific gain of $4.0 million before taxes was recorded subsequent to a retroactive adjustment to taxes on water rights of certain U.S. hydroelectric power stations of the Corporation. Professional fees amounting to $0.7 million before taxes were also incurred in connection with acquisition initiatives in France, previously capitalized in *Property, plant and equipment*.

Adjusted Net Loss

The following specific items impacted the Corporation's net loss for the three-month period ended September 30, 2013:

- A$0.9 million after-tax gain attributable to discontinued operations, related more specifically to the sale of renewable energy certificates (RECs) generated by the U.S. wood-residue power stations that Boralex sold to a third party in December 2011. Note that under the terms of the sales transaction, Boralex is entitled, until the end of 2014, to 50% of sale proceeds from the RECs of said power stations in excess of a defined threshold;
- A gain of $0.04 million after taxes on the sale of 112,567 Resolute options that were transferred by Resolute to Boralex following the settlement of the Corporation's claim in connection with Resolute's C-36 filing; and
- Other income amounting to $1.1 million after taxes derived from the receipt of shares from Resolute.

Accordingly, aggregate specific items for the third quarter of 2013 had a $2.1 million favourable net impact on net loss for the period. In the corresponding quarter ended September 30, 2012, Boralex recorded various specific items which had a $1.8 million favourable net impact on its net loss, including a $2.4 million net retroactive adjustment to taxes on water rights, a $0.6 million net gain on the sale of RECs from discontinued operations, $0.5 million after taxes in professional fees and a $0.7 million net loss on the sale of shares of Resolute previously awarded by Resolute.

Specific Items for the Nine-Month Periods Ended September 30, 2013 and 2012

Adjusted EBITDA

During the nine-month period ended September 30, 2013, Boralex reported three specific items that impacted its EBITDA:

- A total net $1.5 million unfavourable item, consisting primarily of an ineffectiveness charge related to financial instruments included in the *Share of loss (earnings) of Joint Ventures*, compared with $0.1 million favourable net item in the same period last year;
- Professional fees of $0.1 million before tax related to acquisitions made in 2013, compared with $1.5 million in professional fees before taxes for the same period a year earlier; and
- Other income amounting to $1.6 million before taxes derived from the receipt of shares from Resolute.

Year to date in 2013, the various specific items had a $0.1 million unfavourable total net impact on EBITDA, compared with a $2.5 million favourable total net impact in 2012, including primarily the retroactive adjustment of taxes on the water rights discussed in the previous section.

Adjusted Net Loss

The following specific items impacted the Corporation's net loss for the nine-month period ended September 30, 2013:

- An after-tax gain totalling $1.7 million on sales of RECs from discontinued operations, compared with a $3.0 million after-tax gain in the 2012 period;
- Other income amounting to $1.1 million after taxes derived from the receipt of shares from Resolute;
- A $0.1 million after-tax gain on the sale of 268,457 shares of Resolute;
- A $0.2 million property, plant and equipment impairment loss; and
- Professional fees amounting to $0.1 million after taxes.

Accordingly, aggregate specific items for the first nine months of fiscal 2013 had a $2.6 million favourable net impact on net loss for the period, compared with a $3.2 million favourable net impact for the same period a year earlier.

Analysis of Operating Results for the Three-Month Period Ended September 30, 2013

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

	Adjusted net loss (in thousands of dollars)	Per share (in $, basic)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2012	(9,384)	($0.25)
Change:		
Adjusted EBITDA	(1,884)	($0.05)
Amortization	1,932	$0.05
Financing costs	(173)	—
Foreign exchange effect	87	—
Financial instruments	14	—
Other gains	97	—
Income taxes	(476)	($0.01)
Non-controlling shareholders	224	$0.01
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2013	(9,563)	($0.25)

For the three-month period ended September 30, 2013, excluding the specific items described in the previous section, Boralex reported an adjusted net loss of $9.6 million or $0.25 per share compared with an adjusted net loss of $9.4 million or $0.25 per share for the same quarter of the previous year. As discussed in greater detail in this section, this negative change of $0.2 million (non-significant per share) resulted primarily from the $1.9 million decline in amortization expense, as well as the $1.9 million decrease in adjusted EBITDA resulting, in particular, from the shutdown of the Kingsey Falls thermal power station.

Note that owing to the seasonal cycle of the Corporation's operations, as discussed in the previous section of this MD&A, the third quarter is typically the weakest of the year.

The following table shows major changes in revenues from energy sales and adjusted EBITDA:

(in thousands of dollars)	Revenues from energy sales	Adjusted EBITDA
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2012	33,021	12,967
Power station commissioned*	85	84
Shutdown of Kingsey Falls thermal power station	(7,071)	(2,482)
Pricing	(79)	(79)
Volume	1,319	1,492
Translation of self-sustaining subsidiaries (exchange rate effect)	1,437	922
Maintenance	—	81
Development - prospecting	—	(165)
Other	(61)	(1,249)
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2013	28,651	11,571

* Vron, France wind farm project commissioned on September 15, 2013.

Revenues from Energy Sales

For the quarter ended September 30, 2013, Boralex reported revenues from energy sales totalling $28.7 million compared with $33.0 million for the same period of 2012. Excluding the $7.1 million shortfall generated by the November 2012 shutdown of the Kingsey Falls power station, quarterly revenues rose $2.7 million or 10.4%. In addition to the $1.4 million favourable impact of the strengthening of the euro and U.S. dollar against Canadian dollar, this revenue growth consisted primarily of a $1.3 million positive volume effect driven by sound performance in the hydroelectric segment. Furthermore, the commissioning of the new wind farm in Vron, France generated nearly $0.1 million in additional revenues for the last two weeks of the period. Conversely, the change in Boralex's average selling price had a slightly unfavourable effect of $0.1 million, owing mainly to the different revenue mix.

In total, Boralex generated 264,656 MWh of electricity in the third quarter of 2013, up 10.4% from 239,791 MWh for the same period of 2012, excluding the Kingsey Falls power station. This increase resulted primarily from a 52.4% rise in output in the hydroelectric power segment, driven during the quarter by better-than-average water flow conditions for the time of year, in contrast to the exceptionally poor conditions during the same period of 2012. This environment was conducive to hydroelectric power production, offsetting the decline in production in the wind power segment owing primarily to less favourable wind conditions than a year earlier in France.

Other Income

Excluding specific income of $1.6 million from the receipt of Resolute shares, *Other income*, which mainly comprises management fees, totalled $0.4 million in the third quarter of 2013 compared with $0.1 million the previous year. This increase stemmed primarily from the revenues received since the beginning of fiscal 2013 for the management of the Joint Ventures set up to develop the main Seigneurie de Beaupré sites.

Adjusted EBITDA and Adjusted EBITDA Margin

Consolidated adjusted EBITDA for the third quarter of 2013 amounted to $11.6 million compared with $13.0 million for the corresponding quarter of 2012. However, excluding the $2.5 million impact of the closure of the Kingsey Falls power station, consolidated adjusted EBITDA grew $1.1 million or 10.4% between the two comparative periods, due to the following favourable items:

- A $1.5 million favourable volume effect;
- A $0.9 million favourable foreign exchange effect;
- A $0.1 million decrease in maintenance costs; and
- A $0.1 million additional contribution from the new Vron wind power site in France;

Combined, these items more than offset the $0.2 million increase in development and prospecting costs allocated to developing the wind power segment, the slight unfavourable price effect mentioned previously, the $0.6 million loss on the disposal of assets in 2013 and the total net unfavourable variable of $0.6 million related to various other items, due mainly to the non-recurrence of certain favourable items that benefited Boralex the previous year.

Adjusted EBITDA margin as a percentage of revenues for the third quarter of 2013 stood at 40.4% matching the 40.4% for the same period of 2012 (excluding the Kingsey Falls power station).

Amortization

Amortization expense fell $1.9 million to $13.2 million for the third quarter of 2013. This decrease resulted primarily from the closure of the Kingsey Falls thermal power station combined with certain other favourable items, including a lower amortization expense at the St-Patrick wind power site following an adjustment in 2012 to amortization in line with IFRS, the extension of the useful life of certain components in the wind power segment and the change in the amortization of the boiler at the Blendecques, France thermal power station following extension of its power sales contract with EDF. Conversely, the strengthening of the euro and the U.S. dollar had an unfavourable impact on the amortization of Boralex's foreign assets.

Financing Costs and Foreign Exchange Gain

Financing costs for the third quarter of 2013 climbed $0.2 million to $12.6 million, owing primarily to the impact of the euro's strengthening on financing costs incurred in France and lower interest income. However, those items were partially curtailed by the decrease in debt contracted in France and debt related to the Thames River wind power site in Canada, as well as the refinancing of the U.S. debt discussed later in this MD&A.

Boralex recorded a foreign exchange gain of $0.1 million compared with an insignificant foreign exchange gain in the same quarter of the previous year.

Adjusted Net Loss Attributable to Shareholders of Boralex

Excluding the specific items in the two comparative periods, Boralex reported an adjusted net loss attributable to shareholders of Boralex of $9.6 million or $0.25 per share (basic and diluted) for the three-month period ended September 30, 2013, compared with an adjusted net loss of $9.4 million or $0.25 per share (basic and diluted) for the same quarter of the previous year.

TO SUM UP,

although the third quarter is the weakest quarter of the fiscal year due to seasonal factors as discussed under *Seasonal Factors*, the results for the third quarter confirm once again the benefits of Boralex's expansion strategy centered on developing its two promising segments - wind and hydroelectric power - as well as the geographical diversification of its operations. Building on the momentum from previous quarters, these strategic directions have driven a significant increase in consolidated adjusted EBITDA margin for the Corporation's current operating asset base, in addition to allowing its key segments to maintain strong performance, despite changing weather conditions experienced in their various markets.

Analysis of Operating Results for the Nine-Month Period Ended September 30, 2013

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

	Adjusted net loss (in thousands of dollars)	Per share (in $, basic)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012	(9,546)	($0.25)
Change:		
Adjusted EBITDA	1,655	$0.04
Amortization	3,108	$0.09
Financing costs	(993)	($0.03)
Foreign exchange effect	364	$0.01
Financial instruments	1,172	$0.03
Other gains	97	—
Income taxes	(2,541)	($0.07)
Non-controlling shareholders	(325)	($0.01)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013	(7,009)	($0.19)

For the nine-month period ended September 30, 2013, excluding the specific items, Boralex reported an adjusted net loss of $7.0 million or $0.19 per share compared with an adjusted net loss of $9.5 million or $0.25 per share for the same period of 2012. This improvement of $2.5 million or $0.06 per share was driven primarily by a $1.7 million increase in adjusted EBITDA combined with a $3.1 million decrease in the amortization expense as well as certain other favourable variances relating in particular to financial instruments, currency fluctuations and other gains. These items mitigated the unfavourable variance in the income tax expense.

The following table shows major changes in revenues from energy sales and adjusted EBITDA:

(in thousands of dollars)	Revenues from energy sales	Adjusted EBITDA
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2012	129,377	65,903
Power station commissioned*	5,864	5,042
Shutdown of Kingsey Falls thermal power station	(24,342)	(8,941)
Pricing	1,333	1,333
Volume	4,375	3,793
Capacity premiums	953	953
Translation of self-sustaining subsidiaries (exchange rate effect)	2,208	1,301
Raw material costs	—	(98)
Maintenance	—	(182)
Development - prospecting	—	(349)
Other	(240)	421
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2013	119,528	69,176

* Addition of St-Patrick wind farm (France) acquired on June 28, 2012 and commissioning of the Vron wind farm project in France on September 15, 2013.

Revenues from Energy Sales

For the nine-month period ended September 30, 2013, revenues from energy sales totalled $119.5 million compared with $129.4 million for the same period of 2012. Excluding the Kingsey Falls power station whose closure in November 2012 resulted in a $24.3 million shortfall since the beginning of fiscal 2013, consolidated revenues for the nine-month period rose by $14.5 million or 13.8%, attributable to the following items:

- A $5.9 million additional contribution from the St-Patrick and Vron wind power sites in France;
- Additional revenues of $5.3 million driven by higher output from existing assets, mainly in the hydroelectric segment, and an increase in capacity premiums;
- A $1.3 million favourable price effect, relating to the hydroelectric and wind power segments; and
- A $2.2 million favourable foreign exchange effect attributable primarily to the strengthening of the euro against the Canadian dollar, and also against the U.S. dollar.

In total, Boralex generated 1,050,009 MWh of electricity during the first nine months of 2013, up 11.9% from 938,184 MWh in 2012, excluding the Kingsey Falls power station. This performance stemmed from the addition of the St-Patrick and Vron wind power sites, coupled with a 7.2% increase in total production at existing sites.

Other Income

Excluding income of $1.6 million recorded in the third quarter on the receipt of Resolute shares, *Other income* totalled $1.1 million in 2013 compared with $0.5 million the previous year. This increase resulted mainly from the management fees received from the Joint Venture Seigneurie de Beaupré: Phase I and RSP Hydro Trust.

