VALENER energy company

PRESS RELEASE

FOR IMMEDIATE RELEASE

VALENER AND GAZ MÉTRO REPORT THEIR FISCAL 2016 THIRD QUARTER RESULTS

Q3 2016 HIGHLIGHTS

Valener

- Adjusted net income[1,2] of $1.7 million in the third quarter of fiscal 2016 compared to $0.8 million in the third quarter of fiscal 2015;
  - Adjusted net income per common share of $0.04, up $0.02 from the same quarter of fiscal 2015.
- Adjusted net income[1,2] of $50.6 million for the first nine months of fiscal 2016, up 3% year over year;
- Normalized operating cash flows per common share[1] of $0.36 for the third quarter of fiscal 2016 and $0.92 for the first nine months; and
- Receipt of a special distribution of $19.6 million following the refinancing of Seigneurie de Beaupré Wind Farms 2 and 3.

Gaz Métro

- Adjusted net income[1] of $9.8 million for the third quarter of fiscal 2016, up $9.9 million from the third quarter of fiscal 2015;
- For the first nine months of fiscal 2016, adjusted net income[1] of $225.6 million, up 10% ($21.3 million) year over year; and
- Receipt of a special distribution of $20.4 million following the refinancing of Seigneurie de Beaupré Wind Farms 2 and 3.

Montreal, August 11, 2016 – Valener Inc. ("Valener") (TSX: VNR) (TSX: VNR.PR.A), the public investment vehicle in Gaz Métro Limited Partnership ("Gaz Métro"), today reported adjusted net income attributable to common shareholders of $1.7 million for the third quarter of fiscal 2016, up $0.9 million from the same quarter of fiscal 2015. This increase was driven by a notable rise in Gaz Métro's adjusted net income tempered in part by more moderate winds at the Seigneurie de Beaupré wind farms. Adjusted net income per common share stood at $0.04 in the third quarter of fiscal 2016 compared to $0.02 in the third quarter of fiscal 2015. For the first nine months of fiscal 2016, Valener generated adjusted net income attributable to common shareholders of $50.6 million ($1.31 per common share) compared to $48.9 million ($1.28 per common share) for the same period of last year.

For the third quarter of fiscal 2016, Valener recorded normalized operating cash flows of $13.9 million ($0.36 per common share) compared to $12.4 million ($0.32 per common share) in the third quarter of fiscal 2015. This increase stems from the higher distributions received from Gaz Métro following the subscription of 2.4 million Gaz Métro units on April 30, 2015 and 2.1 million units on September 30, 2015 as well as from an increase in Gaz Métro's quarterly distribution from $0.28 per unit to $0.29 per unit since the second quarter of fiscal 2016. Also contributing to this increase was the $1.6 million distribution received from Beaupré Éole in the third quarter of fiscal 2016, as the corresponding fiscal 2015 distribution was paid in the second quarter.

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[1] Financial measures not defined by U.S. generally accepted accounting principles ("U.S. GAAP").
[2] Adjusted net income attributable to common shareholders.

A reconciliation of non-U.S.-GAAP financial measures is presented hereafter.

"Our investments delivered excellent results during the quarter. Our main investment, Gaz Métro, generated almost $10 million more in adjusted net income than in fiscal 2015, and following a $617.5 million refinancing, Wind Farms 2 and 3 paid a special distribution of close to $20 million to Valener," said Pierre Monahan, Chairman of Valener's board of directors. *"With this constant improvement, Valener can reaffirm its dividend growth target of 4% over the next two years*."

Summary of Valener's results

	For the three months ended June 30		For the nine months ended June 30	
(in millions of dollars, unless otherwise indicated)	**2016**	2015	**2016**	2015
Net income (loss)	**(2.7)**	2.9	**67.3**	55.5
Net income (loss) attributable to common shareholders	**(3.8)**	1.8	**64.0**	52.2
Adjusted net income attributable to common shareholders [(1)]	**1.7**	0.8	**50.6**	48.9
Per common share *(in $)* [(1)]	**0.04**	0.02	**1.31**	1.28
Normalized operating cash flows [(1)]	**13.9**	12.4	**35.6**	38.1
Per common share *(in $)* [(1)]	**0.36**	0.32	**0.92**	1.00

(1) These financial measures are not defined by U.S. GAAP. A reconciliation of non-U.S.-GAAP financial measures is presented hereafter.

