LISTING PARTICULARS DATED 6 JUNE 2014

JUST ENERGY GROUP INC.

(a corporation formed under the Canada Business Corporations Act and registered in Canada with company no. 7502079)

US$150,000,000

6.5 per cent. Convertible Bonds due 2019

convertible into Common Shares of

JUST ENERGY GROUP INC.

ISSUE PRICE 100 PER CENT.

These Listing Particulars (the "**Listing Particulars**") comprise listing particulars given in compliance with the listing rules (the "**Listing Rules**") made under section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**") by the UK Listing Authority (the "**UKLA**") and are approved by the UKLA, are made available to the public as required by Rule 3.2 of the prospectus rules made by the Financial Conduct Authority (the "**FCA**") (the "**Prospectus Rules**") and are published in accordance with Listing Rule 4 for the purpose of giving information with regard to Just Energy Group Inc. (the "**Issuer**", "**Just Energy**" or the "**Company**") and its subsidiaries taken as a whole (the "**Issuer Group**") and the US$150,000,000 6.5 per cent. convertible bonds due 2019 (the "**Bonds**"). Applications have been made for the Bonds to be admitted to the Official List maintained by the UKLA for the purposes of Part VI of the FSMA and to be admitted to trading on the Professional Securities Market of the London Stock Exchange plc (the "**London Stock Exchange**") (the "**Professional Securities Market**"). References in these Listing Particulars to the Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the Professional Securities Market. The Professional Securities Market is an unregulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Issuer accepts responsibility for all the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for or purchase, any of the Bonds or the common shares in the capital of the Issuer (the "**Common Shares**"). The distribution of these Listing Particulars and the offering of the Bonds or the Common Shares in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer to inform themselves about and to observe any such restrictions.

No person is authorised to give any information or to make any representation not contained in these Listing Particulars and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of these Listing Particulars nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which these Listing Particulars have been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which these Listing Particulars have been most recently amended or supplemented or that the information contained in them or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds and the Common Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, and the Bonds are subject to US tax law requirements. Subject to certain exceptions, the Bonds and the Common Shares to be issued upon conversion of the Bonds may not be offered, sold or delivered within the United States.

There are restrictions governing the resale of the Bonds in Canada. The Bonds must not be offered, sold, resold or traded in or to a resident of Canada for a period until four months and one day following the date of the issue of the Bonds, unless an exemption from the prospectus requirements of applicable Canadian securities laws is available in connection with any such resale. Thereafter, any offer, sale, resale or trade of the Bonds in or to a resident of Canada must satisfy the following conditions:

(a) the Issuer is and has been a reporting issuer in the jurisdiction of Canada for the four months immediately preceding the trade;

(b) the purchaser of Bonds received written notice containing the legend restriction notation required by applicable Canadian securities laws;

(c) such offer, sale, resale or trade occurs at least four months and one day following the date of issuance of the Bonds;

(d) the trade is not a "control distribution" as defined in applicable Canadian securities laws;

(e) no unusual effort is made to prepare the market or to create a demand for the Bonds that are the subject of such offer, sale, resale or trade;

(f) no extraordinary commission or consideration is paid to a person or company in respect of such offer, sale, resale or trade of the Bonds; and

(g) if the selling Bondholder is an insider or officer of the Issuer, he or she has no reasonable grounds to believe that the Issuer is in default of applicable Canadian securities laws.

Additionally, any offer, sale, resale or trade in or to a resident of Canada of the Bonds and the Common Shares issued upon a conversion thereof must be made either through a duly and appropriately registered dealer under applicable Canadian securities laws or pursuant to an exemption from the dealer registration requirements of applicable Canadian securities laws. Purchasers of Bonds are advised to seek legal advice prior to any offer, sale, resale or trade in Canada of the Bonds or Common Shares issued upon a conversion thereof.

The Bonds are represented by a global bond in registered form without coupons (the "**Global Bond**"), which was deposited with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on 29 January 2014. The Global Bond will be exchangeable for definitive Bonds in registered form in the denomination of US$200,000 (or an integral multiple thereof) only in the limited circumstances set out in the Global Bond.

Neither the Issuer, nor any of its agents or representatives, is providing any advice or recommendation in these Listing Particulars on the merits of the purchase, subscription for, or investment in, the Bonds or the Common Shares or the exercise of any rights conferred by the Bonds or the Common Shares.