Adjusted EBITDA and Adjusted EBITDA Margin

Consolidated adjusted EBITDA for the first nine months of fiscal 2013 totalled $69.2 million, up 5.0% from the same period in 2012, despite the $8.9 million impact related to the closure of the Kingsey Falls power station. Excluding this item from the results for the first nine months of 2012, adjusted EBITDA rose $12.2 million or 21.4% while the adjusted EBITDA margin as a percentage of revenues increased to 57.9% in 2013 from 54.2% in 2012. The higher profitability is attributable to the following main items:

- A $5.0 million additional contribution from the new St-Patrick and Vron wind power sites;
- A $3.8 million favourable volume effect originating primarily in the hydroelectric and wind power segments, combined with a $1.0 million increase in capacity premiums;
- A $1.3 million favourable price effect;
- A $1.3 million favourable foreign exchange effect; and
- A $0.4 million favourable change in other items, consisting primarily of a $1.6 million reversal of a provision during the first quarter to reflect an amendment to the employee bonus plan.

The above favourable items readily offset the increases in development and prospecting costs, maintenance costs and raw material costs of $0.3 million, $0.2 million and $0.1 million, respectively.

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

Amortization expense fell $3.1 million between the two comparative periods to total $39.9 million for the nine-month period ended September 30, 2013. This decrease stemmed from the same key favourable items mentioned in the section on third quarter results, which offset the impact of the addition of the St-Patrick wind power site and the unfavourable impact of currency fluctuations.

As discussed in the section, *Specific Items for the Nine-Month Periods Ended September 30, 2013 and 2012*, Boralex recorded a $0.3 million pre-tax impairment loss on property, plant and equipment in the second quarter of 2013, compared with a $0.8 million pre-tax impairment loss on various items of 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 $1.0 million to $37.6 million, owing primarily to the acquisition of the St-Patrick wind power station in 2012, the unfavourable impact of exchange rate fluctuations and lower interest income. However, those items were partially curtailed by the decrease in other debt contracted in France and debt related to the Thames River wind power site in Canada, the refinancing of the U.S. note on September 3, 2013 and certain other favourable factors.

Boralex recorded a $0.3 million foreign exchange gain and a $0.7 million net gain on financial instruments in 2013, representing a total favourable change of $1.5 million compared with the foreign exchange loss and net loss on financial instruments recognized the previous 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.

Adjusted Net Loss Attributable to Shareholders of Boralex

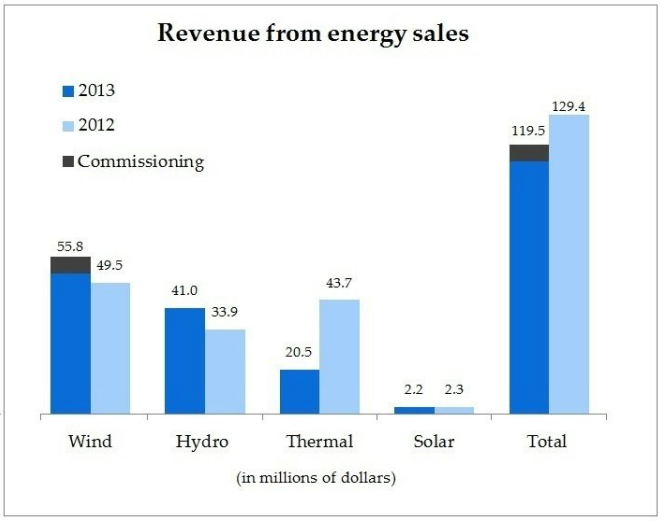
Excluding the specific items in the two comparative periods, Boralex reported an adjusted net loss of $7.0 million or $0.19 per share (basic and diluted) for the nine-month period ended September 30, 2013, compared with an adjusted net loss of $9.5 million or $0.25 per share (basic and diluted) for the same period in 2012.

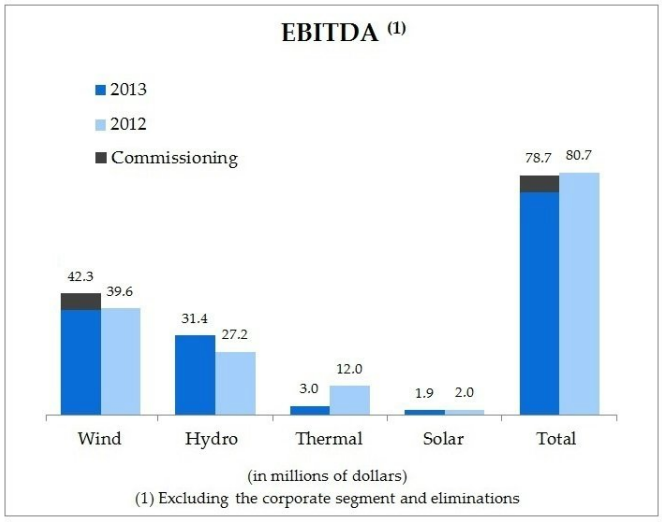
TO SUM UP,

despite the shortfall resulting from the closure of the Kingsey Falls power station, Boralex grew its adjusted EBITDA and adjusted EBITDA margin thanks to strong growth in the wind power segment and a good showing by the hydroelectric power segment. In light of our year-to-date results and projects in advanced stages of development, management continues to expect that for fiscal 2013 as a whole, the shortfall resulting from the closure of the Kingsey Falls power station will be more than offset by expansion in the wind power segment, including the commissioning of new sites totalling 304 MW in the fourth quarter, in which Boralex's net share will amount to 168 MW. Building on the momentum from previous quarters, this trend will enhance the positive outcomes of Boralex's strategic positioning in terms of profit margins, cash flows and geographic diversification.

Geographic and Segment Breakdown of Results of Continuing Operations for the Nine-Month Period Ended September 30, 2013 and 2012

Segment Breakdown





The following is a discussion of changes in segment breakdown of revenues and EBITDA for the nine-month period ended September 30, 2013 compared with the same period of 2012.

Wind

For the first nine months of 2013, revenues in the wind power segment grew 12.7% from the same period of 2012, boosting its share of consolidated revenues to 46.7% from 38.3% last year. Growth in this segment's revenues was mostly driven by the full contribution of the St-Patrick site during the first nine months of 2013 compared with three months only in 2012. Apart from this factor, the wind power segment's higher relative contribution to consolidated revenues stemmed from the decline in the thermal power segment's share owing to the closure of the Kingsey Falls power station on November 30, 2012.

EBITDA rose 6.8%, accounting for 53.7% of consolidated EBITDA (before the corporate segment and eliminations) in 2013 compared with 49.1% in 2012, thereby confirming the segment's position as Boralex's most significant source of EBITDA. The segment's adjusted EBITDA margin was above average for the Boralex energy asset portfolio at approximately 78.5% for the first nine months of 2013 (79.8% in 2012). With Boralex's net share of wind power projects under development set to add nearly 326 MW to its total net contracted capacity, the segment's top contribution to operating profitability stands to grow significantly as from the fourth quarter of 2013, enhancing the Corporation's average profit margin.

Hydroelectric

Revenues in the hydroelectric segment were up 20.9% between the two comparative periods, boosting its share of consolidated revenues to 34.3% for the first nine months of 2013 from 26.2% for the same period 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 15.4% (34.8% increase, excluding the $4.0 million favourable adjustment for taxes on water rights recorded in the third quarter of 2012). As a result, the segment's EBITDA represents 39.9% of consolidated EBITDA (before the corporate segment and eliminations) compared with 33.7% in 2012. As a percentage of revenues, the segment's EBITDA margin rose to 76.6% in 2013 (excluding the adjustment for taxes) from 68.7% in 2012.

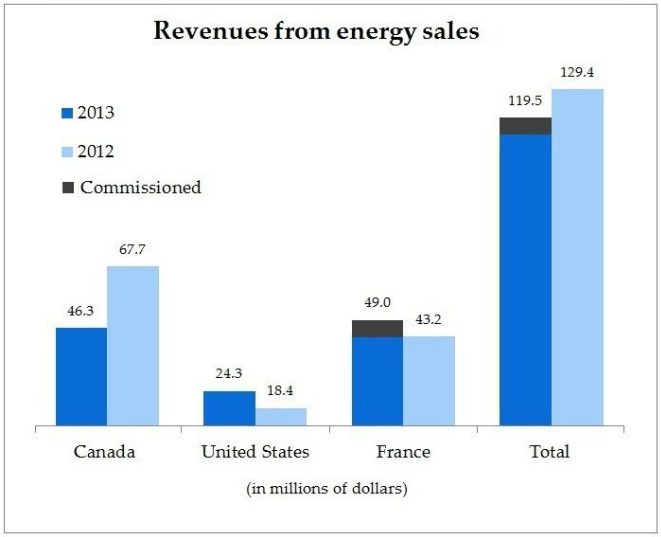
Thermal

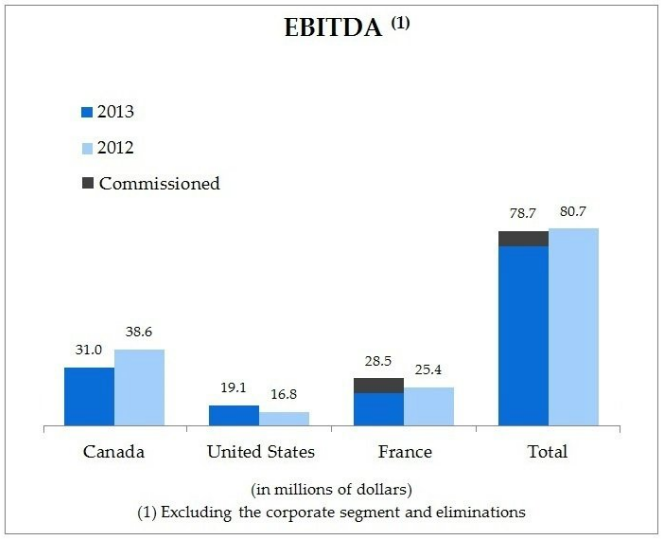
The thermal power segment accounted for 17.2% of consolidated revenues in the nine-month period ended September 30, 2013, compared with 33.8% in the same period of 2012, due to the closure of the Kingsey Falls power station. For the same reason, this segment's share of consolidated EBITDA (before the corporate segment and eliminations) stood at 3.8% compared with 14.9% for the previous year. EBITDA margin fell to 14.6% in 2013 from 27.5% for the 2012 period.

Solar

Boralex's only solar power station generated EBITDA of $1.9 million on revenues of $2.2 million for the first nine months of 2013, representing an EBITDA margin of 86.5%. In the same period of 2012, EBITDA and revenues totalled $2.0 million and $2.3 million, respectively, with a margin of 88.0%. This slight change resulted from a decline in the average rate of irradiation. The solar power segment, which currently accounts for only a marginal share of Boralex's energy portfolio, generated 1.9% of revenues and 2.4% of consolidated EBITDA (before the corporate segment and eliminations) in the first nine months of 2013.

Geographic Breakdown





Geographically, Boralex's revenues from energy sales for the nine-month period ended September 30, 2013 were broken down as follows:

- 38.7% in Canada compared with 52.4% in the 2012 period;
- 20.3% in the United States compared with 14.2% in the 2012 period; and
- 41.0% in France compared with 33.4% in the 2012 period.

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.

Review of Operating Segments

Wind Power Stations

The following table shows major changes in revenues from energy sales and adjusted EBITDA:

(in thousands of dollars)	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales	Adjusted EBITDA	Revenues from energy sales	Adjusted EBITDA
SEPTEMBER 30, 2012	12,540	9,492	49,531	39,451
Power station commissioned*	85	84	5,864	5,042
Pricing	211	211	871	871
Volume	(1,808)	(1,808)	(1,582)	(1,582)
Translation of self-sustaining subsidiaries (exchange rate effect)	914	695	1,339	1,004
Maintenance	—	(271)	—	(708)
Other	(120)	(1,056)	(219)	(257)
SEPTEMBER 30, 2013	11,822	7,347	55,804	43,821

* Addition of the St-Patrick wind farm (France) acquired on June 28, 2012 and commissioning of the Vron wind farm project in France on September 15, 2013.

While performance in the third quarter of fiscal 2013 is mainly the result of less favourable wind conditions in France compared with 2012, results for the nine-month period clearly demonstrates the benefits of this segment's expansion strategy in terms of growth and profitability.

Operating Results for the Three-Month Period

The wind power segment's results for the third quarter of 2013 show declines in production, revenues and adjusted EBITDA of 12.2%, 5.7%, and 22.6%, respectively. These changes stem primarily from less favourable wind conditions in France compared with 2012. It should be noted however that the third quarter is generally one of the weakest in the year for this segment due to weather conditions. Also, since the St-Patrick site was acquired at the end of the second quarter of 2012, its addition had no impact on the change in results between the two comparative three-month periods ended September 30, 2013 and 2012.

