

BORALEX



ANNUAL INFORMATION FORM

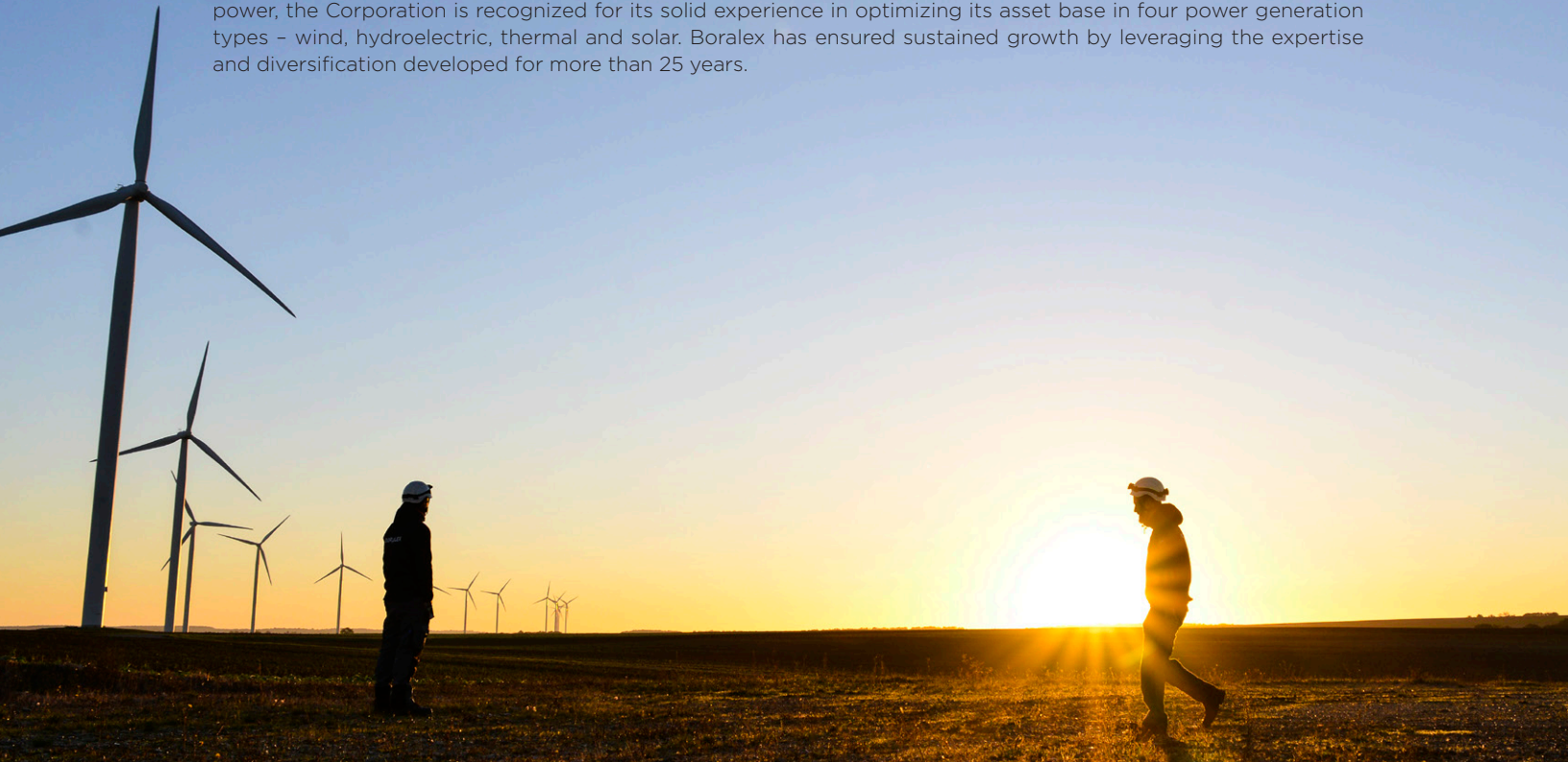
FOR THE YEAR ENDED
DECEMBER 31, **2017**

March 1, 2018



PROFILE

Borex develops, builds and operates renewable energy power facilities in Canada, France, the United Kingdom and the United States. A leader in the Canadian market and France's largest independent producer of onshore wind power, the Corporation is recognized for its solid experience in optimizing its asset base in four power generation types - wind, hydroelectric, thermal and solar. Borex has ensured sustained growth by leveraging the expertise and diversification developed for more than 25 years.



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Table of Contents

1.	INFORMATION INCORPORATED BY REFERENCE	2
2.	NOTICE CONCERNING FORWARD-LOOKING STATEMENTS	2
3.	GENERAL	2
4.	CORPORATE STRUCTURE	2
5.	GENERAL DEVELOPMENT OF THE BUSINESS.....	3
6.	DESCRIPTION OF THE BUSINESS	10
7.	DIVIDEND POLICY	21
8.	CAPITAL STRUCTURE	21
9.	MARKET FOR SECURITIES	23
10.	DIRECTORS AND OFFICERS	24
11.	AUDIT COMMITTEE	26
12.	LEGAL PROCEEDINGS	27
13.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	27
14.	TRANSFER AGENT AND REGISTRAR	27
15.	MATERIAL CONTRACTS.....	28
16.	INTERESTS OF EXPERTS	30
17.	ADDITIONAL INFORMATION	30
	SCHEDULE A AUDIT COMMITTEE CHARTER	31

1. Information incorporated by reference

The audited consolidated financial statements of Boralex Inc. ("Boralex" or the "Corporation") for the year ended December 31, 2017 and the notes thereto as well as the related Management's Discussion and Analysis of the operating results, cash flow and financial position are specifically incorporated herein by reference. Copies of these documents and other information about the Corporation may be obtained at www.sedar.com or www.boralex.com.

2. Notice concerning forward-looking statements

This Annual Information Form and the documents incorporated by reference herein contain forward-looking statements. Positive or negative verbs such as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential" or similar words or the negative thereof or other comparable terminology, are used to identify such statements. In particular, this Annual Information Form and the documents incorporated by reference herein contain forward-looking statements with respect to business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results, the Corporation's business model, the wind projects and other sources of renewable energy projects in the pipeline and their expected performance, the regulatory environment for wind farms and for other sources of renewable energy and the Corporation's expected financial performance.

Forward-looking statements are based on certain key expectations and assumptions made by the Corporation, including expectations and assumptions concerning availability of capital resources, cost of financing, performance of operating facilities, regulatory approvals and licenses and the terms thereof, and the strength of market conditions.

Many factors could cause any of the Corporation's actual results, performance or achievements to vary from those described in this Annual Information Form and the documents incorporated by reference herein, including without limitation, the general impact of economic conditions, currency fluctuations, volatility in the selling price of energy, the Corporation's financing capacity, competition, changes in general market conditions, regulations governing the industry, raw material price increases and availability, litigation and other regulatory issues relating to ongoing projects or projects under development, as well as other factors described in the sections on risks factors and uncertainties which are contained in the Management's Discussion & Analysis of Boralex for the year ended December 31, 2017. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form and the documents incorporated by reference herein as intended, planned, anticipated, believed, sought, proposed, estimated, expected or targeted. Such forward-looking statements should therefore not be unduly relied upon. Forward-looking statements speak only as of the date of this Annual Information Form or as of the date specified in the documents incorporated by reference herein, as the case may be. Unless required to do so under applicable securities legislation, Boralex's management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

3. General

This Annual Information Form is dated March 1, 2018. All information contained in this Annual Information Form is as of December 31, 2017, unless otherwise specified. All references in this Annual Information Form to the symbol "\$" are to the Canadian dollar, unless otherwise specified.

4. Corporate structure

Name and incorporation of the Corporation

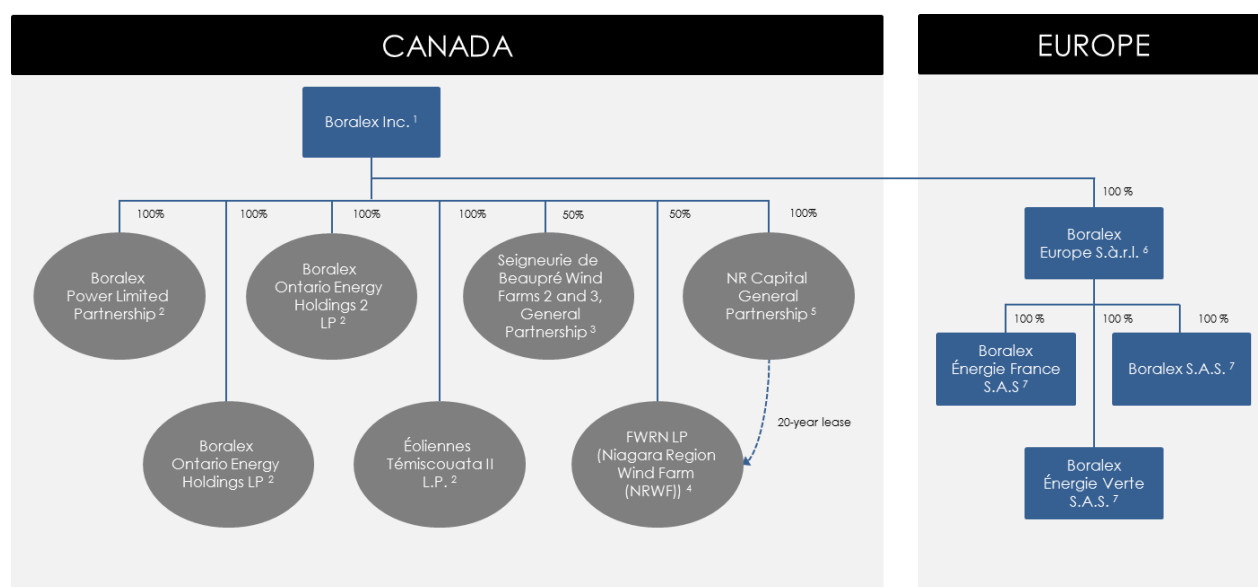
Boralex was incorporated on November 9, 1982 under the *Canada Business Corporations Act*. Certificates of Amendment were subsequently issued to the Corporation primarily in order to amend its authorized capital, its corporate name and the place of its registered office.

A Certificate of Amalgamation was issued to the Corporation on January 1, 2011 in connection with the amalgamation of the Corporation with two of its wholly-owned subsidiaries, Boralex Power Inc. and BPIF Holdings Inc.

The registered office of the Corporation is located at 36 Lajeunesse Street, Kingsey Falls, Québec, J0A 1B0. Boralex also has administrative offices located at 772 Sherbrooke Street West, Suite 200, Montréal, Québec, H3A 1G1. During the second quarter of 2018, the Corporation will move its Montreal offices to Maison Manuvie at 900 boulevard de Maisonneuve Ouest, Montréal, Québec, H3A 0A8.

Inter-corporate relationships

The following diagram sets out the direct and indirect principal subsidiaries of the Corporation. A significant proportion of the business of the Corporation is conducted through its subsidiary entities holding project assets.



(1) Jurisdiction of incorporation: Canada.

(2) Jurisdiction of incorporation: Québec.

(3) Jurisdiction of incorporation: Ontario.

(4) Jurisdiction of incorporation: Manitoba. FWRN Limited Partnership is the entity operating the NRWF Project and which owns the intangible assets of the Project, including the FIT contract. See Sub-section "2017" in Section 5 for additional details.

(5) Jurisdiction of incorporation: Ontario. The infrastructure assets of the NRWF Project are owned by NR Capital General Partnership and leased to FWRN Limited Partnership for 20 years.

(6) Jurisdiction of incorporation: Luxembourg.

(7) Jurisdiction of incorporation: France.

5. General development of the business

Boralex is a power producer whose core business is dedicated to the development and operation of renewable energy power stations. As of the date of this Annual Information Form, the Corporation operates an asset base with an installed capacity of 1,626 MW, of which 1,456 MW are under its control, namely 738 MW in Canada, 636 MW in France and 82 MW in the northeastern United States. Boralex is also committed under power development projects to add more than 233 MW of power that will be commissioned by the end of 2019. Almost all of Boralex's operating assets and all the power plants under development are subject to long-term power purchase agreements providing for fixed and indexed prices. With over 335 employees, Boralex is known for its diversified expertise and in-depth experience in four power generation types — wind, hydroelectric, thermal and solar. Boralex's Class A common shares and convertible debentures are listed on the Toronto Stock Exchange under the ticker symbol "BLX" and "BLX.DB.A", respectively.

Three-year history

2015

On January 12, 2015, Boralex announced the acquisition of all of Northland Power Inc.'s interest in the 24 MW capacity Frampton community wind power project, and the acquisition closed on February 19, 2015. The project, in which the Municipality of Frampton holds a 33% interest and Boralex, a 67% interest, is located on private lands of the Municipality of Frampton, in Québec's Chaudière-Appalaches region. The project comprises 12 Enercon E-82 wind turbines and is covered by a 20-year power purchase agreement with Hydro-Québec. On August 4, 2015, Boralex announced the closing of the project financing totalling \$81 million by the National Bank of Canada as the lead arranger and sole bookrunner. The project financing comprises a \$74 million construction loan, which was converted into a term loan amortized over 19.5 years after the beginning of commercial operation on December 15, 2015, and short-term credit facilities, including a bridge loan and a letter of credit facility, totaling \$8 million, for the purpose of financing certain costs incurred during construction that are reimbursable by Hydro-Québec and issuing various letters of credit.

Also on January 12, 2015, Boralex announced the closing of a bought deal offering of Class A common shares of Boralex for gross proceeds of approximately \$110 million that helped finance the acquisition price paid by Boralex for all of the issued and outstanding shares of Enel Green Power France SAS ("EGP France"), as announced and closed in December 2014. The offering was completed through a syndicate of underwriters led by National Bank Financial Inc. and including BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., TD Securities Inc. and Cormark Securities Inc., who purchased, on a bought deal basis, an aggregate of 8,430,000 Class A common shares of the Corporation at \$13.05 per share. On January 30, 2015, Boralex announced that 85% of the over-allotment option had been exercised from the previously announced public offering. The underwriters therefore exercised the over-allotment option in part and purchased an additional 1,075,000 Class A common shares of Boralex at a price of \$13.05 per share covered by the over-allotment option, for gross proceeds to the Corporation of \$14 million. The exercise of the over-allotment option brought the aggregate gross proceeds of the offering to approximately \$124 million. See Section 15, "Material contracts" for additional information. Boralex filed the report provided for in Form 51-102F4 with respect to this major acquisition on February 27, 2015.

In early 2015, Boralex acquired the 14 MW Touvent wind power project in France, covered by a 15-year power purchase agreement with Électricité de France ("EDF"). Construction of the project started in the third quarter of 2015 and the project was commissioned on August 1, 2016.

On February 27, 2015, Boralex announced the closing of a financial settlement whereby Cube Energy SCA ("Cube") agreed to exchange its entire 25% equity interest in Boralex Europe S.A. (now Boralex Europe S.à.r.l.) for a loan. In consideration for Boralex acquiring 100% control of Boralex Europe S.A. (now Boralex Europe S.à.r.l.), Cube received a preferential payment of €16 million in December 2015, and the shares held by Cube were exchanged for two notes totalling €40 million issued by two European subsidiaries of Boralex and bearing interest at a fixed rate of 6.5%, with no repayment of principal prior to maturity in January 2019.

On April 13, 2015, Boralex announced the commissioning of two wind farms for a total of almost 33 MW in France. The Comes de l'Arce wind farm (10 MW), acquired as part of a transaction with EGP France, and the Saint-François wind farm (23 MW) were commissioned in early April 2015, on schedule and within budget. Each of the two wind farms is covered by a 15-year power purchase agreement with EDF.