These Listing Particulars are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of these Listing Particulars should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information set out in these Listing Particulars and its purchase of Bonds should be based upon such investigations as it deems necessary.

The Issuer's Common Shares are listed for trading on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange ("**NYSE**") under the symbol "JE". The TSX has issued its final approval for the listing of up to an aggregate of 23,056,000 Common Shares that may be issued upon the conversion of the Bonds. Upon the issuance of any or all of the Common Shares issuable upon conversion of the Bonds, the Issuer will be required to notify the TSX of such issuance. The NYSE has issued its final approval for the listing on the NYSE of up to an aggregate of 23,056,000 Common Shares that may be issued upon the conversion of the Bonds.

The Bonds are securities which, because of their nature, are normally bought and traded by professional investors (if resident in the United Kingdom) or accredited investors (if resident elsewhere) only. These Listing Particulars have been prepared on the basis that any potential investor in the Bonds is a person or entity having sufficient knowledge and experience of financial matters as to be capable of evaluating the merits and risks of the purchase. Before making any investment decision with respect to the Bonds, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider their investment decision in the light of the foregoing. An investment in the Bonds is only suitable for professional investors (if resident in the United Kingdom) or accredited investors (if resident elsewhere) who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risk of investing in the Bonds and the information contained in this document;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

(d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets in which they participate; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prospective investors should read these entire Listing Particulars and, in particular, the section headed "*Risk Factors*", when considering an investment in the Issuer and the Bonds.

All references in this document to "**Canadian dollars**" or "**CAD$**" are to the lawful currency for the time being of Canada. All references to "**US dollars**" and "**US$**" are to the lawful currency for the time being of the United States. All references in this document to "**pounds sterling**", "**pounds**", "**£**", "**p**" or "**pence**" are to the lawful currency for the time being of the United Kingdom.

TABLE OF CONTENTS

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in these Listing Particulars prior to making any investment decision with respect to the Bonds. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer which, in turn, could affect its ability to fulfil its obligations under the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the Common Shares or the rights of investors under the Bonds or the Common Shares and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has only described those risks to its operations that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

Prospective investors should read these Listing Particulars in full. Words and expressions defined in the Conditions or elsewhere in these Listing Particulars have the same meanings in this section.

Investing in the Bonds involves certain risks. Prospective investors should consider, among other things, the following risks which could prevent the Issuer from funding cash payments in respect of the Bonds and which may have an adverse impact on the value of an investment in the Bonds:

RISKS RELATED TO THE ISSUER'S BUSINESS AND ITS INDUSTRY

Legislative and regulatory environment

The Issuer operates in the highly regulated natural gas and electricity retail sales industry in all of its jurisdictions. As part of doing business door-to-door, the Issuer receives complaints from consumers which may involve sanctions from regulatory and legal authorities including those that issue marketing licences. The most significant potential sanction is the suspension or revocation of a licence as the Issuer would no longer be able to market in that particular jurisdiction. Costs and reputational damage resulting from sanctions as a result of a breach of industry regulation could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Changes to consumer protection legislation in those provinces and states where the Issuer markets to non-commercial customers may impact the Issuer's business model and may include additional measures that require additional administration together with potential impacts to contracting, renewal and retention rates. Although the rule-making for the recent financial reform act in the United States has not been finalised, the Issuer will be required to comply with certain aspects regarding reporting of derivative activity. Furthermore, it is expected that several of the Issuer's counterparties will be impacted by this legislation in a significant manner and that the cost of the Issuer doing business with these counterparties is expected to increase as a result. There are similar requirements that are being introduced in Canada. Costs resulting from the Issuer's compliance with new regulatory requirements in the United States and Canada and the increased costs of doing business with the Issuer's counterparties could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Credit Agreement

There is a credit facility maintained by Just Energy Ontario LP and Just Energy (US) Corp. in the amount of CAD$290 million ("**Credit Agreement**"). The lenders under the Credit Agreement, together with certain of the suppliers of the Issuer and its affiliates, are parties to an intercreditor agreement and related security agreements which provide for a joint security interest over all customer contracts. There are various covenants pursuant to the Credit Agreement that govern the activities of the Issuer and its affiliates. Should the Issuer or or its subsidiaries default under the terms of the Credit Agreement (which risk the Issuer believes to be remote), the credit facility thereunder becomes unavailable and this could have a significant material adverse effect on the business of the subsidiaries and on the results of operations and financial performance of the Issuer if it is not able to obtain other financing on satisfactory terms. There can be no assurance that the Issuer will be able to obtain alternative financing or that such financing will be obtained on satisfactory terms to the Issuer and failure to obtain alternative financing or alternative financing on satisfactory terms may cause the Issuer to close down, sell or otherwise dispose of all or part of the business of the Issuer's subsidiaries.