Electricity production amounted to 96,921 MWh compared with 110,343 MWh for the previous year. Production at the sites in France declined by 13.6%, owing mainly to wind conditions weaker than in the previous year, as these sites maintained excellent availability rates for their equipment. In addition, as the new Vron site (8 MW) was commissioned only two weeks before the end of the period, its contribution to total segment production was minimal. In Canada, although wind conditions were comparable with those in summer 2012, production at wind power sites declined 7.9% primarily because the availability rates of equipment were temporarily affected during the third quarter as a result of more extensive maintenance work than in the previous year.

Wind power segment revenues for the third quarter of 2013 totaled $11.8 million, down $0.7 million from $12.5 million for the same period the year before, following an unfavourable volume effect of $1.8 million due mainly to less favourable weather conditions in France. However, this factor was largely offset by the $0.9 million favourable impact of the euro's strengthening against the Canadian dollar, the $0.2 million favourable price effect stemming mainly from contractual selling price indexing, and the $0.1 million contribution from the new Vron site for the last two weeks of the period.

Adjusted EBITDA for the quarter amounted to $7.3 million compared with $9.5 million for the previous year. As shown in the table above, besides the $1.8 million shortfall related to lower production, this decline resulted primarily from a $1.1 million unfavourable variance for various items, mainly including the non-recurrence of an insurance payment received in 2012 and a loss on disposal of equipment in 2013. Moreover, maintenance expenses increased by $0.3 million. Conversely, the segment's profitability in the third quarter was bolstered by the $0.7 million favourable effect of fluctuations in the exchange rate between the euro and the Canadian dollar as well as the $0.2 million favourable price effect and the addition of the new Vron site.

Operating Results for the Nine-Month Period

For the nine-month period ended September 30, 2013, the wind power segment recorded growth in its production, revenues and adjusted EBITDA of 7.9%, 12.7% and 11.1%, respectively, compared with the corresponding period of 2012. This performance was driven essentially by the full contribution made by the St-Patrick site for the entire nine-month period of 2013 compared with only three months in 2012. However, adjusted EBITDA margin declined slightly to 78.5% from 79.6% following lower production volume at existing sites and the increase in certain expenses.

Power production increased to 454,941 MWh from 421,584 MWh for the previous year, primarily due to the addition of the St-Patrick site as power production from all the existing sites fell slightly by 2.7%. Electricity production at sites in France (excluding the new St-Patrick and Vron sites) declined 5.8% due to more severe icing conditions in the first quarter of 2013 followed by less favourable wind conditions in the second and third quarters, compared with the previous year. The Canadian sites recorded a 1.9% increase in their production for the first nine months of 2013 with sufficiently good wind conditions in the second quarter to offset the less favourable conditions in the first quarter and the lower production during the third quarter due to maintenance work.

Weather variations in the different regions over the entire period resulted in stable overall performance for the wind power segment, demonstrating the benefits of geographic diversification.

Cumulative wind power revenues increased to $55.8 million from $49.5 million for the previous year. This $6.3 million increase was attributable to the $5.9 million additional contribution from the St-Patrick and Vron sites, combined with the $0.9 million favourable price effect and the $1.3 million favourable impact of currency fluctuations. Combined, these items offset the $1.6 million unfavourable volume effect. Geographically, revenues grew by 20.0% in France, driven essentially by the addition of the St-Patrick site, and by 2.8% in Canada.

Adjusted EBITDA for the first nine months of 2013 increased by $4.3 million to $43.8 million from $39.5 million for the previous year. In addition to the $5.0 million contribution from the St-Patrick and Vron sites, this performance was attributable to the higher average selling price ($0.9 million impact) and the strengthening of the euro ($1.0 million impact), which offset the lower production at existing sites ($1.6 million impact), the $0.7 million increase in maintenance costs and the $0.3 million unfavourable variance in various items. Geographically, adjusted EBITDA rose 18.0% in France and 2.9% in Canada.

Development Projects and Recent Events

As of the date of this MD&A, Boralex had entered into long-term power sales contracts, independently or with partners, for wind power projects totalling 520 MW, consisting of 440 MW in Québec, Canada and 80 MW in France. Boralex's net share of all projects totals 326 MW, comprising 246 MW in Canada and 80 MW in France. The Canadian projects are slated for commissioning between the fourth quarter of 2013 and the fourth quarter of 2015 and include one of the largest wind farms currently under development in Canada and the largest project undertaken by Boralex, namely Phase I of the Seigneurie de Beaupré wind farms totalling 272 MW (net share of 136 MW for Boralex). Of the three projects currently under development by Boralex in France, one site (32 MW) will be commissioned before December 2013, followed by the other two sites in 2014.

Wind power projects under development in Canada are described below.

1. In 2011, Boralex and its partner Gaz Métro Limited Partnership set up an equally owned joint venture, the Seigneurie de Beaupré 2 and 3 Wind Farms General Partnership to build and operate Phase 1 of the Seigneurie de Beaupré wind farms with an installed capacity of 272 MW. With construction of this large-scale wind farm on track with budget and set deadlines, management is confident that the work will be completed during fall 2013 for commissioning in early December 2013. A road network of over 110 km has been built and all the 126 towers have been erected. In July 2013, a crucial stage was reached when, after a number of years of planning and efforts, the Seigneurie de Beaupré transformer substation, one of the largest of its kind in Canada, was completed and connected to Hydro-Québec's distribution grid. The expertise and skills acquired by Boralex's team in the commissioning and operation of the Thames River wind power site in Ontario are invaluable to the successful commissioning of the Seigneurie de Beaupré sites.

   Note that this joint venture has financing available in the amount of $725 million, comprising a two-year construction loan of $590 million, which will be converted into a term loan amortized over 18 years after the start of commercial operations, 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 its Seigneurie de Beaupré wind power project. These financial instruments have interest rates ranging from 3.18% to 3.22%.

2. Boralex and its partner Gaz Métro Limited Partnership are also working together to implement Phase II of the Seigneurie de Beaupré site with a 68 MW capacity, scheduled for commissioning in December 2014. In May 2013, the partners formed another joint venture, the Seigneurie de Beaupré 4 Wind Farm General Partnership, with an ownership interest of 50% for Boralex, to continue the construction activities and subsequently to operate Phase II. Accordingly, as of the third quarter of fiscal 2013, Boralex's share in the development costs related to this project will be recognized under *Interest in Joint Ventures*, similarly to Boralex's share in the joint venture, instead of under *Development Projects* in Boralex's statement of financial position. In January 2013, this 68 MW project was authorized by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs* and work began in May 2013. The long-term financing of $166.1 million was finalized on October 29, 2013. Apart from the site's significant advantages regarding wind and environmental conditions and existing infrastructure, the future wind farm will enjoy a performance boost from logistical synergies to be achieved during its construction and subsequent operation.

3. 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 consultation process for the La Côte-de-Beaupré was launched on September 15, 2013.

4. On March 27, 2012, Boralex signed a 20-year power supply contract with Hydro-Québec for a 50 MW wind farm project. The project 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. The environmental approval process started at the end of the second quarter of 2013.

The Corporation is currently working on projects to acquire wind power sites in Ontario and British Columbia.

In France, Boralex currently has three wind power sites under development totalling 80 MW:

1. Gradually commissioning of the 32 MW La Vallée wind power project acquired in November 2012 will take place between October and November 2013. This site is located in the department of Indre, France and includes 16 Gamesa G90 wind turbines rated at 2 MW each. Opting for this technology will allow Boralex to expand its wind turbine operating expertise to different models. All of the power generated will be sold to EDF under 15-year contracts. The long-term financing for the project was completed with a French banking consortium in two tranches in January and April 2013. In addition, to reduce its exposure to rate movements, the Corporation has entered into interest rate financial swaps covering 100% of the loan payable.
2. On June 28, 2012, Boralex acquired three fully authorized wind farm projects from InnoVent SAS ("InnoVent") with a total capacity of 56 MW and for 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 sites totalling 48 MW to be commissioned in 2014. The Corporation has obtained approval of the credit committee and financing related to these two projects should be completed in the fourth quarter of 2013. Construction work on the Fortel-Bonnières project has already started. Given that these projects and the Vron site are located in Northern France, they will further strengthen Boralex's geographic diversification in all the main regions of France. Lastly, Boralex has entered into a five-year agreement with InnoVent to secure options to acquire 130 MW in additional wind farm projects currently under development by InnoVent.

The following table shows Boralex's wind power projects currently under development:

WIND POWER PROJECTS UNDER DEVELOPMENT

Country	France			Canada (Québec)				
Commissioning	2013	2014	2014	2013	2014	2014	2015	2015
Project	La Vallée	Fortel - Bonnières	St-François	Seigneurie de Beaupré (Phase I)	Seigneurie de Beaupré (Phase II)	Témiscouata I	La Côte-de-Beaupré	Témiscouata II
Capacity	32 MW	24 MW	24 MW	272 MW	68 MW	25 MW	25 MW	50 MW

Outlook

For fiscal 2013, notwithstanding the potential impact of external factors such as currency fluctuations and weather conditions, wind power segment performance will benefit in particular from the contribution for the full year compared with six months in 2012 of St-Patrick site, whose performance since acquisition has met initial expectations. Wind power segment performance will also benefit from the partial contribution of new sites to be commissioned in Québec and France by the end of 2013, in particular the 272 MW Phase I of Seigneurie de Beaupré whose contribution, starting in early December 2013, will be considerable given its large scale, and the 32 MW La Vallée site in France, since October 2013. Lastly, segment performance will continue to be supported 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.

Boralex's wind power segment will remain its key growth driver over the longer term. Over and above its 326 MW share of the contracted capacity now under development in Canada and France (see accompanying table), Boralex currently has the financial resources to fund the equity portion of wind power projects totalling approximately 100 MW of additional capacity. Boralex's objective is to double its installed capacity and EBITDA by the end of 2016. The Corporation will continue seeking opportunities to acquire new wind power projects in Canada and Europe, including operational sites and projects in advanced stages of development with potential for near-term commissioning.

Canada

Québec is the second largest wind power producer among the Canadian provinces, after Ontario, with more than 1,700 MW of installed capacity, accounting for more than 26% of total installed capacity in Canada. On May 10, 2013, the Québec government announced its commitment to continue developing the province's wind power potential by attributing 800 MW in new projects, mainly projects to be launched by local communities in partnership with private investors, similarly to certain projects currently under development by Boralex and its partners. Boralex believes it is well positioned to benefit from this initiative, especially since the Corporation and its partners have exclusive development rights to the high-potential Seigneurie de Beaupré site on which facilities with additional capacity of nearly 500 MW could be installed in the short term. Témiscouata is another favourable area for developing wind power projects.

Following the success of its first facility in Ontario where it has been operating the 90 MW Thames River facility since 2009, Boralex intends to strengthen its presence in this large market, while continually assessing development opportunities.

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. Moreover, France's new government has reiterated the country's commitment to increase the share of renewable energy in French national power output to 20% by 2020.

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 decree in 2008, EDF has been obliged since then to buy power generated by onshore wind power operators at a 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 European Court of Justice (ECJ). The ECJ is expected to rule on the issue by the end of year, but there is every indication that the ECJ will decide that said rate decree constituted non-disclosed government assistance.

Despite the foregoing, in October, 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 should validate the new rate by the end of the year. While this situation created some uncertainty in financial markets, prompting certain banks to delay lending to new wind power projects, Boralex 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 management considers the wind power segment's medium- and long-term outlook to be highly favourable, due to:

- Its strong balance sheet;
- The scope and quality of its projects with long-term power sales contracts currently under development;
- The Corporation's highly skilled, multidisciplinary and entrepreneurial team that is constantly on the lookout for the best development opportunities;
- Solid alliances forged in Europe and North America to accelerate its development; and
- Boralex's growing reputation in world financial markets as a credible, highly efficient developer and operator of increasingly large-scale wind power facilities.

Hydroelectric Power Stations

The following table shows major changes in revenues from energy sales and adjusted EBITDA:

(in thousands of dollars)	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales	Adjusted EBITDA	Revenues from energy sales	Adjusted EBITDA
SEPTEMBER 30, 2012	7,456	3,553	33,887	23,254
Pricing	77	77	1,314	1,314
Volume	3,465	3,465	5,340	5,340
Capacity premiums	53	53	234	234
Translation of self-sustaining subsidiaries (exchange rate effect)	156	284	273	367
Maintenance	—	244	—	823
Other	(1)	(81)	(38)	79
SEPTEMBER 30, 2013	11,206	7,595	41,010	31,411

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

HYDROELECTRIC PRODUCTION (MWh)	2013	2012
Three-month periods ended September 30:		
Actual	131,786	86,472
Historical average [1]	116,576	118,328
Nine-month periods ended September 30:		
Actual	478,182	408,441
Historical average [1]	459,678	462,614
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.

The results of the third quarter and first nine months of fiscal 2013 underscore the hydroelectric segment's traditional role as a significant and reliable generator of profits for Boralex and highlight the contribution of its geographic positioning to performance stability.

