

**INTERIM
REPORT**
AS AT MARCH 31, 2014

PROFILE

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

With more than 200 employees, Boralex is known for its diversified **expertise** and in-depth **experience** in four power generation types – wind, hydroelectric, thermal and solar. Boralex's shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbols BLX and BLX.DB, respectively. More information is available at www.boralex.com or www.sedar.com.

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Management's Discussion and Analysis

As at March 31, 2014

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Introductory Comments

General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results for the three-month period ended March 31, 2014, compared with the corresponding periods of 2013, the cash flows for the three-month period ended March 31, 2014 compared with the corresponding period of 2013, as well as the Corporation's financial position as at March 31, 2014 compared with December 31, 2013. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the audited consolidated financial statements and related notes appearing in the most recent Annual Report for the year ended December 31, 2013.

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

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

The information contained in this MD&A reflects all material events up to May 6, 2014, the date on which the Board of Directors approved this 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 constitute Canadian generally accepted accounting principles ("GAAP") under Part I of the *CPA Canada Handbook*. The unaudited 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 2013.

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

As discussed under *Non-IFRS Measures*, this MD&A also contains information derived from non-IFRS measures. All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars.

Notice Concerning Forward-Looking Statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. These statements are characterized by the use of positive or negative verbs, such as plan, anticipate, evaluate, estimate, believe and other related expressions. They are based on Boralex management's expectations, estimates and assumptions as at May 6, 2014.

Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular projection. The main factors that could lead to a material difference between the Corporation's actual results and the projections or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, raw material price increases and availability, currency fluctuations, volatility in the selling price of electricity, the Corporation's financing capacity, negative changes in general market conditions and regulations affecting the industry, as well as other factors described in *Outlook and Development Objectives* and *Risk Factors and Uncertainties* in the Corporation's annual report for the year ended December 31, 2013.

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.

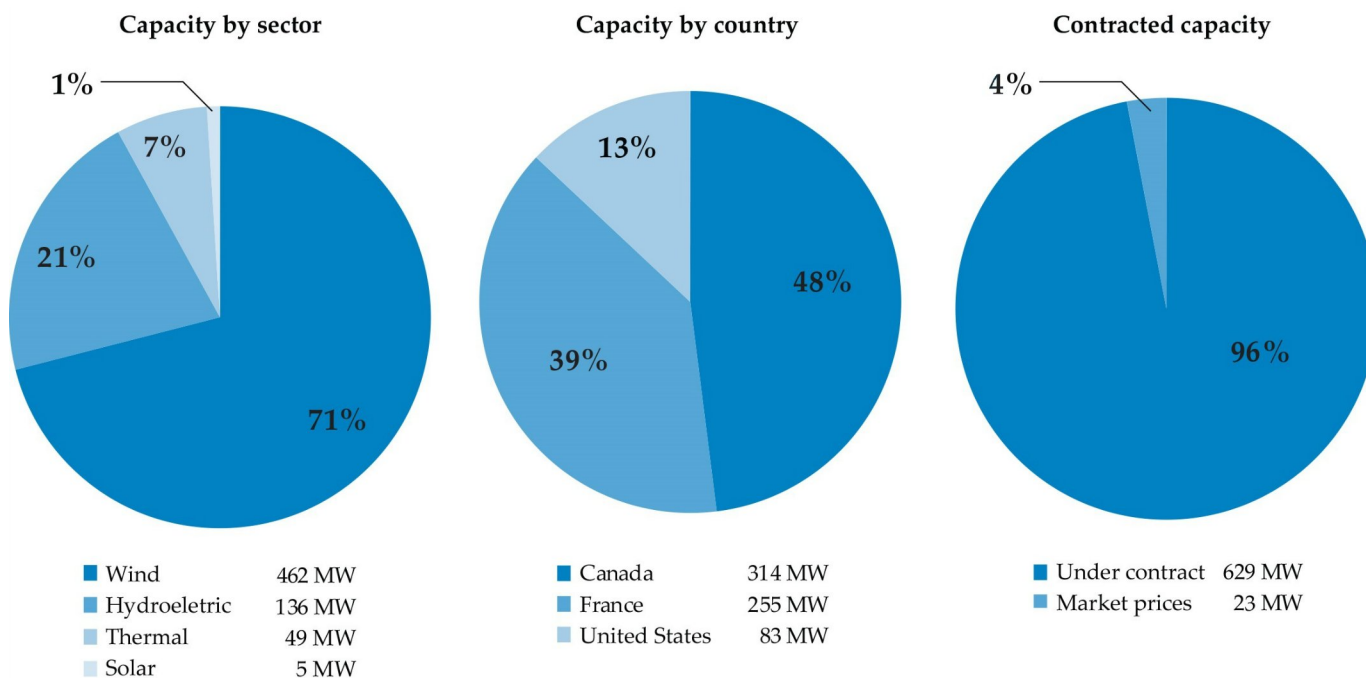
Description of Business

Borex Inc. (“Borex” or the “Corporation”) is a power producer whose core business is dedicated to the development and the operation of renewable energy power stations. As at March 31, 2014, the Corporation operated an asset base with an installed capacity of more than 650 megawatts (“MW”) (Borex’s share) in Canada, France and the Northeastern United States. Borex is also committed under power development projects, both independently and with Canadian and European partners, to add approximately 250 MW of power (Borex’s share is 202 MW) that will be commissioned by the end of 2015. Nearly all of the Corporation’s operating assets as well as all the sites under development benefit from long-term power sales contracts with fixed and indexed prices.

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

- Borex currently operates a **462 MW wind power** portfolio of assets in Canada and France. In recent years, Borex has become one of the most experienced wind power producers in France, where it currently generates 236 MW of power with an additional 46 MW in total in development projects. Borex also entered the wind power market in Canada with 226 MW (Borex’s share) in Québec and Ontario. In Québec, the Corporation is working independently or with partners on the development of wind farms with an additional total installed capacity of 168 MW (Borex’s share is 134 MW), slated for commissioning by the end of 2015.
- Borex has nearly two decades of expertise in **hydroelectric power** generation. As at March 31, 2014, the Corporation owns and operates **136 MW** of hydro assets in the United States, Québec and British Columbia. It will also commission a new 22 MW power station in British Columbia during the second quarter of 2014.
- Borex 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.
- Borex diversified its energy portfolio with the addition of a **solar power** facility with an installed capacity of **5 MW** located in France.

The following charts provide information about the makeup of the Corporation’s energy portfolio in operation as at March 31, 2014⁽¹⁾:



TOTAL: 652 MW

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

Borex’s shares, 34% 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 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 increasing to 462 MW as at March 31, 2014 from 108 MW in December 2008. These operating assets located in France (236 MW) and Canada (226 MW) are fully covered by long-term power sales contracts. In addition, the Corporation is currently developing, independently or with partners, various wind power projects in which it holds a total share of 180 MW, comprising 46 MW in France and 134 MW in Canada, slated for commissioning in 2014 and 2015. Backed by its significant financial resources, the Corporation is pursuing other acquisition and development targets in Canada and in France;
- **All of the trust units of the Boralex Power Income Fund** (the "Fund") were acquired in November 2010, increasing Boralex's energy portfolio by a fully contracted installed capacity of 131 MW, mainly comprising excellent hydroelectric assets of approximately 100 MW;
- Boralex **entered the solar power market** in June 2011 with the commissioning of its first solar power station with an installed capacity of 5 MW located in Southwestern France. To date, the facility has met management expectations with its contribution while allowing Boralex to develop expertise in this segment; and
- The **relative weight of the thermal power segment and assets with non-contracted capacity in Boralex's energy portfolio** was scaled back, mainly following the sale in December 2011 of U.S. wood-residue power stations with a total installed capacity of 186 MW, which were not covered by sales contracts and sold their electricity in the Northeastern United States open market. In line with Boralex's target positioning, the cash proceeds of approximately \$81 million (net of taxes) from this sale were partly used to acquire operating assets and development projects in the wind and hydroelectric power segments. Also, in 2011 and 2012, two thermal power stations located in Québec discontinued their operations, namely the Dolbeau wood-residue power station and the Kingsey Falls natural gas power station. In 2013, the Corporation disposed of a non-strategic thermal power segment business unit.

Growth Path

		CONTRACTED						PIPELINE
Country	FRANCE		CANADA				Europe or Canada	
Commissioning	2014	2015	2014	2014	2014	2015	2015	
Project	Fortel-Bonnières	St-François	Jamie Creek	Seigneurie de Beaupré (phase II)	Témiscouata I (municipal)	Côte-de-Beaupré (municipal)	Témiscouata II	
Capacity	23 MW	23 MW	22 MW	68 MW	25 MW	25 MW	50 MW	+/- 100 MW
Segment	WIND	WIND	HYDRO	WIND	WIND	WIND	WIND	WIND EQUIVALENT
Contract termination date	2029	2030	2074	2034	2034	2035	2035	
Total project investment (million \$) ⁽¹⁾	\$60 - \$65	\$60 - \$65	\$55 - \$60	\$180 - \$190	\$65 - \$70	\$65 - \$70	\$130 - \$140	
Borex's ownership	75%	75%	100%	50%	51%	51%	100%	100%



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

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

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

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

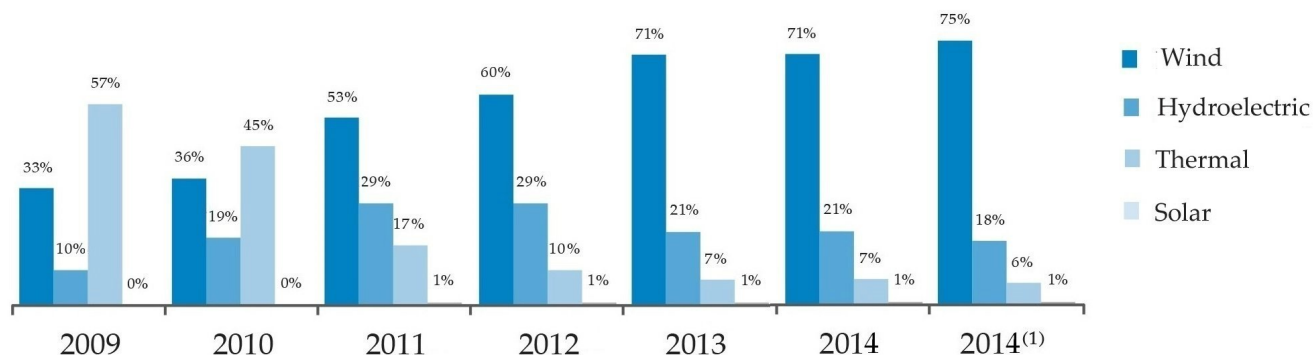
As the following charts show, Borex's strategic decisions made in recent fiscal years have substantially transformed and enhanced its positioning. Between the end of fiscal 2009 and March 31, 2014, Borex's long-term contracted portion of installed capacity in operation grew from 51% to 96%. If Borex's share in projects under development is taken into account, this proportion increases to approximately 97%, 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 Borex's thermal power segment. Together, the three segments now account for 93% of assets in operation, and will reach 94% in 2015, particularly after the wind power sites currently under development are commissioned, without reflecting expansion projects that could be carried out by the Corporation in its target markets over the coming quarters and years. In contrast, the thermal power segment's share of Borex's overall installed capacity fell from 57% in 2009 to 7%, in accordance with the Corporation's decision to reduce the relative weight of its thermal power segment. One of the main benefits of this trend is that the Corporation's results will become more stable and predictable by reducing its exposure to fluctuations in the cost and potential scarcity of raw materials used in the thermal power stations, namely natural gas and wood residue.

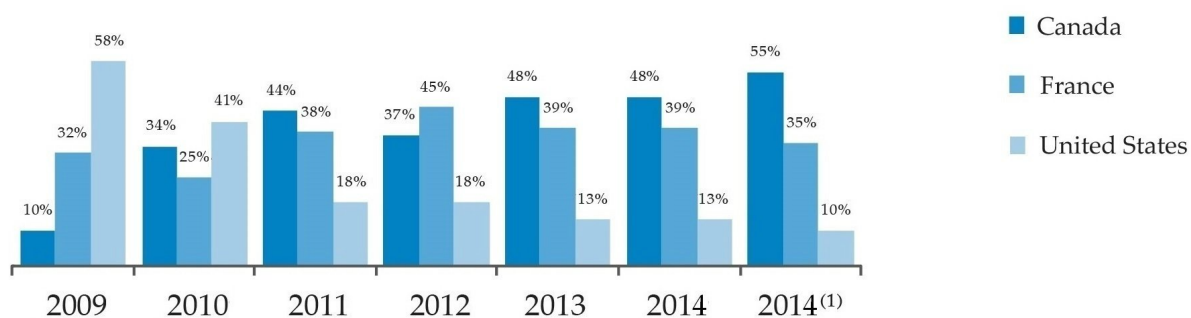
Developments over recent fiscal years have strengthened the Corporation's geographic positioning in Canada, where approximately 50% of Borex's installed capacity in operation is now located, compared with 10% in 2009. France and the United States account for 39% and 13%, respectively, of the Corporation's installed capacity in operation as at March 31, 2014. Accordingly, Borex now enjoys greater geographic balance in its revenue streams as well as reduced exposure to currency fluctuations. As indicated in the above chart, the Canadian market share should reach 55% with the commissioning of projects under development, which does not reflect, however, potential expansion transactions that the Corporation could complete in both France and Canada.

These charts provide information about the makeup of the Corporation's energy portfolio as at March 31, 2014 and its changes compared with the end of previous fiscal years.

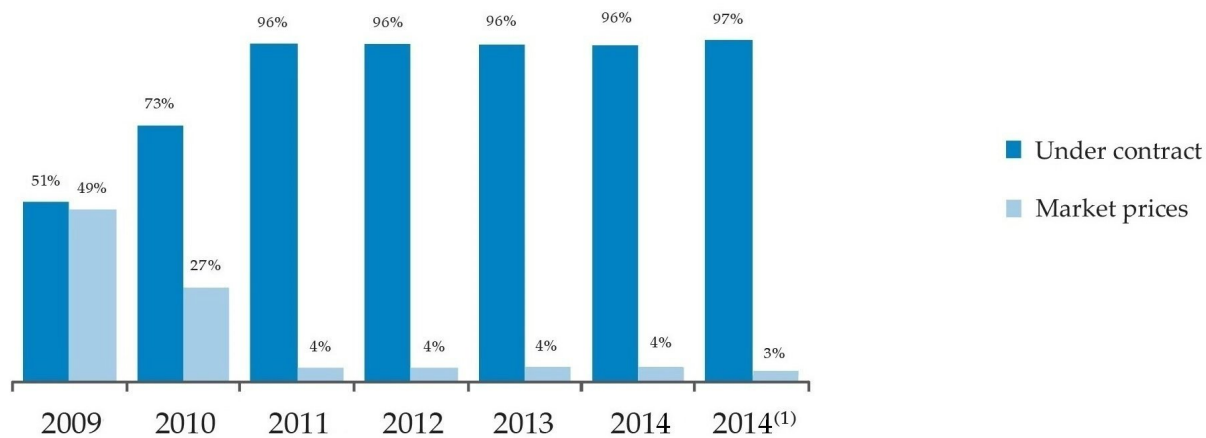
Capacity by sector



Capacity by country



Contracted capacity



⁽¹⁾ Pro forma, including Boralex's interest of 202 MW in development projects as at March 31, 2014

Outlook and Development Objectives

2014-2016 Outlook

Fiscal 2013 was a period of transition into superior growth and profitability, from which the Corporation will begin to reap the benefits in 2014. In fiscal 2014, the Corporation will benefit from the full contribution of assets commissioned in 2013, in particular its share of Phase I of the Seigneurie de Beaupré Wind Farms. Boralex's management is satisfied with the results to date of this facility, which has been fully operational since the beginning of fiscal 2014, with production in the first quarter showing promising signs for the future. In addition, Boralex will commission during the second quarter of 2014 a hydroelectric power station in British Columbia with a total capacity of 22 MW, will commission other wind power projects in Québec and France with a total share of 82 MW by the end of 2014, and will also pursue the finalization of additional projects with a total capacity of 98 MW (share of Boralex) slated for commissioning in 2015.

In terms of utilization of funds, Boralex has planned investments of \$263 million for 2014 (including its share of investments in the Joint Ventures) of which some \$45 million were made during the first quarter, and approximately \$185 million for 2015, without taking into account new development opportunities which will likely materialize in the coming quarters. Among the asset acquisitions planned for 2014, an amount of \$246 million will be dedicated to the construction of new sites, \$4 million for repairs to the Buckingham hydroelectric power station, \$8 million for the renovation of the Blendecques thermal power station and the balance of \$5 million for maintenance and improvement of existing infrastructure. In terms of segments, notwithstanding new opportunities which may arise moving forward, a tranche of approximately \$230 million of investments in 2014 is earmarked for the wind power segment, \$20 million for the hydroelectric power segment and \$8 million for the thermal power segment.