Market Risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Although the Issuer balances its estimated customer requirements net of contracted commodity, it is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements or where it has not been able to exactly purchase the estimated customer requirements. The Issuer is also exposed to interest rates associated with its credit facility and foreign currency exchange rates associated with the repatriation of US dollar denominated funds for Canadian dollar denominated dividends. The Issuer's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets, and the absolute and relative levels of interest rates and foreign currency exchange rates. The Issuer enters into derivative instruments in order to manage exposures to changes in commodity prices and foreign currency rates; current exposure to interest rates does not economically warrant the use of derivative instruments. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that the payment of dividends to shareholders can be appropriately established. Derivative instruments are generally transacted over the counter. Increased costs and/or losses resulting from the occurrence of these risks could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Electricity Supply—Balancing Risk

It is the Issuer's policy to procure the estimated electricity requirements of its customers with offsetting electricity derivatives in advance of obtaining customers. Depending on several factors, including weather, the Issuer's customers may use more or less electricity than the volume purchased by the Issuer for delivery to them. The Issuer is able to invoice some of its existing electricity customers for balancing charges or credits when the amount of energy used is greater than or less than the amount of energy that the Issuer has estimated. For other customers, the Issuer bears the risk of fluctuation in customer consumption. In addition, under certain circumstances, there can be balancing issues for which the Issuer is responsible when customer aggregation forecasts are not realised. Increased costs and/or losses resulting from the occurrence of these risks could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Natural Gas Supply—Balancing Risk

It is the Issuer's policy to procure the estimated gas requirements of its customers with offsetting gas derivatives in advance of obtaining customers. Depending on several factors including weather, the Issuer's customers may use more or less gas than the volume purchased by the Issuer for delivery to them. The Issuer does not invoice its natural gas customers for balancing and, accordingly, bears the risk of fluctuation in customer consumption. The Issuer monitors gas consumption and actively manages forecast differences in customer consumption due to weather variations as well as forecast LDC balancing requirements. To the extent that forecast balancing requirements are beyond initial estimates, the Issuer will bear financing responsibility, be exposed to market risk and, furthermore, may also be exposed to penalties by the LDCs. Increased costs and/or losses resulting from the occurrence of these risks could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Volatility of Commodity Prices—Enforcement

A key risk to the Issuer's business model is a sudden and significant drop in the market price of gas or electricity resulting in some customers renouncing their contracts. The Issuer may encounter difficulty or political resistance for enforcement of liquidated damages and/or enactment of force majeure provisions in such a situation and be exposed to spot prices which could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Counterparty Credit Risk

Counterparty credit risk represents the loss that the Issuer would incur if a counterparty fails to perform under its contractual obligations. In the context of a supply contract, this risk would manifest itself in the Issuer replacing contracted supply at prevailing market rates, thus impacting the related customer margin. In the context of currency exchange, this risk would manifest itself in the Issuer replacing contracted foreign exchange at prevailing market rates impacting the related Canadian dollar denominated income. The failure of a counterparty to meet its contractual obligations could have a material adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

Availability of Supply

The Issuer's business model is based on contracting for the supply of electricity and natural gas to lock in margin. There is a risk that counterparties could not deliver due to business failure, supply shortage or be otherwise unable to perform their obligations under their agreements with the Issuer, or that the Issuer could not identify alternatives to existing counterparties. The Issuer continues to investigate opportunities to identify or secure additional gas suppliers and electricity suppliers as part of its on-going business monitoring and review processes. In the event of a default by the Issuer's counterparties, there can be no assurance that the Issuer will be able to enter into agreements with alternative gas suppliers and/or electricity suppliers or that the alternative suppliers will supply gas and/or electricity on satisfactory terms to the Issuer. The default by the Issuer's counterparties and the failure to secure alternative suppliers on terms that are satisfactory to the Issuer may have material adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