On April 13, 2015, Boralex also announced that it had started construction on the 16 MW Yellow Falls hydroelectric power station on the Mattagami River, 18 km south of the municipality of Smooth Rock Falls, Ontario. The project is wholly owned by Boralex, will require \$96 million in investments and is slated for commissioning in the second half of 2018. It is estimated that the project will generate 68 GWh per year and will have EBITDA of approximately \$7 million annually. Yellow Falls has a 40-year electric power purchase agreement. It is expected that two partners will join Boralex. One of the project founders has an option to acquire an interest of up to 21.25% in the project. The second partner, comprising two aboriginal communities, has the option of acquiring a 7.5% interest in the project as well as an additional 2.5% purchase option. The agreement in principle with this second partner provides that it will be awarded an additional 15% interest on the 20th year following commercial commissioning of the project. See Sub-section "2016" in this Section 5 for additional information.

On May 6, 2015, Boralex announced that it had started the construction of a second photovoltaic solar power facility with an installed capacity of 10 MW, which was commissioned on October 2, 2015. Les Cigarettes power station, located in the communes of Montfort and Peyruis, is covered by a 20-year contract with EDF and produces 15 GWh per year. The construction of the project required close to €11 million in investments, 85% of which was bank financed over a period of close to 18 years by Crédit Industriel et Commercial (groupe mutuel) in collaboration with Desjardins.

On June 2, 2015, Boralex announced that it had entered into an agreement with National Bank Financial Inc., on behalf of a syndicate of underwriters, in order to sell, on a bought deal basis, convertible unsecured subordinated debentures of Boralex for an aggregate principal amount of \$125 million. The debentures were offered at a price of \$1,000 per debenture by way of a short form prospectus dated June 15, 2015. The debentures bear interest at a rate of 4.50% per annum, payable semi-annually on June 30 and December 31 each year, commencing on December 31, 2015. The debentures are convertible at the holder's option into Class A common shares of Boralex at a conversion price of \$19.60 per share, representing a conversion rate of 51.0204 shares per \$1,000 principal amount of debentures. The debentures will mature on June 30, 2020. The debentures will not be redeemable by Boralex before June 30, 2018. On and after June 30, 2018,

and until June 30, 2019, Boralex may, if the shares are traded at 125% of the conversion price for a given period, redeem the debentures at par plus accrued and unpaid interest. On or after June 30, 2019, Boralex may redeem the debentures at par plus accrued and unpaid interest. The initial offering closed on June 22, 2015. In addition, Boralex implemented a \$75 million term credit facility, which was available until March 31, 2016. However, this facility was replaced during the refinancing of its revolving credit facility which closed on April 28, 2016 (see Sub-sections "2016" and "2017" in this Section 5 for additional information about the increases in the Corporation's revolving credit facility). The financing was led by National Bank Financial Inc. as the lead arranger and sole bookrunner. A portion of the net proceeds of the offering has been used by Boralex to repay indebtedness under its existing revolving credit facility. In connection with the initial offering closed on June 22, 2015, Boralex also granted an over-allotment option to the underwriters of the offering, entitling them to purchase, for a period of 30 days from the closing of the offering, up to \$19 million principal amount of additional debentures at the offering price of \$1,000 per debenture, to cover over-allotments, if any. On June 26, 2015, Boralex announced that the over-allotment option in connection with the offering on a bought deal basis by way of a short form prospectus had been exercised in full, bringing the aggregate gross proceeds of the offering closed on June 22, 2015, to \$144 million. See Section 8, "Capital structure" (specifically the 2015 Debentures) and Section 15, "Material contracts" for additional information.

On June 8, 2015, Boralex announced the signing of a conditional buy/sell option for a 25% economic interest in the 230 MW Niagara Region Wind Farm ("NRWF") project, of which Enercon Canada Inc. ("Enercon"), through its subsidiaries, was the majority owner. Located in the Regional Municipality of Niagara, the Township of West Lincoln, the Town of Wainfleet and Haldimand County, the wind farm project is comprised of 77 Enercon turbines of 3 MW each. Rather than pursuing the transaction announced on June 8, 2015, Boralex announced on December 8, 2016 the signing of binding agreements with Enercon and certain of its subsidiaries for the acquisition of all of its interest in the NRWF project, which acquisition closed on January 18, 2017. See Sub-sections "2016" and "2017" in this Section 5 and Section 15, "Material Contracts", for additional information.

On August 11, 2015, Boralex announced the closing of financing totalling \$65 million for the 24 MW Côte-de-Beaupré wind farm, created under a partnership between La Côte-de-Beaupré RCM (49%) and Boralex (51%). The project, financed by the National Bank of Canada as the lead arranger and sole bookrunner, consists of a \$55 million construction loan, which was converted into a term loan amortized over 19.5 years after the beginning of commercial operation, and short-term credit facilities, including bridge financing and a letter of credit facility, totalling \$10 million, for the purpose of financing certain costs incurred during the construction that are reimbursable by Hydro-Québec and issuing various letters of credit. The project is covered by a 20-year power purchase agreement with Hydro-Québec and comprises 10 Enercon E-92 wind turbines on the private lands of the Seigneurie de Beaupré. The project was commissioned on November 19, 2015, ahead of schedule.

On September 30, 2015, Boralex announced the complete redemption of its 6.75% convertible unsecured subordinated debentures. The redemption followed the notice issued by Boralex on August 31, 2015, providing for the partial redemption of \$150 million principal amount out of a total of \$244 million principal amount then outstanding. As of September 29, 2015, \$197 million had been converted since August 31, 2015, at the request of holders of debentures, into 16,864,024 Class A common shares of Boralex. The balance of \$47 million was redeemed for a consideration equal to the nominal amount of the debentures plus accrued and unpaid interest thereon up to September 29, 2015 inclusively, as provided for in the trust indenture dated September 15, 2010. These debentures were delisted from the Toronto Stock Exchange at the close of markets on September 30, 2015.

On October 16, 2015, Boralex commissioned the Vaughan solar power facility, located in Ontario, with a contractual capacity of 380 kW.

On November 4, 2015, Boralex announced that it had approved construction of the 16 MW Plateau de Savernat wind farm (formerly known as "Quinssaines") in France. Phase I of the project (12 MW) was commissioned on schedule on December 23, 2016 and the 4 MW Phase II was commissioned on March 21, 2017. Acquired in December 2014 in connection with the acquisition of EGP France, the project represents a total investment of nearly \$32 million. See Sub-section "2016" in this Section 5 for additional information.

On November 11, 2015, Boralex announced the commercial commissioning of the Témiscouata II wind power project, located in the Bas-Saint-Laurent region in Canada, with an installed capacity of 52 MW. Covered by a 20-year contract with Hydro-Québec, the project is adjacent to the Témiscouata I community wind farm, in which the Témiscouata RCM is a partner.

On December 6, 2015, Boralex commissioned the 14 MW Calmont wind power project in the Occitanie region in France. The project is covered by a 15-year power purchase agreement with EDF.

On December 16, 2015, Boralex announced that it had entered into an exclusivity agreement with private developers to acquire the portfolio of Écotera wind power projects totalling nearly 350 MW located in northern France, and the acquisition closed on December 28, 2015. With this acquisition, Boralex gained access to a major portfolio of projects, four of which, totalling 87 MW, were commissioned in 2017. Two other projects will be commissioned in 2018, adding 53 MW of installed capacity, followed by three additional locations in 2019, which will add 63 MW. As for the other projects in the portfolio, those for which the necessary authorizations have been received could either be submitted under future calls for tender or, under certain conditions, they could benefit from a known and predictable rate under the additional remuneration program.

2016

A class action was instituted because of the inconveniences (including noise, dust, vibrations) allegedly caused by the construction of the Seigneurie de Beaupré wind farms. On January 21, 2016, the Québec Court of Appeal allowed the plaintiffs' appeal (from the decision of the Superior Court dismissing their motion for authorization to institute a class action against Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership, and Seigneurie de Beaupré Wind Farm 4 GP) and revised the definition of the group covered by the class action. The applicants then filed a motion to amend the description of the class to extend it to approximately 300 affected homes. The extending of the class will be contested at a later date. The amendment of the class will likely increase the amount the defendants could be ordered to pay. On February 10, 2017, the motion for authorization to institute a class action was filed before the Superior Court. On August 31, 2017, the defence was also filed and the examinations have taken place. Further to a motion to amend, Éoliennes Côte-de-Beaupré S.E.C. was added as a defendant. To date, the insurers have covered the defence costs for Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership and Seigneurie de Beaupré Wind Farm 4 GP. We are waiting for a response regarding the coverage of Éoliennes Côte-de-Beaupré S.E.C. Any potential claims arising from a potential judgement in favour of the applicants may be reimbursed by the insurers, depending on their nature, and in light of the exclusions provided for in the policy.

On January 29, 2016, Boralex announced the closing of financing for the 14 MW Touvent wind farm and refinancing for the 34 MW Saint-Patrick wind farm for a total amount of €63 million (\$89 million at the time) in France. The amount is financed by Crédit Industriel et Commercial (Groupe Crédit Mutuel) in collaboration with Desjardins. Long-term financing for the Touvent wind farms amounts to nearly €21 million (\$29 million at the time), or 85% of the total investment. Amortized over a 15-year period, the loan will bear interest at a rate of approximately 2.50% for the full term of the loan, 90% of which is covered by a forward rate agreement. Commissioning took place on August 1, 2016. Long-term refinancing of the Saint-Patrick wind farm, on the other hand, amounts to nearly €42 million (\$60 million at the time). The wind farm was commissioned between July 2009 and February 2010. The refinancing was used in part to repay the balance of the loan then in place for the Saint-Patrick facility, i.e., €28 million (\$42 million at the time). Boralex is thus in a position to reinvest some €10 million (net of unwinding costs and other fees) in new equity in its projects under development and support its growth initiatives. The loan is amortized over a 12-year period, i.e., the remaining term of the existing power purchase agreements for the Saint-Patrick facility, plus an additional period of three years, and will bear interest at a rate of approximately 2.40% (excluding unwinding costs) for the full term of the loan, 90% of which is covered by a forward rate agreement.

On February 24, 2016, Boralex announced a 7.7% increase of the annual dividend to \$0.56 per common share (or to \$0.14 per common share quarterly). On December 8, 2016, the Board of Directors of Boralex authorized a 7.1% increase of the annual dividend to \$0.60 per share (or to \$0.15 per share quarterly) concurrently with the NRWF acquisition. See Section 7, "Dividend policy" for additional information.

On March 9, 2016, Renewable Energy Systems Inc. ("RES"), as Qualified Applicant, and its partner, Boralex, were notified that they had been selected by the Independent Electricity System Operator (the "IESO") and awarded a 20-year LRP I Contract for a wind power project of installed capacity of 50 MW named "Otter Creek Wind Farm Project" in the competitive LRP I RFP process in Ontario. The project is situated on private lands in the Municipality of Chatham-Kent and is targeted to reach commercial operation by the end of 2019. RES and Boralex were able to obtain the support of the Walpole Island First Nation for this project. On March 7, 2017, Boralex increased its interest in the limited partnership from 38.5% to 64%, assuming control of this project. The ownership currently stands as follows in the limited partnership interests: RES – 25.5%, Boralex – 64% and the Walpole Island First Nation – 10.5%. The partnership is also grateful to have received support from the Municipality of Chatham-Kent which has been granted an option to participate in the project up to 15% of the limited partnership interests following commercial operation. For additional information, see Section 6, "Description of the business – Ontario power industry".

On April 28, 2016, Boralex announced that it had closed the refinancing and increase of its corporate revolving credit facility in a total amount of \$360 million, comprising a \$300 million revolving credit facility and a \$60 million letter of credit facility guaranteed by Export Development Canada. This refinancing replaces the \$175 million revolving credit facility which was maturing in 2018. It is secured primarily by certain of Boralex's assets, including its hydroelectric power stations located in Québec. The refinancing has an initial term of four years and is renewable annually. This refinancing was arranged by National Bank of Canada as lead arranger. In addition to National Bank of Canada, the banking syndicate includes Toronto-Dominion Bank, Canadian Imperial Bank of Commerce, Caisse Centrale Desjardins, Bank of Montreal, Royal Bank of Canada, as well as Comerica Bank, a U.S. bank. See Sub-section "2017" in this Section 5 for additional information about the increase in Boralex's revolving credit facility in January 2017 in connection with the closing of the acquisition of NRWF.

On May 4, 2016, Boralex, Gaz Métro Limited Partnership (now known as Energir, L.P.) and Valener Inc. announced the closing of a \$618 million non-recourse refinancing for Seigneurie de Beaupré Wind Farms 2 and 3. The refinancing consists of: (i) a \$383 million uncovered tranche of the term loan expiring in December 2032, representing a \$132 million increase over the initial tranche and a one-year extension of the maturity date, (ii) a \$193 million covered tranche of the term loan expiring in December 2029, representing a \$45 million decrease and a two-year reduction of the maturity date of this tranche, which is covered by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency, Euler-Hermes, and (iii) a \$41 million letter of credit facility. The group of lenders consists of Bank of Tokyo-Mitsubishi (UFJ), KfW IPEX-Bank, Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, AKA Bank, DZ Bank, Laurentian Bank of Canada, Commonwealth Bank of Australia and Crédit Industriel et Commercial. The refinancing allowed the partners to receive a \$80 million repayment of principal (including \$40 million for Boralex) in the second quarter of 2016.

On May 11, 2016, after reporting the best quarterly performance of its history, Boralex announced two new wind power projects in Canada, namely Port Ryerse in Ontario and Moose Lake in British Columbia. The 10 MW Port Ryerse project has a 20-year power purchase contract with the IESO. It was commissioned on December 9, 2016. The 15 MW Moose Lake project has a 40-year contract with the British Columbia Hydro and Power Authority ("BC Hydro"). Its construction began in August 2016 and will require investments of approximately \$61 million. Its commissioning is slated for the second half of 2018.

On June 23, 2016, Boralex announced the closing of financing for the Plateau de Savernat and Avignonet II wind farms for a total amount of €21 million (\$29 million at the time) in France. The amount is financed by Crédit Industriel et Commercial (Groupe Crédit Mutuel). Financing for the Plateau de Savernat wind farm amounts to €18 million (\$25 million at the time), which is about 80% of the total investment. Amortized over a 15-year period, the loan will bear interest at a rate of approximately 2.3% for the full term of the loan. Boralex announced the commissioning of the first phase of this project on December 23, 2016 (see below in this Section 5). Long-term financing for the Avignonet II wind farm amounts to nearly €3 million (\$4 million at the time). The Avignonet II wind farm was commissioned in 2008 and had not been financed to date. The loan will be amortized over a 9.5-year period, or the remaining term of the power purchase agreements in effect for the Avignonet II facility plus an additional period of two years, and will bear interest at a rate of 1.72% for the full term of the loan.

On September 8, 2016, Boralex announced that it had been selected as a partner of the Innu Nation to develop the 200 MW Apuiat wind farm project located on public land in the municipality of Port-Cartier in Québec's Côte-Nord region. To implement this major project, Boralex announced that it will partner with RES in order to draw on their respective experience and expertise in the development, design and construction of renewable energy projects. The parties began public consultations in October 2016. This process helps to inform the community and key stakeholders and understand their interests to be considered in the development of the wind farm project. These consultations, prior to the start, will improve the project by increasing the knowledge of the region and its use and taking into account feedback from stakeholders at an early stage of development.

On September 16, 2016, Boralex announced that it had acquired a portfolio of wind power projects of approximately 200 MW of total installed capacity located in France and in Scotland as well as lands for the construction of wind farms, for a total cash consideration of €70 million (\$104 million at the time). The transaction covers the following portfolio of projects: (i) a 51 MW project in Brittany, France, the construction of which began in November 2016 before being interrupted in July 2017 following cancellation of the construction permits for the project by the Administrative Tribunal of Rennes (see Section 12 for additional information), (ii) a 24 MW project in Scotland at an advanced stage of development, and (iii) 126 MW of projects in Scotland at preliminary stages of development. It also announced that it was discussing with BNP Paribas regarding a bridge loan of nearly €46 million (\$64 million at the time), bearing interest at a variable rate of 0.84% as of December 31, 2017. On November 18, 2016, the Corporation closed the BNP bridge loan financing, which expires in December 2018. A first tranche in the amount of €17 million (\$24 million at the time) was drawn on November 29, 2016, and a second tranche of €29 million (\$40 million at the time) was drawn on December 23, 2016.