To support execution of its various projects, and to compensate shareholders, Boralex has a solid statement of financial position with total cash amounting to \$224.2 million as at March 31, 2014, including restricted cash and cash resources of the Joint Ventures. 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.

Dividend

Also, on February 19, 2014, the Corporation introduced its dividend policy and announced its first ever dividend, namely a quarterly dividend of \$0.13 per common share. As described later in this MD&A, in the medium term, Boralex expects to pay dividends amounting to 40% to 60% of its annual discretionary cash flows.

On May 6, 2014, the Board approved a dividend of \$0.13 per Class A common share that will be paid on June 16, 2014 to shareholders of record on May 30, 2014.

2016 Objectives

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

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

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

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

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

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

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

TO SUM UP,

Boralex has set a financial and strategic target of establishing a wholly owned asset base of approximately 950 MW and reaching an EBITDA of \$200 million (on a proportionate consolidation basis) before 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.

Wind Power Stations

Development Projects

As at the date of this MD&A, Boralex had entered into long-term power sales contracts, independently or with partners, for wind power projects in which it holds a total share of 180 MW, comprising 134 MW in Québec (Canada) and 46 MW in France, slated for commissioning in 2014 and 2015.

Canada

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

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

France

Boralex is currently working on the development of two wind power stations of 23 MW each: Fortel-Bonnières and St-François. Financing was announced on April 22, 2014. Construction on the Fortel-Bonnières project is underway, with commissioning slated for the end of 2014. The St-François site will be commissioned in the first quarter of 2015.

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

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

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

Outlook

For fiscal 2014, notwithstanding the potential impact of external factors such as currency fluctuations and weather conditions, wind power segment financial growth will be driven by the full contribution of the power stations commissioned in 2013, namely the Corporation's La Vallée and Vron French wind farms, and more specifically, the share of Boralex in the EBITDA of Joint Venture Phase I. In addition, as shown in the preceding table, the commissioning of Joint Venture Phase II, French wind farm Fortel-Bonnières and Québec wind farm Témiscouata I before the end of 2014 will result in an increase of 82 MW, equal to 18% of Boralex's share of the wind power segment's installed capacity in operation. By the end of 2014, the installed capacity in operation will thus total 544 MW, double the totals as at December 31, 2012. In fiscal 2015, the Corporation will commission Québec wind farms Côte-de-Beaupré and Témiscouata II, and the St-François wind farm in France, contributing an additional 98 MW (share for Boralex), not including the other expansion projects that could be completed in the interim.

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

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

Canada

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

The Ontario government is also planning to issue two RFPs for 600 MW of wind power, with details forthcoming in spring 2014. Following the success of its first facility in Ontario where it has been operating the 90 MW Thames River wind farm since 2009, Boralex is reviewing opportunities to strengthen its presence in this market.

The British Columbia government has also been amenable to developing wind power within the province, and Boralex has been closely analyzing potential opportunities in that province for some time.

France

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

Under a decision issued in May 2012 by the French Council of State and in December 2013 by the European Court of Justice, the on-shore wind power price in France was in danger of being annulled. Since then, the European Commission has concluded that the French tariffs are in line with European Union guidelines. This has removed any doubt of the validity of the wind power tariffs in the foreseeable future.

Boralex's Competitive Environment and Positioning

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

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

Hydroelectric Power Stations

Projects under Development and Outlook

In the second quarter of 2014, Boralex will commission a new 22 MW run-of-river hydroelectric power station project, namely the Jamie Creek power station near Gold Bridge in British Columbia, Canada. Jamie Creek is expected to generate approximately 70,000 MWh of power annually and is covered by a 40-year power purchase agreement with BC Hydro that also contains a 10- to 20-year renewal option for BC Hydro.

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

Boralex is currently reviewing certain acquisition opportunities to grow its hydroelectric segment, particularly in Ontario. 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 the assets and the ongoing maintenance program underway at all Boralex hydroelectric power stations, there is no indication that production will not be in line with historical averages. In addition, Canadian power stations will continue to benefit from indexation under power sales contracts, throughout the contract term.

Thermal Power Stations

Outlook

Since 2011, Boralex has considerably reduced the relative weight of the thermal power segment in its energy portfolio. While thermal power is not a preferred development target under Boralex's growth strategy, the Corporation is still open to business opportunities that arise in the sector, provided the assets are covered by long-term power sales and raw material supply contracts, and meet Boralex's market position and performance objectives. Among others, as described further on, Boralex undertook a €6 million investment program to upgrade the Blendecques power station to benefit from a new 12-year contract with state corporation Électricité de France ("EDF").

Canada

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

France

The initial power sales contract with EDF at the Blendecques power station expired on March 31, 2013. In February 2014, the Corporation signed a new power purchase agreement effective November 1, 2013 and expiring October 31, 2025. This project will require an investment of approximately €6 million. Construction began in spring 2014, with the aim of the new equipment being operational by November 1, 2014.

Solar Power Station

Outlook

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

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

Key Events Affecting Boralex's Results, Financial Position and Positioning in 2014 Compared with 2013

Commissioning of New Production Sites in Canada and in France in 2013 and 2014

During the final months of fiscal 2013, the Corporation commissioned the following wind power stations:

- On September 15, 2013, Boralex commissioned its 8 MW Vron wind farm in France;
- Between November 28 and December 10, 2013, Joint Venture Phase I commissioned a total wind power capacity of 272 MW in Québec (share of 136 MW for Boralex); and
- From December 2 to December 23, 2013, the Corporation commissioned French wind farm La Vallée of 32 MW.

The commissioning of these facilities will have a significant impact on the results of fiscal 2014, as evidenced by those of the first quarter. During the first three months of fiscal 2014, French wind farms Vron and La Vallée together contributed an additional \$3.0 million to wind power segment EBITDA and Boralex's consolidated EBITDA compared with the same period in 2013. In addition, as described later in this MD&A, Boralex's share in the Joint Ventures amounted to \$1.4 million, generated by the commissioning of Phase I and its sound performance.

In the second quarter of 2014, the Corporation will commission its new 22 MW Jamie Creek hydroelectric project in British Columbia. By the end of the current fiscal year, an additional 116 MW of wind power is also expected to be commissioned (share of 82 MW for Boralex), namely:

- 23 MW Fortel-Bonnières wind power project in France (end of 2014);
- 68 MW wind farm (share of 34 MW for Boralex) developed by the Joint Venture Phase II on the Seigneurie de Beaupré site (fourth quarter); and
- 25 MW wind power project, Témiscouata I, developed in collaboration with the RCM of Témiscouata in Québec (fourth quarter).

Wind Power 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 totalling 98 MW to be commissioned in 2015. While these projects will not contribute to the Corporation's 2014 results, they impacted its cash flows and financial position in the current fiscal year. The projects are described below:

- 23 MW French wind power project, St-François;
- 25 MW wind power project developed with La Côte-de-Beaupré RCM in Québec; and
- 50 MW wind power project, Témiscouata II in Québec.

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

Introduction of a dividend policy

On February 19, 2014, Boralex's Board of Directors authorized and declared the Corporation's first ever dividend, namely a quarterly dividend of \$0.13 per outstanding common share. This first dividend was paid on March 17, 2014 to shareholders of record on February 28, 2014.

The introduction of a dividend policy is a reflection of Boralex's commitment to creating value for its shareholders. This decision is also a key step in the Corporation's development as it enjoys a strong cash position, supported by stable cash flows generated by quality assets under fixed-price and indexed long-term contracts. Generally, Boralex expects to pay common share dividends on an annual basis that will represent in the medium term a ratio of 40% to 60% of its discretionary cash flows defined as its cash flows from operations less capital investments required to maintain its production capacity and less repayments of non-current project-related debt.

TO SUM UP,

Boralex estimates that the financial returns from its development strategy beginning in fiscal 2014 will be:

- growth in the Corporation's operating profit margin resulting from the increased weighting of more profitable segments in its energy portfolio-wind and hydroelectric power-combined with sound performance in these segments;
- A stabilizing impact on the results of these sectors due to the geographic diversification of their assets; and
- In spite of the scale of recent and planned investments, in addition to the introduction of a dividend policy, 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				Twelve-month period ended
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014
POWER PRODUCTION (MWh)					
Wind power stations	166,992	96,921	227,195	264,859	755,967
Hydroelectric power stations	197,923	131,786	142,912	123,587	596,208
Thermal power stations	7,191	33,851	31,448	71,116	143,606
Solar power station	1,788	2,098	980	1,185	6,051
	373,894	264,656	402,535	460,747	1,501,832
REVENUES FROM ENERGY SALES					
Wind power stations	20,384	11,822	29,305	35,356	96,867
Hydroelectric power stations	15,691	11,206	12,746	13,996	53,639
Thermal power stations	3,268	4,657	6,976	12,976	27,877
Solar power station	798	966	469	602	2,835
	40,141	28,651	49,496	62,930	181,218
EBITDA					
Wind power stations	15,569	6,872	24,279	32,211	78,931
Hydroelectric power stations	12,532	7,595	9,002	10,167	39,296
Thermal power stations	(1,070)	(614)	26	4,572	2,914
Solar power station	706	853	438	491	2,488
	27,737	14,706	33,745	47,441	123,629
Corporate and eliminations	(4,544)	(2,054)	(4,706)	(5,236)	(16,540)
	23,193	12,652	29,039	42,205	107,089
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(1,685)	(8,390)	455	7,112	(2,508)
Discontinued operations	622	917	74	839	2,452
	(1,063)	(7,473)	529	7,951	(56)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.04)	(\$0.22)	\$0.01	\$0.19	(\$0.07)
Discontinued operations	0.02	\$0.02	—	\$0.02	\$0.06
	(\$0.02)	(\$0.20)	\$0.01	\$0.21	(\$0.01)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.04)	(\$0.22)	\$0.01	\$0.18	(\$0.07)
Discontinued operations	\$0.02	\$0.02	—	\$0.02	\$0.06
	(\$0.02)	(\$0.20)	\$0.01	\$0.20	(\$0.01)
CASH FLOWS FROM OPERATIONS					
In dollars	17,775	(5,135)	15,322	28,758	56,720
Per share (basic)	\$0.47	(\$0.14)	\$0.41	\$0.76	\$1.50
Weighted average number of shares outstanding (basic)	37,740,004	37,748,196	37,757,835	37,980,635	37,805,897

II A - Analysis of Results and Financial Position - IFRS

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	March 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	138,836	110,343	210,838	191,028	651,045
Hydroelectric power stations	158,874	86,472	164,072	148,473	557,891
Thermal power stations	41,981	83,815	66,051	70,879	262,726
Solar power station	1,940	2,056	991	1,079	6,066
	341,631	282,686	441,952	411,459	1,477,728
REVENUES FROM ENERGY SALES					
Wind power stations	16,345	12,540	25,124	23,598	77,607
Hydroelectric power stations	12,445	7,456	13,860	14,113	47,874
Thermal power stations	9,285	12,173	12,654	12,546	46,658
Solar power station	830	852	425	479	2,586
	38,905	33,021	52,063	50,736	174,725
EBITDA					
Wind power stations	13,082	9,549	21,327	19,875	63,833
Hydroelectric power stations	9,056	7,510	9,541	11,284	37,391
Thermal power stations	1,154	2,408	2,601	4,668	10,831
Solar power station	723	770	324	382	2,199
	24,015	20,237	33,793	36,209	114,254
Corporate and eliminations	(5,155)	(3,965)	(3,910)	(2,956)	(15,986)
	18,860	16,272	29,883	33,253	98,268
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(6,035)	(8,167)	542	4,007	(9,653)
Discontinued operations	134	566	696	161	1,557
	(5,901)	(7,601)	1,238	4,168	(8,096)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.16)	(\$0.22)	\$0.01	\$0.11	(\$0.26)
Discontinued operations	—	0.02	\$0.02	—	\$0.04
	(\$0.16)	(\$0.20)	\$0.03	\$0.11	(\$0.22)
CASH FLOWS FROM OPERATIONS					
In dollars	5,507	6,870	13,495	22,954	48,826
Per share (basic)	\$0.15	\$0.18	\$0.36	\$0.61	\$1.29
	37,727,077	37,730,162	37,732,568	37,735,065	37,731,208

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

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

Wind

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

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 214 MW, of which Boralex's interest represents 180 MW. The commissioning of these facilities will increase the installed capacity of wind power assets in operation fully owned by Boralex to 642 MW by the end of fiscal 2015, excluding opportunities to acquire further assets in operation or under development. In particular, this expansion will intensify the impact of the seasonality of this type of power generation on Boralex's overall performance, such that an increasing proportion of the Corporation's revenues will be generated in the first and fourth quarters.

Hydroelectricity

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

As previously discussed, five U.S. power stations are not covered by long-term power sales contracts. These facilities have an installed capacity of 23 MW, which currently accounts for under 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 entered into an agreement with Hydro-Québec for the 2014-2018 period under which power production at the Senneterre power station will be limited to eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation to maintain comparable profitability to recent years.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with EDF ended on March 31, 2013 and a new contract was signed for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur by November 1, 2014.

Solar

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

TO SUM UP,

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

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31	
	2014	2013
POWER PRODUCTION (MWh)		
Wind power stations	264,859	191,028
Hydroelectric power stations	123,587	148,473
Thermal power stations	71,116	70,879
Solar power station	1,185	1,079
	460,747	411,459
REVENUES FROM ENERGY SALES		
Wind power stations	35,356	23,598
Hydroelectric power stations	13,996	14,113
Thermal power stations	12,976	12,546
Solar power station	602	479
	62,930	50,736
BAIIA		
Wind power stations	32,211	19,875
Hydroelectric power stations	10,167	11,284
Thermal power stations	4,572	4,668
Solar power station	491	382
	47,441	36,209
Corporate and eliminations	(5,236)	(2,956)
	42,205	33,253
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	7,112	4,007
Discontinued operations	839	161
	7,951	4,168
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.19	\$0.11
Discontinued operations	\$0.02	—
	\$0.21	\$0.11
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.18	\$0.11
Discontinued operations	\$0.02	—
	\$0.20	\$0.11
CASH FLOWS FROM OPERATIONS		
In dollars	28,758	22,954
Per share (basic)	\$0.76	\$0.61
Weighted average number of shares outstanding (basic)	37,980,635	37,735,065

Statement of Financial Position Data

(in thousands of dollars)	As at March 31,	As at December 31,
	2014	2013
Total assets	1,456,856	1,422,727
Debt*	662,682	662,948
Convertible debentures	230,406	229,578
Total equity	396,541	386,134

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

Analysis of Operating Results for the Three-Month Period Ended March 31, 2014

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

	Net earnings (in thousands of dollars)	Per share (in \$, basic)
THREE-MONTH PERIOD ENDED MARCH 31, 2013	4,007	\$0.11
Change:		
EBITDA	8,952	\$0.24
Amortization	(1,616)	(\$0.04)
Financing costs	(1,269)	(\$0.03)
Foreign exchange effect	333	\$0.01
Financial instruments	(716)	(\$0.02)
Other gains	539	\$0.01
Income taxes	(2,116)	(\$0.06)
Non-controlling shareholders	(1,002)	(\$0.03)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	7,112	\$0.19

For the three-month period ended March 31, 2014, Boralex's continuing operations generated net earnings attributable to shareholders of \$7.1 million or \$0.19 per share (basic), up 77.5% from net earnings of \$4.0 million or \$0.11 per share recorded during the same period of 2013. As discussed in greater detail in this section, this sharp improvement was driven primarily by the \$9.0 million increase in EBITDA resulting mainly from the commissioning of new wind power farms coupled with the sound performance of existing wind power farms. The higher EBITDA more than offset the items that had an unfavourable impact on net earnings, particularly the combined increase of \$2.9 million in amortization and financing costs owing to the recent expansion in the Corporation's asset base and the \$2.1 million increase in the income tax expense.

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	50,736	33,253
Power stations commissioned*	3,718	2,984
Pricing	902	902
Volume	4,003	3,992
Translation of self-sustaining subsidiaries (exchange rate effect)	3,563	2,239
Raw material costs	—	304
Maintenance	—	(855)
Development - prospecting	—	158
Share of Joint Ventures	—	1,570
Other	8	(2,342)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	62,930	42,205

* Vron and La Vallée wind farms in France commissioned in September 2013 and December 2013, respectively.