Dependence on Independent Sales Contractors and Brokers

The Issuer has consistently taken the position that its independent sales contractors act independently pursuant to their contracts for service, which provide that the Issuer does not control how, where or when they provide their services. Independent contractors may make claims, either individually or as a class, that they are entitled to employee benefits, such as minimum wage or overtime, pursuant to legislation even though they have entered into a contract with the Issuer that provides that they are not entitled to benefits normally available to employees and the Issuer must respond to these claims. The Issuer's position has been confirmed and disputed by regulatory bodies in certain instances, but some of these decisions are under appeal. Should the regulatory bodies be ultimately successful, the Issuer would be required to remit unpaid tax amounts plus interest and might be assessed a penalty. It could also mean that the Issuer would have to reassess its position in respect of other regulatory matters affecting its independent sales contractors, such as income tax treatment. The requirement by the Issuer to pay such tax, interest and penalties and any further taxes or costs as a result of any assessment by the Issuer of its position in relation to the independent sales contractors could result in a reduction of the value of an investment in the Bonds.

Consumer and Commercial Contract Renewals and Attrition Rates

As at 31 March 2014, the Issuer held long-term electricity and gas contracts reflecting approximately 4,410,000 long-term RCEs. In the financial year ended 31 March 2014, the Issuer experienced contract attrition rates of approximately 15 per cent. Management forecasts using a combination of experienced and expected attrition per year; however, there can be no assurance that these rates of annual attrition will not increase in the future or that the Issuer will be able to renew its existing electricity and gas contracts at the expiry of their terms. Changes in customer behaviour, government regulation or increased competition may affect attrition and renewal rates in the future, and these changes could have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Information Technology Systems

The Issuer operates in a high volume business with an extensive array of data interchanges and market requirements. The Issuer is dependent on its management information systems to track, monitor and correct or otherwise verify a high volume of data to ensure the reported financial results are accurate. Management also relies on its management information systems to provide its independent contractors with compensation information, provide its brokers with pricing and compensation information and to electronically record each customer telephone interaction. Independent contractors engaged on behalf of the Issuer to market Energy Contracts (please refer to the section "*Consumer Energy Division*" in paragraph 8 *"Business Divisions and Principal Markets"* of the section "*Just Energy Group Inc.*" below) rely entirely on information systems for sales and compensation as all interaction is performed online. The Issuer's information systems also help management forecast new customer enrolments and their energy requirements, which helps ensure that the Issuer is able to supply its new customers' estimated average energy requirements without exposing the Issuer to the spot market beyond the risk tolerances established by the Issuer's Risk Management Policy. The failure of the Issuer to install and maintain these systems could have a material adverse effect on the Issuer Group's business, prospects, financial condition or results of operations.

Model Risk

The approach to calculation of market value and customer forecasts requires data-intensive modelling used in conjunction with certain assumptions when independently verifiable information is not available. Although the Issuer uses industry standard approaches and validates its internally developed models, results could change significantly should underlying assumptions prove incorrect or an embedded modelling error go undetected in the vetting process. The extent of the adverse impact on the Issuer Group's business would depend on the nature of the model used by the Issuer but if such assumptions prove to be incorrect or a modelling error does emerge the miscalculation of market value and customer forecasts could lead to a reduction of the value of an investment in the Bonds.

Outsourcing Arrangements

The Issuer has outsourcing arrangements to support the call centre's requirements for business continuity plans and independence for regulatory purposes, billing and settlement arrangements for certain jurisdictions, scheduling responsibilities in certain jurisdictions and operation support for its network marketing, operations in the United Kingdom and solar installation monitoring efforts. Contract data input is also outsourced as is some corporate business continuity and disaster recovery. If the outsourced counterparties do not deliver their contracted services, the Issuer may experience service and operational gaps that adversely impact customer retention and aggregation and may have a material adverse impact on the Issuer Group's business, prospects, financial condition or results of operations.

Litigation

In addition to the litigation referenced herein (please refer to paragraph 11 "*Litigation*" of the section "*Just Energy Group Inc.*" below) and occurring in the ordinary course of business, the Issuer may in the future be subject to class actions, other litigation and other actions arising in relation to its consumer contracts and marketing practices. This litigation is, and any such additional litigation could be, time consuming and expensive and could distract the executive team from the conduct of the Issuer's daily business. The adverse resolution or reputational damage of any specific lawsuit could have a material adverse effect on the Issuer's ability to favourably resolve other lawsuits and on the Issuer Group's business, prospects, financial condition or results of operations.