On October 25, 2016, Boralex announced the closing of financing for the Mont de Bagny (24 MW), the Artois (23 MW) and the Voie des Monts (10 MW) wind farms in France for a total amount of €100 million (\$142 million at the time), including €11 million in financing for a value added tax drawback. The financing was provided by Crédit Industriel et Commercial (Groupe Crédit Mutuel) and BPI France Financement. The financing consists of a 9-year, €52 million tranche at a fixed rate and a 15-year, €37 million tranche at a variable rate. The Mont de Bagny and Voie des Monts wind farms were commissioned on August 1, 2017 and July 10, 2017 respectively and the Artois wind farm was commissioned on November 21, 2017.

On December 8, 2016, Boralex announced that it had entered into binding agreements with Enercon to acquire all of its economic interest in the 230 MW NRWF project in Ontario. On January 18, 2017, Boralex closed the acquisition of Enercon's interest in the NRWF project. See Sub-section "2017" in this Section 5 for additional information.

On December 15, 2016, Boralex announced that it had set up the Alberta Renewable Power Limited Partnership, a joint venture created with Alberta Wind Energy Corporation to leverage the mutual expertise of both parties in the development of wind and solar projects in Alberta. Boralex owns 52% of the Alberta Renewable Power Limited Partnership.

On December 16, 2016, Boralex announced that it had closed a \$74 million long-term loan financing for its 16MW Yellow Falls hydroelectric project. The Yellow Falls project, located on the Mattagami River in Yellow Falls near the town of Smooth Rock Falls, Ontario, Canada, is currently underway with commissioning planned for the second half of 2018. The financing consists of a short-term tranche of \$9 million which is fully amortized over 10 years and a long-term tranche of \$65 million which will begin amortizing over 29 years after the repayment of the shorter tranche. Once the plant is commissioned, it will operate under a 40-year power purchase agreement with the IESO.

On December 23, 2016, Boralex announced the commercial commissioning of the first phase of the Plateau de Savernat wind power project located in the Auvergne-Rhône-Alpes Region on the communes of Lamajds, Quinssaines (Montluçon urban community) and Saint-Martinien (Pays d'Hurriel community of communes). The project comprises six wind turbines with a total installed capacity of 12 MW. A further two wind turbines completed the wind farm in March 2017 in a second phase of construction, bringing installed capacity to 16 MW. The project is covered by a 15-year power purchase agreement with EDF.

2017

On January 18, 2017, Boralex announced that it had closed the acquisition of all of Enercon's economic interest in the NRWF project for an aggregate amount of \$232 million, subject to certain purchase price adjustments. The NRWF project extends across the Regional Municipality of Niagara, the Township of West Lincoln, the Town of Wainfleet and Haldimand County in the Province of Ontario and was commissioned on November 2, 2016. It generates 230 MW and is comprised of 77 Enercon E-101 turbines.

Boralex's participation in the NRWF project gives rights to substantially all of the expected net cash flows from the project over the term of the FIT contract with the IESO. The NRWF project was developed by Enercon and Boralex in partnership with the Six Nations of the Grand River (the "Six Nations"). The project equity ownership was structured to provide (i) each of 9710612 Canada Limited ("Six Nations Corp."), a wholly-owned subsidiary of the Six Nations, and Boralex, with a 50% equity stake in FWRN LP, which owns the intangible assets of the project, including the FIT contract, and (ii) Boralex with a 100% equity stake in NR Capital General Partnership ("Leasing GP"), which owns the infrastructure assets and leases them to FWRN LP. Six Nations Corp.'s equity investment in FWRN LP has been financed through a non-recourse loan from Enercon assumed by a subsidiary of Boralex concurrently with the acquisition of the NRWF project. This loan will be repaid, with interest, from Six Nations Corp.'s share of FWRN LP's distributions throughout the 20-year term of the FIT contract. As such, Boralex's participation in the Project gives rights to substantially all of the expected net cash flows from the project over the term of the FIT contract. Upon expiration of the 20-year lease among Leasing GP and FWRN LP, the infrastructure assets are expected to revert back to FWRN LP pursuant to FWRN LP's option to purchase said infrastructure assets for a price of one dollar.

The NRWF project benefits from (i) a 20-year FIT contract with the IESO, which provides a predictable and recurring revenue, and (ii) senior project financing totalling \$828 million from a club of international financial institutions. The acquisition of Enercon's economic interest in the NRWF project added 230 MW of clean energy to Boralex's wind farm portfolio, and currently represents Boralex's largest asset.

To finance the acquisition of the NRWF project, Boralex increased its revolving credit facility by \$100 million to \$400 million, excluding the letter of credit facility, and, on December 23, 2016, closed a public offering of 10,361,500 subscription receipts at a price of \$16.65 each for a total of \$173 million. The subscription receipts were converted into 10,361,500 Class A shares of Boralex when the acquisition of the NRWF project closed, on January 18, 2017. The offering was completed on a bought deal basis through a syndicate of underwriters led by National Bank Financial Inc. and RBC Capital Markets.

On January 30, 2017, Boralex announced the commercial commissioning, effective December 9, 2016, of the Port Ryerse wind farm located on privately-owned lands east of the hamlet of Port Ryerse in Norfolk County, Ontario. Representing an investment of approximately \$37 million, the project includes 4 turbines, with an installed capacity of 10 MW, and is endowed with a 20-year power purchase agreement with the IESO. On February 7, 2017, Boralex acquired the 25% interest of UDI Renewables Corporation in Port Ryerse Wind Farm Limited Partnership, making Boralex the sole owner of the project. On February 22, 2017, Boralex announced the closing of a \$33 million long-term financing for the Port Ryerse wind farm, provided by the DZ Bank AG Deutsche Zentral-Genossenschaftsbank (New York Branch). The financing consists of a \$2 million letter of credit facility and a long-term tranche of \$31 million. The latter will be amortized over an 18-year period at an interest rate of 3.89%.

On March 14, 2017, Boralex announced the addition of the Corporation to the S&P/TSX Composite Index, considered to be one of the leading benchmark indices in the Canadian equity market.

On July 27, 2017, Boralex announced that Caisse de dépôt et placement du Québec (the "Caisse") had acquired all of the Class A common shares of Boralex held by Cascades Inc., representing 17.3% of the outstanding shares, for the amount of \$288 million, becoming the Corporation's principal shareholder. As of December 31, 2017, the Caisse held 19.9% of the Class A common shares of the Corporation. Concurrently with that transaction, Boralex and the Caisse entered into an investor rights agreement pursuant to which the Caisse may, among other things, appoint two independent directors to Boralex's Board of Directors and will have pre-emptive rights with respect to future share issuances, subject to customary exceptions. As of the date of this Annual Information Form, Yves Rheault and Marie Giguère are the two independent directors appointed by the Caisse to Boralex's Board. As part of the transaction, the Corporation and the Caisse have agreed to explore partnership opportunities with respect to investing in future projects developed by Boralex that are in line with its growth strategy. See Section 15, "Material Contracts" for additional information.

On July 31, 2017, Boralex announced the closing of a financing of €46 million (\$68 million at the time) for the Chemin de Grès wind farm in France's Nord department. The long-term financing of the 30 MW wind farm located in the communes of Viesly and Saint-Python is provided by a syndicate of lenders led by Crédit Industriel et Commercial, which is also acting as arranger, agent, lender and hedge bank, Bpifrance Financement, as lender, and Arkea Banque Entreprise et Institutionnels, as hedge bank. The financing comprises, among other things, tax-free long-term financing of €40 million (\$59 million at the time) and VAT credit financing of €6 million (\$9 million at the time). In light of the interest rate hedging arrangements put in place, the €40 million loan will bear interest at an average rate of around 2.11%. It will be amortized over a 15-year period. The commissioning of the Chemin de Grès wind farm project took place on December 6, 2017.

On August 7, 2017, Boralex announced the commercial commissioning of the Voie des Monts wind power project on July 10, 2017 (10 MW) and the Mont de Bagny wind power project on August 1, 2017 (24 MW), located respectively in the Aisne department and the Nord department, in France.

On October 17, 2017, Boralex announced the execution of a 50-50 joint venture agreement with UK-based Infinergy aimed at developing a pipeline of onshore wind projects essentially located in Scotland for a total estimated capacity of 325 MW. The joint venture comprises a pipeline of 10 wind projects varying from 4 to 80 MW and will allow Boralex to acquire or resell the projects over the coming years. The projects are at different stages of development, from early stage to being on the verge of full authorization.

On November 24, 2017, Boralex announced the closing of a \$53 million financing for the 15 MW Moose Lake wind farm, located in the Peace Region, northwest of Tumbler Ridge, British Columbia. The long-term financing of the Moose Lake wind farm is provided by KfW IPEX-Bank GmbH. The financing consists of a \$2 million letter of credit facility and a long-term tranche of \$51 million at an all-in interest rate of 4.88%. A portion of the long-term tranche's interest rate has been fixed through an interest rate hedging arrangement. Being one of the first financings in the Canadian wind power market having such feature, the long-term tranche will be fully amortized over a period of 25 years beginning on the commercial commissioning of the project, which is planned for the second half of 2018. The Moose Lake project is covered by a 40-year electricity purchase agreement with BC Hydro.

On December 15, 2017, Boralex announced the commercial commissioning, effective since November 21, 2017, of the Artois wind farm (23 MW) and the commercial commissioning, effective since December 6, 2017, of the Chemin de Grès wind farm (30 MW), in the French departments of Aisne and Nord, respectively.

The initial term of the Ocean Falls hydroelectric station power supply agreement expired on June 30, 2017 in accordance with an initial one-year extension agreed to by the parties in 2016. The parties extended the term of the contract effective as of July 1, 2017 for an additional one-year period, until June 30, 2018, in order to continue negotiations for its renewal. As at the date hereof, negotiations between the Corporation and BC Hydro to renew the contract are still ongoing.

On December 22, 2017, Boralex closed a credit facility covering the Inter Deux Bos (33 MW), Côteaux du Blaiseron (26 MW), Le Pelon (10 MW), Hauts de Comble (20 MW) and Source de l'Ancre (23 MW) wind farms in France for a total of €156 million (\$235 million at the time), including an amount of €20 million (\$30 million at the time) as bridge financing of the value added tax. The financing was provided by Crédit Industriel et Commercial, Auxifip, Caisse Régionale de Crédit Agricole Mutuel Nord de France and BPI France Financement. The financing consists of a €109 million (\$164 million at the time) tranche at a fixed-rate which is amortized over 15 years and a €27 million (\$41 million at the time) tranche at a variable rate which is amortized over 15 years. The combined interest rate is approximately 2.60%.

6. Description of the business

Principal Financial Information

	IFRS		Proportionate Consolidation ⁽⁵⁾	
In millions of dollars, unless otherwise specified	2017	2016	2017	2016
INSTALLED CAPACITY (MW)⁽¹⁾	1,456	1,365	1,456	1,365
POWER PRODUCTION (GWh)	3,129	2,441	3,675	2,953
Wind power stations	2,204	1,624	2,750	2,136
Hydroelectric power stations	729	632	729	632
Thermal power stations	173	163	173	163
Solar power stations	23	22	23	22
FINANCIAL HIGHLIGHTS				
Revenues from energy sales	414	299	473	354
Wind power stations	315	212	374	267
Hydroelectric power stations	65	57	65	57
Thermal power stations	28	25	28	25
Solar power stations	6	5	6	5
EBITDA (A)⁽²⁾	276	189	319	231
Wind power station	261	176	301	215
Hydroelectric power stations	49	40	49	40
Thermal power stations	8	6	8	6
Solar power stations	4	4	4	4
Corporate and eliminations	(46)	(37)	(43)	(34)
Net earnings (loss)	10	2	10	2
Net earnings (loss) attributable to shareholders of Boralex	22	(2)	22	(2)
Net earnings (loss) per share (basic and diluted) attributable to shareholders of Boralex (in dollars)	0.29	(0.03)	0.29	(0.03)
Net cash flows related to operating activities	145	148	162	162
Cash flows from operations⁽³⁾	195	128	210	144
FINANCIAL POSITION				
Working capital before current portion of debt	122	38	130	50
Property, plant and equipment	2,621	1,668	2,984	2,053
Total assets	3,926	2,702	4,288	3,084
Subscription receipts	-	173	-	173
Borrowings ⁽⁴⁾	2,642	1,540	2,954	1,865
Liability component of convertible debentures	137	135	137	135
Total equity	729	514	729	514

⁽¹⁾ The 2016 figures include the 230 MW NRWF wind farm located in Ontario, Canada, the acquisition of which was announced in December 2016 and finalized in January 2017.

⁽²⁾ EBITDA(A) corresponds to earnings before interest, taxes, depreciation and amortization, adjusted to include other items. This measure is not a measure in conformity with International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS; however, management uses this performance indicator to assess and compare the performance of its various assets. Refer to the Annual Report for the year ended December 31, 2017, incorporated herein by reference, for additional information related to the use of non-IFRS measures.

⁽³⁾ Cash flows from operations correspond to net cash flows related to operating activities before changes in non-cash items related to operating activities. This measure is not a measure in conformity with IFRS and does not have a standardized meaning prescribed by IFRS. Refer to the Annual Report for the year ended December 31, 2017, incorporated herein by reference, for additional information related to the use of non-IFRS measures.

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

⁽⁵⁾ This Principal Financial Information has been prepared on a proportionate consolidation basis. The results of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership and Seigneurie de Beaupré Wind Farm 4 GP, which are 50% owned by a subsidiary of Boralex, were proportionately consolidated instead of being accounted for using the equity method as required by IFRS. Since the information that Boralex uses to perform internal analyses and make strategic and operating decisions is compiled on a proportionate consolidation basis management has considered it relevant to present results according to this method to help investors understand the concrete impacts of decisions made by the Corporation. Refer to the Annual Report for the year ended December 31, 2017, incorporated herein by reference, for additional information related to the use of non-IFRS measures.

Independent power generation

Canadian power industry

Under the Canadian Constitution, the generation of electricity through the exploitation of natural resources falls mainly under the jurisdiction of the provinces and territories. Consequently, the power industry in Canada is structured according to provincial models. In most provinces, the industry is very integrated, with the production, transportation and distribution being provided in large part by a few large and dominant public service providers. Although some public service providers are private, for the most part they are Crown Corporations.

Since the late 1980's, many provinces, notably British Columbia, Alberta, Ontario, Québec, Nova Scotia and Newfoundland, began to look for new capacity from independent power producers. These arrangements are usually structured as long-term power purchase agreements according to prescribed tariffs or determined by call for tenders permitting independent power producers to obtain a determined cash flow that takes into consideration the projected long term value of the capacity and power for the public service provider.

Although, to this date, the quantity of power produced in Canada by independent power producers who sell it to public service providers is relatively small, during the last few years, planners of power demand have recognized the advantages of independent power projects.

In July 2015, the premiers of the Canadian provinces and territories officially approved the Canadian Energy Strategy (the "Canadian Strategy"), which leads the way in shaping sustainable development of Canada's energy future. The Canadian Strategy comprises several objectives, including maintaining the highest degree of environmental preservation and protection, in particular by taking climate change into account and reducing overall greenhouse gas emissions by supporting the development of renewable, green and/or cleaner energy sources to meet future demand and contribute to environmental goals and priorities.

In addition, Canada's National Statement, delivered on November 30, 2015, in Paris at the COP21 (21st Conference of the Parties on Climate Change), is along the same lines as the Canadian Strategy, in particular owing to Canada's willingness to support energy efficiency, clean electricity and transport.