Revenues from Energy Sales

For the three-month period ended March 31, 2014, revenues from energy sales totalled \$62.9 million, up \$12.2 million or 24.0% from \$50.7 million for the same period of 2013. Revenue growth was essentially driven by the wind power segment, which, in addition to revenues of \$3.7 million generated by the new Vron and La Vallée sites commissioned in the third and fourth quarters of 2013, also recorded a significant increase in production volume at existing sites. Boralex's consolidated revenues were also bolstered by a \$3.6 million favourable impact of the strengthening of the euro and the U.S. dollar against the Canadian currency as well as a \$0.9 million favourable price effect mostly related to U.S. hydroelectric power stations that sell their power on the open market.

Note that, in accordance with IFRS, those results exclude Boralex's \$12.6 million share in the revenues generated by the Joint Venture Phase I of the Seigneurie de Beaupré wind farms in Québec, commissioned in the last weeks of 2013, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A.

In total, Boralex generated 460,747 MWh of electricity in the first quarter of fiscal 2014 (excluding its share of the production of Joint Venture Phase I, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A), up 12.0% from 411,459 MWh for the same period of fiscal 2013. This performance was attributable to the addition of two new wind power farms in France, coupled with a 5.0% increase in production at the Corporation's existing sites.

Other Income

Other income, which mainly comprises management fees, totalled \$0.4 million in the first quarter of 2014 compared with \$0.3 million the previous year.

EBITDA and EBITDA Margin

Consolidated EBITDA for the first quarter of 2014 amounted to \$42.2 million, up \$9.0 million or 26.9% from \$33.3 million for the corresponding quarter of 2013. EBITDA margin stood at 67.1% compared with 65.5% for the previous year. EBITDA growth was driven by the following key favourable factors:

- A \$4.0 million volume effect, largely attributable to existing wind power farms in France;
- A \$3.0 million contribution from Vron and La Vallée, the new wind farms in France;
- A \$2.2 million foreign exchange effect;
- A \$1.6 million favourable change in the *Share in earnings (loss) of the Joint Ventures*, stemming mainly from the commissioning of Joint Venture Phase I; and
- The \$0.9 million price effect discussed previously.

Combined, these factors more than offset the various unfavourable impacts totalling \$3.2 million, including an increase in maintenance costs for the wind power and hydroelectric segments, and primarily, the non-recurrence of certain favourable items recognized in the first quarter of 2013, including the reversal of a \$1.6 million provision and the receipt of insurance benefits.

Note also that the consolidated EBITDA item *Share of Joint Ventures* includes items not related to the EBITDA of Joint Ventures totalling \$9.6 million for the first quarter of 2014, including, primarily, amortization and financing costs, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A.

Amortization

The amortization expense for the first quarter of 2014 rose by \$1.6 million to \$15.1 million, due to the commissioning of two new wind power farms in France and the unfavourable impact of the Canadian dollar's weakening against the euro and the U.S. currency on the amortization of Boralex's foreign assets.

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

Financing costs for the first quarter of 2014 climbed \$1.3 million to \$13.7 million, owing primarily to new debt contracted to finance the expansion of the wind power sector in France and the impact of the euro's strengthening on financing costs incurred in France. These items were however partly offset by the decrease in debt related to existing sites, particularly the Thames River wind power farm in Canada, and the refinancing of the U.S. debt in 2013.

Boralex recorded a foreign exchange gain of \$0.3 million compared with an insignificant gain in the same quarter of the previous year. However, the Corporation recognized a \$0.9 million net loss on financial instruments, compared with a \$0.2 million net loss in the previous year. The *Net loss on financial instruments* item 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.

Other Gains

The other gains amounting to \$0.6 million resulted mainly from the realization of a gain in favour of Boralex on the contract related to its agreement with CUBE, its French partner.

Net Earnings from Continuing and Discontinued Operations

Boralex ended the first quarter of 2014 with net earnings from continuing operations of \$8.5 million compared with \$4.4 million for the same period of 2013 and net earnings from discontinued operations of \$0.8 million compared with \$0.2 million in 2013. The earnings from discontinued operations were generated by the sale of Renewable Energy Certificates ("RECs") produced by the U.S. wood-residue power stations that Boralex sold at the end of 2011; under the conditions of the sale transaction, Boralex is entitled to, for the years 2012, 2013 and 2014 inclusively, 50% of the sales of RECs of these power stations in excess of a defined threshold.

Net Earnings Attributable to Shareholders of Boralex

Excluding the share of non-controlling shareholders, Boralex closed the three-month period ended March 31, 2014 with net earnings attributable to shareholders of \$8.0 million or \$0.21 per share (basic) of which \$7.1 million or \$0.19 per share was from continuing operations. This represents a 77.5% increase from net earnings of \$4.0 million or \$0.11 per share attributable to shareholders from continuing operations for the first quarter of 2013.

TO SUM UP,

first quarter results underscore the soundness and strength of Boralex's growth strategy and its capacity to fulfill its commitments to its shareholders. As anticipated by management, the recent expansion of the wind power segment with the commissioning of an additional 176 MW (Boralex's share including Joint Venture Phase I) during the last months of 2013 contributed to a significant increase in revenues, EBITDA and net earnings, starting in the first quarter of 2014, while strengthening strategic positioning and geographic diversification.

Review of Operating Segments

Wind Power Stations

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	23,598	19,875
Power stations commissioned*	3,718	2,984
Pricing	142	142
Volume	6,102	6,102
Translation of self-sustaining subsidiaries (exchange rate effect)	1,782	1,441
Maintenance	—	(409)
Share of Joint Ventures	—	2,237
Other	14	(161)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	35,356	32,211

*Vron and La Vallée wind farms in France commissioned in September 2013 and December 2013, respectively.

During the first quarter of fiscal 2014, Boralex's wind power segment confirmed its role as the powerhouse behind the Corporation's financial growth, squarely at the fore of its value creation strategy. The segment reported excellent results, with a 62% increase in its installed capacity in operation during the last months of 2013 and sound performance at existing sites, particularly in France. Furthermore, over \$20 million in additional investments were made to develop the wind power segment during the period, including Boralex's investment in the Joint Ventures.

Operating Results

For the three-month period ended March 31, 2014, the wind power segment's production and revenues grew by 38.6% and 49.8%, respectively, without including Boralex's share in the production and revenues of Joint Venture Phase I (the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A). Wind power segment EBITDA was up 62.1% from the same period in 2013, while EBITDA margin increased to 91.1% from 84.2% in the previous year, driven largely by the new and existing wind power assets operated by the Corporation in France.

Production

The wind power segment's electricity production for the first quarter of 2014 totalled 264,859 MWh (excluding the contribution of Joint Venture Phase I, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A), compared with 191,028 MWh for the same period of the previous year. The increase was driven by the contribution of the new Vron and La Vallée sites in France commissioned in September and December 2013, respectively, coupled with a 23.7% increase in the total production of existing wind power farms. In France, the existing sites grew their production volume by 38.4% and exceeded their long-term averages, following favourable wind conditions and sound equipment availability. Moreover, the icing conditions this year were not as severe as those in the 2013 winter at these sites. In Canada, the Thames River site in Ontario grew its output by 2.4% due to a very high rate of equipment availability.

Note that the geographic diversification of Boralex's wind power segment was once again a favourable factor as weather conditions varied across the regions.

Revenues

Wind power segment revenues for the first quarter of 2014 totalled \$35.4 million compared with \$23.6 million for the previous year. As shown in the table above, this \$11.8 million increase is attributable to the factors below in the order of their importance:

- A \$6.1 million growth in segment revenues resulting from higher production at existing sites;
- A \$3.7 million contribution from the two new wind power sites in France;
- A \$1.8 million favourable foreign exchange effect stemming from the strengthening of the euro against the Canadian dollar; and
- A \$0.1 million favourable price effect resulting from contractual selling price indexation.

Breaking down results geographically, the French power stations posted 65.1% growth in their revenues in euros (excluding the foreign exchange effect), including organic growth of 40.2%. Revenues from the Canadian sites rose 2.7% (excluding the contribution of Joint Venture Phase I, the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A).

EBITDA

Wind power segment EBITDA for the first quarter amounted to \$32.2 million, up \$12.3 million from \$19.9 million last year. The same four factors drove revenue growth, namely the volume effect, commissioning of power stations, foreign exchange effect and price effect, generating an additional contribution of \$10.7 million to segment EBITDA compared with the first quarter of 2013. Furthermore, the *Share of Joint Ventures* item accounted for an EBITDA of \$2.2 million. Note that this item includes items not related to the EBITDA of the Joint Ventures, mainly amortization and financing costs. Boralex management wishes to clarify that it is highly satisfied with the contribution made by Joint Venture Phase I during its first months of operations and believes that its productivity augurs well for the future (the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A).

However, wind power segment profitability in the first quarter of 2014 was slightly affected by a \$0.4 million increase in maintenance costs in the normal course of operations, primarily in France.

Breaking down EBITDA geographically and excluding the share in results of the Joint Ventures (the impact of which is discussed in the *Proportionate Consolidation* section of this MD&A), the change in EBITDA was as follows:

- EBITDA of French operations grew 70.2% in euros, that is, excluding the foreign exchange effect, driven by sound productivity at existing sites, the contribution of new sites and higher selling prices. These items more than offset the increase in certain costs, such as maintenance costs; and
- EBITDA at existing Canadian power stations was up 2.5%.

Recent Significant Events

As discussed in greater detail under previous sections of this MD&A, the wind power segment greatly expanded its operating base in the third quarter and particularly in the fourth quarter of fiscal 2013 with the commissioning of the Vron and La Vallée sites in France totalling 40 MW and the 272 MW Phase I (Boralex's share is 136 MW) of the Seigneurie de Beaupré wind farms in Québec. Since Joint Venture Phase I is accounted for using the equity method under IFRS, its full contribution is discussed below in the *Proportionate Consolidation* section later in the MD&A.

The above mentioned commissioning of power stations added 176 MW (Boralex's share) to the wind power segment's operating base, representing a 62% expansion. This expansion will have a significant impact on Boralex's performance and financial position in 2014 and beyond, especially since other large projects will be commissioned in 2014 and 2015.

Recent highlights regarding wind power projects currently under development are as follows:

- Implementation of construction work of the 68 MW Joint Venture Phase II (Boralex's share is 34 MW) which is currently well on track;
- Launch of construction on the 25 MW Témiscouata I community wind power project in Québec, developed jointly with the Témiscouata RMC;
- Granting of approval by the *Ministère du Développement durable, de l'Environnement, de la Faune et des Parcs* and launch of construction work at the 50 MW Témiscouata II wind power site; and
- Closing of financing for the Fortel-Bonnières and St-François sites in France and launch of construction at Fortel-Bonnières.

Hydroelectric Power Stations

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	14,113	11,284
Pricing	1,032	1,032
Volume	(2,016)	(2,016)
Capacity premiums	55	55
Translation of self-sustaining subsidiaries (exchange rate effect)	781	643
Maintenance	—	(518)
Other	31	(313)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	13,996	10,167

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

HYDROELECTRIC PRODUCTION (MWh)	2014	2013
Actual - three-month periods ended March 31	123,587	148,473
Historical average - three-month periods ended March 31 ⁽¹⁾	155,710	156,069
Annual historical average ⁽¹⁾	623,292	623,490

⁽¹⁾ The historical averages are 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.

Hydroelectric segment results for the first quarter of 2014 were affected by water flow conditions less favourable than in the previous year and below historical averages. Nonetheless, this segment remains a significant and reliable source of profits for Boralex, having contributed over \$10 million to EBITDA for the period.

Operating Results

The hydroelectric segment reported declines in production, revenues and EBITDA of 16.8%, 0.8% and 9.9%, respectively, for the three-month period ended March 31, 2014 while EBITDA margin fell to 72.6% from 80.0%.

Production

Production totalled 123,587 MWh in the first quarter of 2014 compared with 148,473 MWh for the same period of 2013. Production declined compared with the previous year and was also 20.6% below the historical average recorded by the hydroelectric segment for this three-month period. Output at Canadian power stations fell 20.0% from 2013 and was 9.3% below historical averages, owing primarily to less favourable water flow conditions. In the United States, unfavourable water conditions coupled with major maintenance work in one of the units resulted in decreases in production of 15.1% and 25.1%, respectively, compared with 2013 and historical averages.

Revenues

Despite the significant decline in production, the hydroelectric segment reported only a very slight fall in revenues of \$0.1 million. The unfavourable volume effect of \$2.0 million was nearly fully offset by a \$1.0 million favourable price effect resulting from a significant rise in average electricity selling prices on the State of New York open market, partly attributable to an unusually harsh winter, and the favourable foreign exchange effect of \$0.8 million resulting from the U.S. dollar's strengthening against the Canadian currency.

Revenues from U.S. power stations rose 7.3%, including the foreign exchange effect, but declined 2.1%, excluding this effect. Note that the higher average selling price greatly offset the revenue shortfall stemming from lower production. Canadian power stations reported a 12.6% decline in their revenues owing to lower production, the impact of which was partly offset by the indexation of their selling prices.

EBITDA

Hydroelectric segment EBITDA declined \$1.1 million owing to lower production, a \$0.5 million increase in maintenance costs and a \$0.3 million unfavourable variance in certain other items. The lower EBITDA was mostly attributable to Canadian power stations while profitability at the U.S. power stations was largely maintained by the higher average selling price and the foreign exchange effect. Note that the increase in maintenance and other costs is partly due to the non-recurrence of certain favourable items recognized in 2013. The increase also includes costs incurred for the commissioning of the new Jamie Creek power station, slated for the second quarter of 2014. Apart from these items, the hydroelectric segment did not report any significant changes in its operating costs in the normal course of operations.

Recent Significant Events

Boralex has started planning for the work required at the Buckingham power station in Québec, Canada to comply with the *Dam Safety Act*. The work will be carried out between the end of June and the end of September 2014 with investments by the Corporation of \$4 million in 2014 and an additional \$7 million in 2015.

Thermal Power Stations

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	12,546	4,668
Pricing	(274)	(274)
Volume	(137)	(148)
Translation of self-sustaining subsidiaries (exchange rate effect)	932	221
Capacity premiums	(91)	(91)
Raw material costs	—	304
Maintenance	—	98
Other	—	(206)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	12,976	4,572

Operating Results

Thermal power segment results for the first quarter of 2014 were relatively stable overall compared with the same period of 2013. Note that given their operating patterns as discussed under *Seasonal Factors* in this MD&A, these two power stations were fully operational during the comparative periods.

Production

The thermal power segment generated 71,116 MWh of electricity, up marginally from 70,879 MWh in 2013. The Senneterre power station in Québec increased its production by 3.9% while the Blendecques power station in France reported a decline of 7.8%, owing primarily to weather conditions. Its steam production was comparable to the level in the first quarter of 2013.

Revenues

Thermal power segment revenues for the first quarter of 2014 totalled \$13.0 million, up 3.4% from \$12.5 million for the same period of 2013, driven by the Senneterre power station whose revenues grew \$0.4 million or 7.8% due to increases in production volume and capacity premiums combined with its selling price indexation. Revenues at the Blendecques power station were stable compared with the previous year following the \$0.9 million favourable effect of the euro's strengthening against the Canadian currency. Excluding the foreign exchange effect, revenues at this power station declined by \$0.9 million owing to lower production volume, coupled with a decrease in the average selling price and its capacity premiums under the new power sales contract with EDF. Note that, although less favourable than the previous contract in certain respects, the new contract with EDF provides Boralex with the opportunity to generate strong returns on the assets of its Blendecques power station. The new contract has a 12-year term and is contingent on investments of €6 million. Upgrade work began in spring 2014.

EBITDA

Thermal power segment EBITDA stood at \$4.6 million compared with \$4.7 million in 2013. The Senneterre power station generated sound results with a \$0.7 million increase in its EBITDA. Apart from the increases in its production, capacity premiums and selling prices discussed previously, this power station benefited from a \$0.3 million decline in its raw material costs. As management had anticipated, the new agreement with Hydro-Québec under which the Senneterre power station generates electricity during eight months per year for fiscal years 2014 to 2018 inclusively (instead of six months per year only according to the agreement effective in 2012 and 2013) provides in particular the power station with wood-residue supplies of better quality at a lower cost.

EBITDA at the Blendecques power station declined by \$0.7 million owing to the same factors that affected revenues. Note however that the Blendecques power station remains a profitable unit within Boralex's energy portfolio and is currently undergoing a major upgrade with the new equipment expected to be operational on November 1, 2014.