Seigneurie de Beaupré wind farms – Valener and Gaz Métro

The Seigneurie de Beaupré wind farms experienced less favourable wind conditions than in the same period of last year, but were nonetheless in line with expectations.

Combined, the wind farms generated $16.5 million in operating cash flows during the third quarter of fiscal 2016 compared to $27.5 million during the third quarter of fiscal 2015. These cash flows enabled Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("Wind Farms 2 and 3") and Seigneurie de Beaupré Wind Farm 4 GP ("Wind Farm 4") to pay distributions of $6.7 million and $2.3 million, respectively, in the third quarter of fiscal 2016. No distributions were paid in the third quarter of fiscal 2015.

In total, the wind farms generated 222,087 megawatt hours ("MWh") in the third quarter of fiscal 2016 compared to 275,758 MWh in the same quarter last year.

Financial initiatives

On May 4, as part of its $617.5 million refinancing, Wind Farms 2 and 3 paid a special distribution of $80 million to its partners, Valener, Gaz Métro and Boralex. Each partner received an amount representing their proportionate share in the Seigneurie de Beaupré wind farms. Valener and Gaz Métro used their distributions of $19.6 million and $20.4 million, respectively, to repay a portion of their credit facilities.

Gaz Métro's results

For the third quarter of fiscal 2016, Gaz Métro's adjusted net income attributable to Partners, which excludes one-time adjustments, was $9.8 million, up $9.9 million year over year. This increase stems mainly from higher capitalized interest on Gaz Métro-QDA's non-rate-base investments and from a notable increase in natural gas deliveries.

During the third quarter, Vermont Gas Systems ("VGS") recorded a before-tax US$20.6 million (C$16.5 million after tax) impairment on noncurrent assets related to the Addison project. This adjustment resulted in a $6.7 million net loss attributable to the Partners of Gaz Métro for the third quarter of fiscal 2016 compared to a net loss of $0.1 million in the third quarter of fiscal 2015.

"Notwithstanding the effect of the revised costs of the Addison project, this was another solid quarter for Gaz Métro. Our results reflect our handle on operating costs, an increase in natural gas deliveries in Quebec, and higher LNG deliveries, which now include those destined to Stornoway's diamond mine over 1,000 kilometres from Montreal." said Sophie Brochu, President and Chief Executive Officer of Gaz Métro. *"We continue to make progress on our major projects, and our ongoing diversification efforts, such as the development of solar parks in Vermont and the pending acquisition of Enel's 14 power stations, prove our resolve to our guiding principle: creating value for our clients and shareholders while also contributing to bettering our environment."*

Gaz Métro's segment results – Adjusted net income (loss) attributable to Partners [1]

	For the three months ended June 30		For the nine months ended June 30	
(in millions of dollars)	**2016**	2015	**2016**	2015
Energy Distribution				
Gaz Métro-QDA	**(3.6)**	(9.6)	**162.7**	144.8
Impact of the regulatory treatment related to employee future benefits (Gaz Métro-QDA) [2]	**-**	-	**79.3**	-
Vermont [3]	**11.5**	8.3	**50.3**	46.5
Impairment of noncurrent assets recorded for VGS's Addison project [4]	**(16.5)**	-	**(16.5)**	-
	(8.6)	(1.3)	**275.8**	191.3
Natural Gas Transportation [3]	**3.0**	2.6	**14.9**	13.1
Electricity Production [3]	**(0.2)**	0.6	**1.8**	3.6
Energy Services, Storage and Other [3]	**1.4**	(0.1)	**3.3**	1.8
Corporate Affairs [3]	**(2.3)**	(1.9)	**(7.4)**	(5.5)
Net income (loss) attributable to Partners	**(6.7)**	(0.1)	**288.4**	204.3
Adjustments [2]	**16.5**	-	**(62.8)**	-
Adjusted net income (loss) attributable to Partners [1]	**9.8**	(0.1)	**225.6**	204.3

(1) This financial measure is not defined by U.S. GAAP. A reconciliation of non-U.S.-GAAP financial measures is presented hereafter.

(2) One-time adjustment to account for a regulatory asset related to employee future benefits and resulting from the application of U.S. GAAP.