Lastly, on June 29, 2016, the Prime Minister of Canada, the President of the United States and the President of Mexico jointly announced the goal for North America to achieve 50% clean power generation by 2025 through clean energy development and deployment, clean energy innovation and energy efficiency.

Québec power industry

Overview

Historically, the electric power generation industry has been monopolized by large regulated utilities. Environmental concerns, rapid growth in electricity demand, increasing electricity rates, technological advances and other concerns prompted government policies to encourage the supply of electricity from independent power producers.

In anticipation of a significant increase in demand for electricity generated in Québec, the Québec government, through Hydro-Québec, began seeking capacity from independent power producers in the early 1990's and committed to a number of long-term agreements to buy electricity from third parties, typically under the terms of a power purchase agreement. Hydro-Québec, a Québec Crown Corporation, is one of the largest electric utilities in North America. Under its incorporating statute, Hydro-Québec is given broad powers to generate, supply and deliver electric power throughout Québec. Hydro-Québec was mandated to purchase all the electric power produced by independent power producers in Québec. In July 2001, the *Régie de l'Énergie* of Québec (the "Régie") approved a call for tenders and contract award procedure as well as a code of ethics on conducting calls for tenders presented to Hydro-Québec.

Regulatory framework

Since December 1996, the Régie has provided a regulatory framework for energy distribution. As a result, electricity rates in Québec are subject to its approval. Hydro-Québec's transmission and distribution activities are subject to the conventional form of regulation based on the cost of service for those activities. As for power generation, the *Act respecting the Régie de l'énergie* states that the Québec government shall dictate the initial conditions for establishing supply rates, which represent the energy portion of the customer's bill.

An *Act to amend the Act respecting the Régie de l'énergie and other legislative provisions* was adopted in June 2000. This Act modifies the Régie's jurisdiction in regards to electric power rates, introduces more competition into the electricity market, makes the Régie's mode of operation more flexible and broadens its sources of funding. It establishes the procedure for setting the rates and conditions applicable to the transmission and distribution of electric power.

The *Act respecting the Régie de l'énergie* was also amended on April 21, 2015, in order to suspend the implementation of any mechanism allowing the Régie to distribute performance shortfalls until the budget is balanced, and to provide that Hydro-Québec will retain any performance shortfalls determined by the Régie, who can no longer use such shortfalls to set or modify the rates for a subsequent rate year. The same Act was also amended to ensure that the electric power supply is reserved for the needs of Québec markets. Lastly, certain provisions of the *Act respecting the Régie de l'énergie* were amended through the adoption of *An Act to implement the 2030 Energy Policy and to amend various legislative provisions* ("Bill 2030") in December 2016.

In May 2006, the Government of Québec adopted a new Québec Energy Strategy (the "Strategy") defining goals and actions for the period from 2006 to 2015. Through the Strategy, the Government decided to resume and accelerate the pace of development of Québec's hydroelectric potential, with the implementation of new projects totalling 4,500 MW. In addition, the Government's energy Strategy contemplated the development of the existing wind power potential which may be incorporated into the Hydro-Québec network, with an objective of 4,000 MW by 2015. The Strategy was implemented by amending laws and regulations then in force. The cost of electric power over and above the "heritage electricity pool" (approximately 165 TWh) was determined by way of call for tenders governed by a procedure and a code of ethics subject to the Régie's approval. The Régie also monitors compliance. Under the terms of these calls for tenders, the supply contracts were awarded on the basis of the lowest tendered price and such other factors as the applicable transmission costs, and more recently, the participation of the local communities to the projects. The supply contracts entered into by Hydro-Québec require prior approval of the Régie. In 2003, Hydro-Québec issued a request for proposals for the supply of 1,000 MW of wind energy, followed by another request for 2,000 MW in 2005 and a supplementary request of 500 MW in 2009. In May 2013, the Québec Government announced the allocation of 800 MW of new wind power projects, of which 150 MW were reserved for the aboriginal communities of the Mi'gma'wei Mawimi group pursuant to Bill 25 assented to on June 14, 2013 and 200 MW were reserved for Hydro-Québec Production. The remaining 450 MW were awarded by way of call for tenders to entities formed by developments in partnerships with local communities and first nations, divided as follows: 300 MW for projects based in Gaspésie and Bas-Saint-Laurent and 150 MW for Québec as a whole. Lastly, on December 21, 2015, the Québec Government awarded the remaining 200 MW of the Strategy to the Innu First Nations. By doing so, the Québec Government completed its commitments under the Strategy and awarded a total of 4,000 MW of wind energy to independent promoters.

On November 7, 2014, the Québec government initiated a process leading to the adoption of a new Québec energy policy for the 2016-2025 period. Thus, from February 6 to July 15, 2015, individuals and organizations in Québec and experts from Québec and abroad were able to express their opinions and make suggestions to meet the key energy challenges that Québec is facing.

After consultation, the Québec government decided to adopt an energy policy applicable until 2030 and enacted Bill 2030, which implemented the *2030 Energy Policy* (the "Policy"), which seeks to (i) favour a low-carbon economy, (ii) optimally develop Québec's energy resources, (iii) foster responsible consumption, (iv) capitalize on energy efficiency potential, and (v) promote the entire technological and social innovation chain. Through the Policy, the Québec government has adopted as targets increasing total bioenergy production by 25%; by 2030, the Québec government wants 60.9% of the energy used by Québec consumers to be renewable energy. To achieve its renewable energy targets, the Québec government undertakes to mobilize individuals and businesses to achieve genuine change, increase its investments in renewable energies and rely on the strength of partnership through sustained participation at home and abroad.

Through the Policy, the Québec government proposes to set up a new agency, *Transition énergétique Québec* ("TéQ") that will present a flexible, efficient oversight and delivery model with respect to energy innovation, energy efficiency and energy substitution. TéQ will coordinate through a single administration the services and programs that government departments and bodies offer and will be responsible for all components of the energy transition. To ensure that initiatives achieve greater coherence and broader synergy, a master plan will be elaborated to replace the individual plans that energy distributors now propose. The plan will also include the entire array of government measures. The plan should be made public in the first half of 2018 after a series of consultations held in the fall of 2017.

In the Policy, to better respond to the economic, social and environmental challenges facing consumers, producers and energy distributors, the Québec government is proposing to (i) introduce greater flexibility and proactivity in the rate-setting rules stipulated in the *Act respecting the Régie de l'énergie*, and (ii) modernize the process for authorizing energy projects.

The Policy also provides that new sources of supply will be authorized insofar as they allow for the maintenance of leeway of around 2.5% of Québec's total annual electricity needs. With respect to wind energy, the Québec government intends to support Québec businesses so that they can take advantage of the opening of new markets stemming from growing worldwide demand for wind power. The Québec government's perspective of wind power development is in keeping with this context and it hopes that certain wind farms built in Québec can respond to business opportunities and export all of their electricity to North American markets.

In June 2017, the Québec government announced an action plan for 2017-2020 resulting from its 2030 Energy Policy. An investment of \$1.5 billion is planned to achieve Québec's energy transition goals based on 4 key directions.

Hydroelectric and wind power

Each of the hydroelectric and wind power plants that the Corporation operates in Québec supplies electricity to Hydro-Québec under the terms of power purchase agreements (or supply agreements) entered into with Hydro-Québec ("PPA") for an initial duration varying between 20 to 25 years. Under each PPA, Hydro-Québec is bound to buy all the electrical energy made available by the power plant from its commissioning up to the annual contractual energy levels. The power plant, for its part, must supply a certain quantity of energy for each consecutive 12-month period beginning on the 1st of December of each contractual year.

The purchase price is determined by the pricing schedule that the hydroelectric power producer subscribes to among the following:

- a) the unified pricing schedule, which provides for a unique tariff for the energy supplied yearlong; and
- b) the winter power premium pricing schedule which provides for a baseline tariff per kWh supplied yearlong plus a premium for winter power per kW supplied in the winter up to the annual contractual energy levels.

The purchase price of the wind energy is set according to the PPA for the energy made available throughout the year. In the case of most of the hydroelectric power plants, the purchase price of the electricity is indexed on the 1st of December or the 1st of January of each year according to the Consumer Price Index ("CPI"), usually subject to a minimum increase of 3% and a maximum increase of 6% per year. Under PPAs entered into with respect to wind energy, there is no minimum or maximum increase. The price is usually indexed to the CPI in a certain proportion. In most cases, the PPA of a hydroelectric power plant can be renewed by a prior written notice of 12 months to Hydro-Québec for a period not exceeding the term of the initial agreement.

As far as the Corporation is concerned, the initial term of the PPAs for the Beauport and Forestville power stations expired in May and June 2015, respectively, and the Corporation sent automatic renewal notices to Hydro-Québec in order to renew them for an additional 20-year term. Following these notices, the Corporation and Hydro-Québec entered into negotiations concerning certain terms and conditions applicable during the renewal period. In December 2016, Boralex and Hydro-Québec signed the PPA renewal agreements, under which a new fixed price has been determined and indexation is in line with the CPI.

Pursuant to the *Watercourses Act* (Québec), hydroelectric power plants are subject to a royalty payable to the *Ministère des Ressources naturelles du Québec*. This royalty is indexed annually according to the CPI.

The Québec government also recently adopted Québec Water Strategy 2017-2032. One of the main goals of the strategy is to showcase the potential for sustainable development of Québec's water sector.

British Columbia power industry

Overview

British Columbia's hydroelectric projects generate approximately 90% of the province's electricity requirements. The principal supplier of power in British Columbia is the provincial Crown Corporation, BC Hydro. The latter is regulated by the British Columbia Utilities Commission (the "BCUC"). The BCUC is an independent regulatory agency which operates under the *Utilities Commission Act* (British Columbia). The primary purpose of the BCUC is the regulation of the province's natural gas and electricity utilities.

Since the 1980's, BC Hydro has been acquiring power from independent power producers ("IPPs") in order to satisfy British Columbia's electricity needs. In order to acquire electricity from the private sector, primarily IPPs, BC Hydro employs either competitive calls, standards or open offers, or bilateral arrangements.

Regulatory framework

In 2002, the British Columbia government launched the *Energy for Our Future: A Plan for BC* which outlined low electricity rates, secure and reliable supply of energy, more private sector opportunities and environmental responsibility with no nuclear power sources. The *BC Energy Plan: A Vision for Clean Energy Leadership* was introduced five years after the initial plan and aims to promote clean energy by providing, among other things, that all new electricity generation projects have zero net greenhouse gas emissions.

In 2010, the Legislative Assembly of British Columbia passed the *Clean Energy Act* which establishes the province's energy objectives. These objectives include: (i) generating at least 93% of the electricity in British Columbia from clean or renewable resources (other than electricity for facilities that liquefy natural gas for export by ship), (ii) achieving electricity self-sufficiency by 2016 and (iii) reducing greenhouse gas emissions. This law also explicitly prohibits certain electricity generation projects on certain streams.

In November 2013, BC Hydro released its Integrated Resource Plan (the "IRP"), which calls for a number of measures to meet the expected increase in electricity demand, including the construction of the 1,100 MW hydroelectric Site-C facility (the "Site-C"). The construction of the Site-C commenced in the summer of 2015 and is expected to be completed by 2024. The IRP provides a 20-year outlook of how BC Hydro expects to reliably and cost-effectively meet the anticipated future electricity needs of the province through conservation and acquisition of sufficient generation and transmission resources. In 2016, BC Hydro reviewed the IRP and updated its 20-year demand forecast and expected supply. BC Hydro determined that British Columbia had sufficient supply and there was no need for calls for new supply before BC Hydro commenced development of the new 2018 IRP. BC Hydro has started to develop the 2018 IRP, which will determine long term conservation savings; afford a better understanding of the role of distributed energy resources such as wind, solar and storage; and address clean energy's role in tackling climate change and implementing the Province's Climate Leadership Plan. The Climate Leadership Plan was issued in 2016 and it articulates the policies and actions the British Columbia government intends to take to meet its 2050 greenhouse gas emissions reduction target of 80% below 2007 levels. The *Climate Leadership Plan* is an update of the *2008 Climate Action Plan* and describes the key areas for action:

(i) natural gas, (ii) transportation, (iii) agriculture, (iv) the energy industry and utilities (make British Columbia's electricity 100% clean or renewable), (v) communities and built environment (environmental norms in construction), and (vi) public sector leadership. In particular, the *Climate Leadership Plan* provides that BC Hydro's acquisition of electricity that is not clean or renewable must be pre-approved by the British Columbia government.

In November 2014, BC Hydro announced that it had amended its Standing Offer Program (the "SOP") rules to make existing generation no longer eligible for participation in the SOP. BC Hydro stated that the amendment was in line with BC Hydro's 2013 Clean Energy Strategy contained in its IRP, which is focused on providing opportunities to the clean energy sector for new project development. It also specifically noted that the changes were in consideration of the fact that the SOP's pricing is intended to reflect the costs associated with new, rather than existing, clean energy projects. In August 2017, BC Hydro announced that it was suspending the acceptance of applications for the SOP until the review of the Program can be completed with government and Clean Energy BC input. BC Hydro indicated that the review of the SOP was taking longer than anticipated.

Ontario power industry

Regulatory framework

The regulatory framework for a competitive electricity market in Ontario was created in 1998 with the enactment of the *Energy Competition Act, 1998*. In 2004, a further round of industry restructuring occurred with the enactment of the *Electricity Restructuring Act, 2004*. The resulting market structure is generally referred to as a "hybrid" model, comprising a competitive wholesale energy market and government procured and regulated supply components. The price of electricity paid by consumers consists of the cost of the electricity determined through the wholesale market plus the "Global Adjustment". The Global Adjustment reflects out-of-market payments made to Ontario Power Generation ("OPG"), whose output is rate-regulated by the Ontario Energy Board (the "OEB"), and to generators and other electricity resource suppliers (e.g., conservation and demand management suppliers) under contract with the IESO. The wholesale energy market is operated by the IESO, which is also responsible for the operation and the reliability of the power system. The energy trades in the wholesale market are settled at market price, determined for five-minute dispatch intervals on the basis of offers by the generators and bids from dispatchable load facilities. The market price is uniform across Ontario and it determines what the generators are paid for wholesale electricity. The consumers are charged the weighted hourly average of the five-minute market price. The Global Adjustment, referenced above, compensates generators under contract with the IESO for the difference between the IESO market price and the price set out in their contract.

The OEB is the administrative tribunal responsible for the regulation and supervision of the electricity and natural gas industries in Ontario. The OEB exercises its powers pursuant to the *Ontario Energy Board Act, 1998* and the *Electricity Act, 1998*. It determines the rates charged by the regulated transporters and distributors and those charged by the OPG for most of its production. The OEB also grants licences to market participants (including transporters, distributors, producers, dealers and retailers and the IESO), approves the construction of new transmission and distribution facilities, and formulates codes and rules to govern the conduct of market participants. THE OEB's Market Oversight Committee monitors the electricity market and submits reports on the efficiency of these markets to the Minister of Energy. The OEB is also intended to serve as an appeal tribunal for certain decisions of the IESO.

On January 1, 2015, the Ontario Power Authority (the "OPA") and the IESO completed their amalgamation and continued operating as the IESO. Prior to the merger, the OPA was responsible for integrated electricity system planning and, in accordance with the government directive, entering into agreements to procure new conservation and supply resources. As the OPA's successor, the IESO is therefore now responsible for electricity system planning and is the counterparty to a portfolio of long-term power purchase agreements of the OPA with generators and other resource suppliers.

Since 2004, the contracted supply was mostly procured by the OPA using competitive procurement procedures. The OPA later instituted standing offer procurement programs and, in 2008, a European style *feed-in-tariff* ("FIT") program for the purchase of renewable energy generation. The Ontario government announced in June 2013 that it would no longer procure renewable energy capacity under the FIT program for large projects. Instead, Ontario put in place the Large Renewable Procurement (the "LRP"), a competitive process for procuring large renewable energy projects (generally greater than 500 kW). The first phase of the LRP request for proposals (the "LRP I RFP") was launched in 2014. In March 2016, after the conclusion of the LRP I RFP, the IESO awarded contracts for approximately 300 MW of wind, 140 MW of solar, and 15 MW of waterpower generation. In connection with the LRP I RFP, RES, as Qualified Applicant, and its partner, Boralex, were selected for the "Otter Creek Wind Farm Project". For additional information, refer to Sub-section "2016" in Section 5. Earlier this year, the IESO cancelled plans for LRP II, under which the IESO had planned to procure up to an additional 1,000 MW of solar, wind and other renewable energy generation.