Solar Power Station

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	479	382
Pricing	2	2
Volume	54	54
Translation of self-sustaining subsidiaries (exchange rate effect)	67	54
Maintenance	—	30
Other	—	(31)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	602	491

Operating Results

Boralex's sole solar power station currently in operation continues to perform according to management's expectations. For the three-month period ended March 31, 2014, the solar power station generated 1,185 MWh of electricity compared with 1,079 MWh in 2013. Note also that a gradual decline in solar equipment productivity is a normal phenomenon in the life cycle of this type of production facility.

Both revenues and EBITDA at the solar power station rose by \$0.1 million, driven by higher volume and the favourable foreign exchange effect, to reach \$0.6 million and \$0.5 million, respectively, representing an excellent profit margin of 81.6%.

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

Cash Flows

(in thousands of dollars)	Three-month periods ended March 31	
	2014	2013
Net cash flows related to operating activities	31,453	22,447
Net cash flows related to investing activities	(10,618)	(10,196)
Net cash flows related to financing activities	(12,296)	(4,177)
Cash from discontinued operations	1,215	98
Translation adjustment on cash and cash equivalents	2,135	427
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,889	8,599
CASH AND CASH EQUIVALENTS - END OF PERIOD	136,831	115,737

Operating Activities

During the three-month period ended March 31, 2014, Boralex reported \$28.8 million or \$0.76 per share (basic) in cash flows from operations compared with \$23.0 million or \$0.61 per share for the same period in 2013. Excluding non-cash items from net earnings for both comparative periods, the \$5.8 million increase in cash flows from operations resulted primarily from the higher EBITDA, partially offset by a rise in payments related to financing costs.

The change in non-cash items related to operating activities freed up an additional \$2.7 million in cash (compared with cash outflows of \$0.5 million in 2013). Cash generated in 2014 stemmed essentially from a decrease in *Trade and other receivables* of U.S. hydroelectric power stations related to the seasonal cycle.

In light of the foregoing, operating activities generated net cash flows totalling \$31.5 million in the first quarter of 2014 compared with \$22.4 million for the same periods in the previous year.

Investing Activities

Investing activities during the first quarter of 2014 resulted in cash outflows of \$10.6 million, net of \$1.5 million in cash from cash restricted for this purpose. An amount of \$10.0 million, accounting for the major portion of investments, was earmarked for additions to property, plant and equipment, detailed as follows:

- \$3.1 million for the wind power segment, primarily for work on the Fortel-Bonnières and St-François projects in France, and also for the development of community projects with the Témiscouata and Côte-de-Beaupré RCMs in Québec;
- \$4.5 million for the hydroelectric segment, mainly for the construction of the Jamie Creek hydroelectric power station; and
- \$2.2 million for the thermal power segment, essentially for upgrading the Blendecques natural gas power station in France.

During the first quarter of 2014, Boralex also invested \$1.5 million in development projects, mostly in the Témiscouata II wind power project in Québec.

Financing Activities

For the three-month period ended March 31, 2014, financing activities resulted in net cash outflows totalling \$12.3 million. The major cash outflows included the \$16.4 million repayment on existing non-current debt and the \$4.9 million or \$0.13 per share dividend payment to shareholders.

Cash inflows included \$1.1 million in newly contracted non-current debt, \$4.2 million received from the exercise of stock options held by senior executives, a \$3.8 million in capital injected by CUBE, the Corporation's European partner, and by the Témiscouata and Côte-de-Beaupré RCMs, Boralex's partners in two wind power projects of 25 MW each currently under development in Québec.

Discontinued Operations

For the three-month period ended March 31, 2014, discontinued operations generated \$1.2 million in cash, primarily from the sale of RECs at the Corporation's former U.S. wood-residue power stations, compared with \$0.1 million for the corresponding period in 2013.

Net Change in Cash and Cash Equivalents

Total cash movements for the period resulted in a \$11.9 million increase in the balance of cash and cash equivalents, which stood at \$136.8 million as at March 31, 2014, compared with \$124.9 million as at December 31, 2013.

TO SUM UP,

continuing the trend in previous quarters, cash flows for the three-month period ended March 31, 2014 confirmed the gradual expansion in Boralex's capacity to generate cash flows from operations, owing to its tight focus on operations covered by power sales contracts offering fixed and indexed pricing, and superior profit margins. Furthermore, they demonstrate Corporation's intention to increase shareholder value, by paying its first ever dividend and also by using its significant financial resources to develop its two strategic segments-wind and hydroelectric power-in which the Corporation has invested nearly \$7.0 million since the beginning of fiscal 2014. Management expects the Corporation to increase its contracted installed capacity by an additional 16% by December 31, 2014, compared with December 2013.

Financial Position

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

(in thousands of dollars)	As at March 31, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	136,831	124,942
Restricted cash	17,914	19,366
Other current assets	49,171	49,072
CURRENT ASSETS	203,916	193,380
Property, plant and equipment	820,803	799,213
Other intangible assets	261,645	257,058
Miscellaneous non-current assets	170,492	173,076
NON-CURRENT ASSETS	1,252,940	1,229,347
TOTAL ASSETS	1,456,856	1,422,727
LIABILITIES		
CURRENT LIABILITIES	179,383	158,785
Non-current debt	576,082	578,914
Other non-current liabilities	304,850	298,894
NON-CURRENT LIABILITIES	880,932	877,808
TOTAL LIABILITIES	1,060,315	1,036,593
EQUITY		
TOTAL EQUITY	396,541	386,134
TOTAL LIABILITIES AND EQUITY	1,456,856	1,422,727

Summary of Significant Changes

Excluding the foreign exchange rate effect and the seasonal nature of its operations, Boralex's change in financial position between December 31, 2013 and March 31, 2014 primarily reflects investments and financing in furtherance of the Corporation's wind and hydroelectric power development projects and the payment of the first dividend to shareholders.

Assets

Boralex's total assets as at March 31, 2014 increased \$34.1 million or 2.4% to \$1,456.9 million from \$1,422.7 million as at December 31, 2013. *Non-current assets* in particular grew by \$23.4 million, driven mainly by investments earmarked for expanding the Corporation's operating base which contributed to increasing the value of *Property, plant and equipment* by \$21.6 million (net of current period amortization). Total current assets were up \$10.5 million due to a combined increase of \$10.4 million in *Cash and cash equivalents* and *Restricted cash*.

As at March 31, 2014, Boralex reported working capital of \$24.5 million, with a ratio of 1.14:1 compared with working capital of \$34.6 million and a ratio of 1.22:1 as at December 31, 2013. The decrease in working capital resulted from a \$20.6 million rise in current liabilities, attributable specifically to the increase in *Trade and other payables* related to the wind farms currently under construction and the increase in *Other current financial liabilities*, namely interest rate financial swaps.

Note that the \$35.2 million Canadian note was reported under *Current portion of debt* as at March 31, 2014 (\$35.4 million as at December 31, 2013), as it matures in July 2014. The revolving credit facility with an authorized amount of \$60.0 million can be increased by \$35.0 million if the Corporation were to repay its Canadian private placement and pledge the underlying assets as security. Excluding those reclassifications, working capital would have amounted to \$59.8 million with a ratio of 1.41:1 as at March 31, 2014 compared with working capital of \$70.0 million and a ratio of 1.57:1 as at December 31, 2013.

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*, amounted to \$893.1 million as at March 31, 2014 compared with \$892.5 million as at December 31, 2013. Breaking down the Corporation's non-current debt as at March 31, 2014 geographically, 40% was in Canada, 46% in France and 14% in the United States, unchanged from December 31, 2013.

Net debt, as defined under *Non-IFRS Measures*, amounted to \$520.1 million as at March 31, 2014 compared with \$529.4 million as at December 31, 2013.

Also, total equity rose \$10.4 million to \$396.5 million as at March 31, 2014 from \$386.1 million as at December 31, 2013. As a result, the net debt ratio, as defined under *Non-IFRS Measures*, fell slightly to 45.3% as at March 31, 2014 from 46.2% as at December 31, 2013.

Information about the Corporation's Equity Securities

As at March 31, 2014, Boralex's capital stock consisted of 38,320,675 Class A shares issued and outstanding (37,767,855 as at December 31, 2013) while stock options outstanding numbered 1,533,734, of which 1,041,728 were exercisable. During the three-month period ended March 31, 2014, 1,282 shares were issued in connection with the conversion of 159 debentures and 551,538 shares were issued on exercise of stock options held by senior executives. As at March 31, 2014, Boralex had 2,446,386 issued and outstanding convertible debentures (2,446,545 as at December 31, 2013).

From April 1, 2014 to May 6, 2014, no new shares were issued on exercise of stock options and 72 new shares were issued in connection with the conversion of 9 debentures.

Normal Course Issuer Bid

On November 14, 2013, Boralex announced its intention to carry out a normal course issuer bid (the "Bid"). Under the twelve-month Bid from November 18, 2013 to November 17, 2014, Boralex may buy back up to 250,000 Class A shares, or approximately 0.66% of the 37,750,791 issued and outstanding Class A shares of Boralex as at October 31, 2013. All buybacks will be carried out through the Toronto Stock Exchange, and the repurchased shares will be cancelled. As at May 6, 2014, Boralex had not repurchased any Class A shares under the Bid.

Related Party Transactions

The Corporation has entered into a management agreement with Fiducie RSP Hydro, an entity controlled by Bernard Lemaire, a director of Cascades, a corporation exercising significant influence over the Corporation. For the three-month period ended March 31, 2014, revenues from this agreement totalled \$0.1 million (\$0.1 million for the corresponding period of 2013).

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

Cascades provides the Corporation with various IT, engineering, transportation, maintenance and building repair services. For the three-month period ended March 31, 2014, these services totalled \$0.2 million (\$0.2 million for the corresponding period of 2013).

Transactions with Joint Ventures

Seigneurie de Beaupré: Phase I

For the three-month period ended March 31, 2014, the net results of the Joint Venture Phase I represented earnings of \$3.9 million (Boralex's share was \$2.0 million). In addition, amortization of the unrealized loss on financial instruments generated a loss of \$0.7 million. Accordingly, for the three-month period ended March 31, 2014, the Corporation's *Share in earnings (loss) of the Joint Ventures* represented \$1.3 million loss.

Also, for the three-month period ended March 31, 2014, Boralex charged back \$0.4 million in salaries, management fees and other costs to this joint venture in connection with operation of the wind farm.

Seigneurie de Beaupré: Phase II

For the three-month period ended March 31, 2014, the net results of the Joint Venture Phase II represented an insignificant loss (Boralex's share was insignificant). Boralex charged back \$0.2 million in salaries and management fees to this joint venture in connection with construction of the wind farm.

TO SUM UP,

although Boralex made investments totalling \$10.6 million and paid a total dividend of \$4.9 million in the first quarter of 2014, the Corporation ended the period in a stronger cash position than three months earlier, with cash of \$154.7 million including restricted cash. This positive trend demonstrates the benefits of the strategy in place at Boralex since 2009 aimed at supporting significant and steady cash flows from operating activities, which in turn, are conducive to maintaining a solid cash position and sound capital structure. The Corporation intends to continue leveraging its financial resources, primarily to accelerate growth, strengthen its positioning, and generate superior economic value over the long term.

Interests in the Joint Ventures

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

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

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

Seasonal Factors

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014
POWER PRODUCTION (MWh)					
Wind power stations	166,992	96,921	249,276	381,389	894,578
Hydroelectric power stations	197,923	131,786	142,912	123,587	596,208
Thermal power stations	7,191	33,851	31,448	71,116	143,606
Solar power station	1,788	2,098	980	1,185	6,051
	373,894	264,656	424,616	577,277	1,640,443
REVENUES FROM ENERGY SALES					
Wind power stations	20,384	11,822	31,676	47,948	111,830
Hydroelectric power stations	15,691	11,206	12,746	13,996	53,639
Thermal power stations	3,268	4,657	6,976	12,976	27,877
Solar power station	798	966	469	602	2,835
	40,141	28,651	51,867	75,522	196,181
EBITDA					
Wind power stations	16,439	7,347	26,136	41,161	91,083
Hydroelectric power stations	12,532	7,595	9,002	10,167	39,296
Thermal power stations	(1,070)	(614)	26	4,572	2,914
Solar power station	706	853	438	491	2,488
	28,607	15,181	35,602	56,391	135,781
Corporate and eliminations	(4,642)	(2,001)	(4,226)	(4,634)	(15,503)
	23,965	13,180	31,376	51,757	120,278
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(1,783)	(8,489)	394	7,048	(2,830)
Discontinued operations	622	917	74	839	2,452
	(1,161)	(7,572)	468	7,887	(378)
NET EARNINGS (LOSS) PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.05)	(\$0.22)	\$0.01	\$0.19	(\$0.07)
Discontinued operations	\$0.02	\$0.02	—	\$0.02	\$0.06
	(\$0.03)	(\$0.20)	\$0.01	\$0.21	(\$0.01)
NET EARNINGS (LOSS) PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.05)	(\$0.22)	\$0.01	\$0.17	(\$0.09)
Discontinued operations	\$0.02	\$0.02	—	\$0.02	\$0.06
	(\$0.03)	(\$0.20)	\$0.01	\$0.19	(\$0.03)
CASH FLOWS FROM OPERATIONS					
In dollars	17,624	(5,333)	16,086	36,000	64,377
Per share (basic)	\$0.47	(\$0.14)	\$0.43	\$0.95	\$1.70
Weighted average number of shares outstanding (basic)	37,740,004	37,748,196	37,757,835	37,980,635	37,805,897

II B - Analysis of Results and Financial Position - Proportionate Consolidation

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended				Twelve-month period ended
	June 30, 2012	September 30, 2012	December 31, 2012	March 31, 2013	March 31, 2013
POWER PRODUCTION (MWh)					
Wind power stations	138,836	110,343	210,838	191,028	651,045
Hydroelectric power stations	158,874	86,472	164,072	148,473	557,891
Thermal power stations	41,981	83,815	66,051	70,879	262,726
Solar power station	1,940	2,056	991	1,079	6,066
	341,631	282,686	441,952	411,459	1,477,728
REVENUES FROM ENERGY SALES					
Wind power stations	16,345	12,540	25,124	23,598	77,607
Hydroelectric power stations	12,445	7,456	13,860	14,113	47,874
Thermal power stations	9,285	12,173	12,654	12,546	46,658
Solar power station	830	852	425	479	2,586
	38,905	33,021	52,063	50,736	174,725
EBITDA					
Wind power stations	13,074	9,493	21,321	20,035	63,923
Hydroelectric power stations	9,056	7,510	9,541	11,284	37,391
Thermal power stations	1,154	2,408	2,601	4,668	10,831
Solar power station	723	770	324	382	2,199
	24,007	20,181	33,787	36,369	114,344
Corporate and eliminations	(5,155)	(3,968)	(3,910)	(3,054)	(16,087)
	18,852	16,213	29,877	33,315	98,257
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(6,035)	(8,167)	542	3,909	(9,751)
Discontinued operations	134	566	696	161	1,557
	(5,901)	(7,601)	1,238	4,070	(8,194)
NET EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX					
Continuing operations	(\$0.16)	(\$0.22)	\$0.01	\$0.10	(\$0.26)
Discontinued operations	—	\$0.02	\$0.02	\$0.01	\$0.04
	(\$0.16)	(\$0.20)	\$0.03	\$0.11	(\$0.22)
CASH FLOWS FROM OPERATIONS					
In dollars	5,473	6,862	13,481	22,806	48,622
Per share (basic)	\$0.15	\$0.18	\$0.36	\$0.60	\$1.29
Weighted average number of shares outstanding (basic)	37,727,077	37,730,162	37,732,568	37,735,065	37,731,208

Financial Highlights

(in thousands of dollars, except MWh, per share amounts and number of shares outstanding)	Three-month periods ended March 31	
	2014	2013
POWER PRODUCTION (MWh)		
Wind power stations	381,389	191,028
Hydroelectric power stations	123,587	148,473
Thermal power stations	71,116	70,879
Solar power station	1,185	1,079
	577,277	411,459
REVENUES FROM ENERGY SALES		
Wind power stations	47,948	23,598
Hydroelectric power stations	13,996	14,113
Thermal power stations	12,976	12,546
Solar power station	602	479
	75,522	50,736
EBITDA		
Wind power stations	41,161	20,035
Hydroelectric power stations	10,167	11,284
Thermal power stations	4,572	4,668
Solar power station	491	382
	56,391	36,369
Corporate and eliminations	(4,634)	(3,054)
	51,757	33,315
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	7,048	3,909
Discontinued operations	839	161
	7,887	4,070
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.19	\$0.10
Discontinued operations	\$0.02	\$0.01
	\$0.21	\$0.11
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.17	\$0.10
Discontinued operations	\$0.02	\$0.01
	\$0.19	\$0.11
CASH FLOWS FROM OPERATIONS		
In dollars	36,000	22,806
Per share (basic)	\$0.95	\$0.60
Weighted average number of shares outstanding (basic)	37,980,635	37,735,065

Statement of Financial Position Data

(in thousands of dollars)	As at March 31,	As at December 31,
	2014	2013
Total assets	1,854,281	1,791,440
Debt*	1,012,917	977,993
Convertible debentures	230,406	229,578
Total equity	396,123	386,134

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

Analysis of Operating Results for the Three-Month Period Ended March 31, 2014

Consolidated Results

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	50,736	33,315
Power stations commissioned*	16,310	14,013
Pricing	902	902
Volume	4,003	3,992
Translation of self-sustaining subsidiaries (exchange rate effect)	3,563	2,239
Raw material costs	—	304
Maintenance	—	(855)
Development - prospecting	—	158
Other	8	(2,311)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	75,522	51,757

* Commissioning of the Vron wind farm in France in September 2013, the La Vallée wind power facility in France in December 2013 and the Joint Venture Phase I in November and December 2013.