(3) Net of financing costs of investments in this segment. These costs consist of the interest on long-term debt incurred by Gaz Métro to finance investments in subsidiaries, joint ventures and entities subject to significant influence in each of these segments.

(4) After the costs of the Addison project were re-estimated to be US$165.6 million (estimated at US$145.0 million as at September 30, 2015), VGS recognized a before-tax US$20.6 million impairment on noncurrent assets in the third quarter of fiscal 2016, which had an after-tax C$16.5 million unfavourable impact on Gaz Métro's net income.

SEGMENT INFORMATION

Energy Distribution

IN QUEBEC

Gaz Métro-QDA recorded a third-quarter net loss attributable to Partners of $3.6 million compared to a net loss of $9.6 million in the third quarter of fiscal 2015, a $6 million year-over-year improvement that was mainly due to:

- higher capitalized interest on non-rate-base investments;
- an increase in deliveries; and
- a higher share of anticipated overearnings in fiscal 2016 compared to fiscal 2015.

Accordingly, Gaz Métro expects fiscal 2016 net income for the Energy Distribution segment in Quebec to slightly exceed the earnings projected in the 2016 rate case.

IN VERMONT

The Energy Distribution segment in Vermont, through subsidiaries Green Mountain Power Corporation (“GMP”) and VGS, recorded adjusted net income attributable to Partners of $11.5 million for the third quarter of fiscal 2016, a $3.2 million year-over-year increase that was mainly due to:

- the increase in GMP’s rate base; and
- a timing difference between revenue and cost recognition.

partly offset by:

- the unfavourable effect of no longer capitalizing the return on VGS’s non-rate-base investments related to the Addison project, in accordance with the memorandum of understanding signed with the Vermont Public Service Board (“VPSB”) fixing project costs at US$134.0 million.

In October 2015, VGS and the Vermont Department of Public Service signed a memorandum of understanding under which VGS agreed to set a US$134.0 million cap on the amount of costs related to Phase I of the project that could be recovered through rates, barring circumstances beyond its control or not set out in the memorandum.

Pursuant to this memorandum of understanding, VGS recorded a US$10.3 million impairment on noncurrent assets as at September 30, 2015 to recognize the uncertainty surrounding a portion of the project costs that could potentially not be recoverable from rates. Given this context, during the second quarter of fiscal 2016, VGS also stopped capitalizing the return on non-rate-base investments related to the project. During the third quarter of fiscal 2016, VGS reviewed the estimated project costs, which now stand at US$165.6 million. As a result, an additional US$20.6 million impairment on noncurrent assets was recognized by VGS during the third quarter of fiscal 2016. The higher cost estimate essentially stems from an increase in construction costs arising from greater drilling activity, the impact of soil composition, and higher land rights acquisition costs. VGS expects, however, that most of the work for the second segment of the project, namely, commissioning the remaining 49 km of pipeline, will be completed before the end of calendar year 2016.

As for GMP, in July 2016, it reached an agreement with Enel Green Power NA to acquire 14 small hydroelectric power stations located mainly in New England, with an approximate total capacity of 17 MW, and to purchase the output of two other Enel hydroelectric power stations in accordance with 25-year power purchase agreements. This US$20.3 million acquisition, which is subject to regulatory approval by the VPSB and the Federal Energy Regulatory Commission, is expected to close in fiscal 2017.

Natural Gas Transportation

The Natural Gas Transportation segment generated third-quarter net income attributable to Partners of $3.0 million, up $0.4 million, or 15%, from the third quarter of fiscal 2015. This increase was due to higher transported volumes by Portland Natural Gas Transmission System (“PNGTS”), a company in which Gaz Métro holds a 38.3% ownership interest.

Electricity Production

For the third quarter of fiscal 2016, the Electricity Production segment recorded a net loss attributable to Partners of $0.2 million compared to net income attributable to Partners of $0.6 million for the third quarter of last year. The decrease was mainly due to less favourable wind conditions in the third quarter of fiscal 2016.

Energy Services, Storage and Other

The Energy Services, Storage and Other segment generated net income attributable to Partners of $1.4 million for the third quarter of fiscal 2016 compared to a net loss attributable to Partners of $0.1 million in the third quarter of fiscal 2015. This increase was driven mainly by a notable increase in LNG deliveries, which grew by more than 8 million cubic metres as a result of new contracts, including the one concluded with the Stornoway diamond mine in the Nord-du-Québec region.