On October 26, 2017, the Ontario Ministry of Energy (the "Ministry") released the Long-Term Energy Plan (the "Plan") entitled *Delivering Fairness and Choice*. The Plan replaced the Ministry's earlier 2013 and 2010 long-term energy plans. The Plan's key initiatives include: ensuring affordable and accessible energy; ensuring a flexible energy system; innovating to meet the future; improving value and performance for consumers; strengthening the commitment to energy conservation and efficiency; responding to the challenges of climate change; supporting First Nation and Métis capacity and leadership; and supporting regional solutions and infrastructure. Key features of the plan, many of which are being implemented through statutory and regulatory instruments, include: the government's Fair Hydro legislation which will defer the collection of billions of dollars in electricity costs and reduce electricity bills by an average of 25% for residential consumers;

the IESO's market renewal initiative which will, among other things, develop new market mechanisms and tools (i.e. capacity market, capacity trade, day ahead market and locational pricing) for addressing electricity resource needs; grid modernization; and the provincial Climate Change Action Plan and cap and trade program. The IESO will be developing an Implementation Plan for many of the initiatives in the Plan which it will be responsible for submitting to the Ministry early in 2018.

France power industry

Regulatory framework

In France, electric power generation was nationalized in 1946 with the creation of a public corporation, EDF, which held a virtually nationwide monopoly for the generation, transmission, distribution and sale of electricity, apart for some exceptions (non-nationalized distributors or NND). In connection with the application of the Treaty of Rome (1957), which established the European Union (the "EU"), the Council of Ministers of the European Union approved, in 1996, *Directive 96/92/CE* intended to abolish national monopolies for the generation and sale of electricity and gas and to develop a European electricity market such that, with time, all consumers would be able to choose their supplier. *Directive 96/92/CE* was transposed into French law by the *Law 2000-108 of February 10, 2000 relating to the modernization and development of the public electricity service* (as amended by the *Law 2003-8 of January 3, 2003 relating to the gas and electricity markets and the public energy service*). In 2003, *Directive 2003/54/CE* provided for the opening of the market to competition in two phases: on July 1, 2004 for non-residential customers and on July 1, 2007 for residential customers. *Directive 2003/54/CE* was transposed into French law by the *Law of August 9, 2004 relating to the public electricity and gas service* and by the *Law of December 7, 2006 relating to the energy sector*.

Since the 2007 decision of the European Council to establish an "Integrated Energy and Climate Policy", the EU has become a relevant actor in this policy field. On April 23, 2009, the EU agreed on climate and energy targets for 2020 including a target of 20% of European energy consumption to come from renewable sources. The *European Directive 2009/28/EC* on the promotion of the use of energy from renewable sources sets out the basis for the achievement of that target by setting individually binding renewable energy targets for all member states. These are now collectively known as "The Climate and Energy Package" or the "20-20-20" goals (greenhouse gas emissions reduction by 20% compared to the 1991 level, increase to 20% the share of renewable energies and improvement by 20% energy efficiency).

On October 23, 2014, EU Council members agreed on renewable energy new targets for 2030 through the "*Climate and Energy Policy Framework for the European Union*" with the following main EU objectives:

1. 40% reduction of greenhouse gas emissions compared to the 1990 level;
2. EU-wide binding target of at least 27% for the share of renewable energy consumed.

In France, renewable energy production is expected to double by 2030 (32% of final energy consumption), thanks to a reform in the French incentive system, to hydropower concession renewals and tenders. Additionally, France aims to simplify the regulatory framework for renewable energy projects. It has also stated its interim goals of having 15 GW of installed on-shore wind power in 2018 and between 21.8 and 26 GW by 2023. The objectives for 2023 will be revised during 2018.

Growth in the development of renewable electricity in France is the result of national policy drivers including two main support schemes. Firstly, a FIT mechanism is in place, backed by a purchase obligation which provides support for energy from wind power, solar power, hydro power, biomass and geothermal sources, among other technologies. The pricing of the FIT and the duration over which these are paid for the different technologies are set by Government decrees and orders. Secondly, a call for tenders system exists for large renewable energy projects, i.e. more than 7 turbines for wind power and 250 kW or more for solar photovoltaic power.

Since July 1st, 2014, under the impetus of the European Commission and following the publication of the Guidelines on State aid for environmental protection and energy 2014-2020 (2014/C 200/01), the French systems for the support of new power generation projects based on renewable energies have gradually moved away from the current FIT system towards a market based type of support. In addition to the power purchase obligation, reserved for "residential" sized facilities, the law relating to energy transition towards green growth (*loi n° 2015-992 du 17 août 2015 relative à la transition énergétique pour la croissance verte*) provides a compensation mechanism for industrial facilities whereby producers selling electricity from renewable sources on the market at market prices would receive additional remuneration to help them achieve a target price. However, existing projects under the current support scheme will continue to operate within these arrangements for the remainder of the defined period to avoid any retrospective change and destabilising effects.

For land-based wind energy, the tariff structure (set by the *Arrêté du 17 juin 2014 fixant les conditions d'achat de l'électricité produite par les installations utilisant l'énergie mécanique du vent implantées à terre*) was replaced on December 13, 2016 by the additional remuneration mechanism. Since 2017, new projects with up to 6 turbines can take advantage of this new mechanism under an "open window" program. Over that threshold, applicants can take advantage of the additional remuneration mechanism through calls for tenders held twice a year over three-year periods. The first round of bids closed on December 2017.

For solar energy, a system of competitive bids held twice a year over three-year periods has been implemented to allow new land-based projects to take advantage of the additional remuneration mechanism. The most recent round of bids closed in December 2017.

Concurrently, driven by the EU, the first multi-energy (mix of wind and solar) pilot call for tenders was launched at the end of 2017.

United States power industry

Regulatory framework

The Federal Energy Regulatory Commission ("FERC") regulates the transmission of electricity, and the wholesale sale of electricity, in interstate commerce. The FERC also licenses and inspects hydroelectric projects, including projects on navigable waters or that affect downstream navigation, which are regulated under Part I of the *Federal Power Act* ("FPA").

The FERC is also responsible for the implementation of the *Public Utility Regulatory Policies Act of 1978* ("PURPA"), which was enacted in response to concerns that the United States was too dependent on foreign oil. PURPA provides for the supply of electricity to utilities by qualifying facilities ("QFs"). QFs include (a) cogeneration facilities that meet certain operating, efficiency and use of the energy production standards, and (b) facilities that produce electric energy by using specific fuel sources, including renewable resources as a primary energy source and that meet certain fuel use and maximum size criteria. QFs benefit from rules adopted by the FERC that require electric utilities to offer to sell electric energy to (including emergency backup power), and to purchase electric energy from, QFs at rates that are fair and reasonable to consumers and do not discriminate against QFs. QFs also are exempt from certain federal and state laws and regulations governing traditional electric utilities. PURPA increased competition in the U.S. wholesale power industry by creating a new class of non-utility power plant owners and operators.

The *United States Energy Policy Act of 1992* ("EPACT 1992") further transformed the wholesale interstate electricity supply market. EPACT 1992 broadened the authority of the FERC to issue orders requiring electric utilities to provide open access transmission or "wheeling" services to all qualified power generators and wholesale power marketers. EPACT 1992 also created a new category of independent power producers, known as "exempt wholesale generators".

The wholesale electricity market was significantly restructured in the 1990's. In 1996, the FERC issued Order 888, requiring jurisdictional utilities to functionally unbundle their transmission and generation businesses and provide open-access, non-discriminatory transmission service under an open access transmission tariff. In 2003, the FERC issued Order 2003, which standardized and streamlined the generator interconnection process by requiring all utilities under its jurisdiction that own or control transmission facilities to adopt standard interconnection procedures and a standard *pro forma* interconnection agreement governing the interconnection of "large generators" (generators greater than 20 MW in size). In 2005, the FERC issued Order 2006, which required the adoption of similar standard interconnection procedures and a similar *pro forma* interconnection agreement for "small generators" (generators smaller than 20 MW in size). In 2007, the FERC issued Order 890 which expanded non-discriminatory access to electric transmission systems by, among other things, requiring open and transparent regional transmission planning, a uniform methodology for calculating available transmission capacity, and the provision of "conditional" firm transmission service. In 2011, the FERC issued Order 1000 which further reformed its electric transmission planning and cost allocation rules for electric utilities that own and operate transmission facilities. As a result of these and related orders, procedures for interconnecting with, and utilizing transmission capacity on, electric transmission systems have been largely standardized, with transmission-owning utilities performing a type of regulated, common carrier service.

Between 1996 and 2002, many states required their vertically integrated electric utilities to divest some or all of their generation assets, leaving such utilities to purchase power in competitive wholesale markets, while allowing retail customers to transact directly with power suppliers in certain states. The combination of open access transmission services and increasing numbers of non-traditional utility power generators (independent power producers) has led to the formation of organized markets operated by regional transmission organizations ("RTOs") and independent system operators ("ISOs") including, for example, the *New York Independent System Operator, Inc.* ("NYISO"), the ISO for the region in which the Corporation's hydroelectric power plants are located. These ISOs/RTOs operate regional transmission systems and administer financial and physical markets for competitive wholesale energy, capacity and other ancillary services.

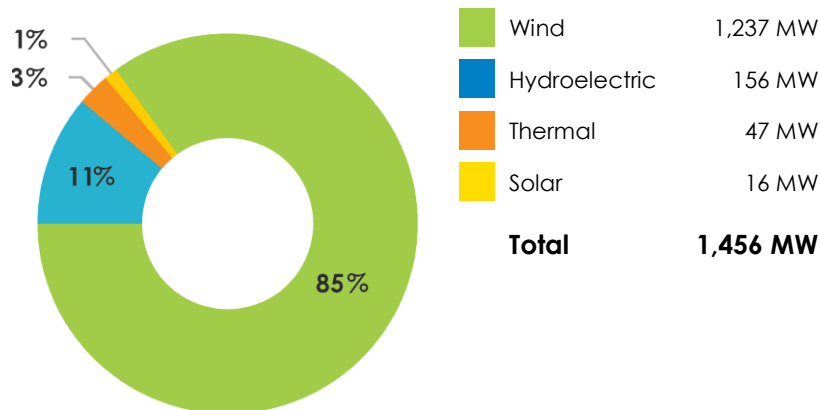
In August 2005, the United States Congress enacted the *Energy Policy Act of 2005* ("EPACT 2005"). EPACT 2005 repealed the *Public Utility Holding Company Act of 1935* and in its place adopted the *Public Utility Holding Company Act of 2005* ("PUHCA 2005"), which grants FERC access to the books and records of certain public utility holding and service companies, and imposes accounting, record retention and other reporting requirements on such holding companies. FERC's regulations implementing EPACT 2005 also eliminated certain exemptions from federal regulations for QFs that are greater than 20 MW in size and terminated an electric utility's obligation to purchase electric energy from a QF that is greater than 20 MW in size and has non-discriminatory access to certain competitive wholesale markets, such as the markets operated by NYISO. EPACT 2005 also gave the FERC enhanced enforcement authority, including criminal and civil penalties, for violations of the FPA.

New York State

The implementation of PURPA in 1978 also initiated the transformation of electricity generation in New York State from vertically integrated electric utilities to predominantly non-utility power generators. The *New York Public Service Commission* also regulates the retail sales and distribution of electricity, and has jurisdiction over retail electric tariffs.

Industry sectors

Borex is active in four industry sectors: wind, hydroelectric, wood residue thermal or natural gas cogeneration and solar. Each of the industry sectors includes power stations or facilities owned by subsidiaries, the whole as described below. The following diagram illustrates the distribution of the installed capacity of Borex's sites by activity sector.



Wind power

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

Hydroelectric power

Hydroelectric power is produced using water to propel the turbines which in turn activate the generators.

The Corporation owns 15 hydroelectric power stations which are flexible and environmentally friendly power generation tools, since they are run on river facilities with almost no greenhouse gas emissions. These hydroelectric stations are located in the Provinces of Québec and British Columbia and in the United States.

Borex operates and manages these stations from a control centre located in Kingsey Falls, Québec, Canada, allowing remote management of most planning, operating, monitoring and preventive maintenance activities relating to stations held or managed by the Corporation.

Thermal power

Thermal energy is the process of transforming elements of physical chemistry, such as wood residue or natural gas, into thermal power through controlled combustion. In order to do this, the combustible material (wood residue or natural gas) is inserted into a boiler. The combustion is controlled based on the required quantity and the temperature of the air. The vapour that is produced in the boiler is then injected into a turbine, where the energy which it releases is transferred into mechanical energy. The mechanical energy produced by the turbine is then transformed into electricity by the generator.

Cogeneration refers to the simultaneous production of two sources of energy, electricity and steam, using only one fuel. The cogeneration technology is a development and efficiency tool ideally suited to industrial consumers. From an environmental standpoint, natural gas powered cogeneration is less harmful than technologies using other fossil fuels.

Borex currently operates one wood residue thermal power station in Québec and one cogeneration power plant powered by natural gas in Blendecques (France).

Solar power

Solar power consists of producing energy from sunlight. In Borex's case, photovoltaic technology is used in which photovoltaic cells composing the panels produce electricity. Borex operates two solar power stations located in France and one in Ontario.