Operating Results for the Three-Month Period Ended March 31, 2014

At the consolidated level, proportionately consolidated results of Joint Venture Phase I for the first quarter of fiscal 2014 mainly reflect production volume, revenues and EBITDA, as the accompanying tables show, but have only a slight impact on net results compared with the IFRS equity method.

Production

Including Boralex's share of 116,530 MW in Phase I of the Seigneurie de Beaupré wind farms production represents a 25.3% increase over quarterly output, calculated using the IFRS equity method. Including Joint Venture Phase I, the Corporation's consolidated quarterly production increased 40.3% compared with the same period in fiscal 2013 (compared with 12.0% growth using the IFRS equity method).

Revenues

In the first quarter of 2014, Boralex's \$12.6 million share in the revenues generated by Joint Venture Phase I represents an additional 20.0% contribution compared with the consolidated revenues accounted for under IFRS. Including Joint Venture Phase I, consolidated revenues recorded a 48.9% increase over the same period in fiscal 2013 (compared with 24.0% growth using the IFRS equity method).

Note also that due to seasonal cycles of Boralex's various segments, as discussed under *Seasonal Factors* in this MD&A, under proportionate consolidation of Joint Venture Phase I (and Joint Venture Phase II beginning December 2014), seasonal characteristics of the wind power segment are intensified, so that a larger portion of the Corporation's revenues are now generated in first and fourth quarters.

EBITDA

(in thousands of dollars)	Three-month periods ended March 31,	
	2014	2013
EBITDA (IFRS)	42,205	33,253
Less: Share in earnings (loss) of the Joint Ventures	1,355	(215)
Plus: EBITDA - Joint Ventures	10,971	(55)
Elimination of management fees against property, plant and equipment	(64)	(98)
EBITDA (proportionate consolidation)	51,757	33,315

As shown in the table above, proportionate consolidation had a net favourable impact of \$9.6 million or 22.8% on consolidated EBITDA in the first quarter of 2014 compared with IFRS, due mainly to the elimination of the *Share in earnings (loss) of the Joint Ventures* and the addition of the actual EBITDA of Joint Ventures, as discussed previously. Including Joint Venture Phase I, consolidated EBITDA recorded a 55.4% increase over the same period in fiscal 2013 (compared with 26.9% growth using the IFRS equity method).

Net Earnings

Given the amortization, financing costs, other items and income tax, proportionate consolidation of results of Joint Ventures had a slightly unfavourable effect of under \$0.1 million on net earnings, and none on net earnings per share.

Cash Flows for the Three-Month Period Ended March 31, 2014

For the first quarter of 2014, the main impacts of proportionate consolidation compared with the IFRS equity method are:

- A \$6.8 million increase in cash flows related to operating activities, due mainly to the addition of the actual EBIDTA of the Joint Ventures;
- A \$35.0 million increase in cash used in investing activities, including \$14.9 million for additions to property, plant and equipment and \$20.2 million for restricted cash of the Joint Ventures; and
- An additional amount of \$34.2 million generated by the new non-current debt.

In the aggregate, proportionate consolidation resulted in adding \$5.9 million to cash and cash equivalents as at March 31, 2014.

Financial Position as at March 31, 2014

In the statement of financial position, besides a \$350.2 million or 52.8% increase in non-current debt (including the current portion), proportionate consolidation resulted in increasing Boralex's total assets by \$397.4 million or 27.3%, including:

- A \$378.9 million or 46.2% increase in the carrying amount of property, plant and equipment; and
- A \$102.0 million or 50.0% increase in total current assets, of which \$69.4 million is related to restricted cash and to cash and cash equivalents.

Accordingly, under proportionate consolidation, short-term cash resources (including cash and cash equivalents and restricted cash) totalled \$224.2 million, compared with \$154.7 million under IFRS.

Wind Power Stations

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

(in thousands of dollars)	Revenues from energy sales	EBITDA
THREE-MONTH PERIOD ENDED MARCH 31, 2013	23,598	20,035
Power stations commissioned*	16,310	14,013
Pricing	142	142
Volume	6,102	6,102
Translation of self-sustaining subsidiaries (exchange rate effect)	1,782	1,441
Maintenance	—	(409)
Other	14	(163)
THREE-MONTH PERIOD ENDED MARCH 31, 2014	47,948	41,161

* Commissioning of the Vron wind farm in France in September 2013, the La Vallée wind power facility in France in December 2013 and the Joint Venture Phase I in November and December 2013.

For the wind power segment, the proportionate consolidation of the initial results of the Joint Ventures, Phase I in particular, for the three-month period ended March 31, 2014 mainly impacted the *Power stations commissioned* item, as it also includes 50% of production, revenues and EBITDA generated by the 272 MW Phase I assets (Boralex's share is 136 MW) commissioned between November 28 and December 10, 2013, in addition to the additional contribution from the Vron et la Vallée facilities in France.

Production

During the first quarter of 2014, this large-scale wind farm generated an additional 116,530 MW (Boralex's share), which, under the IFRS equity method, represents a 44.0% increase in quarterly segment output. Including Joint Venture Phase I, quarterly production in the wind power sector almost doubled compared with the same period in fiscal 2013 (compared with 38.6% growth using the IFRS equity method).

Revenues

Boralex's share in revenues generated by this new facility amounted to \$12.6 million, which represents an additional contribution of 35.6% compared with wind power segment revenues accounted for in the first quarter under IFRS. Including Joint Venture Phase I, segment revenues recorded a 103.2% increase over the same period in fiscal 2013 (compared with 49.8% growth using the IFRS equity method).

EBITDA

(in thousands of dollars)	Three-month periods ended March 31,	
	2014	2013
EBITDA (IFRS)	32,211	19,875
Less: Share in earnings (loss) of the Joint Ventures	2,021	(215)
Plus: EBITDA - Joint Ventures	10,971	(55)
EBITDA (proportionate consolidation)	41,161	20,035

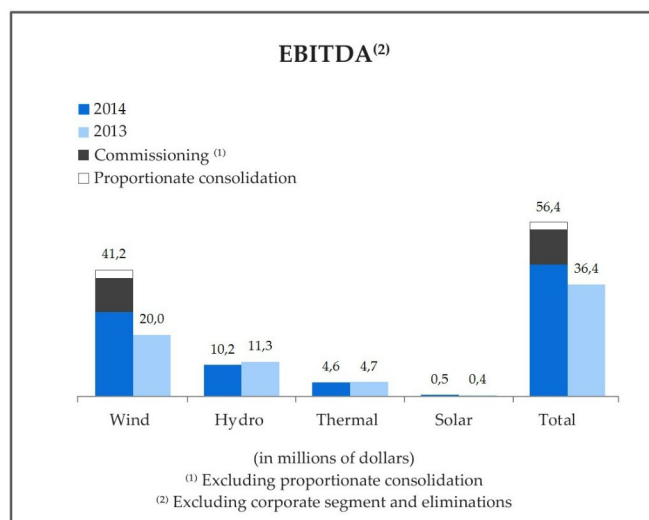
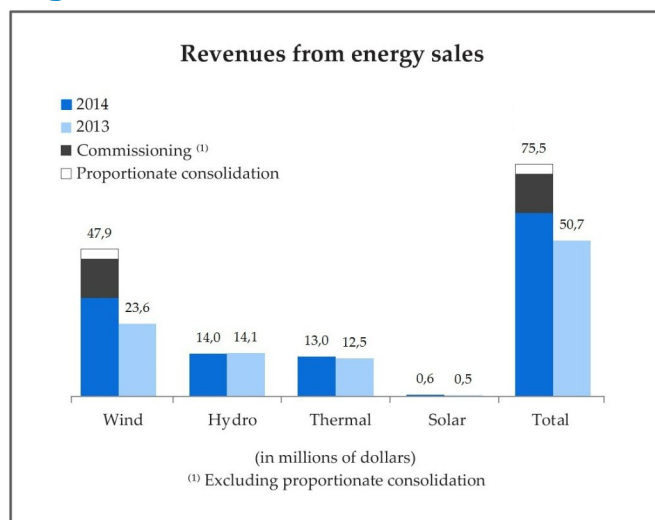
As shown in the table above, proportionate consolidation had a favourable impact of \$9.0 million or 27.8% on EBITDA in the first quarter of fiscal 2014, compared with IFRS. This significant difference arises from the fact that the addition of EBITDA of \$11.0 million to the *Power stations commissioned* item under the proportionate consolidation method does not correspond to the amount of \$2.0 million reported under *Share in earnings (loss) of the Joint Ventures* according to the equity method.

Including Joint Venture Phase I, segment EBITDA recorded a 105.4% increase over the same period in fiscal 2013 (compared with 62.1% growth using the IFRS equity method).

Boralex's management is satisfied with the results of the first few months of operation of this large-scale facility, whose productivity augurs well for the future.

Segment and Geographic Breakdown of Results of Continuing Operations for the Three-month Periods Ended March 31, 2014 and 2013

Segment Breakdown



The following is a discussion of changes in segment breakdown of revenues and EBITDA for the three-month period ended March 31, 2014 compared with the same period of fiscal 2013.

Wind

For the first quarter of fiscal 2014, revenues in the wind power segment grew 103.0% from the same quarter of the previous year, boosting its share of consolidated revenues to 63.4% in 2014 from 46.5% in 2013. Besides the 39.4% increase in revenues generated by the segment's existing assets, revenue growth stems primarily from the commissioning of an additional 176 MW towards the end of 2013 from Phase I of the Seigneurie de Beaupré site and the Vron and La Vallée facilities in France.

In the first quarter of 2014, wind power EBITDA rose 106.0%, compared with the corresponding period in 2013, accounting for 73.0% of consolidated EBITDA (before the corporate segment and eliminations) in 2014, compared with 54.9% in 2013, thereby confirming the segment's position as Boralex's most significant source of EBITDA. The segment's EBITDA margin is also higher than the average for Boralex's energy asset portfolio, amounting to approximately 86.0% for 2014 (84.7% in 2013). With Boralex's share of wind power projects under development set to add 180 MW to its net contracted capacity and the ongoing initiatives to continue expanding its operating assets, the segment's top contribution to operating profitability stands to grow in the coming quarters and years, enhancing the Corporation's average profit margin.

Hydroelectric

Revenues in the hydroelectric segment declined 0.7% between the two comparative quarters. Accordingly, and particularly in light of the significant expansion in the wind power segment, its share of consolidated revenues fell from 27.8% in 2013 to 18.5% in 2014. Hydroelectric segment EBITDA decreased by 9.7% compared to the first quarter of 2013, amounting to 18.1% of consolidated EBITDA (before the corporate segment and eliminations), compared to 31.0% in 2013. As a percentage of revenues, the segment's EBITDA margin fell from 80.1% in 2013 to 72.9% in 2014.

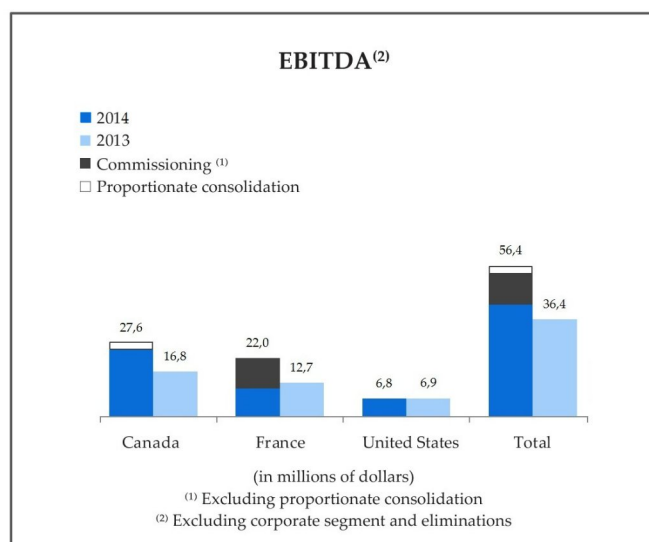
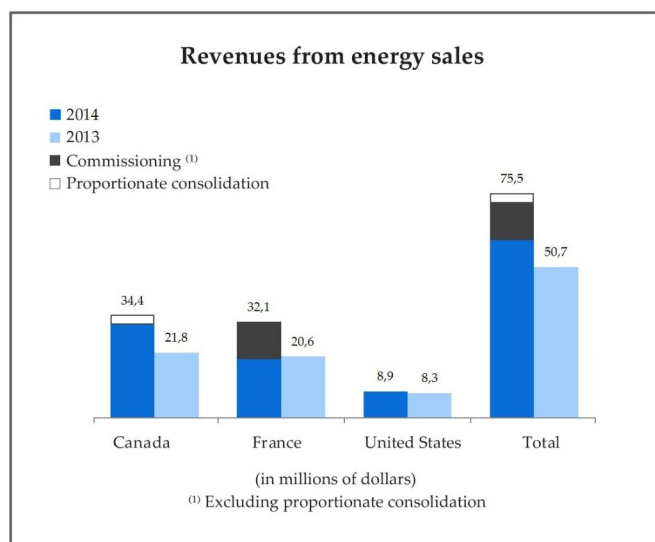
Thermal

The thermal sector accounted for 17.2% of consolidated revenues in the first quarter of 2014, compared with 24.7% in 2013, due mainly to expansion in the wind power segment. For the same reason, this segment's share of consolidated EBITDA (before the corporate segment and eliminations) stood at 8.2% compared with 12.9% for the previous year. EBITDA margin fell to 35.4% in 2014 from 37.6% in 2013.

Solar

Boralex's only solar power station generated EBITDA of \$0.5 million on revenues of \$0.6 million in the first quarter of fiscal 2014, representing an EBITDA margin of 83.3%. In the same period in 2013, EBITDA and revenues totalled \$0.4 million and \$0.5 million, respectively, with a margin of 80.0%. The solar power segment, which currently accounts for only a marginal share of Boralex's energy portfolio, generated 0.8% of revenues and 0.9% of consolidated EBITDA (before the corporate segment and eliminations) in the first quarter of fiscal 2014.

Geographic Breakdown



Geographically, Boralex's revenues from energy sales for the three-month period ended March 31, 2014 were broken down as follows:

- 45.6% in Canada compared with 43.0% in 2013;
- 42.6% in France compared with 40.6% in 2013; and
- 11.8% in the United States compared with 16.4% in 2013.

The increase in the Canadian assets' relative share of revenues resulted primarily from the commissioning of Joint Venture Phase I and the higher relative weight of the European market following commissioning of the Vron and La Vallée facilities. Canadian and French market weightings came at the expense of the U.S. market.

Non-IFRS Measures

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

These non-IFRS measures are derived primarily from the 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.