Operating Results for the Three-Month Period

The hydroelectric segment reported growth in production, revenues and adjusted EBITDA of 52.4%, 50.3% and 113.8%, respectively, for the third quarter of fiscal 2013 while adjusted EBITDA margin improved significantly to 67.8% in 2013 from 47.7% in 2012. This sound performance stems primarily from improved productivity at U.S. power stations following above-average water flow conditions in summer 2013, compared with exceptionally poor water conditions in the same period of 2012.

Production for the third quarter totaled 131,786 MWh, up from 86,472 MWh for the same period of 2012. In addition to being up 52.4% from a year earlier, production was 13.0% higher than the historical average recorded by the hydroelectric segment for that period of the year. This strong growth was largely attributable to the U.S. power stations, which in addition to exceeding their historical average by 26.9%, saw production surge 82.2% compared with a year earlier, primarily due to the fact that water flow conditions in the Northeastern United States were abnormally low in summer 2012. Production at Canadian power stations was 22.4% higher than in the previous year, but slightly shy of the historical average.

Hydroelectric segment revenues for the third quarter of 2013 amounted to $11.2 million compared with $7.5 million for the same period of 2012. Revenues from Canadian power stations grew 20.1%, driven by the combined effect of higher output and selling price indexation. Revenues from U.S. power stations rose 84.2%, owing primarily to the volume effect coupled with higher capacity premiums and to the $0.2 million favourable impact resulting from the U.S. dollar appreciation against the Canadian dollar. In addition, the average electricity selling price obtained in the New York State open market by the four facilities not covered by power sales contracts held steady relative to a year earlier.

EBITDA amounted to $7.6 million compared with an adjusted EBITDA of $3.6 million for the previous year. The $4.0 million increase resulted primarily from the 237.7% growth in adjusted EBITDA at U.S. power stations; adjusted EBITDA at Canadian facilities rose 38.7%. These results were driven by the same factors underlying revenue growth combined with a $0.2 million decrease in maintenance costs.

Operating Results for the Nine-Month Period

The hydroelectric segment reported growth in production, revenues and adjusted EBITDA of 17.1%, 21.0% and 35.1%, respectively, for the first nine months of fiscal 2013 while adjusted EBITDA margin rose to 76.6% in 2013 from 68.6% in 2012. The Canadian power stations maintained, even improved their year-to-date performance, while favourable water flow conditions at U.S. power stations in the second and third quarters largely offset less favourable conditions that reduced production in the first quarter.

Accordingly, hydroelectric segment production totaled 478,182 MWh for the first nine months of 2013, compared with 408,441 MWh for the same period of 2012. In addition to being up 17.1% from the same period of 2012, production was 4.0% higher than the historical average for that period of the year. Production at Canadian power stations was 7.0% higher than in the previous year, beating the historical average by 4.8%. Production at U.S. power stations grew 24.0% compared with the same period of 2012, outpacing the historical average by 3.6%.

Year-to-date revenues totaled $41.0 million, up $7.1 million from $33.9 million for the first nine months of 2012. Revenues grew 8.0% in Canada due to higher output and capacity premiums, as well as selling price indexation. In the United States, revenues were up 32.0%, owing primarily to a $4.5 million favourable volume, a $1.0 million favourable price effect resulting from a sharp rise in the average electricity selling price in the New York State market, a $0.3 million favourable foreign exchange effect and a $0.2 million increase in capacity premiums.

The same factors, combined with a $0.8 million decline in maintenance costs and certain other expenses, generated a $8.2 million increase in hydroelectric segment adjusted EBITDA, which totaled $31.4 million for the first nine months of 2013, compared with $23.3 million in 2012. While all power stations contributed to this performance, adjusted EBITDA growth was stronger in the United States for the aforementioned reasons.

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 Columbia, Canada. Construction of this power station started in fall 2012 with a view to commercial commissioning in 2014, and financing was completed in August 2013. 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 20-year renewal option for the Corporation.

By the end of 2016, Boralex will have completed the work required at the Buckingham power station in Québec, Canada to comply with the Dam Safety Act. 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 various acquisition opportunities to grow its hydroelectric segment, particularly in Ontario and British Columbia. 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, the Canadian power stations will continue benefiting from indexation under power sales contracts, as well as from capacity premiums, throughout the initial contract term.

Thermal Power Stations

The following table shows major changes in revenues from energy sales and EBITDA:

(in thousands of dollars)	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
SEPTEMBER 30, 2012	12,173	2,408	43,701	11,957
Shutdown of Kingsey Falls power station	(7,071)	(2,482)	(24,342)	(8,941)
Pricing	(371)	(371)	(868)	(868)
Volume	(357)	(184)	775	193
Translation of self-sustaining subsidiaries (exchange rate effect)	277	3	469	34
Capacity premiums	—	—	719	719
Raw material costs	—	57	—	(98)
Maintenance	—	167	—	(134)
Development - prospecting	—	42	—	157
Other	6	(254)	17	(35)
SEPTEMBER 30, 2013	4,657	(614)	20,471	2,984

The main development in this segment during the three- and nine-month periods ended September 30, 2013 was the impact of the shutdown of the Kingsey Falls natural gas cogeneration power station in Québec on November 30, 2012 when its power sales contract expired. This resulted in revenue shortfalls for the third quarter and nine-month period of $7.1 million and $24.3 million, respectively. The adverse impact on EBITDA for the three- and nine-month periods ended September 30, 2013 amounted to $2.5 million and $8.9 million, respectively.

Operating Results for the Three-Month Period

The thermal power segment generated 33,851 MWh of electricity in the third quarter of 2013 compared with 40,920 MWh for the same quarter of the previous year (excluding the Kingsey Falls power station). Since the cogeneration equipment at the Blendecques natural gas power station in France was idle during the entirety of both comparative periods, due to ceiling price clause in its initial power sales contract with EDF, electricity production for the quarter was entirely attributable to the Senneterre wood-residue power station in Québec, which, under the agreement entered into with Hydro-Québec, was in operation in July and August 2013 and 2012, but not in September of those years.

The 17.3% decline in electricity production at the Senneterre power station resulted from more frequent stoppages than in the same quarter of 2012, owing to mechanical failures. The Blendecques power station continues to supply steam to its industrial client using an auxiliary boiler when the cogeneration equipment is shut down. Steam production was slightly higher in the third quarter of 2013 than in the same period of 2012.

In light of the foregoing, excluding the Kingsey Falls power station from the 2012 results, thermal power segment revenues for the quarter fell $0.4 million or 8.7% to $4.7 million, year over year. The drop in production at the Senneterre power station generated a $0.4 million revenue shortfall compared with a year earlier, which was partially offset by contractual selling price indexation. The Blendecques power station reported a $0.4 million unfavourable price effect owing to a decrease in its steam selling price, which was partially offset by the $0.3 million favourable effect of the appreciation in the euro.

The segment reported negative EBITDA of $0.6 million compared with negative EBITDA of $0.1 million for the same quarter of 2012 (again excluding the Kingsey Falls power station). Excluding the aforementioned items, the $0.5 million unfavourable change was attributable in part to a $0.3 million loss on the disposal of a piece of equipment at the Senneterre power station. Conversely, profitability at the thermal power stations was boosted by combined effect of declines of $0.2 million in maintenance costs and $0.1 million in raw material and development costs.

Operating Results for the Nine-Month Period

Year to date, excluding the Kingsey Falls power station, the thermal power segment stepped up its electricity production by 8.8% to 111,921 MWh from 102,835 MWh for the first nine months of 2012. The Senneterre power station stepped up production by 3.8% due to significantly higher first-quarter productivity than a year earlier. Electricity production at the Blendecques power station grew 27.2%, primarily due to the fact that, as a result of the agreement entered into with EDF to extend its contract, the facility operated one month more in the second quarter of 2013 than in the same quarter of 2012. Its steam production was stable compared with the previous year.

Thermal power segment revenues for the first nine months of 2013 rose by $1.1 million or 5.7% to $20.5 million from $19.4 million for the same period of 2012 (excluding the Kingsey Falls power station), owing primarily to the Senneterre power station, whose year-to-date revenues grew $1.0 million or 15.4% due to sharp increases in production and capacity premiums in the first quarter, coupled with selling price indexation for the entire nine-month period. The Blendecques power station slightly increased revenues due to higher production, combined with the $0.5 million favourable effect of the appreciation in the euro; those two items offset the $1.0 million unfavourable price effect owing to the sharp decline in the average steam price generated by this facility.

Year-to-date thermal power segment EBITDA was comparable to the level reported in the first nine months of 2012, amounting to approximately $3.0 million (excluding the Kingsey Falls power station). The Senneterre power station improved its performance by $0.7 million due to increases in production and capacity premiums, selling price indexation and lower raw material costs. Conversely, EBITDA at the Blendecques power station was down $0.7 million year over year, as result of lower steam prices combined with higher raw material costs following the renewal of its supply contract under less favourable terms than previously. However, these unfavourable items were partially offset by the favourable foreign exchange impact and decreases in, or the non-recurrence of, certain costs incurred by this power station.

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 may 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 and extend its useful life.

Canada

For fiscal 2013 as a whole, the shutdown of cogeneration operations at the Kingsey Falls power station will give rise to a shortfall of approximately $10 million in thermal power segment EBITDA and Boralex's consolidated EBITDA, which management expects to be offset, however, by expansion in the wind power segment on a consolidated level. This led in particular to further reductions in the thermal power segment's contribution to the Corporation's overall results.

In fiscal 2013, under the agreement entered into with Hydro-Québec, the Senneterre power station is to produce electricity during six months only, as in 2012. Profitability at this facility should be at least comparable to 2012 levels, given the safeguard provisions in the agreement. During the third quarter, the Corporation extended the agreement with Hydro-Québec until 2018. During this period, the Senneterre power station will have 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. Management believes this agreement will allow the Senneterre power station to operate under conditions that are conducive to stable and predictable profitability.

France

Even if the power sales contract with EDF covering the Blendecques power station ended on April 30, 2013, the Corporation will be able to continue operating the power station for a period of at least one year from November 1, 2013 under an agreement with EDF. Talks are underway to enter into a new power sales contract with EDF under terms and conditions allowing the Corporation to modernize its cogeneration power station while meeting its performance requirements. This investment is required to secure a 12-year power purchase agreement with a binding purchase rate. The project, which has secured the support from the power station's industrial steam client, would require an investment of about €6 million. Boralex's management feels that efforts to secure a new agreement are proceeding positively and, as a result, is hopeful it will reach a favourable outcome that would make it possible to significantly extend the power station's useful life while enhancing efficiency. To that end, the Corporation obtained from the French government a power purchase obligation certificate and believes it is well placed to sign a new 12-year agreement by the end of the year, with the final business terms of the agreement to be confirmed by the French government.

Solar Power Station

The following table shows major changes in revenues from energy sales and EBITDA:

(in thousands of dollars)	Three-month periods ended		Nine-month periods ended	
	Revenues from energy sales	EBITDA	Revenues from energy sales	EBITDA
SEPTEMBER 30, 2012	852	770	2,258	1,988
Pricing	4	4	16	16
Volume	19	19	(157)	(157)
Translation of self-sustaining subsidiaries (exchange rate effect)	90	82	126	113
Maintenance	—	(15)	—	(21)
Other	1	(7)	—	2
SEPTEMBER 30, 2013	966	853	2,243	1,941

Operating Results for the Three-Month Period

The Avignonet-Lauragais solar power station, in Southwestern France, generated 2,098 MWh in the third quarter of 2013 compared with 2,056 MWh in the same quarter of 2012. Coupled with a favourable foreign exchange effect, this slight increase in production resulted in a $0.1 million increase in quarterly revenues and EBITDA, which amounted to $1.0 million and $0.9 million, respectively, for a profit margin of 88.3%.

Operating Results for the Nine-Month Period

For the nine months ended September 30, 2013, the solar power station generated 4,965 MWh, compared with 5,325 MWh for the same period of 2012, a 6.8% decrease mainly attributable to a lower average irradiation rate, which was offset, however, by increased solar panel performance. This drop in production output had a $0.2 million unfavourable effect on cumulative revenues and EBITDA, partially offset by a favourable foreign currency effect. Year-to-date revenues and EBITDA totalled $2.2 million and $1.9 million, respectively, for an EBITDA margin of 86.5%.

Note that a gradual decline in solar equipment productivity is a normal phenomenon in the life cycle of this type of production facility. 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 its satisfactory performance to be a reflection of the intrinsic quality of this first solar project with regard to choice of technology, location and contractual benefits, as well as growing expertise within the Boralex team.

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 average EBITDA margin expected to range between 80% and 85% over the period.

Solar power is a growth industry with market rules and government directions 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 is gradually improved 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 takes a keen interest in Ontario, which could offer great potential for Boralex's first Canadian foray in this niche market.