Description of the facilities of the Corporation

Wind power stations

Power Station	Location	PPA Maturity	Installed Capacity (MW)
Ally-Mercoeur	France	2020	39
Artois	France	2032	23
Avignonet-Lauragais Phase I	France	n.a.	8
Avignonet-Lauragais Phase II	France	2023	5
Calmont	France	2030	14
Cham Longe	France	2020-2025	23
Chasse-Marée	France	2025	9
Chemin de Grès	France	2032	30
Chépy	France	2018	4
Coat Conval	France	2023	8
Comes de l'Arce	France	2030	10
Coulonges	France	2026	36
Fortel-Bonnières	France	2029	23
Haut de Conge	France	2025-2028	28
La Bouleste	France	2025	10
La Citadelle	France	2022	14
La Vallée	France	2028	32
Le Grand Camp	France	2025	10
Leign ar Gasprenn	France	2023	8
Les Éparmonts	France	2023	12
Monts de Bagny	France	2032	24
Moulin à vent	France	2026	10
Nibas	France	2019	12
Pannecé	France	2024-2025	18
Pays d'Othe	France	2029	8
Plateau de Savernat (Quinssaines)	France	2031-2032	16
Plouguin	France	2021	8
Ronchois	France	2025	30
Saint-François	France	2030	23
Saint-Patrick	France	2024-2025	34
Sources de la Loire	France	2026	18
Touvent	France	2031	14
Vallée de L'Arce	France	2024	30
Voie des Monts	France	2032	10
Vron	France	2028	8
Côte-de-Beaupré	Québec, Canada	2035	24
Frampton	Québec, Canada	2035	24
Niagara Region (NRWF)	Ontario, Canada	2036	230
Oldman I	Alberta, Canada	n.a.	4
Seigneurie de Beaupré – phases I and II ⁽¹⁾	Québec, Canada	2033-2034	170
Port Ryerse	Ontario, Canada	2036	10
Témiscouata I	Québec, Canada	2034	24
Témiscouata II	Québec, Canada	2035	52
Thames River	Ontario, Canada	2029-2031	90
Total:			1,237

Hydroelectric power stations

Power Station	Location	PPA Maturity	Installed Capacity (MW)
Fourth Branch	New York, United States	n.a.	3
Hudson Falls	New York, United States	2035	46
Middle Falls	New York, United States	2029	2
New York State Dam	New York, United States	n.a.	11
Sissonville	New York, United States	n.a.	3
South Glens Falls	New York, United States	2034	14
Warrensburg	New York, United States	n.a.	3
Beauport ⁽²⁾	Québec, Canada	2035	4
Buckingham ⁽²⁾	Québec, Canada	2044	10
East Angus ⁽²⁾	Québec, Canada	2030	2
Forestville ⁽²⁾	Québec, Canada	2035	12
Rimouski ⁽²⁾	Québec, Canada	2047	4
Saint-Lambert ⁽²⁾	Québec, Canada	2045	6
Jamie Creek	British Columbia, Canada	2054	22
Ocean Falls	British Columbia, Canada	2018	14
Total:			156

Thermal power stations

Power Station	Location	PPA Maturity	Installed Capacity (MW)
Blendecques (natural gas cogeneration)	France	2025	12
Senneterre (wood residue)	Québec, Canada	2027	35
Total:			47

Solar site

Power Station	Location	PPA Maturity	Installed Capacity (MW)
Avignonet-Lauragais	France	2031	5
Les Cigarettes	France	2035	10
Vaughan	Ontario, Canada	2035	1
Total:			16

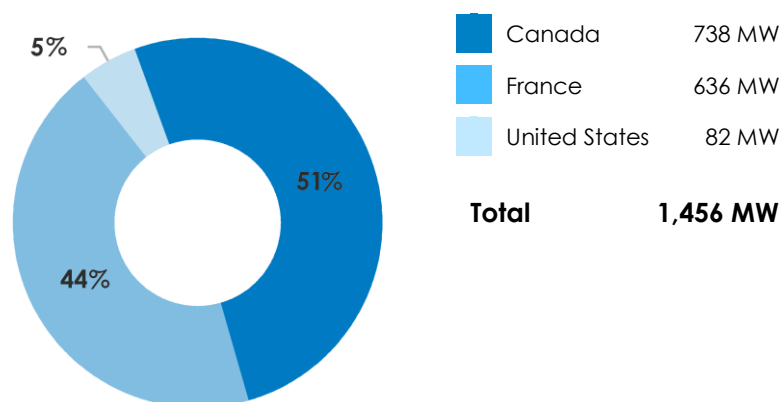
	Installed Capacity (MW)
Grand total:	1,456

(1) Net ownership of Boralex.

(2) Including renewal thereof.

Major markets, distribution and sale of electricity

The following diagram illustrates the distribution of installed capacity (MW) of Boralex's facilities by country.



For the year ended December 31, 2017, according to IFRS, three customers of the Corporation accounted for more than 15% of its revenues, namely EDF (36%), the IESO (21%) and Hydro-Québec (20%). In 2016, two customers accounted for more than 15% of the Corporation's revenues, namely EDF (46%) and Hydro-Québec (27%).

Competitive conditions

The competitive conditions that the Corporation faces primarily result from the fact that its activities are mainly dependent on the call for tender programs of the authorities located in different jurisdictions where it carries them out. Details of the applicable regulations for each jurisdiction which governs the activities of the Corporation are at Section 6, "Description of the business".

The French market is subject to the application of the *Loi de modernisation du service public de l'électricité* of February 10, 2000. This Act specifies the purchasing conditions for electricity produced by private producers. The electricity produced by the wind power facilities in this market is accordingly sold to EDF (93% in 2017), the Société Anonyme d'Économie Mixte Locale SEOLIS (5% in 2017) and the Société Coopérative d'Intérêt Collectif Agricole de la région de Pithiviers ("SICAP") (2% in 2017).

Availability of raw materials

The sites owned by the Corporation are powered by five resources convertible into energy: (i) wind; (ii) water; (iii) wood residue; (iv) natural gas; and (v) sun.

The amount of energy generated by the sites is dependent upon the availability to Boralex of wind, water flows, wood residue, natural gas or solar radiation as the case may be. There can be no assurance that availability of such resources will remain unchanged in the long term. If there are not enough resources, the assumptions underlying the financial projections concerning the volume of electricity to be generated by the renewable energy sites may not be substantiated, which could have a significant adverse impact on the Corporation's cash flows and profitability.

Seasonal activities and economic dependence

We refer you to the sections on "Risk Factors" and "Uncertainties" in the Corporation's Management's Discussion and Analysis for the year ended December 31, 2017, which are incorporated by reference herein.

Foreign activities

The operating facilities in France sell their electricity to EDF under long-term agreements having a term of 12 years (cogeneration), 15 years (wind) and 20 years (solar). The electricity produced by the Grand Camp site is sold to the SICAP and the electricity produced by the Coulonges site is sold to SEOLIS.

The U.S. wholesale electricity markets are deregulated. A substantial part of the transactions are carried out through organized markets operated by RTOs and ISOs, such as the NYISO for the New York State market. Agreements may also be entered into directly with energy distributors, usually large corporations, in these markets.

The agreements entered into with customers of Boralex provide that these customers may not refuse to accept delivery of energy or terminate the agreements except under specific circumstances, mainly a failure by Boralex to comply with its contractual obligations.

Environmental protection

The operations carried out by Boralex, like those of any other electricity producer, are subject to numerous laws and regulations dealing with protection of the environment, conservation and development of wildlife as well as conservation and development of public lands.

The Corporation holds all of the authorizations and permits required to operate its stations and its operations are in compliance with applicable environmental laws and regulations.

The hydroelectric power stations located in Québec are subject to the *Dam Safety Act* and to the regulation thereunder. Depending on the region where the power plants are located, the dams must conform to certain criteria defined in this law. The Buckingham facility is the Corporation's only facility that will require compliance work.

With regards to the Buckingham facility, during fiscal year 2015, Boralex began work to comply with the *Dam Safety Act*. That work continued into 2016 and 2017 and will be completed concurrently with work to increase the capacity of this facility. The Corporation is planning to make additional investments to increase the power station's current installed capacity by 10 MW to 20 MW. Given the time it normally takes to obtain a ministerial order and the necessary authorizations, the work to increase the capacity is set to start in the second quarter of 2018.

Employees

As at December 31, 2017, the Corporation and its subsidiaries had over 335 employees. When necessary, the Corporation uses external resources to complement the expertise of internal employees.

Risk factors and uncertainties

Reference is made to the Corporation's Management's Discussion and Analysis for the fiscal year ended December 31, 2017, specifically under the headings "*Risk Factors*" and "*Uncertainties*", which sections are incorporated by reference herein.

7. Dividend policy

On February 19, 2014, the Corporation announced its first ever dividend, namely a quarterly dividend of \$0.13 per common share. A quarterly dividend in the amount of \$0.13 per common share was also paid on March 16, June 15, September 16, and December 15, 2015. On February 12, 2016, the Board of Directors of Boralex also declared a similar dividend which was paid on March 15, 2016. On February 24, 2016, it announced that it had authorized a 7.7% increase of the annual dividend to \$0.56 per common share (or quarterly to \$0.14 per common share). A quarterly dividend of \$0.14 per common share was paid on June 15, September 16 and December 15, 2016. On December 8, 2016, the Corporation announced a 7.1% increase in the annual dividend to \$0.60 per common share (or quarterly to \$0.15 per common share), which was paid on March 15, 2017 following the closing of the NRWF acquisition. A quarterly dividend of \$0.15 per common share was also paid on June 15, September 18 and December 15, 2017.

At the sole discretion of the Board of Directors, Boralex aims to pay annual dividends representing 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 project-related non-current debt repayments, as well as distributions paid to non-controlling shareholders excluding discretionary development expenses. Boralex reserves itself the right to adjust this calculation for any special items unrelated to current operations to ensure comparable ratios between periods. Such expectation is based on certain assumptions and subject to certain risks. See Section 2, "Notice concerning forward-looking statements".

Other than as indicated above, the Corporation has not declared any other dividend in the last three financial years. The Corporation does not face any restrictions that would prevent it from paying out dividends or distributions. As of the date hereof, the Corporation does not expect to make any changes to its dividend policy. However, any decision to pay dividends on the Class A common shares in the future will be made by the Board of Directors based on, among other things, the Corporation's earnings, financial requirements for the Corporation's operations, the satisfaction of applicable solvency tests for the declaration and payments of dividends, the business strategy of the Corporation and other conditions existing from time to time. As such, the declaration of dividends is subject to the discretion of the Board of Directors. No assurance can be given as to whether the Corporation will in the future pay dividends, or the frequency or amounts of any such dividends. See Section 2, "Notice concerning forward-looking statements".

8. Capital structure

Shares

The share capital of Boralex is composed of an unlimited number of Class A common shares, 76,255,051 of which were issued and outstanding as at December 31, 2017, and an unlimited number of Preferred Shares, none of which had been issued as at December 31, 2017.

The Class A common shares have no par value and confer the right to vote at any meeting of shareholders, to receive any dividends declared by the Corporation thereon and to share in the remaining property upon the dissolution of the Corporation.

The Preferred Shares were created in order to allow additional flexibility to the Corporation with respect to future financing, strategic acquisitions and other corporate transactions. They can be issued in series, each series consisting of such number of shares as may before issuance be determined by the directors. The directors may, from time to time, fix before issuance the designations, rights, restrictions, conditions and limitations of each series of Preferred Shares, including the rate of preferential dividends, the redemption price, redemption and conversion rights or other provisions attaching to the Preferred Shares of any such series, the whole subject to the filing of articles of amendment confirming the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to any such series of Preferred Shares.

Convertible debentures

All of the 6.75% extendible convertible unsecured subordinated debentures issued pursuant to the Trust Indenture between Boralex and Computershare Trust Company of Canada, the trustee, dated September 15, 2010, were redeemed on September 30, 2015, at a price equal to the principal amount of the debentures plus accrued and unpaid interest as at September 29, 2015. Before they were redeemed, the debentures were traded on the Toronto Stock Exchange under the ticker symbol "BLX.DB". They were delisted from the Toronto Stock Exchange at the close of business on September 30, 2015. See Sub-section "2015" in Section 5 for more information.

On June 22, 2015, 4.5% convertible unsecured subordinate debentures (the "2015 Debentures") were issued pursuant to the Trust Indenture between Boralex and Computershare Trust Company of Canada, the trustee, available on SEDAR, at www.sedar.com. They are traded on the Toronto Stock Exchange under the ticker symbol "BLX.DB.A". As of December 31, 2017, 143,740 2015 Debentures with a nominal value of \$1,000 each were outstanding, for a total value of \$144 million.

The 2015 Debentures will mature on June 30, 2020 and bear interest at an annual rate of 4.5% payable semi-annually in arrears on June 30 and December 31 each year starting December 31, 2015.

The 2015 Debentures can be converted at the holder's option into Class A common shares of Boralex at a price of \$19.60 per share, subject to adjustment in accordance with the Trust Indenture. Holders converting their debentures will receive accrued and unpaid interest thereon for the period from the last interest payment date, to, but not including, the date of conversion.

After June 30, 2018 and prior to June 30, 2019, the 2015 Debentures may be redeemed by Boralex, under certain circumstances, in whole or in part, at the option of Boralex on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the Class A common shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price of the 2015 Debentures. On and after June 30, 2019, the 2015 Debentures may be redeemed in whole or in part at the option of Boralex at a price equal to their principal amount plus accrued and unpaid interest.

Boralex may, at its option, on not more than 60 and not less than 40 days prior notice, subject to applicable regulatory approval and provided no event of default has occurred under the Trust Indenture and is continuing, elect to satisfy its obligation to pay the principal amount of the 2015 Debentures forming the subject of early redemption or the principal amount which is due on the maturity date, as the case may be, by issuing freely tradeable Class A common shares to the holders of the 2015 Debentures. Any accrued and unpaid interest thereon will be paid in cash. The number of Class A common shares to be issued will be determined by dividing the aggregate principal amount of the outstanding 2015 Debentures which are to be redeemed or which have matured by 95% of the current market trading price of the Class A common shares on the redemption date or the maturity date, as the case may be.

Shareholder Rights Plan

On March 1, 2018, the Board of Directors approved a shareholder rights plan (the "Rights Plan"). The Rights Plan was adopted to ensure, to the extent possible, that all Boralex shareholders be treated fairly and equally should the Corporation be the subject of a take-over bid or other unsolicited attempt of gaining control of the Corporation, and that the Board of Directors be given sufficient time to review and assess such a bid or other attempt so as to identify, develop and negotiate a more favourable alternative, if necessary.

The Rights Plan became effective on March 1, 2018, but must be ratified by the shareholders of the Corporation within six months of its adoption. If approved by shareholders at the meeting to be held in May 2018, the Rights Plan will be in effect until the close of business on the date on which the annual meeting of the shareholders is held in 2021, and would be renewed in accordance with its terms for an additional period of three years (from 2021 to 2024), provided that the shareholders ratify such renewal at or prior to the annual meeting of shareholders to be held in 2021.

In adopting the Rights Plan, the Board of Directors considered the existing legislative framework governing take-over bids in Canada, as amended on May 9, 2016. As the legislative amendments do not apply to exempt take-over bids, there continues to be a role for rights plans in protecting issuers and preventing the unequal treatment of shareholders. Some remaining areas of concern include:

- protecting against "creeping bids" (the accumulation of more than 20% of the Class A common shares) through purchases exempt from Canadian take-over bid rules, such as: (i) purchases from a small group of shareholders under private agreements at a premium to the market price not available to all shareholders, (ii) acquiring control through the slow accumulation of shares not available to all shareholders, (iii) acquiring control through the slow accumulation of shares over a stock exchange without paying a control premium, or (iv) through other transactions outside of Canada that may not be formally subject to Canadian take-over bid rules, and requiring the bid to be made to all shareholders; and
- preventing a potential acquirer from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

9. Market for securities

The Class A common shares are listed on the TSX under the symbol "BLX" and the 2015 Debentures are listed on the TSX under the symbol "BLX.DB.A", respectively. The following table sets forth the price range, in Canadian dollars, and the trading volume of the Class A common shares and the convertible debentures on the TSX and other alternative platforms for each month of 2017, as quoted by the Toronto Stock Exchange ("TSX").

Class A Common Shares⁽¹⁾

Month (2017)	Price per Share (\$) Monthly High	Price per Share (\$) Monthly Low	Total Monthly Volume	Average Daily Volume
January	\$20.00	\$18.66	5,944,433	283,068
February	\$20.55	\$19.76	5,274,555	277,608
March	\$21.69	\$19.89	14,039,461	610,411
April	\$21.85	\$20.54	5,593,912	294,416
May	\$22.49	\$20.80	6,186,782	281,217
June	\$23.00	\$21.56	5,527,676	251,258
July	\$22.53	\$20.90	4,803,673	240,184
August	\$22.40	\$21.35	3,816,852	173,493
September	\$22.70	\$21.20	5,264,968	263,248
October	\$23.21	\$21.44	4,506,651	214,602
November	\$23.56	\$21.55	6,401,805	290,991
December	\$23.80	\$22.78	3,903,925	205,470

(1) Source: TSX

BLX.DB.A 2015 Debentures⁽¹⁾

Month (2017)	Price per \$100 of Debentures Monthly High	Price per \$100 of Debentures Monthly Low	Total Monthly Volume (\$)	Average Daily Volume (\$)
January	\$116.00	\$107.00	1,264,000	60,190
February	\$117.00	\$114.83	2,106,000	110,842
March	\$120.00	\$113.00	2,853,000	129,682
April	\$120.50	\$116.87	2,832,000	149,053
May	\$122.00	\$117.01	5,345,000	242,955
June	\$124.00	\$119.64	2,755,000	137,750
July	\$122.27	\$117.00	2,097,000	104,850
August	\$121.00	\$118.82	1,488,000	87,529
September	\$122.99	\$117.20	1,887,000	99,316
October	\$123.94	\$118.00	1,058,000	52,900
November	\$124.95	\$119.00	1,911,000	100,579
December	\$125.50	\$121.75	1,306,000	81,625

(1) Source: TSX

10. Directors and officers

The directors of the Corporation are elected annually to hold office until the next annual meeting or until a successor is elected or appointed.