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

EBITDA

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

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

IFRS	Three-month periods ended March 31	
	2014	2013
(in thousands of dollars)		
Net earnings	9,383	4,598
Net earnings from discontinued operations	(839)	(161)
Income tax expense	4,846	2,730
Net loss on financial instruments	919	203
Foreign exchange gain	(341)	(8)
Financing costs	13,693	12,424
Other gains	(573)	(34)
Amortization	15,117	13,501
EBITDA	42,205	33,253

Proportionate Consolidation	Three-month periods ended March 31	
	2014	2013
(in thousands of dollars)		
Net earnings	9,319	4,500
Net earnings from discontinued operations	(839)	(161)
Income tax expense	4,846	2,730
Net loss on financial instruments	1,648	366
Foreign exchange gain	(339)	(8)
Financing costs	18,652	12,421
Other gains	(896)	(34)
Amortization	19,366	13,501
EBITDA	51,757	33,315

Cash Flows from Operations

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

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

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

IFRS	Three-month periods ended March 31	
	2014	2013
(in thousands of dollars)		
Net cash flows related to operating activities	31,453	22,447
Change in non-cash items related to operating activities	2,695	(507)
CASH FLOWS FROM OPERATIONS	28,758	22,954

Proportionate Consolidation	Three-month periods ended March 31	
	2014	2013
(in thousands of dollars)		
Net cash flows related to operating activities	38,203	24,753
Change in non-cash items related to operating activities	2,203	1,947
CASH FLOWS FROM OPERATIONS	36,000	22,806

Net Debt Ratio

The Corporation defines net debt as follows:

	IFRS		Proportionate Consolidation	
	As at March 31, 2014	As at December 31, 2013	As at March 31, 2014	As at December 31, 2013
(in thousands of dollars)				
Non-current debt	576,082	578,914	887,842	855,484
Current portion of debt	86,600	84,034	125,075	122,509
Borrowing costs, net of accumulated amortization	12,189	10,737	31,162	30,714
Less:				
Cash and cash equivalents	(136,831)	(124,942)	(145,308)	(127,541)
Restricted cash	(17,914)	(19,366)	(78,848)	(60,126)
Net debt	520,126	529,377	819,923	821,040

The Corporation defines total book capitalization as follows:

	IFRS		Proportionate Consolidation	
	As at March 31, 2014	As at December 31, 2013	As at March 31, 2014	As at December 31, 2013
(in thousands of dollars)				
Total equity	396,541	386,134	396,123	385,780
Net debt	520,126	529,377	819,923	821,040
Convertible debentures	230,406	229,578	230,406	229,578
Convertible debenture issuance costs, net of accumulated amortization	3,345	3,522	3,345	3,522
Deferred taxes on convertible debentures	5,158	5,158	5,158	5,158
Imputed interest calculated on convertible debentures	(8,649)	(7,982)	(8,649)	(7,982)
Total book capitalization	1,146,927	1,145,787	1,446,306	1,437,096

II C - Analysis of Results and Financial Position - Non-IFRS Measures

The Corporation computes the ratio of net debt as follows:

	IFRS		Proportionate Consolidation	
	As at March 31, 2014	As at December 31, 2013	As at March 31, 2014	As at December 31, 2013
(in thousands of dollars)				
Net debt	520,126	529,377	819,923	821,040
Total book capitalization	1,146,927	1,145,787	1,446,306	1,437,096
NET DEBT RATIO	45.3%	46.2%	56.7%	57.1%

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 March 31, 2014, our power stations in France and Canada, as well as those in Hudson Falls and South Glens Falls in the United States, have long-term power sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Consequently, 4% of Boralex's installed capacity is exposed to price risk.

Interest Rate Risk

Under IFRS, as at March 31, 2014, approximately 41% of non-current debt issued bears interest at variable rates. A sharp increase in interest rates in the future could affect the liquid assets available for the Corporation's development projects. However, since the Corporation uses interest rate swaps and interest rate forward contracts, its exposure to interest rate fluctuations is reduced to only 5% of total debt.

IFRS					
As at March 31,		Current notional		Fair value	
2014		(currency of origin)	(in \$C)	(currency of origin)	(in \$C)
	Currency				
Financial swaps - interest rates	EUR	173,065	263,578	(15,603)	(23,764)
Financial swaps - interest rates	CAD	149,507	149,507	(21,520)	(21,520)
			413,085		(45,284)

Proportionate consolidation					
As at March 31,		Current notional		Fair value	
2014		(currency of origin)	(in \$C)	(currency of origin)	(in \$C)
	Currency				
Financial swaps - interest rates	EUR	173,065	263,578	(15,603)	(23,764)
Financial swaps - interest rates	CAD	425,373	425,373	(27,315)	(27,315)
			688,951		(51,079)

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

The commitments are discussed in Boralex's annual financial statements for the fiscal year ended December 31, 2013. In addition, the Corporation undertook the following commitment:

The Corporation has entered into a 15-year wind turbine maintenance contract expiring in 2029 with Enercon for the Témiscouata I community wind power project developed jointly with the Témiscouata RMC. The contract includes a cancellation option at the Corporation's discretion after five years. As at March 31, 2014, the Corporation had net commitments of \$2.2 million under this contract, reflecting the first five years of the contract, of which \$0.3 million is payable in 2014.

Subsequent Event

On April 22, 2014, the Corporation announced the closing of the long-term financing arrangement for the Fortel-Bonnières and St-François wind farms. This loan payable, secured by the assets of these wind farms in Europe, consists of €49,0 million (\$74,6 million) over 14 years, €12,2 million (\$18,6 million) over 15 years and €4,0 million (\$6,1 million) drawn down under a revolving VAT financing facility. The Corporation will make quarterly repayments of principal and interest. The initial quarterly repayment will be made on December 31, 2014. The interest rate for the €49,0 million facility is fixed at 3.65% for a 10-year term and will then be revised as of the 11th year. The variable interest rate for the €12,2 million facility is based on EURIBOR, plus a margin. During the second quarter of 2014, the Corporation intends to conclude interest rate swaps to reduce its exposure to changes in rates for both tranches previously described.

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, 2013.

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 under *Risk Factors and Uncertainties* in Boralex's annual MD&A for the year ended December 31, 2013.

Accounting Policies

Change in Accounting Policies

IFRIC 21, *Levies*

In May 2013, the IASB issued IFRIC 21, *Levies*, which is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting of levies imposed by governments. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. The Corporation adopted this new standard as at January 1, 2014 and this change had no impact on the Corporation's 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, 2013, as well as the effectiveness of Boralex's internal control over financial reporting as of the same date and have concluded that they are effective.

During the three-month period ended March 31, 2014, no changes were made to internal control over financial reporting or disclosure controls and procedures that have materially affected, or are reasonably likely to materially affect, internal controls and procedures.

Consolidated Statements of Financial Position

(in thousands of dollars)	As at March 31, 2014	As at December 31, 2013
ASSETS		
Cash and cash equivalents	145,308	127,541
Restricted cash	78,848	60,126
Trade and other receivables	72,704	72,758
Inventories	4,072	4,502
Prepaid expenses	5,022	2,945
CURRENT ASSETS	305,954	267,872
Property, plant and equipment	1,199,688	1,179,653
Other intangible assets	261,645	257,058
Goodwill	50,274	49,890
Other non-current financial assets	—	1,262
Other non-current assets	36,720	35,705
NON-CURRENT ASSETS	1,548,327	1,523,568
TOTAL ASSETS	1,854,281	1,791,440
LIABILITIES		
Trade and other payables	80,169	81,607
Current portion of debt	125,075	122,509
Current income tax liability	2,325	1,516
Other current financial liabilities	21,520	15,243
CURRENT LIABILITIES	229,089	220,875
Non-current debt	887,842	855,484
Convertible debentures	230,406	229,578
Deferred income tax liability	37,626	37,493
Decommissioning liability	8,861	8,160
Other non-current financial liabilities	29,559	19,704
Other non-current liabilities	34,775	34,366
NON-CURRENT LIABILITIES	1,229,069	1,184,785
TOTAL LIABILITIES	1,458,158	1,405,660
EQUITY		
Equity attributable to shareholders	360,548	356,094
Non-controlling shareholders	35,575	29,686
TOTAL EQUITY	396,123	385,780
TOTAL LIABILITIES AND EQUITY	1,854,281	1,791,440

Consolidated Statements of Earnings

(in thousands of dollars)	Three-month periods ended March 31,	
	2014	2013
REVENUES		
Revenue from energy sales	75,522	50,736
Other income	276	217
	75,798	50,953
COSTS AND OTHER EXPENSES		
Operating expenses	19,441	12,857
Administration	3,559	3,646
Development	1,012	1,135
Amortization	19,366	13,501
Other gains	(896)	(34)
	42,482	31,105
OPERATING INCOME	33,316	19,848
Financing costs	18,652	12,421
Foreign exchange gain	(339)	(8)
Net loss on financial instruments	1,648	366
Other	29	—
EARNINGS BEFORE INCOME TAXES	13,326	7,069
Income tax expense	4,846	2,730
NET EARNINGS FROM CONTINUING OPERATIONS	8,480	4,339
Net earnings from discontinued operations	839	161
NET EARNINGS	9,319	4,500
NET EARNINGS ATTRIBUTABLE TO:		
Shareholders of Boralex	7,887	4,070
Non-controlling shareholders	1,432	430
NET EARNINGS	9,319	4,500
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	7,048	3,909
Discontinued operations	839	161
	7,887	4,070
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.19	\$0.10
Discontinued operations	\$0.02	\$0.01
	\$0.21	\$0.11
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	\$0.17	\$0.10
Discontinued operations	\$0.02	\$0.01
	\$0.19	\$0.11

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month periods ended March 31,	
	2014	2013
Net earnings	9,319	4,500
Less: Net earnings from discontinued operations	839	161
Net earnings from continuing operations	8,480	4,339
Financing costs	18,652	12,421
Interest paid	(15,456)	(10,008)
Income tax expense	4,846	2,730
Income taxes paid	(856)	(757)
Non-cash items in earnings:		
Net loss on financial instruments	1,648	366
Amortization	19,366	13,501
Other gains	(896)	(34)
Other	216	248
	36,000	22,806
Change in non-cash items related to operating activities	2,203	1,947
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	38,203	24,753
Additions to property, plant and equipment	(24,889)	(13,528)
Change in restricted cash	(18,722)	4,415
Change in reserve funds	(28)	(876)
Development projects	(1,511)	(977)
Other	(505)	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(45,655)	(10,985)
Net increase in non-current debt	35,238	8,149
Repayments on non-current debt	(16,449)	(9,267)
Contribution of non-controlling shareholders	3,837	326
Dividends paid to shareholders of Boralex	(4,923)	—
Exercise of options	4,206	—
Other	(40)	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	21,869	(792)
Cash from discontinued operations	1,215	98
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2,135	427
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,767	13,501
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	127,541	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD	145,308	120,639

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month periods ended March 31	
	2014	2013
POWER PRODUCTION (MWh)		
Wind power stations	381,389	191,028
Hydroelectric power stations	123,587	148,473
Thermal power stations	71,116	70,879
Solar power station	1,185	1,079
	577,277	411,459
REVENUE FROM ENERGY SALES		
Wind power stations	47,948	23,598
Hydroelectric power stations	13,996	14,113
Thermal power stations	12,976	12,546
Solar power station	602	479
	75,522	50,736
EBITDA		
Wind power stations	41,161	20,035
Hydroelectric power stations	10,167	11,284
Thermal power stations	4,572	4,668
Solar power station	491	382
Corporate and eliminations	(4,634)	(3,054)
	51,757	33,315

Information by Geographic Segment

(in thousands of dollars, except MWh)	Three-month periods ended March 31	
	2014	2013
POWER PRODUCTION (MWh)		
Canada	287,513	177,204
France	206,078	135,687
United States	83,686	98,568
	577,277	411,459
REVENUE FROM ENERGY SALES		
Canada	34,427	21,841
France	32,146	20,555
United States	8,949	8,340
	75,522	50,736
EBITDA		
Canada	23,943	14,691
France	21,083	11,892
United States	6,731	6,732
	51,757	33,315

Consolidated Statements of Financial Position

As at March 31,

2014

(in thousands of dollars)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
ASSETS			
Cash and cash equivalents	136,831	8,477	145,308
Restricted cash	17,914	60,934	78,848
Trade and other receivables	40,915	31,789	72,704
Inventories	4,063	9	4,072
Prepaid expenses	4,193	829	5,022
CURRENT ASSETS	203,916	102,038	305,954
Property, plant and equipment	820,803	378,885	1,199,688
Other intangible assets	261,645	—	261,645
Goodwill	50,274	—	50,274
Interests in the Joint Ventures	87,668	(87,668)	—
Other non-current assets	32,550	4,170	36,720
NON-CURRENT ASSETS	1,252,940	295,387	1,548,327
TOTAL ASSETS	1,456,856	397,425	1,854,281
LIABILITIES			
Trade and other payables	68,938	11,231	80,169
Current portion of debt	86,600	38,475	125,075
Current income tax liability	2,325	—	2,325
Other current financial liabilities	21,520	—	21,520
CURRENT LIABILITIES	179,383	49,706	229,089
Non-current debt	576,082	311,760	887,842
Convertible debentures	230,406	—	230,406
Deferred income tax liability	37,626	—	37,626
Decommissioning liability	7,882	979	8,861
Other non-current financial liabilities	23,764	5,795	29,559
Other non-current liabilities	5,172	29,603	34,775
NON-CURRENT LIABILITIES	880,932	348,137	1,229,069
TOTAL LIABILITIES	1,060,315	397,843	1,458,158
EQUITY			
Equity attributable to shareholders	360,966	(418)	360,548
Non-controlling shareholders	35,575	—	35,575
TOTAL EQUITY	396,541	(418)	396,123
TOTAL LIABILITIES AND EQUITY	1,456,856	397,425	1,854,281

Consolidated Statements of Financial Position

As at December 31,

2013

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

Consolidated Statements of Earnings

(in thousands of dollars, except per share amounts)	Three-month period ended March 31		
	2014		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenue from energy sales	62,930	12,592	75,522
Other income	446	(170)	276
	63,376	12,422	75,798
COSTS AND OTHER EXPENSES			
Operating expenses	17,948	1,493	19,441
Administration	3,537	22	3,559
Development	1,012	—	1,012
Amortization	15,117	4,249	19,366
Other gains	(573)	(323)	(896)
	37,041	5,441	42,482
OPERATING INCOME	26,335	6,981	33,316
Financing costs	13,693	4,959	18,652
Foreign exchange gain	(341)	2	(339)
Net loss on financial instruments	919	729	1,648
Share in earnings (loss) of the Joint Ventures	1,355	(1,355)	—
Other	29	—	29
EARNINGS BEFORE INCOME TAXES	13,390	(64)	13,326
Income tax expense	4,846	—	4,846
NET EARNINGS FROM CONTINUING OPERATIONS	8,544	(64)	8,480
Net earnings from discontinued operations	839	—	839
NET EARNINGS	9,383	(64)	9,319
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	7,951	(64)	7,887
Non-controlling shareholders	1,432	—	1,432
NET EARNINGS	9,383	(64)	9,319
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	7,112	(64)	7,048
Discontinued operations	839	—	839
	7,951	(64)	7,887
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	\$0.19	—	\$0.19
Discontinued operations	\$0.02	—	\$0.02
	\$0.21	—	\$0.21
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	\$0.18	(\$0.01)	\$0.17
Discontinued operations	\$0.02	—	\$0.02
	\$0.20	(\$0.01)	\$0.19

Consolidated Statements of Earnings

(in thousands of dollars, except per share amounts)	Three-month period ended March 31		
	2013		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
REVENUES			
Revenue from energy sales	50,736	—	50,736
Other income	315	(98)	217
	51,051	(98)	50,953
COSTS AND OTHER EXPENSES			
Operating expenses	12,857	—	12,857
Administration	3,589	57	3,646
Development	1,137	(2)	1,135
Amortization	13,501	—	13,501
Other gains	(34)	—	(34)
	31,050	55	31,105
OPERATING INCOME	20,001	(153)	19,848
Financing costs	12,424	(3)	12,421
Foreign exchange gain	(8)	—	(8)
Net loss on financial instruments	203	163	366
Share in earnings (loss) of the Joint Ventures	(215)	215	—
EARNINGS BEFORE INCOME TAXES	7,167	(98)	7,069
Income tax expense	2,730	—	2,730
NET EARNINGS FROM CONTINUING OPERATIONS	4,437	(98)	4,339
Net earnings from discontinued operations	161	—	161
NET EARNINGS	4,598	(98)	4,500
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex	4,168	(98)	4,070
Non-controlling shareholders	430	—	430
NET EARNINGS	4,598	(98)	4,500
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	4,007	(98)	3,909
Discontinued operations	161	—	161
	4,168	(98)	4,070
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	\$0.11	(\$0.01)	\$0.10
Discontinued operations	—	\$0.01	\$0.01
	\$0.11	—	\$0.11
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations	\$0.11	(\$0.01)	\$0.10
Discontinued operations	—	\$0.01	\$0.01
	\$0.11	—	\$0.11