Cash Flows

(in thousands of dollars)	Nine-month periods ended September 30 2013	2012
Net cash flows related to operating activities	56,553	49,108
Net cash flows related to investing activities	(115,622)	(40,786)
Net cash flows related to financing activities	83,602	(5,762)
Cash related to discontinued operations	1,970	(4,683)
Translation adjustment on cash and cash equivalents	2,426	(2,085)
NET CHANGE IN CASH AND CASH EQUIVALENTS	28,929	(4,208)
CASH AND CASH EQUIVALENTS, END OF PERIOD	136,067	140,495

Operating Activities

During the first nine months of fiscal 2013, Boralex reported $35.6 million or $0.94 per share in cash flows from operations compared with $34.2 million or $0.91 per share for the same period of 2012. Excluding non-cash items from net loss for both comparative periods, the $1.4 million increase in cash flows from operations resulted primarily from the increase in EBITDA, partially offset by the payment of financing costs.

The change in non-cash items related to operating activities freed up an additional $21.0 million in cash (compared with $14.9 million for 2012). The cash inflow in 2013 resulted in large part from a $21.6 million decrease in *Trade and other receivables*, owing primarily to the Corporation's seasonal business cycle.

Operating activities generated cash flows totalling $56.6 million for the first nine months of fiscal 2013, compared with $49.1 million for the same period of the previous year.

Investing Activities

Fiscal 2013 year-to-date investing activities required cash outflows of $115.6 million, which were used for the following main purposes:

- $79.1 million for various acquisitions of new items of property, plant and equipment, including $52.6 million in furtherance of wind power projects, primarily at the French sites of La Vallée, Fortel-Bonnières and St-François, $22.6 million for the hydroelectric power segment, in most part for the construction of the Jamie Creek power station in British Columbia, and the balance, amounting to approximately $3.9 million, for asset maintenance and betterment in the other operating segments and the corporate segment;
- $14.4 million injected into restricted cash, primarily in connection with the construction of the Jamie Creek hydroelectric power station;
- $9.3 million injected in the change in reserve funds, principally in relation to the financing of the U.S. note that matured on September 3, 2013;
- $7.5 million invested in various development projects, primarily in the wind power segment in Canada, including $4.9 million in furtherance of wind power projects in Québec, $1.6 million in furtherance of a wind power project in Ontario and $0.9 million for a wind power project in British Columbia; and
- $5.5 million to increase Boralex's interest in the joint venture tasked with developing the 68 MW Phase II of the Seigneurie de Beaupré wind power site.

Financing Activities

During the first nine months of fiscal 2013, financing activities generated total net cash inflows of $83.6 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 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 the various financing costs, during the first nine months of fiscal 2013, the Corporation contracted $90.0 million in new non-current debt, mainly to finance its La Vallée and Vron wind power projects in France ($48.0 million) and the Jamie Creek hydroelectric power station ($41.5 million). Conversely, the Corporation repaid $24.3 million on existing non-current debt in France and Canada.

Moreover, the Corporation received $0.7 million in the form of a capital injection by its partners Témiscouata RCM and Côte-de-Beaupré RCM in two 25 MW wind power projects, with development underway in Québec at each site.

Discontinued Operations

For the nine-month period ended September 30, 2013, discontinued operations generated cash inflows of $2.0 million, primarily from the sale of RECs, compared with $4.7 million in cash outflows for the same period of 2012 triggered by the taxes on the December 2011 transaction entered into by Boralex on the sale of its U.S. wood-residue power stations and by sales of RECs.

Net Change in Cash and Cash Equivalents

Total cash movements for the first nine months of fiscal 2013 resulted in a $28.9 million increase in cash and cash equivalents to $136.1 million as at September 30, 2013 compared with $107.1 million as at December 31, 2012.

TO SUM UP,

cash flows for the first nine months of the current fiscal year 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 with fixed and indexed pricing which generate superior profit margins. Furthermore, they reflect the use, in line with management's commitment, of the Corporation's significant financial resources to develop its two strategic segments - wind and hydroelectric power - in which the Corporation has invested over $90.0 million year to date. Boralex will commission a contracted installed capacity in which its net interest will total an additional 168 MW by late 2013, 117 MW in 2014 and 63 MW in 2015, not including the other projects recently added and those in the pipeline for future quarters.

Financial Position

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

(in thousands of dollars)	As at September 30, 2013	As at December 31, 2012
ASSETS		
Cash and cash equivalents	136,067	107,138
Restricted cash	19,480	5,063
Other current assets	32,385	55,139
CURRENT ASSETS	187,932	167,340
Property, plant and equipment	761,149	689,024
Other intangible assets	252,897	253,115
Miscellaneous non-current assets	156,698	120,392
NON-CURRENT ASSETS	1,170,744	1,062,531
TOTAL ASSETS	1,358,676	1,229,871
LIABILITIES		
CURRENT LIABILITIES	150,888	172,764
Non-current debt	542,623	423,616
Other non-current liabilities	293,739	291,122
NON-CURRENT LIABILITIES	836,362	714,738
TOTAL LIABILITIES	987,250	887,502
EQUITY		
TOTAL EQUITY	371,426	342,369
TOTAL LIABILITIES AND EQUITY	1,358,676	1,229,871

Summary of Significant Changes

Apart from the exchange rate effect and Boralex's normal seasonal business cycle, the changes in the Corporation's financial position from December 31, 2012 to September 30, 2013 mainly reflect the investments and financing arrangements tied to ongoing development of its wind and hydroelectric power projects.

Assets

Boralex's total assets rose $128.8 million or 10.5% during the first nine months of 2013 to $1,358.7 million as at September 30, 2013 from $1,229.9 million as at December 31, 2012. This increase was due in most part to *Non-current assets*, which rose to $108.2 million since the end of the last fiscal year. In particular, investments aimed at expanding the Corporation's operational base boosted the value of *Property, plant and equipment* by $72.1 million (net of amortization for the period) and the *Interest in the Joint Ventures* by $26.7 million. Total current assets grew $20.6 million due to a combined increase of $43.3 million in *Cash and cash equivalents* and *Restricted cash*.

Working Capital

As at September 30, 2013, Boralex reported working capital of $37.0 million with a ratio of 1.24:1 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 previous interim MD&As, 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 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.

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 $849.1 million as at September 30, 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 financing related to the construction of the Jamie Creek hydroelectric power station, net of repayments made during the period on its existing debt. Geographically, as at September 30, 2013, 44% of the Corporation's non-current debt was in France, 15% in the United States and 41% in Canada, compared with 44%, 14% and 42%, respectively, as at December 31, 2012.

Net debt, as defined under *Non-IFRS Measures*, amounted to $475.2 million as at September 30, 2013 compared with $417.2 million as at December 31, 2012. Between those two dates, total equity grew $29.0 million to $371.4 million from $342.4 million. As a result, the net debt ratio, as defined under *Non-IFRS Measures*, rose slightly to 44.1% as at September 30, 2013 from 42.1% as at the last fiscal year-end, December 31, 2012.

Information about the Corporation's Equity Instruments

As at September 30, 2013, Boralex's capital stock consisted of 37,750,495 issued and outstanding Class A shares (37,734,895 as at December 31, 2012) and stock options outstanding numbered 2,100,272, of which 1,606,698 were exercisable. During the first nine months of fiscal 2013, 5,176 shares were issued in connection with the conversion of 647 debentures and 10,424 shares were issued on exercise of stock options. As at September 30, 2013, Boralex had 2,446,840 issued and outstanding convertible debentures (2,447,487 as at December 31, 2012).

From October 1, 2013 to November 5, 2013, no new shares were issued on exercise of stock options and 296 new shares were issued in connection with the conversion of 37 debentures.

Related Party Transactions

The Corporation has entered into a management agreement with an entity controlled by Bernard Lemaire, a director of Cascades, an entity exercising significant influence over the Corporation, and his family. For the nine-month period ended September 30, 2013, revenues derived from the agreement amounted to $0.4 million ($0.4 million for the corresponding period of 2012).

The Corporation also 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 nine-month period ended September 30, 2013, these services amounted to $0.8 million ($0.6 million for the corresponding period of 2012).

Transactions with Joint Ventures

During the nine-month period ended September 30, 2013, the Corporation's *Share in loss of the Joint Ventures* amounted to $1.8 million.

Seigneurie de Beaupré: Phase I

For the nine-month period ended September 30, 2013, the Joint Venture - Seigneurie de Beaupré: Phase I reported a net loss of $3.2 million (the share of Boralex amounting to $1.6 million), owing to the ineffective portion related to counterparty credit risk. In the financial statements of this joint venture, a $2.5 million expense for an ineffective financial instrument was recognized during the second and third quarters of 2013. It is important to note that that loss of $2.5 million is in respect of an instrument with a notional amount of $551.7 million, which represents a ratio of only 0.5%.

In addition, during the nine-month period ended September 30, 2013, Boralex charged back $4.3 million in salaries, equipment and other costs to the joint venture in connection with construction of the wind farm.

Seigneurie de Beaupré: Phase II

In May 2013, in connection with Phase II of the Seigneurie de Beaupré project, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro Limited Partnership and created the joint venture Seigneurie de Beaupré Wind Farm 4 GP, of which each party owns 50%. During the nine-month period ended September 30, 2013, the Joint Venture - Seigneurie de Beaupré: Phase II reported an insignificant net loss (the share of Boralex being insignificant). Boralex charged back $0.8 million in salaries and other costs to this joint venture in connection with construction of the wind farm.

TO SUM UP,

despite substantial investments during the first nine months of fiscal 2013, Boralex ended the period with a higher cash position than nine months earlier as well as slightly lower total net debt. 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.

Outlook and Development Objectives

2013-2016 Outlook

For fiscal 2013, Boralex's management expects to maintain strong operating profitability due to the full-year contribution of the St-Patrick wind power station, compared with six months in 2012, and the contribution by the new Vron wind power station in France during the entire fourth quarter and, particularly, the commercial commissioning by the beginning of December 2013 of new energy assets in which Boralex's net share will total 168 MW, consisting of Phase I of Seigneurie de Beaupré Wind Farms in Québec, and its La Vallée power station in France.

This expansion is expected to readily offset the shortfall created by the electricity production shutdown at the Kingsey Falls thermal power station since November 2012. It will deliver the added benefit of enhanced geographic diversification for Boralex due in particular to its implementation in Québec and several regions of France, in addition to diversifying its technological skill-sets pertaining to the operation of a range of wind turbine types.

Above all, fiscal 2013 will be a year of transition into superior growth and profitability. In 2014, the Corporation will benefit from the full contribution of assets commissioned in 2013, in particular Phase I of the Seigneurie de Beaupré Wind Farms, in addition to commissioning other projects in Québec and France in which Boralex's net share will total 117 MW. Fiscal 2015 will mark the commissioning of other projects currently under development by the Corporation, representing the net addition of 63 MW to Boralex's wholly owned assets. To support execution of its various development projects, Boralex has a solid statement of financial position, including a cash position of $155.5 million as at September 30, 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. With projects totalling about 100 MW in the Corporation's pipeline and the commissioning of sites under development, Boralex will be poised to double the size of its operations and EBITDA by the end of 2016 without new capital subscriptions.

Development Objectives and Competitive Strengths

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 primarily targeting projects in advanced stages of development or assets already in operation, provided they are all 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, Ontario and British Columbia; and
- The solar power segment in Ontario and France.

Boralex believes its solid presence in those markets is conducive to further expansion and that current business conditions are ripe for further strategic growth through acquisitions, especially in light of the financing options available and the quality and attractive pricing of wind turbines available on the market. As well, the currently sluggish state of the global economy continues to prompt energy asset developers and operators to carve out assets for sale. Boralex intends to continue focusing on just such opportunities.

Boralex believes it commands a strong competitive edge to continue seizing existing 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 endeavors, 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 doubling the size of its operational base and its EBITDA by the end of 2016, 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.

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 keep 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 September 30, 2013, our power stations in France and Canada, as well as those in Middle Falls, 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.

Interest Rate Risk

As at September 30, 2013, approximately 39% 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 4% of total debt. As at September 30, 2013, the nominal balance of these swaps and forward contracts stood at $430.6 million (€168.4 million and $195.9 million) while their unfavourable fair value was $36.5 million (€14.0 million and $17.0 million). The non-current debt, interest rate swaps and interest rate forward contracts do not include those reported in the Joint Venture - Seigneurie de Beaupré: Phase 1's financial statements in which Boralex has a share of 50%.

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

All commitments and contingencies are discussed in Boralex's MD&A for the fiscal year ended December 31, 2012. However, during the nine-month period ended September 30, 2013, the Corporation concluded the following new commitments:

Maintenance Contracts

a) For two of the wind power projects under development in France with a 48 MW capacity acquired at the time of the June 28, 2012 business combination, 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 additional commitments of €4.2 million ($5.9 million) payable as from the commercial commissioning of sites slated for 2014, contingent on the closing of project financing expected in the fourth quarter of 2013.

b) For the La Vallée wind power project in France with a 32 MW capacity acquired on November 8, 2012, the Corporation has entered into maintenance contracts with Gamesa. The contracts have an initial term of ten years and require, as at September 30, 2013, additional net commitments of €8.9 million ($12.4 million) payable as of the third year following the commercial commissioning of sites slated for late November 2013, as the first two years of service are free.