Financial initiatives

On May 24, Gaz Métro inc. (“GMi”) completed a $100 million private placement of Series S First Mortgage Bonds (the “Series S Bonds”). The Series S Bonds, bearing interest at an annual rate of 1.52%, mature on May 25, 2020, and have been assigned a rating of A+ by Standard & Poor’s and a rating of A by DBRS Limited. The issuance proceeds were loaned to Gaz Métro at similar conditions and were used to repay existing debt and for general corporate purposes.

Corporate Affairs

Gaz Métro announced that Pierre Despars, Executive Vice-President, Corporate Affairs, and Chief Financial Officer, will retire at the end of 2017. Éric Lachance, currently of the Caisse de dépôt et placement du Québec, will join Gaz Métro at the start of 2017. He will become Gaz Métro’s Chief Financial Officer at the end of the transition period during which Mr. Despars will continue to hold his current position within Gaz Métro.

Reconciliation of non-U.S.-GAAP financial measures

Valener Inc.

Reconciliation of normalized operating cash flows

(in millions of dollars)	For the three months ended June 30		For the nine months ended June 30	
	2016	2015	**2016**	2015
Cash flows related to operating activities	**15.0**	13.5	**38.9**	41.4
Dividends paid to preferred shareholders	**(1.1)**	(1.1)	**(3.3)**	(3.3)
Normalized operating cash flows	**13.9**	12.4	**35.6**	38.1

Valener Inc.

Reconciliation of adjusted net income attributable to common shareholders

(in millions of dollars)	For the three months ended June 30		For the nine months ended June 30	
	2016	2015	**2016**	2015
Net income (loss)	**(2.7)**	2.9	**67.3**	55.5
Loss (gain) on derivative financial instruments	**1.4**	(2.0)	**4.1**	1.9
Income taxes on the loss (gain) on derivative financial instruments	**(0.4)**	0.5	**(1.1)**	(0.5)
Share in the adjustments to the net income of Gaz Métro	**4.8**	-	**(18.2)**	-
Deferred income taxes related to the outside-basis temporary difference on the interest in Gaz Métro	**(0.3)**	0.5	**1.8**	(4.7)
Cumulative dividends on Series A preferred shares	**(1.1)**	(1.1)	**(3.3)**	(3.3)
Adjusted net income attributable to common shareholders	**1.7**	0.8	**50.6**	48.9

Gaz Métro Limited Partnership

Reconciliation of adjusted net income attributable to Partners

(in millions of dollars)	For the three months ended June 30 **2016**	2015	For the nine months ended June 30 **2016**	2015
Net income (loss) attributable to Partners	**(6.7)**	(0.1)	**288.4**	204.3
Adjustments	**16.5**	-	**(62.8)**	-
Adjusted net income (loss) attributable to Partners	**9.8**	(0.1)	**225.6**	204.3
Per unit, basic and diluted *(in $)*	**0.06**	-	**1.35**	1.33

Conference call

Valener will hold a conference call today at 1:00 pm (Eastern Time) to discuss its results and those of Gaz Métro for the third quarter ended June 30, 2016. The public is invited to join the call at **647-788-4922** or toll-free at **877-223-4471.** A simultaneous webcast will also be available using the link provided under "Events and Presentations" in the "Investors" section of www.valener.com**.** A replay of the webcast will be archived on the Company's website for 365 days following the call; a phone replay will be available for 30 days by dialing 416-621-4642 or toll-free 800-585-8367 (access code: 39178398).