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended March 31		
	2014		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings	9,383	(64)	9,319
Less: Net earnings from discontinued operations	839	—	839
Net earnings from continuing operations	8,544	(64)	8,480
Financing costs	13,693	4,959	18,652
Interest paid	(11,793)	(3,663)	(15,456)
Income tax expense	4,846	—	4,846
Income taxes paid	(856)	—	(856)
Non-cash items in earnings:			
Net loss on financial instruments	919	729	1,648
Share in results of the Joint Ventures	(1,355)	1,355	—
Amortization	15,117	4,249	19,366
Other gains	(573)	(323)	(896)
Other	216	—	216
	28,758	7,242	36,000
Change in non-cash items related to operating activities	2,695	(492)	2,203
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	31,453	6,750	38,203
Additions to property, plant and equipment	(10,026)	(14,863)	(24,889)
Change in restricted cash	1,452	(20,174)	(18,722)
Change in reserve funds	(28)	—	(28)
Development projects	(1,511)	—	(1,511)
Other	(505)	—	(505)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(10,618)	(35,037)	(45,655)
Net increase in non-current debt	1,073	34,165	35,238
Repayments on non-current debt	(16,449)	—	(16,449)
Contribution of non-controlling shareholders	3,837	—	3,837
Dividends paid to shareholders of Boralex	(4,923)	—	(4,923)
Exercise of options	4,206	—	4,206
Other	(40)	—	(40)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(12,296)	34,165	21,869
Cash from discontinued operations	1,215	—	1,215
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	2,135	—	2,135
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,889	5,878	17,767
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	124,942	2,599	127,541
CASH AND CASH EQUIVALENTS - END OF PERIOD	136,831	8,477	145,308

Consolidated Statements of Cash Flows

(in thousands of dollars)	Three-month period ended March 31		
	2013		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
Net earnings	4,598	(98)	4,500
Less: Net earnings from discontinued operations	161	—	161
Net earnings from continuing operations	4,437	(98)	4,339
Financing costs	12,424	(3)	12,421
Interest paid	(10,013)	5	(10,008)
Income tax expense	2,730	—	2,730
Income taxes paid	(757)	—	(757)
Non-cash items in earnings:			
Net loss on financial instruments	203	163	366
Share in results of the Joint Ventures	215	(215)	—
Amortization	13,501	—	13,501
Other gains	(34)	—	(34)
Other	248	—	248
	22,954	(148)	22,806
Change in non-cash items related to operating activities	(507)	2,454	1,947
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	22,447	2,306	24,753
Additions to property, plant and equipment	(8,381)	(5,147)	(13,528)
Change in restricted cash	57	4,358	4,415
Change in reserve funds	(876)	—	(876)
Development projects	(977)	—	(977)
Other	(19)	—	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES	(10,196)	(789)	(10,985)
Net increase in non-current debt	4,764	3,385	8,149
Repayments on non-current debt	(9,267)	—	(9,267)
Contribution of non-controlling shareholders	326	—	326
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES	(4,177)	3,385	(792)
Cash from discontinued operations	98	—	98
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	427	—	427
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,599	4,902	13,501
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	107,138	—	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD	115,737	4,902	120,639

Information by Operating Segment

(in thousands of dollars, except MWh)	Three-month period ended March 31		
	2014		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	264,859	116,530	381,389
Hydroelectric power stations	123,587	—	123,587
Thermal power stations	71,116	—	71,116
Solar power station	1,185	—	1,185
	460,747	116,530	577,277
REVENUE FROM ENERGY SALES			
Wind power stations	35,356	12,592	47,948
Hydroelectric power stations	13,996	—	13,996
Thermal power stations	12,976	—	12,976
Solar power station	602	—	602
	62,930	12,592	75,522
EBITDA			
Wind power stations	32,211	8,950	41,161
Hydroelectric power stations	10,167	—	10,167
Thermal power stations	4,572	—	4,572
Solar power station	491	—	491
	47,441	8,950	56,391
Corporate and eliminations	(5,236)	602	(4,634)
	42,205	9,552	51,757

(in thousands of dollars, except MWh)	Three-month period ended March 31		
	2013		
	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Wind power stations	191,028	—	191,028
Hydroelectric power stations	148,473	—	148,473
Thermal power stations	70,879	—	70,879
Solar power station	1,079	—	1,079
	411,459	—	411,459
REVENUE FROM ENERGY SALES			
Wind power stations	23,598	—	23,598
Hydroelectric power stations	14,113	—	14,113
Thermal power stations	12,546	—	12,546
Solar power station	479	—	479
	50,736	—	50,736
EBITDA			
Wind power stations	19,875	160	20,035
Hydroelectric power stations	11,284	—	11,284
Thermal power stations	4,668	—	4,668
Solar power station	382	—	382
	36,209	160	36,369
Corporate and eliminations	(2,956)	(98)	(3,054)
	33,253	62	33,315

Information by Geographic Segment

Three-month period ended March 31			
2014			
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	170,983	116,530	287,513
France	206,078	—	206,078
United States	83,686	—	83,686
	460,747	116,530	577,277
REVENUE FROM ENERGY SALES			
Canada	21,835	12,592	34,427
France	32,146	—	32,146
United States	8,949	—	8,949
	62,930	12,592	75,522
EBITDA			
Canada	14,391	9,552	23,943
France	21,083	—	21,083
United States	6,731	—	6,731
	42,205	9,552	51,757
Three-month period ended March 31			
2013			
(in thousands of dollars, except MWh)	IFRS	Adjustments Joint Ventures	Proportionate Consolidation
POWER PRODUCTION (MWh)			
Canada	177,204	—	177,204
France	135,687	—	135,687
United States	98,568	—	98,568
	411,459	—	411,459
REVENUE FROM ENERGY SALES			
Canada	21,841	—	21,841
France	20,555	—	20,555
United States	8,340	—	8,340
	50,736	—	50,736
EBITDA			
Canada	14,629	62	14,691
France	11,892	—	11,892
United States	6,732	—	6,732
	33,253	62	33,315

Consolidated Financial Statements

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Consolidated Statements of Financial Position

(in thousands of Canadian dollars) (unaudited)	Note	As at March 31, 2014	As at December 31, 2013
ASSETS			
Cash and cash equivalents		136,831	124,942
Restricted cash		17,914	19,366
Trade and other receivables		40,915	41,625
Inventories		4,063	4,502
Prepaid expenses		4,193	2,945
CURRENT ASSETS		203,916	193,380
Property, plant and equipment		820,803	799,213
Other intangible assets		261,645	257,058
Goodwill		50,274	49,890
Interests in the Joint Ventures	4	87,668	90,880
Other non-current financial assets	9	—	289
Other non-current assets		32,550	32,017
NON-CURRENT ASSETS		1,252,940	1,229,347
TOTAL ASSETS		1,456,856	1,422,727
LIABILITIES			
Trade and other payables		68,938	57,992
Current portion of debt	5	86,600	84,034
Current income tax liability		2,325	1,516
Other current financial liabilities	9	21,520	15,243
CURRENT LIABILITIES		179,383	158,785
Non-current debt	5	576,082	578,914
Convertible debentures		230,406	229,578
Deferred income tax liability		37,626	37,493
Decommissioning liability		7,882	7,198
Other non-current financial liabilities	9	23,764	19,704
Other non-current liabilities		5,172	4,921
NON-CURRENT LIABILITIES		880,932	877,808
TOTAL LIABILITIES		1,060,315	1,036,593
EQUITY			
Equity attributable to shareholders		360,966	356,448
Non-controlling shareholders		35,575	29,686
TOTAL EQUITY		396,541	386,134
TOTAL LIABILITIES AND EQUITY		1,456,856	1,422,727

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

Consolidated Statements of Earnings

	Note	Three-month periods ended March 31	
		2014	2013
((in thousands of Canadian dollars, except per share amounts) (unaudited))			
REVENUES			
Revenues from energy sales		62,930	50,736
Other income		446	315
		63,376	51,051
COSTS AND OTHER EXPENSES			
Operating expenses		17,948	12,857
Administration		3,537	3,589
Development		1,012	1,137
Amortization		15,117	13,501
Other gains		(573)	(34)
		37,041	31,050
OPERATING INCOME			
		26,335	20,001
Financing costs		13,693	12,424
Foreign exchange gain		(341)	(8)
Net loss on financial instruments		919	203
Share in earnings (loss) of the Joint Ventures	4	1,355	(215)
Other		29	—
EARNINGS BEFORE INCOME TAXES			
		13,390	7,167
Income tax expense		4,846	2,730
NET EARNINGS FROM CONTINUING OPERATIONS			
		8,544	4,437
Net earnings from discontinued operations	7	839	161
NET EARNINGS			
		9,383	4,598
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex		7,951	4,168
Non-controlling shareholders		1,432	430
NET EARNINGS			
		9,383	4,598
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		7,112	4,007
Discontinued operations	7	839	161
		7,951	4,168
NET EARNINGS PER SHARE - BASIC ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		\$0.19	\$0.11
Discontinued operations		\$0.02	—
	8	\$0.21	\$0.11
NET EARNINGS PER SHARE - DILUTED ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX			
Continuing operations		\$0.18	\$0.11
Discontinued operations		\$0.02	—
	8	\$0.20	\$0.11

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

Statements of Comprehensive Income

(in thousands of Canadian dollars) (unaudited)	Three-month periods ended March 31	
	2014	2013
NET EARNINGS	9,383	4,598
Other comprehensive income (loss) to be subsequently reclassified to net earnings when certain conditions are met		
Translation adjustments:		
Unrealized foreign exchange gain on translation of financial statements of self-sustaining foreign operations	7,772	981
Cash flow hedges:		
Change in fair value of financial instruments	(11,828)	257
Hedging items realized and recognized in net earnings	2,996	1,851
Taxes	2,568	(650)
Cash flow hedges - Joint Ventures:		
Change in fair value of financial instruments	(5,234)	(613)
Taxes	1,500	79
Available-for-sale financial asset:		
Change in fair value of an available-for-sale financial asset	—	789
Items realized and recognized in net earnings	—	(37)
Total other comprehensive income (loss)	(2,226)	2,657
COMPREHENSIVE INCOME	7,157	7,255
COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of Boralex	5,103	6,738
Non-controlling shareholders	2,054	517
COMPREHENSIVE INCOME	7,157	7,255
COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX		
Continuing operations	4,264	6,577
Discontinued operations	839	161
	5,103	6,738

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

Consolidated Statements of Changes in Equity

	Equity attributable to shareholders							Three-month period ended March 31	
(in thousands of Canadian dollars) (unaudited)	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	Other comprehensive loss	Total	Non-controlling shareholders	Total equity	
BALANCE AS AT JANUARY 1, 2014	223,079	14,379	7,730	140,575	(29,315)	356,448	29,686	386,134	
Net earnings	—	—	—	7,951	—	7,951	1,432	9,383	
Other comprehensive income (loss)	—	—	—	—	(2,848)	(2,848)	622	(2,226)	
COMPREHENSIVE INCOME (LOSS)	—	—	—	7,951	(2,848)	5,103	2,054	7,157	
Dividends (note 8)	—	—	—	(4,923)	—	(4,923)	—	(4,923)	
Conversion of convertible debentures	16	—	—	—	—	16	—	16	
Exercise of options (note 8)	4,206	—	—	—	—	4,206	—	4,206	
Stock option expense	—	—	121	—	—	121	—	121	
Excess of proceeds on repurchase of non-controlling shareholders	—	—	—	(5)	—	(5)	(2)	(7)	
Contribution of non-controlling shareholders (note 6)	—	—	—	—	—	—	3,837	3,837	
BALANCE AS AT MARCH 31, 2014	227,301	14,379	7,851	143,598	(32,163)	360,966	35,575	396,541	

	Equity attributable to shareholders							Three-month period ended March 31	
(in thousands of Canadian dollars) (unaudited)	Capital stock	Equity component of convertible debentures	Contributed surplus	Retained earnings	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 earnings	—	—	—	4,168	—	4,168	430	4,598	
Other comprehensive income	—	—	—	—	2,570	2,570	87	2,657	
COMPREHENSIVE INCOME	—	—	—	4,168	2,570	6,738	517	7,255	
Conversion of convertible debentures	2	—	—	—	—	2	—	2	
Stock option expense	—	—	156	—	—	156	—	156	
Contribution of non-controlling shareholders (note 6)	—	—	—	—	—	—	326	326	
BALANCE AS AT MARCH 31, 2013	222,872	14,379	7,101	148,660	(66,248)	326,764	23,344	350,108	

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 March 31	
		2014	2013
Net earnings		9,383	4,598
Less: Net earnings from discontinued operations	7	839	161
Net earnings from continuing operations		8,544	4,437
Financing costs		13,693	12,424
Interest paid		(11,793)	(10,013)
Income tax expense		4,846	2,730
Income taxes paid		(856)	(757)
Non-cash items in earnings:			
Net loss on financial instruments		919	203
Share in results of the Joint Ventures	4	(1,355)	215
Amortization		15,117	13,501
Other gains		(573)	(34)
Other		216	248
		28,758	22,954
Change in non-cash items related to operating activities		2,695	(507)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		31,453	22,447
Additions to property, plant and equipment		(10,026)	(8,381)
Change in restricted cash		1,452	57
Change in reserve funds		(28)	(876)
Development projects		(1,511)	(977)
Other		(505)	(19)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(10,618)	(10,196)
Net increase in non-current debt		1,073	4,764
Repayments on non-current debt		(16,449)	(9,267)
Contribution of non-controlling shareholders	6	3,837	326
Dividends paid to shareholders of Boralex	8	(4,923)	—
Exercise of options	8	4,206	—
Other		(40)	—
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(12,296)	(4,177)
Cash from discontinued operations	7	1,215	98
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		2,135	427
NET CHANGE IN CASH AND CASH EQUIVALENTS		11,889	8,599
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		124,942	107,138
CASH AND CASH EQUIVALENTS - END OF PERIOD		136,831	115,737

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

Notes to Consolidated Financial Statements

As at March 31, 2014

(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 25 wind power stations, 14 hydroelectric power stations, two thermal power stations and a solar power facility for a total capacity of over 650 megawatts (“MW”). Boralex is also committed under power development projects, both independently and with partners, to add approximately 250 MW of power (Boralex’s share is 202 MW). In addition, the Corporation operates two hydroelectric power stations on behalf of Fiducie RSP Hydro, an entity controlled by a director of Cascades, a corporation exercising significant influence over the Corporation. The generated power is sold mainly in Canada, France and the United States. In addition, Boralex operates Seigneurie de Beauré Wind Farms Phases I and II, as defined in note 4, in which it holds a 50% interest.

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

(The data expressed in MW and MWh contained in notes 1, 11 and 12 has 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”), and set out in the *CPA Canada Handbook*, including International Accounting Standards (“IAS”) and the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) applicable to the preparation of 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, 2013, 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. 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 included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, advises readers 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, 2013.

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 audited consolidated financial statements of the Corporation for the year ended December 31, 2013.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on May 6, 2014.

Note 3.

Change in Accounting Policies

IFRIC 21, Levies

In May 2013, the IASB issued IFRIC 21, *Levies*, which is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, on the accounting of levies imposed by governments. IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. The Corporation adopted this new standard as at January 1, 2014 and this change had no impact on the Corporation’s consolidated financial statements.

Note 4.

Interests in the Joint Ventures

Joint Ventures Phase I and II

In June 2011 and in May 2013, in connection with Phase I and Phase II of Seigneurie de Beaupré Wind Farms, respectively, the Corporation entered into partnership agreements with a subsidiary of Gaz Métro L.P. and Valener Inc. and created Seigneurie de Beaupré 2 and 3 wind farms General Partnership ("Joint Venture Phase I") and Seigneurie de Beaupré 4 wind farm General Partnership ("Joint Venture Phase II") located in Canada, of which each party owns 50%.

Under these agreements, all expenditures are made jointly and all earnings, costs, expenses, liabilities, obligations and risks resulting from the Joint Ventures are shared jointly but not severally. The Corporation's interest in these joint ventures is accounted for using the equity method. The year-end date of these joint ventures is December 31.