Construction Contracts

c) For the Témiscouata I community wind power project in Québec, Canada, developed jointly with the Témiscouata RCM with a 25 MW installed capacity, the Corporation has entered into a construction contract for the roads. Expenditures will be made according to the percentage of completion. As at September 30, 2013, the Corporation's share in the net commitments amounted to $3.0 million.

d) For two of the wind power projects under development in France with a 48 MW capacity acquired at the time of the June 28, 2012 business combination, Fortel-Bonnières and St-François, the Corporation has entered into wind turbine purchase and installation contracts with General Electric, contingent on the closing of project financing expected in the fourth quarter of 2013. Expenditures will be made according to the percentage of completion. As at September 30, 2013, the Corporation had net additional commitments amounting to €33.0 million ($46.0 million).

Operating Leases on Property

e) The land on which the Vron and La Vallée wind turbines are located in France is leased over terms of 15 years. Payments under these emphyteutic leases are due annually and are indexed each year, based on the Consumer Price Index and the Construction Cost Index published by the National Institute of Statistics and Economic Studies, and represent, as at 30 September, 2013, an additional net commitment of €2.2 million ($3.1 million) for the Corporation.

Joint Venture - Seigneurie de Beaupré: Phase II

Construction Contract

f) In 2013, the Joint Venture - Seigneurie de Beaupré: Phase II entered into a contract to build wind turbines on private land of the Séminaire de Québec. Expenditures are made according to the percentage of completion. As at September 30, 2013, Boralex's share in the net commitments of this joint venture amounted to $64.6 million (€15.6 million and $42.8 million).

Maintenance Contract

g) In September 2013, the Joint Venture - Seigneurie de Beaupré: Phase II entered into a 15-year wind turbine maintenance contract that will be effective as of project commissioning slated for December 2014. The contract includes a cancellation option at the discretion of the Joint Venture - Seigneurie de Beaupré: Phase II 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 September 30, 2013, the Corporation's share in the net commitments of this joint venture amounted to $5.8 million for the next seven years of the contract.

Risk Factors and Uncertainties

Risk Factors

Boralex has not observed any significant changes regarding the risks to which it is subject, and which are discussed under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2012.

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, assets and liabilities, and the information reported in the unaudited interim condensed 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.

Items in question are presented in the Corporation's audited annual consolidated financial statements for the year ended December 31, 2012.

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 of approximately $1.2 million in annual amortization expense for future periods. The impact of this change for the nine-month period ended September 30, 2013 consisted in a $0.9 million decrease in amortization expense.

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 amended standard as at January 1, 2013 and this change had no impact on the Corporation's unaudited interim condensed consolidated financial statements.

IAS 34, *Interim Financial Reporting*

This amended standard requires that comprehensive income be classified by nature and enhances disclosure requirements for financial instruments. The Corporation adopted this amended standard as at January 1, 2013 and this change had no impact on the Corporation's unaudited interim condensed consolidated financial statements.

Future Changes in Accounting Policies

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* instead of the statement of earnings. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 36, *Impairment of Assets*

In May 2013, the IASB made amendments to 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 for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to its units is material compared with 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 has not yet assessed the impact of adopting this standard on its unaudited interim condensed consolidated financial statements.

IAS 39, *Financial Instruments: Recognition and Measurement*

The publication of the exposure draft, *Novation of Derivatives and Continuation of Hedge Accounting*, gave rise, in June 2013, to amendments to IAS 39, *Financial Instruments: Recognition and Measurement*. These amendments introduced an exception to the requirements for the discontinuation of hedge accounting in IAS 39 and IFRS 9 where a hedging instrument is novated (to be replaced or renewed) to a central counterparty as a consequence of laws or regulations. The entity must apply these amendments for fiscal years beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of adopting this standard on its unaudited interim condensed consolidated financial statements.

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, 2012, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are adequate and effective.

During the third quarter ended September 30, 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.

Subsequents Events

Joint Ventures – Seigneurie de Beaupré: Phases I and II

On October 24, 2013, a motion for authorization to institute a class action and be granted representative status was filed with the Superior Court of Québec against Seigneurie de Beaupré Wind Farms Phases I and II. 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. The merits of the class action have not yet been established.

On October 29, 2013, the Corporation completed long-term financing for Seigneurie de Beaupré wind farms: Phase II, located in Québec, Canada, that will be disbursed in November 2013 and January 2014. The non-recourse loan is secured by all of the assets of the wind farm and amounts to $166.1 million, consisting of a short-term bridge financing and a letter of credit facility totalling $23.7 million, as well as a $142.4 million construction loan that will convert into a term loan following commercial commissioning of the power station planned for December 2014. 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.

Consolidated Financial Statements

Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at September 30, 2013	As at December 31, 2012
ASSETS			
Cash and cash equivalents		136,067	107,138
Restricted cash		19,480	5,063
Trade and other receivables		24,012	45,589
Inventories		4,018	4,404
Available-for-sale financial asset		—	3,009
Prepaid expenses		4,355	2,137
CURRENT ASSETS		187,932	167,340
Property, plant and equipment		761,149	689,024
Other intangible assets		252,897	253,115
Goodwill		49,410	48,663
Interest in Joint Ventures	4	85,736	58,994
Other non-current financial assets	10	137	—
Other non-current assets		21,415	12,735
NON-CURRENT ASSETS		1,170,744	1,062,531
TOTAL ASSETS		1,358,676	1,229,871
LIABILITIES			
Trade and other payables		54,047	46,945
Current portion of debt	5	77,793	98,570
Current income tax liability		2,040	1,741
Other current financial liabilities	10	17,008	25,508
CURRENT LIABILITIES		150,888	172,764
Non-current debt	5	542,623	423,616
Convertible debentures		228,674	226,299
Deferred income tax liability		33,955	29,514
Other non-current financial liabilities	10	19,653	24,698
Other non-current liabilities		11,457	10,611
NON-CURRENT LIABILITIES		836,362	714,738
TOTAL LIABILITIES		987,250	887,502
EQUITY			
Equity attributable to shareholders		345,780	319,868
Non-controlling shareholders		25,646	22,501
TOTAL EQUITY		371,426	342,369
TOTAL LIABILITIES AND EQUITY		1,358,676	1,229,871

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

Consolidated Statements of Loss

(in thousands of Canadian dollars, except per share amounts) (unaudited)	Note	Three-month periods ended September 30 2013	Three-month periods ended September 30 2012	Nine-month periods ended September 30 2013	Nine-month periods ended September 30 2012
REVENUES					
Revenues from energy sales		28,651	33,021	119,528	129,377
Other income		1,925	130	2,677	452
		30,576	33,151	122,205	129,829
COSTS AND OTHER EXPENSES					
Operating expenses	8	13,558	12,367	38,405	47,462
Administrative		2,829	3,253	10,042	10,181
Development		864	1,308	2,873	3,776
Amortization		13,187	15,119	39,901	43,009
Other losses (gains)		(150)	971	(232)	971
Impairment of property, plant and equipment and intangible assets	6	—	—	266	823
		30,288	33,018	91,255	106,222
OPERATING INCOME		288	133	30,950	23,607
Financing costs		12,613	12,440	37,632	36,639
Foreign exchange loss (gain)		(112)	(25)	(258)	106
Net loss (gain) on financial instruments		—	14	(673)	499
Share in earnings (loss) of Joint Ventures	4	(673)	3	(1,787)	20
LOSS BEFORE INCOME TAXES		(12,886)	(12,293)	(7,538)	(13,617)
Income tax recovery		(3,640)	(3,494)	(1,086)	(3,456)
NET LOSS FROM CONTINUING OPERATIONS		(9,246)	(8,799)	(6,452)	(10,161)
Net earnings from discontinued operations	7	917	566	1,700	3,025
NET LOSS		(8,329)	(8,233)	(4,752)	(7,136)
NET LOSS ATTRIBUTABLE TO:					
Shareholders of Boralex		(7,473)	(7,601)	(4,368)	(6,353)
Non-controlling shareholders		(856)	(632)	(384)	(783)
NET LOSS		(8,329)	(8,233)	(4,752)	(7,136)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations		(8,390)	(8,167)	(6,068)	(9,378)
Discontinued operations	7	917	566	1,700	3,025
		(7,473)	(7,601)	(4,368)	(6,353)
NET EARNINGS (LOSS) PER SHARE (BASIC AND DILUTED) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations		($0.22)	($0.22)	($0.16)	($0.25)
Discontinued operations		$0.02	$0.02	$0.04	$0.08
	9	($0.20)	($0.20)	($0.12)	($0.17)

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

Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars) (unaudited)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
NET LOSS	(8,329)	(8,233)	(4,752)	(7,136)
Other comprehensive income (loss) to be subsequently reclassified to net loss when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	277	(4,878)	9,910	(5,929)
Cash flow hedges:				
Change in fair value of financial instruments	(1,033)	(4,618)	8,016	(13,460)
Hedging items realized and recognized in net loss	2,042	3,794	5,820	11,620
Taxes	(282)	268	(4,087)	840
Cash flow hedges – Joint Ventures:				
Change in fair value of financial instruments	1,561	(2,545)	16,503	(5,895)
Taxes	(513)	677	(4,382)	1,568
Available-for-sale financial asset:				
Change in fair value of an available-for-sale financial asset	58	182	858	(269)
Items realized and recognized in net loss	(58)	968	(149)	968
Total other comprehensive income (loss)	2,052	(6,152)	32,489	(10,557)
COMPREHENSIVE INCOME (LOSS)	(6,277)	(14,385)	27,737	(17,693)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of Boralex	(6,005)	(13,040)	25,303	(15,633)
Non-controlling shareholders	(272)	(1,345)	2,434	(2,060)
COMPREHENSIVE INCOME (LOSS)	(6,277)	(14,385)	27,737	(17,693)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX				
Continuing operations	(6,922)	(13,606)	23,603	(18,658)
Discontinued operations	917	566	1,700	3,025
	(6,005)	(13,040)	25,303	(15,633)

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders							Nine-month period ended September 30 2013
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings (loss)	Other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2013	222,870	14,379	6,945	144,492	(68,818)	319,868	22,501	342,369
Net loss	—	—	—	(4,368)	—	(4,368)	(384)	(4,752)
Other comprehensive income	—	—	—	—	29,671	29,671	2,818	32,489
COMPREHENSIVE INCOME (LOSS)	—	—	—	(4,368)	29,671	25,303	2,434	27,737
Conversion of convertible debentures	65	—	—	—	—	65	—	65
Exercise of options	48	—	—	—	—	48	—	48
Stock option expense	—	—	575	—	—	575	—	575
Excess of proceeds on repurchase of non-controlling interest	—	—	—	(79)	—	(79)	(26)	(105)
Contribution of non-controlling shareholders	—	—	—	—	—	—	737	737
BALANCE AS AT SEPTEMBER 30, 2013	222,983	14,379	7,520	140,045	(39,147)	345,780	25,646	371,426

(in thousands of Canadian dollars) (unaudited)	Equity attributable to shareholders							Nine-month period ended September 30 2012
	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings (loss)	Other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2012	222,758	14,379	6,106	144,501	(65,980)	321,764	7,114	328,878
Net loss	—	—	—	(6,353)	—	(6,353)	(783)	(7,136)
Other comprehensive loss	—	—	—	—	(9,280)	(9,280)	(1,277)	(10,557)
COMPREHENSIVE LOSS	—	—	—	(6,353)	(9,280)	(15,633)	(2,060)	(17,693)
Conversion of convertible debentures	74	—	—	—	—	74	—	74
Share repurchases	(5)	—	—	(2)	—	(7)	—	(7)
Stock option expense	—	—	576	—	—	576	—	576
Excess of proceeds from partial sale of a subsidiary	—	—	—	5,099	1,178	6,277	(6,277)	—
Contribution of non-controlling shareholders	—	—	—	—	—	—	18,205	18,205
BALANCE AS AT SEPTEMBER 30, 2012	222,827	14,379	6,682	143,245	(74,082)	313,051	16,982	330,033