Information on the directors

The following information on directors is given as at the date of this Annual Information Form.

Mr. Patrick Lemaire, Québec (Canada), has been a director of Boralex since June 2006 and is the President and Chief Executive Officer of Boralex since September 2006. He holds, directly or indirectly, 22,982 Class A common shares of the Corporation.

Mr. Alain Ducharme, Québec (Canada), is retired. He was one of the officers of Cascades Inc., where he held various positions including Vice President from 1997 to 2010. He has been a director of Boralex since 2011 and is a member of the Human Resources Committee and chairs the Environment, Health and Safety Committee. He holds, directly or indirectly, 2,500 Class A common shares of the Corporation.

Mr. Edward H. Kernaghan, Ontario (Canada), is Executive Vice President of Kernaghan & Partners Ltd., a brokerage firm. He is also President of Principia Research Inc., a research and investment holding company, and of Kernwood Ltd., an investment holding company. He has been a director of Boralex since 2006 and is chair of the Nomination and Corporate Governance Committee. He holds, directly or indirectly, 6,700 Class A common shares of the Corporation.

Mr. Richard Lemaire, Québec (Canada), is President of Séchoirs Kingsey Falls Inc., a company specialized in wood drying, since 2000. He is also President of R.S.P. Énergie Inc. since October 2014, a private company which owns two hydroelectric power plants in the province of Québec. He has been a director of Boralex since 1997 and is a member of the Environment, Health and Safety Committee. He holds, directly or indirectly, 10,001 Class A common shares of the Corporation.

Mr. Yves Rheault, Québec (Canada), is a corporate director and consultant. He has been a member of the Board of Boralex since 1997 and is one of the two independent directors appointed by the Caisse to Boralex's Board. He chairs the Human Resources Committee and is a member of the Environment, Health and Safety Committee. He holds, directly or indirectly, 8,113 Class A common shares of the Corporation.

Mr. Alain Rhéaume, Québec (Canada) is the co-founder and Managing Partner of Trio Capital Inc., a private investment company. He is also a corporate director. He has been a director of Boralex since 2010 and has been Chairman of the Board since March 2017. He is also a member of the Human Resources Committee and of the Audit Committee of the Corporation. Until July 2009, he was the lead director of Québecor World Inc.¹ He owns, directly or indirectly, 2,500 Class A common shares of the Corporation.

Ms. Michelle Samson-Doel, Ontario (Canada), is President of Samson-Doel Group Limited, an investment company, and is also a corporate director. She has been a director of Boralex since 2005. She is a member of the Human Resources Committee and of the Audit Committee. She was the lead director of the Corporation until March 2017. She holds, directly or indirectly, 28,759 Class A common shares of the Corporation.

Mr. Pierre Seccareccia, Québec (Canada), is a corporate director since 2003. On May 17, 2010, Mr. Seccareccia was forced to resign as director of the Corporation given some residual economic ties with his former employer PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L., auditor of the Corporation. He was reappointed as a director of the Corporation on November 10, 2010, his situation having been resolved. He served, from 1998 to 2001, as Managing Partner for the chartered professional accounting firm PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L. He has been a director of Boralex since 2003 and he chairs the Audit Committee. He holds, directly or indirectly, 9,900 Class A common shares of the Corporation.

Ms. Dany St-Pierre, Florida (United States), is President of Cleantech Expansion LLC, a renewable energy consulting firm. She has 25 years of professional experience, including 15 years in the energy sector in Canada, the United States and Latin America, working for companies such as Nordex USA, Alstom Power and Siemens Power Generation. Her business experience includes marketing, sales, business development and mergers and acquisitions. Ms. St-Pierre has been a director of Boralex since May 2016 and sits on the Nomination and Corporate Governance Committee and on the Environment, Health and Safety Committee. She directly or indirectly owns no Class A common shares of the Corporation.

Ms. Marie Giguère, Québec (Canada), is a corporate director. From 2010 to 2016 she was Executive Vice President, Legal Affairs and Secretariat of the Caisse de dépôt et placement du Québec (the "Caisse"). She was a partner at Fasken Martineau LLP for many years and, from 1997 to 1999, she was Senior Vice President, Institutional Affairs and General Secretary of the Montreal Exchange. From 1999 to 2005, she was Senior Vice President, Chief Legal Officer and General Secretary of Molson Inc. She has been a director of Boralex since November 2017 and is a member of the Nomination and Corporate Governance Committee and the Environment, Health and Safety Committee. She is one of the two independent directors appointed by the Caisse to Boralex's Board. She directly or indirectly owns 3,000 Class A common shares of the Corporation.

¹ On January 21, 2008, Québecor World Inc. ("Québecor") sought protection under the *Companies' Creditors Arrangements Act* and set up a capital restructuring plan approved by its creditors in July 2009 after a court order was obtained allowing it. Mr. Rhéaume has not been a director of Québecor since July 2009.

Information on the executive officers

Non-Director Officer	Position with the Corporation	Province and Country of Residence	Number of Shares Held
Sylvain Aird	Vice President, Europe Business Development	Québec (Canada)	9,859
Denis Aubut	General Manager, Operations	Québec (Canada)	2,807
Guy D'Aoust	Vice President, Finance	Québec (Canada)	3,841
Patrick Decostre	Vice President and General Manager, Boralex Europe	Belgium	3,000
Hugues Girardin	Vice President, Development	Québec (Canada)	4,722
Pascal Hurtubise	Vice President, Chief Legal Officer and Corporate Secretary	Québec (Canada)	1,280
Jean-François Thibodeau	Vice President and Chief Financial Officer	Québec (Canada)	7,675

During the past five years, all of the executive officers of the Corporation have been engaged in their present principal occupations, except for:

- Patrick Decostre who served as General Manager, Boralex Europe, from December 2009 to November 2016;
- Sylvain Aird who served as Vice President, Boralex Europe, Chief Legal Officer and Corporate Secretary from June 2012 to June 2017;
- Guy D'Aoust who served as Director, Finance and Treasury from September 2008 to November 2016;
- Pascal Hurtubise who served as Vice President, Legal Affairs, North America from November 2016 to June 2017 and Director, Legal Affairs from June 2012 to November 2016.

The following information on the composition of the committees is given as at the date of this Annual Information Form:

- The Audit Committee is composed of Alain Rhéaume, Michelle Samson-Doel and Pierre Seccareccia (Chair).
- The Environment, Health and Safety Committee is composed of Richard Lemaire, Yves Rheault, Dany St-Pierre, Alain Ducharme (Chair) and Marie Giguère.
- The Nomination and Corporate Governance Committee is composed of Edward H. Kernaghan (Chair), Dany St-Pierre and Marie Giguère.
- The Human Resources Committee is composed of Alain Ducharme, Yves Rheault (Chair), Alain Rhéaume and Michelle Samson-Doel.

As at the date of this Annual Information Form, Boralex's directors and executive officers as a group beneficially own, directly or indirectly or exercise control over 127,639 Class A common shares of Boralex, representing less than 1% of the Corporation's issued and outstanding Class A common shares. It should also be noted that no director or executive officer holds directly in his name more than 1% of the Corporation's shares.

11. Audit committee

Audit committee charter

The Audit Committee Charter can be found at Schedule A.

Composition and mandate

The Audit Committee of Boralex is composed of Pierre Seccareccia, Chairman, Michelle Samson-Doel and Alain Rhéaume, all of whom are independent. The Committee is governed by a written charter, a copy of which is attached to this Annual Information Form as Schedule "A".

Relevant experience and education of the members

The following briefly summarizes the education and experience of each Committee member that is relevant to the performance of their duties on the Committee, in particular any education or experience that provides the member with an understanding of the accounting principles used by the Corporation to prepare its annual and interim financial reports.

Pierre Seccareccia has been a Fellow of the *Ordre des comptables professionnels agréés du Québec* since 1996 following his admission as member in 1970. He was admitted as a partner for the firm *Coopers & Lybrand* in 1976 and was, from 1998 to 2001, managing partner for the chartered professional accountant firm *PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L.*

Alain Rhéaume has a licence in business administration from Laval University. He is the Founder and Managing Partner of *Trio Capital Inc.*, a private investment company. As a director of various public corporations, Mr. Rhéaume has been a member of Audit Committees. He was also a director of the Canadian Public Accountability Board and Chair of the Board of Directors of the Canadian Investor Protection Fund. Over the past years, Mr. Rhéaume held various senior management positions. He served, namely as Executive Vice President of *Rogers Wireless Inc.* and President of its Fido Division, a role he assumed when *Microcell Telecommunications Inc.* was acquired by *Rogers*. He served as President and Chief Executive Officer of *Microcell PCS*, a division of *Microcell Telecommunications Inc.*, and as President and Chief Operating Officer of *Microcell Solutions Inc.* From 1996 to 2001, Mr. Rhéaume served as Executive Vice President and Chief Financial Officer of *Microcell Telecommunications Inc.* Previously, Mr. Rhéaume was Associate Deputy Minister of Finance from 1987 to 1992 and Deputy Minister of Finance from 1992 to 1996 in the Government of Québec.

Michelle Samson-Doel is a corporate director and president of *Samson-Doel Group Limited*, an investment company. Ms. Samson-Doel has been a CPA, CA since 1982 and holds a Bachelor of Commerce and Finance from the University of Toronto. She completed the corporate director certification program from the Rotman School of Management and has been accredited IAS.A by the Institute of Corporate Directors since 2004. She has served in many executive positions at *Multi-Marques Inc.*, including as Vice President of business development from 1996 to 2000 and as executive chair of the board of directors from 2000 to 2001. Ms. Samson-Doel is also a member of the audit committee of the *GTAA-Greater Toronto Airports Authority – Toronto Pearson International Airport*.

Exemptions

The Corporation has not relied on any exemption during this last fiscal year.

Independent auditors' fees

The following table lists the fees invoiced by *PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L.* over the last two financial years ending December 31st, in Canadian dollars, for various services rendered to the Corporation and its subsidiaries:

(in Canadian dollars)	2017	2016
Audit fees	\$533,500	\$478,500
Audit-related fees	\$368,550	\$226,650
Tax fees	-	-
All other fees	\$21,200	\$120,200
Total	\$923,250	\$825,350

"Audit Fees" consist of all fees paid for professional services rendered for the audit of the Corporation's annual consolidated financial statements and for services that are normally provided in connection with statutory and regulatory filings or engagements related to the annual consolidated financial statements, including review engagements performed on the interim consolidated financial statements of the Corporation.

"Audit-related fees" consist of all fees paid for professional services related to audits of subsidiary companies, where required, specified procedures reports and other audit engagements not related to the consolidated financial statements of Boralex.

"Tax fees" consist of all fees paid for professional services rendered with respect to income and sales taxes.

"Other fees" consist of all fees paid for translation services, advisory services and fees related to the auditors' involvement with offering documents, if any.

Audit committee preapproval policy

The Audit Committee has a policy of independence of the external auditor, which governs all aspects of the relationship of Boralex with its external auditor, including the preapproval of all services provided by its external auditor. At the beginning of each year, the Vice President and Chief Financial Officer of Boralex and the external auditor make a joint submission to the Audit Committee showing the list of audit services, audit-related services, tax services and non-audit services which require preapproval for the following financial year. The list of proposed services is reviewed by the Audit Committee and, where it deems appropriate, approved.

If, after the annual general approval, the Corporation finds it necessary that the external auditor perform an additional service, a request must be submitted at the next regular meeting of the Committee for purposes of obtaining specific preapproval.

12. Legal proceedings

None of the Corporation or its subsidiaries was, during the year ended December 31, 2017, subject to any legal proceedings that would have a material adverse effect on it or that represent an amount exceeding 10% of the consolidated assets of the Corporation. A description of certain legal proceedings to which the Corporation is a party is found below and is also included in the audited annual consolidated financial statements of Boralex for the year ended December 31, 2017, incorporated herein by reference.

On September 16, 2016, the Corporation completed the acquisition of the Moulins du Lohan project located in Bretagne, France. The construction permits were obtained in 2014 from the administration of the Morbihan department and construction had begun before the Corporation's acquisition. On April 14, 2017, land owners filed a motion to have construction on the project cease pending a court decision regarding the cancellation of the permits issued by the Prefect of Morbihan. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the construction permits for the Moulins du Lohan project based on its subjective risk assessment of landscape damage to the Lanouée forest. As a result of these proceedings, construction of the project has halted. The Corporation has appealed this decision. Given the circumstances, the legal precedents and the grounds stated by the Tribunal, it believes that the decision is unfounded in fact and in law.

On October 19, 2017, the Corporation received a \$25 million claim for compensation (excluding taxes) from Neilson, a division of Pomerleau Inc. ("Pomerleau") associated with the work performed by Pomerleau for the Yellow Falls facility in connection with a \$59 million EPC contract entered into on July 22, 2015.

Pomerleau is claiming an amount over and above the amount agreed to under the EPC contract for contingencies and problems encountered during performance of the work which caused delays and led to additional costs. The Corporation denies being responsible for the delays and additional costs incurred by Pomerleau and is contesting the validity of the claim for compensation other than an amount of \$3.5 million. The Corporation agrees that it owes Pomerleau an additional amount of \$3.5 million in connection with the work performed under the EPC contract. The Corporation has approved payment of this amount and agrees to pay it upon receipt of an invoice from Pomerleau.

On November 24, 2017, Pomerleau filed a \$37 million lien claim (including taxes) under the *Construction Lien Act* (Ontario). The Corporation also received a notice of arbitration from Pomerleau on January 26, 2018 in the amount of \$39 million (including taxes), also associated with the work performed by Pomerleau for the Yellow Falls facility.

The Corporation believes that the claim is unfounded and intends to vigorously contest it. The Corporation expects that the amount to be paid as a result of this dispute is limited to an amount of \$3.5 million.

13. Interest of management and others in material transactions

No director, executive officer or shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of any category of shares of the Corporation or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year or in any proposed transaction, that has materially affected or will materially affect the Corporation. For additional information with respect to certain related party transactions to which the Corporation is a party, see note 28 - Related Party Transactions of the audited annual financial statements of the Corporation for the year ended December 31, 2017.

14. Transfer agent and registrar

The transfer agent and registrar of Boralex is Computershare Investor Services Inc., having a place of business at 1500 Robert-Bourassa Boulevard, 7th Floor, Montréal, Québec, H3A 3S8 Canada. The transfer register of the Class A common shares of the Corporation maintained by Computershare Investor Services Inc. is located in the same office.

15. Material contracts

The material contracts entered into during the year ended December 31, 2017 and those entered previously and which are still in effect are:

RSP Énergie Inc. Management Agreement

Management Agreement dated June 20, 2017 between the Corporation and RSP Énergie Inc., under which the Corporation manages and operates two hydroelectric power stations having a total capacity of 12.6 MW until September 7, 2034. The management agreement is automatically renewable for successive one-year terms. It replaces the management agreement entered into on April 2, 2003 between the Corporation and RSP Énergie Inc., the term of which ended in 2018.

Thames River Financing Agreement

Pursuant to a loan agreement dated March 10, 2010 entered into between Boralex Ontario Holdings LP, Boralex Ontario Energy Holdings 2 LP and a consortium of Canadian life insurance companies formed and headed by Manulife Financial Corporation, Boralex announced the refinancing for Phase I (40 MW) of the Thames River wind farm, and the refinancing for Phase II (50 MW) at the same site. The total amount involved is \$195 million, about 76% of the total investment, including initial financing costs, interest payable during the construction period, working capital and contingencies. As a result of the increase in the financial leveraging on Phase I of the project, Boralex has been able to complete Phase II without adding any equity investment and also free up \$13 million. The loan will be amortized over 21 years, at a rate of 7.05% for the entire term of the loan. Phase I, with an installed capacity of 40 MW, has been operating since late January 2010. Phase II, with an installed capacity of 50 MW, has been gradually put into operation between November 2010 and January 2011. The power produced by the Thames River wind farm is sold to the OPA (now IESO) under the Advanced RESOP program.