Overview of Valener

Valener Inc. is a widely held public company that serves as the investment vehicle in Gaz Métro. Through its investment in Gaz Métro, Valener offers its shareholders a solid investment in a diversified and largely regulated energy portfolio in Quebec and Vermont. As a strategic partner, Valener, on the one hand, contributes to Gaz Métro's growth, and on the other, invests in wind power production in Quebec alongside Gaz Métro. Valener favours energy sources and uses that are innovative, clean, competitive and profitable. Valener's common and preferred shares are listed on the Toronto Stock Exchange under the "VNR" symbol for common shares and the "VNR.PR.A" symbol for Series A preferred shares. www.valener.com

Overview of Gaz Métro

With nearly $7 billion in assets, Gaz Métro is a leading energy provider. It is the largest natural gas distribution company in Quebec, where its network of over 10,000 km of underground pipelines serves more than 300 municipalities and over 200,000 customers. Gaz Métro is also present in Vermont, producing and transporting electricity and distributing electricity and natural gas to meet the needs of more than 310,000 customers. Gaz Métro is actively involved in the development and operation of innovative, promising energy projects, including natural gas as fuel and liquefied natural gas as a replacement to higher emission-producing energies, the production of wind power, and the development of biomethane. Gaz Métro is a major energy sector player that takes the lead in responding to the needs of its customers, regions and municipalities, local organizations and communities while also satisfying the expectations of its Partners (Gaz Métro inc. and Valener) and employees. www.gazmetro.com

Cautionary note regarding forward-looking statements

This press release may contain forward-looking information within the meaning of applicable securities laws. Such forward-looking information reflects the intentions, plans, expectations and opinions of the management of Gaz Métro inc. ("GMi"), in its capacity as General Partner of Gaz Métro, acting as manager of Valener ("the management of the manager"), and is based on information currently available to the management of the manager and assumptions about future events. Forward-looking statements can often be identified by words such as "plans," "expects," "estimates," "seeks," "targets," "forecasts," "intends," "anticipates" or "believes" or similar expressions, *including the negative and conjugated forms of these words. Forward-looking statements involve known and unknown risks and uncertainties and other factors beyond the control of the management of the manager. A number of factors could cause the actual results of Valener or of Gaz Métro to differ significantly from historical results or current expectations, as described in the forward-looking statements, including but not limited to the general nature of the aforementioned, terms of decisions rendered by regulatory agencies, uncertainty that approvals will be obtained by Gaz Métro from regulatory agencies and interested parties to carry out all of its activities and the socio-economic risks associated with such activities, uncertainty related to Quebec's 2030 energy policy, the competitiveness of natural gas in relation to other energy sources in the context of fluctuating global oil prices, the reliability or costs of natural gas supply and electricity supply, the integrity of the natural gas and electricity distribution systems, the evolution and profitability of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership ("Wind Farms 2 and 3") and Seigneurie de Beaupré Wind Farm 4 GP ("Wind Farm 4") and other development projects, Valener's ability to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to complete new development projects, the ability to secure future financing, general economic conditions, exchange rate and interest rate fluctuations, weather conditions and other factors described in section E) Risk Factors Relating to Valener and in section R) Risk Factors Relating to Gaz Métro of Valener's MD&A for the fiscal year ended September 30, 2015 and in the MD&A for the quarter ended June 30, 2016 and in subsequent Valener quarterly MD&As that might address changes to these risks. Although the forward-looking statements contained herein are based on what the management of the manager believes to be reasonable assumptions, in particular assumptions that no unforeseen changes in the legislative and regulatory framework of energy markets in Quebec and in the New England states will occur; that the applications filed with various regulatory agencies will be approved as submitted; that natural gas prices will remain competitive; that the supply of natural gas and electricity will be maintained or will be available at competitive costs; that no significant event will occur outside the ordinary course of business, such as a natural disaster or other calamity, or threat to cybersecurity (or cyberattack); that Gaz Métro can continue to distribute substantially all of its net income (excluding non-recurring items); that Wind Farms 2 and 3 and Wind Farm 4 will be able to make distribution payments to their partners; that Valener will be able to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares; that Green Mountain Power Corporation will be able to continue achieving efficiency gains and synergies from the merger with Central Vermont Public Service Corporation; that Valener and Gaz Métro will be able to present their information in accordance with U.S. GAAP beyond 2018 or, after 2018, will adopt International Financial Reporting Standards ("IFRS"s) that permit the recognition of regulatory assets and liabilities; that liquidity needs for Gaz Métro's development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from partners, and issuances of debt securities; and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects; in addition to the other assumptions described in the Valener Management Discussion and Analysis for the quarter ended June 30, 2016, the management of the manager cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of this date, and the management of the manager assumes no obligation to update or revise them to reflect new events or circumstances, except as required pursuant to applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. Readers are cautioned to not place undue reliance on these forward-looking statements.*

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