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars) (unaudited)	Note	Three-month periods ended September 30 2013	Three-month periods ended September 30 2012	Nine-month periods ended September 30 2013	Nine-month periods ended September 30 2012
Net loss		(8,329)	(8,233)	(4,752)	(7,136)
Less: Net earnings from discontinued operations	7	917	566	1,700	3,025
Net loss from continuing operations		(9,246)	(8,799)	(6,452)	(10,161)
Financing costs		12,613	12,440	37,632	36,639
Interest paid		(18,372)	(9,764)	(34,625)	(33,091)
Income tax recovery		(3,640)	(3,494)	(1,086)	(3,456)
Income taxes paid		(1,273)	(176)	(2,725)	(2,640)
Non-cash items in loss :					
Net loss (gain) on financial instruments		—	14	(673)	499
Share in loss (earnings) of Joint Ventures	4	673	(3)	1,787	(20)
Amortization		13,187	15,119	39,901	43,009
Impairment of property, plant and equipment and intangible assets	6	—	—	266	823
Other losses (gains)		(150)	971	(232)	971
Other		1,073	562	1,801	1,653
		(5,135)	6,870	35,594	34,226
Change in non-cash items related to operating activities		6,941	(4,074)	20,959	14,882
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		1,806	2,796	56,553	49,108
Business acquisitions		—	—	—	(39,080)
Additions to property, plant and equipment		(30,391)	(2,990)	(79,084)	(5,533)
Additions to other intangible assets		—	(588)	—	(2,148)
Change in restricted cash		(13,373)	6,453	(14,417)	18,081
Increase in interest in Joint Ventures	4	(2,716)	(6,452)	(5,537)	(17,735)
Change in reserve funds		(9,253)	—	(9,253)	—
Development projects		(874)	(1,588)	(7,489)	(3,244)
Proceeds from sale of assets		374	—	374	8,763
Other		(197)	14	(216)	110
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(56,430)	(5,151)	(115,622)	(40,786)
Net increase in non-current debt		151,185	—	180,300	—
Repayments on non-current debt		(83,391)	(9,299)	(97,374)	(23,966)
Contribution of non-controlling shareholders		411	82	737	18,206
Other		(91)	46	(61)	(2)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		68,114	(9,171)	83,602	(5,762)
Cash related to discontinued operations	7	904	796	1,970	(4,683)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(541)	(1,889)	2,426	(2,085)
NET CHANGE IN CASH AND CASH EQUIVALENTS		13,853	(12,619)	28,929	(4,208)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		122,214	153,114	107,138	144,703
CASH AND CASH EQUIVALENTS - END OF PERIOD		136,067	140,495	136,067	140,495

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

Notes to Consolidated Financial Statements

As at September 30, 2013

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

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 23 wind power stations, 14 hydroelectric power stations, two thermal power stations and a solar power facility for a total capacity of nearly 500 megawatts ("MW"*). The Corporation also operates two hydroelectric power stations on behalf of an entity controlled by a director of Cascades, a corporation exercising significant influence over the Corporation. The generated power is sold mainly in Canada, the United States and France. In addition, Boralex operates the power stations of the Joint Ventures in which it holds an 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, 11, 12 and 13 have not been reviewed by the auditors.)*

Note 2.

Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRS IC") applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*. The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2012, except for income taxes for the interim periods, which were calculated using the tax rate that would be applicable to expected earnings for each jurisdiction, and the changes in accounting policies in note 3. The Corporation has consistently applied the same accounting policies for all of the periods presented. As permitted under IAS 34, these interim financial statements do not constitute a complete set of financial statements, as the Corporation does not present all the notes to financial statements included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, readers are advised that these financial statements constitute a condensed set of financial statements under IAS 34. These unaudited interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2012.

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 the Corporation's audited annual consolidated financial statements for the year ended December 31, 2012.

The Board of Directors approved these interim condensed consolidated financial statements on November 5, 2013.

Note 3.

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 of approximately $1,167,000 in annual amortization expense for future periods. The impact of this change for the nine-month period ended September 30, 2013 consisted in a $876,000 decrease in amortization expense.

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 amended standard as at January 1, 2013 and this change had no impact on the Corporation's unaudited interim condensed consolidated financial statements.

IAS 34, *Interim Financial Reporting*

This amended standard requires that comprehensive income be classified by nature and enhances disclosure requirements for financial instruments. The Corporation adopted this amended standard as at January 1, 2013 and this change had no impact on the Corporation's unaudited interim condensed consolidated financial statements.

Future Changes in Accounting Policies

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* instead of the statement of earnings. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Corporation has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 36, *Impairment of Assets*

In May 2013, the IASB made amendments to 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 for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to its units is material compared with 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 has not yet assessed the impact of adopting this standard on its unaudited interim condensed consolidated financial statements.

IAS 39, *Financial Instruments: Recognition and Measurement*

The publication of the exposure draft, *Novation of Derivatives and Continuation of Hedge Accounting*, gave rise, in June 2013, to amendments to IAS 39, *Financial Instruments: Recognition and Measurement*. These amendments introduced an exception to the requirements for the discontinuation of hedge accounting in IAS 39 and IFRS 9 where a hedging instrument is novated (to be replaced or renewed) to a central counterparty as a consequence of laws or regulations. The entity must apply these amendments retrospectively for fiscal years beginning on or after January 1, 2014, with earlier adoption permitted. The Corporation has not yet assessed the impact of adopting this standard on its unaudited interim condensed consolidated financial statements.

Note 4.

Interest in the Joint Ventures

Seigneurie de Beaupré: Phase I

In June 2011, in connection with Phase I of the Seigneurie de Beaupré wind farm project, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and created the joint venture Seigneurie de Beaupré 2 and 3 wind farm General Partnership (the "Joint Venture – Seigneurie de Beaupré: Phase I") 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.

The following table shows Boralex's interest in the Joint Venture – Seigneurie de Beaupré: Phase I (50%):

	Nine-month period ended September 30	Twelve-month period ended December 31
	2013	2012
Balance – beginning of period	58,994	45,266
Cash contribution	—	17,735
Share in earnings (loss)	(1,613)	51
Share in comprehensive income (loss)	16,502	(4,088)
Other	—	30
Balance – end of period	73,883	58,994

The following table reconciles the share of the Joint Venture – Seigneurie de Beaupré: Phase I as reported in the consolidated statement of loss of Boralex:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Share in earnings (loss)	(499)	5	(1,613)	65
Other	(151)	(2)	(151)	(45)
Total share	(650)	3	(1,764)	20

The following tables show all of the assets, liabilities, net earnings (loss) and comprehensive income (loss) of the Joint Venture – Seigneurie de Beaupré: Phase I (100%):

	As at September 30 2013	As at December 31 2012
Restricted cash	6,735	13,175
Other current assets	91,062	6,709
Non-current financial assets	6,067	—
Non-current assets	644,945	321,769
TOTAL ASSETS	748,809	341,653
Current financial liabilities	9,387	7,669
Other current liabilities	60,959	7,763
Non-current debt	477,543	142,948
Non-current financial liabilities	—	27,540
Non-current liabilities	53,154	37,746
TOTAL LIABILITIES	601,043	223,666
NET ASSETS	147,766	117,987

	Note	Three-month periods ended September 30		Nine-month periods ended September 30	
		2013	2012	2013	2012
Administrative		48	18	217	99
OPERATING LOSS		(48)	(18)	(217)	(99)
Interest income		(1)	(1)	(10)	(16)
Financing costs		1	1	2	1
Foreign exchange loss		106	1	157	2
Net loss (gain) on financial instruments	a)	845	(27)	2,860	(214)
NET EARNINGS (LOSS)	a)	(999)	8	(3,226)	128
Other comprehensive income (loss)		3,123	(5,091)	33,005	(11,790)
COMPREHENSIVE INCOME (LOSS)		2,124	(5,083)	29,779	(11,662)

a) For the nine-month period ended September 30, 2013, the Joint Venture – Seigneurie de Beaupré: Phase I reported a net loss of $3,226,000, owing to the ineffective portion related to counterparty credit risk. In the financial statements of this joint venture, a $2,472,000 expense for an ineffective financial instrument was recognized during the second and third quarters of 2013. It is important to note that that loss of $2,472,000 is in respect of an instrument with a notional amount of $551,732,000, which represents a ratio of only 0.5%.

Commitments

All of Boralex's share in the net commitments of the Joint Venture – Seigneurie de Beaupré: Phase I are discussed in Boralex's annual financial statements for the fiscal year ended December 31, 2012.

Seigneurie de Beaupré: Phase II

In May 2013, in connection with Phase II of the Seigneurie de Beaupré wind farm project, the Corporation entered into a partnership agreement with a subsidiary of Gaz Métro L.P. and created the joint venture Seigneurie de Beaupré 4 wind farm General Partnership (the "Joint Venture – Seigneurie de Beaupré: Phase II") 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 this 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.

The following table shows Boralex's interest in the Joint Venture – Seigneurie de Beaupré: Phase II (50%):

	Nine-month period ended September 30	Twelve-month period ended December 31
	2013	2012
Balance – beginning of period	—	—
Cash contribution	5,537	—
Capital contribution	6,382	—
Share in loss	(23)	—
Other	(43)	—
Balance – end of period	11,853	—

The following tables show all of the assets, liabilities, net loss and comprehensive loss of the Joint Venture – Seigneurie de Beaupré: Phase II (100%):

	As at September 30, 2013	As at December 31, 2012
Cash and cash equivalents	1,640	—
Other current assets	1,411	—
Non-current assets	31,167	—
TOTAL ASSETS	34,218	—
Current liabilities	6,860	—
Non-current liabilities	3,564	—
TOTAL LIABILITIES	10,424	—
NET ASSETS	23,794	—

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Administrative	46	—	46	—
OPERATING LOSS	(46)	—	(46)	—
NET LOSS AND COMPREHENSIVE LOSS	(46)	—	(46)	—

Commitments

All of Boralex's share in the net commitments of the Joint Venture – Seigneurie de Beaupré: Phase II are discussed in Boralex's annual financial statements for the fiscal year ended December 31, 2012, but during the nine-month period ended September 30, 2013, the Corporation concluded the following new commitments:

Construction contract

a) In 2013, the Joint Venture – Seigneurie de Beaupré: Phase II entered into a contract to build wind turbines on private land of the Séminaire de Québec. Expenditures are made according to the percentage of completion. As at September 30, 2013, the Boralex's share in the net commitments of this joint venture was $64,608,000 (€15,616,000 and $42,844,000).

Maintenance contract

b) In September 2013, the Joint Venture – Seigneurie de Beaupré: Phase II entered into a 15-year wind turbine maintenance contract that will be effective as of project commissioning slated for December 2014. The contract includes a cancellation option at the discretion of Joint Venture – Seigneurie de Beaupré: Phase II 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 September 30, 2013, the Boralex's share in the net commitments of this joint venture amounted to $5,797,000 for the first seven years of the contract.

Note 5.
Non-current Debt

	Note	Maturity	Rate [1]	As at September 30, 2013	As at December 31, 2012
Master agreement – wind farms (France)		2017-2022	4.81	156,716	161,042
Term loan payable – Nibas wind farm		2016	5.00	4,513	5,104
Term loan payable – St-Patrick wind farm		2025	5.10	48,253	47,448
Finance leases (France)		2014-2015	4.53	2,356	3,026
Term loan payable – Ocean Falls power station		2024	6.55	9,674	10,138
Term loan payable – Thames River wind farms		2031	7.05	168,637	173,481
Canadian senior secured note		2014	6.63	35,663	36,601
U.S. senior secured note	a)	2026	3.51	92,727	—
Term loan payable – Lauragais solar power station		2025-2028	4.01	16,416	15,738
Term loan payable – La Vallée wind farm	b)	2029	4.42	35,253	—
Term loan payable – Vron wind farm	c)	2030	3.12	13,913	—
Term loan payable – Jamie Creek power station	d)	2054	5.42	41,500	—
U.S. senior secured note	a)	—	—	—	71,994
Other debts		—	—	5,120	4,877
				630,741	529,449
Current portion of debt				(77,793)	(98,570)
Borrowing cost, net of accumulated amortization				(10,325)	(7,263)
				542,623	423,616

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

a) The 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 in the amount of US$90,000,000 ($92,727,000). The loan bears interest at the annual rate of 3.51% and will be amortized by half-yearly payments over a 13-year period. It is secured by all of the assets of the Hudson Falls and South Glens Falls power stations.

b) This loan payable, secured by the assets of the La Vallée wind farm in France, consists of a net amount of €20,926,000 ($29,165,000) drawn down under an initial financing facility of €27,000,000 over 15 years and a net amount of €4,368,000 ($6,088,000) drawn down under a second financing facility of €6,400,000 over 15 years. 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 ($37,630,000) at a rate of 1.86% over 15 years, and a second with a notional amount of €6,400,000 ($8,920,000) 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.

c) This loan payable, secured by the assets of the Vron wind farm in France, consists of a commercial tranche of €343,000 ($478,000) drawn down under a financing facility of €1,550,000, a KfW tranche of €9,640,000 ($13,435,000) fully drawn down, a VAT financing of €2,600,000 and a reserve fund for dismantling of €360,000, for a total amount of €14,150,000 ($19,721,000). The loan will be amortized in quarterly payments over a 15-year period. The variable interest rate for this €1,550,000 financing facility is based on EURIBOR, plus a margin. The interest rate for the €9,640,000 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.

d) 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 $41,500,000 drawn under a total financing facility of $55,250,000. The loan will enjoy a nine-year grace period 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.