Cash Dividends are not Guaranteed

The ability to pay dividends and the actual amount of dividends will depend upon numerous factors, including profitability, fluctuations in working capital; debt service requirements (including compliance with credit facility obligations); the sustainability of margins; the ability of the Issuer to procure, at favourable prices, its estimated commitment to supply natural gas and electricity to its customers; the ability of the Issuer to secure additional gas and electricity contracts; and other factors beyond the control of the Issuer. Management of the Issuer cannot make any assurances that the Issuer's affiliates will be able to pass any additional costs arising from legislative changes (or any amendments) onto customers. Cash dividends are not guaranteed and will fluctuate with the performance of the Issuer's affiliates and other factors.

Earnings Volatility

The Issuer's business is seasonal in nature. In addition to regular seasonal fluctuations in its earnings, there is significant volatility in its earnings associated with the requirement to mark its commodity contracts to market. The earnings volatility associated with seasonality and mark to market accounting may impact on the ability of the Issuer to access to capital.

Reliance on Third Party Service Providers

In most jurisdictions in which the Issuer operates, the LDCs currently perform billing and collection services. In some areas the Issuer is required to invoice and receive payments directly from its customers; in others the Issuer is responsible for collection of defaulted amounts; in others the Issuer is required to invoice and receive payments from certain commercial customers; and in others the Issuer is responsible for collection of defaulted amounts. If the LDCs cease to perform these services, the Issuer would have to seek a third party billing provider or develop internal systems to perform these functions.

There is no assurance that the LDCs will continue to provide these services in the future and there can be no assurance that the Issuer could secure a third party billing provider or develop internal systems to perform these functions without any disruption to the Issuer Group's business, prospects, financial condition or results of operations.

Disruptions to Infrastructure

Customers are reliant upon the LDCs to deliver their contracted commodity. LDCs are reliant upon the continuing availability of the distribution infrastructure. Any disruptions in this infrastructure would result in counterparties and thereafter the Issuer enacting the force majeure clauses of their contracts. Under such severe circumstances there could be no revenue or margin for the affected areas.

Competition

A number of companies (including Direct Energy, NRG Energy and Exelon Generation Company) and incumbent utility subsidiaries compete with the Issuer in the residential, commercial and small industrial market. It is possible that new entrants may enter the market as marketers and compete directly for the customer base that the Issuer targets, slowing or reducing its market share. If the LDCs are permitted by changes in the current regulatory framework to sell natural prices other than at cost, their existing customer bases could provide them with a significant competitive advantage. This could limit the number of customers available for marketers including the Issuer and impact the Issuer's growth and retention.

Issuance of Additional Shares

The Issuer may issue additional or unlimited number of Common Shares and up to 50,000,000 preferred shares ("**Preferred Shares**") without the approval of shareholders which would dilute existing shareholders' interests.

RISKS RELATED TO THE BONDS

The Bonds are unsecured, subordinated obligations.

The Bonds are to be unsecured and subordinated in right of payment to all of the Issuer's existing and future senior debt. As the Bonds are subordinated to the Issuer's senior debt, in case of the Issuer's insolvency, liquidation, dissolution, winding up or analogous events, the Issuer's assets will be available to satisfy obligations in respect of the Bonds only after the claims of all unsubordinated creditors have been satisfied in full. Such remaining assets may not be sufficient to satisfy the Issuer's obligations under the Bonds, in which case Bondholders would receive less than the amount of principal and/or interest payable on the Bonds or receive no amounts payable on the Bonds. Also, if payment or other defaults occur on the Issuer's senior debt, payments on the Bonds may be blocked indefinitely or for specified periods. Therefore, payments on the Bonds may be delayed or not permitted or the Issuer may not have sufficient assets remaining to pay amounts due on any or all of the Bonds. In addition, all of the Issuer's secured indebtedness will be effectively senior to the Issuer's obligations under the Bonds, which are unsecured. As a result, if the Issuer defaults under the Bonds, and this default triggers an event of default under any of such secured indebtedness, holders of such secured indebtedness will have priority over the Bondholders to the extent of the assets securing such indebtedness.

The claims of Bondholders will be structurally subordinated to claims of the subsidiaries' creditors.

A substantial portion of the Issuer's assets are held by the subsidiaries. In the event of any bankruptcy or liquidation of any such subsidiary, the right of holders of the Bonds to recover against the assets of the subsidiaries will be "structurally subordinated" to claims of that subsidiary's creditors, including trade creditors.