Interests in the Joint Ventures

	Three-month period ended March 31, 2014			Twelve-month period ended December 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Balance - beginning of period	75,442	15,438	90,880	58,994	—	58,994
Cash contribution	—	—	—	—	8,318	8,318
Capital contribution	—	—	—	—	6,382	6,382
Share in results	1,974	48	2,022	(1,412)	(12)	(1,424)
Share in other comprehensive income (loss)	(6,039)	805	(5,234)	17,860	795	18,655
Other	—	—	—	—	(45)	(45)
Balance - end of period	71,377	16,291	87,668	75,442	15,438	90,880

Joint Ventures Financial Statements (100%)

	As at March 31, 2014			As at December 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Cash and cash equivalents	14,116	2,838	16,954	552	4,646	5,198
Restricted cash	6,849	115,019	121,868	35,279	46,241	81,520
Other current assets	64,930	331	65,261	61,306	960	62,266
Non-current financial assets	—	—	—	1,947	—	1,947
Non-current assets	699,833	67,197	767,030	707,082	61,969	769,051
TOTAL ASSETS	785,728	185,385	971,113	806,166	113,816	919,982
Current portion of debt	76,951	—	76,951	76,951	—	76,951
Other current liabilities	17,667	4,793	22,460	42,861	4,370	47,231
Non-current debt	484,164	139,356	623,520	482,248	70,890	553,138
Non-current financial liabilities	11,591	—	11,591	—	—	—
Other non-current liabilities	52,604	8,560	61,164	53,224	7,589	60,813
TOTAL LIABILITIES	642,977	152,709	795,686	655,284	82,849	738,133
NET ASSETS	142,751	32,676	175,427	150,882	30,967	181,849

Note 4. Interests in the Joint Ventures (cont'd)

	Three-month period ended March 31, 2014			Three-month period ended March 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Revenues from energy sales	25,184	—	25,184	—	—	—
Operating expenses	3,198	—	3,198	—	—	—
Administration	38	6	44	111	—	111
Amortization	8,499	—	8,499	—	—	—
Other gains	(645)	—	(645)	—	—	—
OPERATING INCOME	14,094	(6)	14,088	(111)	—	(111)
Financing costs (interest income)	8,686	(102)	8,584	(8)	—	(8)
Foreign exchange loss	1	2	3	—	—	—
Net loss (gain) on financial instruments	1,459	(3)	1,456	327	—	327
NET EARNINGS (LOSS)	3,948	97	4,045	(430)	—	(430)
Other comprehensive income (loss)	(12,078)	1,610	(10,468)	(1,226)	—	(1,226)
COMPREHENSIVE INCOME (LOSS)	(8,130)	1,707	(6,423)	(1,656)	—	(1,656)

Share in Earnings (Loss) of the Joint Ventures

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

	Three-month period ended March 31, 2014			Three-month period ended March 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in results	1,974	48	2,022	(215)	—	(215)
Other	(659)	(8)	(667)	—	—	—
Share in earnings (loss) of the Joint Ventures	1,315	40	1,355	(215)	—	(215)

Share in Comprehensive Income (Loss) of the Joint Ventures

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

	Three-month period ended March 31, 2014			Three-month period ended March 31, 2013		
	Phase I	Phase II	Total	Phase I	Phase II	Total
Share in comprehensive income (loss)	(6,039)	805	(5,234)	(613)	—	(613)

Commitments

The commitments are discussed in Boralex's annual financial statements for the fiscal year ended December 31, 2013.

Note 5. Non-current Debt

	Note	Maturity	Rate ⁽¹⁾	As at March 31, 2014	As at December 31, 2013
Canadian senior secured note	a)	2014	6.63	35,250	35,450
Finance leases (France)		2014-2015	4.68	1,758	2,088
Term loan payable - Nibas wind farm		2016	5.00	4,223	4,406
Master agreement - wind farms (France)		2017-2022	4.69	163,594	164,788
Term loan payable - Ocean Falls power station		2024	6.55	9,351	9,514
Term loan payable - St-Patrick wind farm		2025	5.05	51,441	49,500
Term loan payable - Lauragais solar power station		2025-2028	4.01	17,318	16,961
U.S. senior secured note		2026	3.51	93,598	95,724
Term loan payable - La Vallée wind farm		2029	4.33	52,709	48,673
Term loan payable - Vron wind farm		2030	3.08	19,863	19,130
Term loan payable - Thames River wind farms		2031	7.05	165,281	166,974
Term loan payable - Jamie Creek power station		2054	5.42	55,250	55,250
Other debts		—	—	5,235	5,227
			5.21	674,871	673,685
Current portion of debt				(86,600)	(84,034)
Borrowing cost, net of accumulated amortization				(12,189)	(10,737)
				576,082	578,914

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

(a) The Canadian note matures on July 9, 2014. The Corporation is currently evaluating various debt refinancing scenarios. Boralex's financing arrangements include a revolving credit facility maturing on June 30, 2014 with an authorized amount of \$60,000,000. The authorized amount can be increased if the Corporation were to repay this Canadian private placement and pledge the underlying assets as security.

Note 6. Non-Controlling Shareholders

La Côte-de-Beaupré Wind Power Project

In 2014, our partner Côte-de-Beaupré RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a capital contribution of \$303,000 (\$59,000 in 2013).

Témiscouata I Wind Power Project

In 2014, our partner Témiscouata RCM, which holds a 49% interest in the wind power project currently under development in Québec, made a capital contribution of \$1,219,000 (\$267,000 in 2013).

Boralex Europe S.A.

In 2014, our European partner, which holds a 25.33% interest in our European operations, Luxembourg-based subsidiary Boralex Europe S.A., made a capital contribution of \$2,315,000 (€1,520,000).

Note 7. Discontinued Operations

Net earnings from discontinued operations are detailed as follows:

	Three-month periods ended March 31,	
	2014	2013
Revenues from energy sales - RECs	1,308	251
Pre-tax operating income from discontinued operations	1,308	251
Income tax expense	469	90
Net earnings from discontinued operations	839	161

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

Note 8.

Net Earnings per Share

(a) Net Earnings per Share - Basic

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended March 31,	
	2014	2013
Net earnings attributable to shareholders of Boralex	7,951	4,168
Less:		
Net earnings from discontinued operations	839	161
Net earnings from continuing operations attributable to shareholders of Boralex - basic	7,112	4,007
Weighted average number of shares - basic	37,980,635	37,735,065
Net earnings per share from continuing operations attributable to shareholders of Boralex - basic	\$0.19	\$0.11
Net earnings per share from discontinued operations - basic	\$0.02	—
Net earnings per share attributable to shareholders of Boralex - basic	\$0.21	\$0.11

(b) Net Earnings per Share - Diluted

(in thousands of dollars, except per share amounts and number of shares)	Three-month periods ended March 31,	
	2014	2013
Net earnings attributable to shareholders of Boralex	7,951	4,168
Interest on convertible debentures, net of tax	3,317	—
Less:		
Net earnings from discontinued operations	839	161
Net earnings from continuing operations attributable to shareholders of Boralex - diluted	10,429	4,007
Weighted average number of shares	37,980,635	37,735,065
Dilutive effect of stock options	238,748	165,704
Dilutive effect of convertible debentures	19,776,766	—
Weighted average number of shares - diluted	57,996,149	37,900,769
Net earnings per share from continuing operations attributable to shareholders of Boralex - diluted	\$0.18	\$0.11
Net earnings per share from discontinued operations - diluted	\$0.02	—
Net earnings per share attributable to shareholders of Boralex - diluted	\$0.20	\$0.11

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

	Three-month periods ended March 31,	
	2014	2013
Convertible debentures excluded due to their anti-dilutive effect	—	19,579,726
Stock options excluded due to their anti-dilutive effect	281,795	542,745

(c) Dividends Paid

On February 19, 2014, the Corporation announced a quarterly dividend of \$0.13 per Class A common share. On March 17, 2014, the Corporation paid this dividend totalling \$4,923,000 to shareholders of record at the close of business on February 28, 2014.

In accordance with the trust indenture, each debenture is convertible into Class A common shares of Boralex at the option of the holder at the initial conversion price of \$12.50 per common share. The trust indenture provides that the conversion price rate must be reduced by the current yield of the declared dividend. Following the payment of the dividend, the debenture conversion price is currently \$12.37 per share.

(d) Exercise of Options

During the three-month period ended March 31, 2014, 551,538 stock options held by current and past senior executives were exercised and a total amount of \$4,206,000 was paid to the Corporation.

Note 9. Financial Instruments

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

	As at March 31, 2014		As at December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
OTHER LIABILITIES				
Non-current debt	662,682	701,498	662,948	674,442
Convertible debentures (including equity portion)	244,785	278,888	243,957	261,169

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

	As at March 31, 2014	As at December 31, 2013
OTHER NON-CURRENT FINANCIAL ASSETS		
Financial swaps - interest rates	—	289
OTHER CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	21,520	15,243
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Financial swaps - interest rates	23,764	19,704

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 are traded on the stock exchange and their fair values are based on the prices as at March 31, 2014.

As at March 31, 2014	Maturity	Rate ⁽¹⁾	Discount rate	Fair value
Canadian senior secured note	2014	6.63	2.32	35,933
Finance leases (France)	2014-2015	4.68	2.63	1,857
Term loan payable - Nibas wind farm	2016	5.00	2.57	4,415
Master agreement - wind farms (France)	2017-2022	4.69	4.69	163,594
Term loan payable - Ocean Falls power station	2024	6.55	3.99	10,592
Term loan payable - St-Patrick wind farm	2025	5.05	5.05	51,441
Term loan payable - Lauragais solar power station	2025-2028	4.01	2.40	18,392
U.S. senior secured note	2026	3.51	3.27	94,864
Term loan payable - La Vallée wind farm	2029	4.33	4.33	52,709
Term loan payable - Vron wind farm	2030	3.08	3.08	19,863
Term loan payable - Thames River wind farms	2031	7.05	5.54	186,451
Term loan payable - Jamie Creek power station	2054	5.42	5.46	55,911
Other debts	—	—	—	5,476
				701,498
Convertible debentures	2017	6.75	—	278,888

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

Note 9. Financial Instruments (cont'd)

Financial Swaps - Interest Rates

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under interest rate swaps as at March 31, 2014:

As at March 31, 2014	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in C\$)	Fair value (in C\$)
Financial swaps - interest rates	EUR	1.640% to 5.155%	6-month EURIBOR	2015-2030	173,065	(23,764)
Financial swaps - interest rates	CAD	4.61% to 4.92%	3-month CDOR	2031-2033	149,507	(21,520)

Financial swaps - interest rates maturing in 2031 contain an early termination clause that is mandatory in 2014. 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 classified 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 convertible debentures as Level 1, as their fair values are determined using quoted market prices.

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

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

	Fair value hierarchy levels:			
	As at March 31, 2014	Level 1	Level 2	Level 3
OTHER LIABILITIES				
Non-current debt	701,498	—	701,498	—
Convertible debentures	278,888	278,888	—	—
	980,386	278,888	701,498	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	45,284	—	45,284	—
	Fair value hierarchy levels:			
	As at December 31, 2013	Level 1	Level 2	Level 3
FINANCIAL ASSETS				
Financial swaps - interest rates	289	—	289	—
OTHER LIABILITIES				
Non-current debt	674,442	—	674,442	—
Convertible debentures	261,169	261,169	—	—
	935,611	261,169	674,442	—
FINANCIAL LIABILITIES				
Financial swaps - interest rates	34,947	—	34,947	—

Note 10.

Commitments

The commitments are discussed in Boralex's MD&A for the fiscal year ended December 31, 2013. In addition to the commitments of the Joint Ventures (discussed in note 4), the Corporation undertook the following commitment:

The Corporation has entered into a 15-year wind turbine maintenance contract expiring in 2029 with Enercon for the Témiscouata I community wind power project developed jointly with the Témiscouata RMC. The contract includes a cancellation option at the Corporation's discretion after five years. As at March 31, 2014, the Corporation had net commitments of \$2,205,000 under this contract, reflecting the first five years of the contract, of which \$310,000 is payable in 2014.

Note 11.

Seasonal and Other Cyclical Factors

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

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

Wind

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

Hydroelectricity

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

Thermal

Boralex owns and operates two thermal power stations for an aggregate 49 MW of installed capacity. Of the two, the Senneterre power station in Québec, Canada is fuelled by wood-residue and is covered by a Hydro-Québec power sales contract expiring in 2027. The Corporation entered into an agreement with Hydro-Québec for the years 2014 to 2018 under which the Senneterre power station will produce power eight months per year, from December to March and from June to September. During the term of this agreement, the Senneterre power station will receive financial compensation to maintain comparable profitability to recent years.

Boralex also operates a natural gas-fired power station located in Blendecques, France. For the past several years, due to specific market conditions, this power station operates its cogeneration equipment five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam continues to be produced for the power station's industrial client using an auxiliary boiler. The Blendecques power station's initial electricity sales contract with French government corporation Électricité de France ("EDF") ended on March 31, 2013 and a new contract was signed for an additional 12-year term, contingent on equipment renovation investments by the power station, to occur by November 1, 2014.

Solar

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

In short, while Boralex's performance remains partially exposed to seasonal cycles and other cyclical factors, substantially all of its revenues are now derived from assets covered by fixed-price and price-indexed contracts, thereby mitigating their effect. The Corporation also capitalizes on solid diversification in its power generation sources and favourable geographic positioning.

Note 12.

Segmented Information

The Corporation's power stations are grouped into four distinct operating segments—wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on production of electricity, revenues from energy sales and EBITDA.

EBITDA does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS measures.

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

	Three-month periods ended March 31	
	2014	2013
Net earnings	9,383	4,598
Net earnings from discontinued operations	(839)	(161)
Income tax expense	4,846	2,730
Net loss on financial instruments	919	203
Foreign exchange gain	(341)	(8)
Financing costs	13,693	12,424
Other gains	(573)	(34)
Amortization	15,117	13,501
EBITDA	42,205	33,253

Note 12. Segmented information (cont'd)

Information by Operating Segment

	Three-month periods ended March 31			
	2014	2013	2014	2013
	Power production (MWh)		Revenues from energy sales	
Wind power stations	264,859	191,028	35,356	23,598
Hydroelectric power stations	123,587	148,473	13,996	14,113
Thermal power stations	71,116	70,879	12,976	12,546
Solar power station	1,185	1,079	602	479
	460,747	411,459	62,930	50,736
	EBITDA		Additions to property, plant and equipment	
Wind power stations	32,211	19,875	3,117	4,459
Hydroelectric power stations	10,167	11,284	4,542	2,205
Thermal power stations	4,572	4,668	2,194	18
Solar power station	491	382	—	527
Corporate and eliminations	(5,236)	(2,956)	173	1,172
	42,205	33,253	10,026	8,381
			As at March 31, 2014	As at December 31, 2013
Total assets				
Wind power stations			810,180	783,729
Hydroelectric power stations			458,140	472,045
Thermal power stations			58,026	45,685
Solar power station			21,983	21,433
Corporate			108,527	99,835
			1,456,856	1,422,727
Total liabilities				
Wind power stations			552,795	531,269
Hydroelectric power stations			222,717	224,801
Thermal power stations			13,334	12,066
Solar power station			17,832	17,332
Corporate			253,637	251,125
			1,060,315	1,036,593

Note 12. Segmented information (cont'd)

Information by Geographic Segment

	Three-month periods ended March 31,			
	2014	2013	2014	2013
	Power production (MWh)		Revenues from energy sales	
Canada	170,983	177,204	21,835	21,841
France	206,078	135,687	32,146	20,555
United States	83,686	98,568	8,949	8,340
	460,747	411,459	62,930	50,736
	EBITDA		Additions to property, plant and equipment	
Canada	14,391	14,629	6,135	3,328
France	21,083	11,892	3,829	5,010
United States	6,731	6,732	62	43
	42,205	33,253	10,026	8,381
			As at March 31, 2014	As at December 31, 2013
Total assets				
Canada			723,982	716,118
France			534,381	501,884
United States			198,493	204,725
			1,456,856	1,422,727
Non-current assets, excluding <i>Interests in the Joint Ventures</i>				
Canada			529,995	523,993
France			474,232	457,104
United States			161,045	157,370
			1,165,272	1,138,467
Total liabilities				
Canada			539,030	538,310
France			401,823	377,765
United States			119,462	120,518
			1,060,315	1,036,593

Note 13.
Subsequent Event

On April 22, 2014, the Corporation announced the closing of the long-term financing arrangement for the Fortel-Bonnières and St-François wind farms. This loan payable, secured by the assets of these wind farms in Europe, consists of €48,980,000 (\$74,597,000) over 14 years, €12,239,000 (\$18,640,000) over 15 years and €4,000,000 (\$6,092,000) drawn down under a revolving VAT financing facility. The Corporation will make quarterly repayments of principal and interest. The initial quarterly repayment will be made on December 31, 2014. The interest rate for the €48,980,000 facility is fixed at 3.65% for a 10-year term and will then be revised as of the 11th year. The variable interest rate for the €12,239,000 facility is based on EURIBOR, plus a margin. During the second quarter of 2014, the Corporation intends to conclude interest rate swaps to reduce its exposure to changes in rates for both tranches previously described.



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