The revolving credit facility with an authorized amount of $60,000,000 was extended by a one year, until June 30, 2014. The interest rate margins were adjusted downward by approximately 0.25%. The authorized amount could be increased by $35,000,000 if the Corporation were to prepay its $35,000,000 Canadian private placement, maturing on July 9, 2014, and pledge the underlying assets as security. Lastly, under the new agreement, there are no longer any restrictions on dividends paid to shareholders. No cash advances had been drawn under this credit facility.

Note 6.

Sale of Assets

On June 27, 2013, the Corporation undertook to sell the equipment of a recovery 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 as at June 30, 2013.

In April 2012, the Corporation completed the sale of the Dolbeau wood-residue thermal power station to Resolute Forest Products for a cash consideration of $5,000,000. 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). Impairment charges of $268,000 and $555,000, respectively, on the property, plant and equipment and intangible assets were recognized as at March 31, 2012 to bring the assets' carrying amount closer 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 7.

Discontinued Operations

Net earnings from discontinued operations are detailed as follows:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Pre-tax operating income from discontinued operations	1,431	796	2,651	4,746
Income tax expense	514	230	951	1,721
Net earnings from discontinued operations	917	566	1,700	3,025

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

Note 8.

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 $4,045,00 ($3,957,000) in the statement of loss.

Note 9.

Net Earnings (Loss) per Share

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

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Net loss attributable to shareholders of Boralex	(7,473)	(7,601)	(4,368)	(6,353)
Less:				
Net earnings from discontinued operations	917	566	1,700	3,025
Net loss from continuing operations attributable to shareholders of Boralex	(8,390)	(8,167)	(6,068)	(9,378)
Weighted average number of shares – basic	37,748,196	37,730,162	37,741,137	37,727,984
Net loss per share from continuing operations attributable to shareholders of Boralex – basic	($0.22)	($0.22)	($0.16)	($0.25)
Net earnings per share from discontinued operations – basic	$0.02	$0.02	$0.04	$0.08
Net loss per share attributable to shareholders of Boralex – basic	($0.20)	($0.20)	($0.12)	($0.17)

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

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Net loss attributable to shareholders of Boralex	(7,473)	(7,601)	(4,368)	(6,353)
Less:				
Net earnings from discontinued operations	917	566	1,700	3,025
Net loss from continuing operations attributable to shareholders of Boralex	(8,390)	(8,167)	(6,068)	(9,378)
Weighted average number of shares	37,748,196	37,730,162	37,741,137	37,727,984
Dilutive effect of stock options	411,534	118,421	381,065	97,063
Weighted average number of shares – diluted	38,159,730	37,848,583	38,122,202	37,825,047
Net loss per share from continuing operations attributable to shareholders of Boralex – diluted	($0.22)	($0.22)	($0.16)	($0.25)
Net earnings per share from discontinued operations – diluted	$0.02	$0.02	$0.04	$0.08
Net loss per share attributable to shareholders of Boralex – diluted	($0.20)	($0.20)	($0.12)	($0.17)

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:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Convertible debentures excluded due to their anti-dilutive effect	19,574,762	19,584,629	19,577,709	19,587,306
Stock options excluded due to their anti-dilutive effect	281,795	791,551	281,795	1,020,612

Note 10.

Financial Instruments

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

	As at September 30, 2013		As at December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Non-current debt	620,416	645,846	522,186	556,618
Convertible debentures	243,053	256,918	240,678	259,434

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

	As at September 30, 2013	As at December 31, 2012
OTHER NON-CURRENT FINANCIAL ASSETS		
Financial swaps – interest rates	137	—
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps – interest rates	16,938	25,508
Forward contracts – interest rates	70	—
	17,008	25,508
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps – interest rates	19,653	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 September 30, 2013.

As at September 30, 2013	Maturity	Rate [1]	Discount rate	Fair value
Master agreement – wind farms (France)	2017-2022	4.81	4.81	156,716
Term loan payable – Nibas wind farm	2016	5.00	2.65	4,626
Term loan payable – St-Patrick wind farm	2025	5.10	5.10	48,253
Finance leases (France)	2014-2015	4.53	2.67	2,728
Term loan payable – Ocean Falls power station	2024	6.55	4.52	10,748
Term loan payable – Thames River wind farms	2031	7.05	5.74	188,220
Canadian senior secured note	2014	6.63	2.80	36,551
U.S. senior secured note	2026	3.51	3.89	91,351
Term loan payable – Lauragais solar power station	2025-2028	4.01	2.67	16,961
Term loan payable – La Vallée wind farm	2029	4.42	4.42	35,253
Term loan payable – Vron wind farm	2030	3.12	3.12	13,913
Term loan payable – Jamie Creek power station	2054	5.42	6.49	35,581
Other debts	—	—	—	4,945
				645,846
Convertible debentures	2017	6.75	—	256,918

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

Financial Swaps – Interest Rates and Forward Contracts - 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 and interest rate forward contracts as at September 30, 2013:

As at September 30, 2013	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in C$)	Fair value (in C$)
Financial swaps – interest rates	Euro	1.640% to 5.155%	6-month Euribor	2015-2028	234,731	(19,516)
Financial swaps – interest rates	CAD	4.61% to 4.92%	3-month CDOR	2031-2033	149,508	(16,938)
Forward contracts – interest rates	CAD	2.59% to 2.925%	—	2013	46,400	(70)

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, financial swaps – interest rates and forward contracts – 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 September 30, 2013	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Financial swaps – interest rates	137	—	137	
OTHER LIABILITIES				
Non-current debt	645,846	—	645,846	—
Convertible debentures	256,918	256,918	—	—
	902,764	256,918	645,846	—
FINANCIAL LIABILITIES				
Financial swaps – interest rates	36,591	—	36,591	—
Forward contracts – interest rates	70	—	70	—
	36,661	—	36,661	—

	As at December 31, 2012	Fair value hierarchy levels		
		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 11.

Commitments and Contingencies

All commitments and contingencies are discussed in Boralex's financial statements for the fiscal year ended December 31, 2012. However, during the nine-month period ended September 30, 2013, the Corporation concluded the following new commitments:

Maintenance Contracts

a) For two of the wind power projects under development in France with a 48 MW* capacity acquired at the time of the June 28, 2012 business combination, 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 additional commitments of €4,224,000 ($5,886,000) payable as from the commercial commissioning of sites slated for 2014, contingent on the closing of project financing expected in the fourth quarter of 2013.

b) For the La Vallée wind power project in France with a 32 MW* capacity acquired on November 8, 2012, the Corporation has entered into maintenance contracts with Gamesa. The contracts have an initial term of ten years and require, as at September 30, 2013, additional net commitments of €8,876,000 ($12,370,000) payable as of the third year following the commercial commissioning of site slated for late November 2013, as the first two years of service are free.

Construction Contracts

c) For the Témiscouata I community wind power project in Québec, Canada, developed jointly with the Témiscouata RCM with a 25 MW* installed capacity, the Corporation has entered into a construction contract for the roads. Expenditures will be made according to the percentage of completion. As at September 30, 2013, the Corporation's share of net commitments amounted to $2,972,000.

d) For two of the wind power projects under development in France with a 48 MW* capacity acquired at the time of the June 28, 2012 business combination, Fortel-Bonnières and St-François, the Corporation has entered into wind turbine purchase and installation contracts with General Electric, contingent on the closing of project financing expected in the fourth quarter of 2013. Expenditures will be made according to the percentage of completion. As at September 30, 2013, the Corporation had net additional commitments amounting to €32,982,000 ($45,968,000).

Operating Leases on Property

e) The land on which the Vron and La Vallée wind turbines are located in France is leased over terms of 15 years. Payments under these emphyteutic leases are due annually and are indexed each year, based on the Consumer Price Index and the Construction Cost Index published by the National Institute of Statistics and Economic Studies, and represent, as at 30 September, 2013, an additional net commitment of €2,190,000 ($3,053,000) for the Corporation.

Note 12.

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 four 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 294 MW* of Boralex's wind power assets currently in operation, 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*, 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.

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 have 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. Its sales contract with government utility Électricité de France ("EDF") expired on April 30, 2013. The Corporation obtained a power purchase agreement from EDF for winter 2013-2014. The power station is therefore expected to resume operations as of November 2013.

Solar

The Corporation's only solar power station, of 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 13.

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 reportable segment: 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 power production, 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, 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:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	**2012**	**2013**	**2012**
Net loss attributable to shareholders of Boralex	(7,473)	(7,601)	(4,368)	(6,353)
Net earnings from discontinued operations	(917)	(566)	(1,700)	(3,025)
Non-controlling shareholders	(856)	(632)	(384)	(783)
Income tax recovery	(3,640)	(3,494)	(1,086)	(3,456)
Net loss (gain) on financial instruments	—	14	(673)	499
Foreign exchange loss (gain)	(112)	(25)	(258)	106
Financing costs	12,613	12,440	37,632	36,639
Impairment of property, plant and equipment and intangible assets	—	—	266	823
Other losses (gains)	(150)	971	(232)	971
Amortization	13,187	15,119	39,901	43,009
EBITDA	12,652	16,226	69,098	68,430

Information by Operating Segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Power production (MWh*)				
Wind power stations	96,921	110,343	454,941	421,584
Hydroelectric power stations	131,786	86,472	478,182	408,441
Thermal power stations	33,851	83,815	111,921	244,119
Solar power station	2,098	2,056	4,965	5,325
	264,656	282,686	1,050,009	1,079,469
Revenues from energy sales				
Wind power stations	11,822	12,540	55,804	49,531
Hydroelectric power stations	11,206	7,456	41,010	33,887
Thermal power stations	4,657	12,173	20,471	43,701
Solar power station	966	852	2,243	2,258
	28,651	33,021	119,528	129,377
EBITDA				
Wind power stations	6,872	9,505	42,316	39,564
Hydroelectric power stations	7,595	7,510	31,411	27,211
Thermal power stations	(614)	2,408	2,984	11,957
Solar power station	853	770	1,941	1,988
Corporate and eliminations	(2,054)	(3,967)	(9,554)	(12,290)
	12,652	16,226	69,098	68,430
Additions to property, plant and equipment				
Wind power stations	19,953	1,417	52,588	2,037
Hydroelectric power stations	9,393	830	22,562	1,367
Thermal power stations	471	241	744	307
Solar power station	—	24	527	720
Corporate and eliminations	574	478	2,663	1,102
	30,391	2,990	79,084	5,533

	As at September 30, 2013	As at December 31, 2012
Total assets		
Wind power stations	719,336	646,065
Hydroelectric power stations	463,768	420,553
Thermal power stations	42,688	79,093
Solar power station	21,957	20,768
Corporate	110,927	63,392
	1,358,676	1,229,871
Total liabilities		
Wind power stations	499,110	464,977
Hydroelectric power stations	210,482	147,795
Thermal power stations	9,885	11,487
Solar power station	16,859	16,438
Corporate	250,914	246,805
	987,250	887,502

Information by Geographic Segment

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2013	2012	2013	2012
Power production (MWh*)				
Canada	112,921	155,518	423,851	547,573
United States	79,059	43,384	301,070	242,853
France	72,676	83,784	325,088	289,043
	264,656	282,686	1,050,009	1,079,469
Revenues from energy sales				
Canada	10,337	17,267	46,252	67,735
United States	6,473	3,515	24,306	18,415
France	11,841	12,239	48,970	43,227
	28,651	33,021	119,528	129,377
EBITDA				
Canada	3,564	5,014	24,425	30,464
United States	4,427	5,071	18,715	16,323
France	4,661	6,141	25,958	21,643
	12,652	16,226	69,098	68,430
Additions to property, plant and equipment				
Canada	11,081	1,695	26,567	2,821
United States	—	77	210	162
France	19,310	1,218	52,307	2,550
	30,391	2,990	79,084	5,533

	As at September 30, 2013	As at December 31, 2012
Total assets		
Canada	711,388	651,146
United States	195,717	178,329
France	451,571	400,396
	1,358,676	1,229,871
Non-current assets, excluding interest in Joint Ventures		
Canada	512,759	498,019
United States	154,339	145,604
France	417,910	359,914
	1,085,008	1,003,537
Total liabilities		
Canada	535,036	497,855
United States	115,864	94,461
France	336,350	295,186
	987,250	887,502

Note 14.

Subsequents Events

Joint Ventures – Seigneurie de Beaupré: Phases I and II

On October 24, 2013, a motion for authorization to institute a class action and be granted representative status was filed with the Superior Court of Québec against Seigneurie de Beaupré Wind Farms Phases I and II. 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. The merits of the class action have not yet been established.

On October 29, 2013, the Corporation completed long-term financing for Seigneurie de Beaupré wind farms: Phase II, located in Québec, Canada, that will be disbursed in November 2013 and January 2014. The non-recourse loan is secured by all of the assets of the wind farm and amounts to $166,119,000, consisting of a short-term bridge financing and a letter of credit facility totalling $23,674,000, as well as a $142,445,000 construction loan that will convert into a term loan following commercial commissioning of the power station planned for December 2014. 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.