Seigneurie de Beaupré Financing

On May 4, 2016 Boralex, Gaz Métro Limited Partnership and Valener Inc. announced the closing of a \$618 million amended and restated credit agreement in connection with the non-recourse refinancing for the Seigneurie de Beaupré 2 and 3 wind farms project. The total refinancing amount consists of: (i) a \$383 million uncovered tranche of the term loan expiring in December 2032, representing a \$132 million increase over the initial tranche and a one-year extension of the maturity date, (ii) a \$193 million covered tranche of the term loan expiring in December 2029, representing a \$45 million decrease and a two-year reduction of the maturity date of this tranche, which is covered by a guarantee pledged in favour of the lenders by the Federal Republic of Germany through its export credit agency Euler-Hermes, and (iii) a \$41 million letter of credit facility. The group of lenders consists of Bank of Tokyo-Mitsubishi (UFJ), IPEX-Bank, Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank, AKA Bank, DZ Bank, Laurentian Bank of Canada, Commonwealth Bank of Australia and Crédit Industriel et Commercial.

Share Purchase Agreement Related to 2014 Acquisition of EGP France

On December 18, 2014, Boralex entered into a Share Purchase Agreement with Enel Green Power International BV (the "Vendor"), a wholly-owned subsidiary of Enel Green Power SpA, in connection with the acquisition by Boralex of all of the issued and outstanding shares of EGP France for a consideration of \$189 million (€132 million), payable in cash. The acquisition closed on December 18, 2014.

Pursuant to the Share Purchase Agreement, Boralex acquired EGP France for a total purchase price of €295 million (\$422 million) (the "Purchase Price"), consisting of:

- (i) €280 million consisting of (a) €117 million for the acquisition of all of the shares of EGP France (the "Base Purchase Price") and (b) €163 million for the repayment of the Vendor's loans to EGP France;
- (ii) €15 million for the acquisition of a 10 MW wind farm (Pecou) that was owned by a subsidiary of EGP France, who had undertaken to sell it to a third party. The sale of this wind farm occurred on December 23, 2014 for a consideration of €15 million. Boralex, through EGP France, recovered the amount of €15 million.

The Base Purchase Price was based on estimates prepared before the closing date of (i) cash and cash equivalents and other specified elements of financial positions such as receivables and securities held, offset by certain specified liabilities, and (ii) net working capital.

The Share Purchase Agreement contains representations and warranties made by the Vendor in favour of Boralex with respect to EGP France and indemnities from the Vendor in favour of Boralex. The total liability of the Vendor to Boralex under the indemnification provisions will be subject to certain limitations set forth in the Share Purchase Agreement.

Non-Recourse Term Loan Facility Entered Into in Connection with Acquisition of EGP France

In connection with the acquisition of EGP France by the Corporation, which closed on December 18, 2014, a non-recourse senior secured term loan facility was made available to EGP France by BNP Paribas SA in the principal amount of €180 million maturing in January 2030 (the "Non-Recourse Term Loan Facility").

A first tranche has been drawn and used by EGP France in an amount of €170 million at the closing of the acquisition of EGP France to repay the Vendor's loans to EGP France and to meet certain other liabilities of EGP France in relation to the financing. More specifically, €168 million of the first tranche was used to finance a portion of the Purchase Price. A second tranche of up to €10 million became available for the financing of certain construction costs related to Pays d'Othe wind farm of EGP France, and other capital expenditures, subject to the satisfaction of certain conditions precedent, including specific project-related events and milestones. A third tranche in an amount of €25 million was disbursed on December 18, 2015, which brings the total amount to €205 million.

The repayment must be made in semi-annual installments since July 5, 2015. Interest under the Non-Recourse Term Loan Facility agreement will be payable semi-annually. The interest rate on the first €145 million is a variable rate and is equal to the Euribor and the applicable interest margin which will increase incrementally every five years until the final maturity date ("Applicable Margin"). The interest rate on the remaining €60 million is a fixed rate and is the sum of a specified fixed interest margin and the Applicable Margin. The setting up of an interest rate hedging agreement allows Boralex to eliminate a significant amount of risk related to interest rate changes.

The Non-Recourse Term Loan Facility agreement contains a variety of restrictions applicable to EGP France as borrower, in particular in view of potential acquisitions and distributions to its shareholder, the assumption of additional financial indebtedness and the granting of loans and security interests to parties other than BNP Paribas SA and any other third party that may become a lender under the Non-Recourse Term Loan Facility.

Underwriting Agreement for 2014 Bought Deal Offering

Pursuant to an Underwriting Agreement dated December 19, 2014 between the Corporation and National Bank Financial Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., TD Securities Inc. and Cormark Securities Inc., the Corporation issued and sold on a bought deal basis 8,430,000 Class A common shares at a price of \$13.05 per share for gross proceeds of \$110 million. The proceeds of the offering were used to repay the bridge credit facility entered into by the Corporation in connection with its acquisition of EGP France.

Underwriting Agreement for 2015 Bought Deal Offering

Pursuant to an Underwriting Agreement dated June 8, 2015 between the Corporation and the underwriters, i.e., National Bank Financial Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., TD Securities Inc., Scotia Capital Inc. and Cormark Securities Inc., the Corporation issued and sold, on a bought deal basis, 143,750 2015 Debentures at a price of \$1,000 per debenture for gross proceeds of \$144 million. The proceeds of the offering were used to reduce the Corporation's debt under its revolving credit facility and finance its acquisition projects. For additional information, see Section 5, "General development of the business – 2015".

Trust Indenture for "BLX.DB.A" 2015 Debentures

On June 22, 2015, Boralex and Computershare entered into a Trust Indenture that governs the 2015 Debentures. For additional information relating to the terms of the 2015 Debentures, refer to Section 8, "Capital structure – Convertible debentures".

Acquisition agreements for NRW project

In connection with the acquisition of all of Enercon's interest in the NRW project, which closed on January 18, 2017, Boralex entered into two acquisition agreements with Enercon and some of its subsidiaries, namely a share and unit purchase agreement and a subscription and redemption agreement. Under these two agreements (collectively, the "Acquisition Agreements"), Boralex acquired all of the economic interest of Enercon in the NRW project for a total cash consideration of \$232 million, subject to purchase price adjustments under the Acquisition Agreements.

In the Acquisition Agreements, Enercon makes representations, warranties and several undertakings toward Boralex regarding the NRW project, and has granted certain other indemnities to Boralex. For further information about the acquisition of Enercon's interest in the NRW project, see Sub-sections "2016" and "2017" in Section 5.

Financing of the NRW project

On September 30, 2016, NR Capital GP, as borrower, entered into a credit agreement with FWRN LP, as guarantor, 1021702 B.C. Ltd., general partner of FWRN LP, as guarantor, and various financial institutions, as lenders, which agreement was amended on December 15, 2016 and January 18, 2017. The non-recourse financing totals \$828 million and is comprised of a \$537 million unsecured term loan, a \$252 million term loan guaranteed by the Federal Republic of Germany through its export credit agency, Euler-Hermes, and a \$39 million letter of credit facility. The term loans have a term of 18 years and an interest rate below 4%. The group of lenders is composed of Bank of Tokyo-Mitsubishi (UFJ), KfW, IPEX-Bank, Landesbank Baden-Württemberg, DZ Bank, ABN Amro and Caixabank.

Underwriting agreement for 2016 distribution

Pursuant to an underwriting agreement entered into on December 9, 2016 between the Corporation and National Bank Financial Inc., RBC Capital Markets, BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., TD Securities Inc., Cormark Securities Inc., Industrial Alliance Securities Inc. and Raymond James Ltd., the Corporation issued and sold, on a bought deal basis, 10,361,500 subscription receipts of Boralex at a price of \$16.65 each for a total of \$173 million. Each subscription receipt may be exchanged for one Class A share of Boralex. The subscription receipts were converted into 10,361,500 Class A shares of Boralex when the acquisition of the NRWF project closed, on January 18, 2017. The proceeds of the distribution were applied to the payment of the acquisition price payable in connection with the acquisition of the NRWF project. For more information, see Sub-section "2017" in Section 5.

Investor rights agreement

Pursuant to an investor rights agreement entered into on July 27, 2017 between the Corporation and the Caisse, the Caisse may appoint two independent directors to Boralex's Board. The number of individuals the Caisse can appoint to the Board will fall to one if it and its affiliates cease to be the beneficial owners of at least 15% of the issued and outstanding shares of Boralex. The Caisse will no longer have the right to appoint a director if it and its affiliates cease to be the beneficial owners of at least 12% of the issued and outstanding shares of Boralex. Boralex also granted the Caisse pre-emptive rights in the case of additional share issuances, subject to customary exceptions, as long as the Caisse is the beneficial owner of at least 10% of the issued and outstanding shares of Boralex. The investor rights agreement also provides for registration rights in favour of the Caisse.

16. Interests of experts

PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L., Partnership of Chartered Professional Accountants, is the independent auditor of the consolidated financial statements of the Corporation who prepared an independent auditor's report dated March 1, 2018 in respect of the Corporation's consolidated financial statements and related notes as at December 31, 2017 and 2016 and for the years then ended. PricewaterhouseCoopers LLP/s.r.l./S.E.N.C.R.L. has advised that they are independent with respect to the Corporation within the meaning of the *Code of ethics of chartered professional accountants* of Québec.

17. Additional information

Additional information, including directors' and officers' remuneration, loans granted to them, principal holders of the securities of Boralex and securities authorized for issuance under equity compensation plans, if any, is included in the management proxy circular dated March 13, 2017 and will be included in the management proxy circular prepared in connection with the 2018 annual meeting of shareholders of Boralex which will take place on May 9, 2018.

Additional financial information pertaining to the financial year ended December 31, 2017 is included in the audited annual financial statements of Boralex for the year ended December 31, 2017, and the related Management's Discussion and Analysis, which are specifically incorporated by reference herein and are available at www.sedar.com.

The continuous disclosure documents are available on the Corporation's website at www.boralex.com or on SEDAR at www.sedar.com, or by request to the Corporate Secretary of the Corporation at the following addresses:

Boralex Inc.

Head Office

Corporate Secretary Offices
36 Lajeunesse Street
Kingsey Falls, Québec J0A 1B0
Telephone: 819-363-6363
Facsimile: 819-363-6399

Boralex Inc.

Administrative Offices

Corporate Secretary Offices
772 Sherbrooke Street West, Suite 200
Montréal, Québec H3A 1G1
Telephone: 514-284-9890
Facsimile: 514-284-9895

Schedule “A” - Audit committee charter

1. Composition and quorum

- The Audit Committee consists of a minimum of three directors appointed by the Board;
- Only independent directors, as determined by the Board and following Canadian securities legislation and regulations, may serve on the Audit Committee. A member of the Audit Committee may not, other than in his or her capacity as a director or member of a Board committee and subject to the exceptions provided in Canadian laws and regulations, directly or indirectly accept any fee from Boralex or any subsidiary of Boralex or be an affiliated person of Boralex or any subsidiary of Boralex;
- Each member must be deemed “financially literate” by the Board;
- A majority of the members constitutes a quorum.

2. Committee meetings

- The Committee meets as needed but at least four times a year;
- Committee members meet before or after every meeting without the presence of management;
- The Committee reports regularly on its activities to the Board and makes recommendations as appropriate.

3. Mandate

The primary duty of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the following:

- Accuracy and completeness of the Corporation's consolidated financial statements and related information;
- Financial reporting and disclosure process;
- Internal controls and financial controls systems;
- Appointment, qualifications, performance, independence and compensation of auditors;
- Compliance with legal and regulatory requirements; and
- Any other duty or responsibility the Board may delegate to the Committee from time to time.

While the Audit Committee has the responsibilities and powers stated below, its members acknowledge that the Committee's role is to oversee, on behalf of the Board, the Corporation's accounting and financial disclosure processes and the auditor's work, and to regularly report to the Board on its activities.

Management is responsible for the preparation, reporting and integrity of the Corporation's consolidated financial statements and for the effectiveness of its internal controls over financial reporting. Management is responsible for applying and maintaining appropriate principles and policies with respect to accounting, reporting and internal controls that allow Boralex to comply with accounting standards, laws and regulations.

The auditors are responsible for planning and conducting audits of the Corporation's annual consolidated financial statements and annually reviewing the effectiveness of internal controls over financial reporting and the other auditing procedures.

The Audit Committee is directly responsible for overseeing the work of the auditor retained for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Boralex.

In performing their duties, Audit Committee members must engage in constructive and open discussions with the Board, the auditor and management.

The responsibilities of the Audit Committee include the following:

A. Financial reporting

- Review the quality and integrity of the Corporation's accounting, reporting and disclosure processes through discussions with management and the auditors;
- Review with management and the auditors, the Corporation's annual audited financial statements, including the management report, related press releases and auditor's report on the annual audited financial statements prior to their distribution and filing with securities regulators;
- Review with management, the Corporation's unaudited consolidated financial statements, including the interim management report and related press releases prior to their distribution and filing with securities regulators;
- Review the financial information in prospectuses, offering memoranda, annual information form and any other public documents that contain audited or unaudited financial information submitted for Board approval;
- Review, with the auditors and management, the quality, appropriateness and disclosure of the Corporation's accounting principles and policies, underlying assumptions, reporting practices, and any proposed changes thereto;
- Review any analyses or other written communications prepared by management or the auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the consolidated financial statements, including the effects of alternative GAAP methods on the Corporation's financial statements;
- Review the compliance of management certification of financial reports with applicable legislation;
- Review any material litigation and any regulatory or accounting initiatives that could have a material effect on the financial position or operating results of the Corporation and the appropriateness of their disclosure in the documents reviewed by the Audit Committee;
- Review the results of the audit, any significant problems encountered in performing the audit and management's response or action plan in response to the auditors' recommendations.

B. Financial risk management and internal controls

- Receive, periodically, management's report assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures and internal control systems;
- Review the Corporation's insurance coverage each year and as required;
- Review the Corporation's major financial risk assessment and management policies, including hedging, financing, investment and credit policies;
- Review major capital expenditures and other major spending, transactions between related parties and any other transactions that could change the Corporation's financial or organizational structure, including off-balance sheet items;
- Assist the Board with the oversight of the Corporation's compliance with applicable legal and regulatory requirements;
- While ensuring confidentiality and anonymity, establish clear, precise procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters (i.e. irregularities or fraud), including employee concerns regarding accounting or auditing matters.

C. Auditors

- Make recommendations to the Board concerning the appointment and remuneration of auditors according to their evaluation and review of their qualifications, performance and independence in accordance with Canadian Public Accountability Board standards;
- Ensure that the auditors report directly to the Committee;
- Approve and oversee the disclosure of all audit, review or attest services provided by the auditors; determine which non-audit services the auditors may not provide, and pre-approve and oversee the disclosure of permitted non-audit services provided to Boralex or its subsidiaries, divisions or joint ventures in accordance with applicable laws and regulations;
- Discuss with the auditors the quality and not just the acceptability of the Corporation's accounting principles, including i) all critical accounting policies and practices used, ii) any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the auditors, and iii) any other material written communication between management and the auditors;
- Resolve any disagreement or unresolved issue between management and the auditors that could have an impact on the consolidated financial statements or on the existing measures and procedures to remedy it;
- Review, at least once a year, the auditor's report describing the auditors' relationship with Boralex and confirming their independence, and discuss with them any relationship or service that may impact the quality of their auditing services, their objectivity or independence;
- Approve and review, at least once a year, the Corporation's policy on auditor independence, including the rules for hiring the auditors' personnel.

If necessary, the Audit Committee may retain, at the Corporation's expense, independent advisors to assist it in fulfilling its responsibilities and may fix the fees and other hiring terms of such advisors.

Once a year, the Committee reviews the adequacy of its mandate.



BORALEX



@BorexInc
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