The Issuer and the subsidiaries may incur further debt, grant security or take other actions that may affect the Issuer's ability to satisfy its obligations under the Bonds.

Although the Issuer will be restricted under the terms governing the Bonds from incurring additional secured indebtedness, the Issuer is permitted to incur further indebtedness, and secured indebtedness in certain circumstances. Incurring further debt could diminish the Issuer's ability to make required payments on the Bonds when due or require the Issuer to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, which would reduce the availability of cash flow to fund its operations, working capital and capital expenditures. The Issuer has no plans to increase the Issuer's net level of indebtedness in the short term but may incur further indebtedness by way of a re-financing of existing indebtedness. In addition, subject to limitations under the terms governing the Bonds and other debt instruments, the Issuer could, in the future, enter into certain transactions, including acquisitions, re-financings or other recapitalisations, that could increase the amount of indebtedness outstanding at such time or otherwise affect the Issuer's capital structure or any credit ratings (to the extent applicable) in a way that adversely affects the holders of the Bonds. See the Conditions.

The Issuer depends, to a certain extent, on the subsidiaries for cash needed to service its obligations under the Bonds, and the subsidiaries may not be able to distribute cash to the Issuer.

The Issuer's operations are conducted primarily through the subsidiaries. As a result, the cash flow and the consequent ability to service the Issuer's indebtedness, including the Bonds, is in large part dependent upon the earnings of the subsidiaries and the distribution of those earnings to the Issuer or upon the payment of funds to the Issuer by the subsidiaries. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Bonds or to make funds available to the Issuer, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to the Issuer by the subsidiaries may be subject to contractual or statutory restrictions, are contingent upon the earnings of the subsidiaries and are subject to various business considerations. In addition, as described above, as an equity holder of the subsidiaries, the Issuer's ability to participate in any distribution of assets of any subsidiary is "structurally subordinated" to the claims of the creditors of that subsidiary. If the Issuer is unable to obtain cash from the subsidiaries, the Issuer may be unable to fund any cash payments in respect of the Bonds.

The Issuer may not have the ability to redeem the Bonds in cash upon the occurrence of a Change of Control.

Upon the occurrence of a Change of Control (as defined in the Conditions) the Issuer will be required to offer to repurchase outstanding Bonds at a repurchase price equal to 100 per cent. of the principal amount of the Bonds to be repurchased, plus any accrued and unpaid interest up to, but excluding, the date of repurchase. If such circumstances were to occur, there can be no assurance that the Issuer would have sufficient funds available at the time to pay the price of the outstanding Bonds. The Issuer's inability to pay such price under such circumstances may cause the acceleration of other indebtedness that may be senior to the Bonds or rank equally with the Bonds.

The Issuer may not have the ability to make payments on the Bonds.

An investment in the Bonds, as in any type of security, involves insolvency and bankruptcy considerations that investors should carefully consider. If the Issuer becomes subject to bankruptcy, liquidation or reorganisation proceedings under applicable insolvency law, the proceedings may delay or jeopardise the Issuer's ability to make payments on the Bonds. Provisions under applicable insolvency law or general principles of equity that could result in the impairment of investor rights include the automatic stay, creation of priority charges by the courts or insolvency legislation, avoidance of preferential transfers by a trustee or debtor-in-possession, substantive consolidation, limitations on collectability of un-matured interest or attorneys' fees and forced restructuring of the Bonds.

The Issuer's financial failure or the financial failure of any of the subsidiaries may result in the Issuer's assets and the assets of any or all of the subsidiaries becoming subject to the claims of the Issuer's creditors and the creditors of all of the subsidiaries.

A financial failure by the Issuer or the subsidiaries could affect payment of the Bonds if an insolvency court substantively consolidate the Issuer and the subsidiaries such that the assets of each entity would be subject to the claims of creditors of all entities. This would expose Investors not only to the usual impairments arising from insolvency, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the Bonds could occur through the "cram-down" provisions of applicable insolvency law, pursuant to which a court imposes an involuntary reorganisation plan over the objection of some classes of creditors. Under such provisions, the general terms of the Bonds, including interest rate and maturity, could be restructured over the objections of Bondholders.

The Bonds may not have an active market and their price may be volatile. Investors may be unable to sell their Bonds at the price they desire or at all.

The Bonds are a new issue of securities, and there is currently no established trading market for the Bonds admitted to the Official List and to the Professional Securities Market. There can be no assurance that a liquid market will develop or be maintained for the Bonds admitted to the Official List and to trading on the Professional Securities Market, that investors will be able to sell any of the Bonds at a particular time (if at all) or that the prices investors receive (if or when they sell the Bonds) will be above their initial offering price.

The liquidity of the trading market in the Bonds, and the market price quoted for the Bonds, may be adversely affected by, among other things:

- changes in the overall market for debt securities;
- changes in the Issuer's financial performance or prospects;
- the prospects for companies in the Issuer's industry generally;
- the number of holders of the Bonds;
- the interest of securities dealers in making a market for the Bonds; and
- prevailing interest rates.

The Issuer does not intend to seek a rating for the Bonds; if rated in the future, the Issuer may receive a lower rating than anticipated.

The Issue does not intend to seek a rating on the Bonds. However, credit rating agencies continually revise their ratings for the companies that they follow and if one or more rating agencies rates the Bonds and assigns the Bonds a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the Bonds and the Common Shares could be harmed. The credit rating agencies also evaluate the Issuer's industry as a whole and may change their credit ratings based on their overall view of the Issuer's industry.

Bondholders will bear the risk of fluctuation in the price of the Common Shares.

In recent years, the securities markets have experienced a high level of price and volume volatility and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The market price of the Bonds is expected to be affected by fluctuations in the market price of the Common Shares and it is impossible to predict whether the price of the Common Shares will rise or fall. Trading prices of the Common Shares will be influenced by, among other things, the Issuer's financial position, the Issuer's results of operations and political, economic, financial and other factors. Any decline in the market price of the Common Shares may have an adverse effect on the market price of the Bonds. Future issues of, or disposals of the Common Shares by substantial shareholders, may significantly affect the trading price of the Bonds or the Common Shares. Even the expectation that such issues or disposals may occur may significantly affect the trading price of the Bonds and the Common Shares. The Issuer has agreed to certain restrictions on its ability to issue or dispose of Common Shares or related securities under the terms of the Bonds. Except for such restrictions and the Issuer's undertakings (see Condition 12), there is no restriction on the Issuer's ability to issue the Common Shares, and there can be no assurance that the Issuer will not issue the Common Shares or that any substantial shareholder will dispose of, encumber, or pledge its Common Shares or related securities.

Sales of a significant number of the Common Shares in the public markets, or the perception of such sales, could depress the market price of the Bonds, Common Shares, or both.

In order to finance future operations, development, acquisitions and capital expenditures, if any, the Issuer may raise funds through the issuance of Common Shares or the issuance of securities convertible into or exercisable for Common Shares. During the life of the warrants and options, the holders of such securities are given an opportunity to profit from a rise in the market price of the Common Shares with a resulting dilution in the interest of the other shareholders. The Issuer may, in the future, issue additional debt securities convertible into Common Shares, warrants to purchase Common Shares or grant to some or all of the Issuer's directors, key employees and consultants additional options to purchase Common Shares, in each case at exercise prices equal to market prices at times when the market price of Common Shares is depressed.

Sales of a substantial number of Common Shares or other equity-related securities in the public markets could depress the value of the Bonds, Common Shares, or both, and impair the Issuer's ability to raise capital through the sale of additional equity or equity-related securities. The Issuer cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares or the value of the Bonds. The price of the Common Shares could be affected by possible sales of the Common Shares by investors who view the Bonds as a more attractive means of equity participation in the Issuer's and by hedging or arbitrage trading activity that the Issuer expects to occur involving the Common Shares. This hedging or arbitrage could, in turn, affect the market price of the Bonds. Any transaction involving the issuance of Common Shares, or securities convertible into Common Shares, would result in dilution, possibly substantial, to holders of Common Shares.

The value of the Common Shares may be substantially lower than when the Bonds were initially purchased.

At any point when the Bonds are outstanding, depending on the performance of the Common Shares, the value of the Common Shares may be substantially lower than when the Bonds were initially purchased. In addition, because there will be a delay between when Conversion Rights are exercised and when Common Shares are delivered, the value of the Common Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Common Shares are delivered.

Bondholders have limited anti-dilution protection.

The price at which the Bonds may be converted into Common Shares will be adjusted in connection with certain specified events, but only in the situations and only to the extent provided in the Conditions. There is no requirement that there be an adjustment for every corporate or other event that may affect the value of the Common Shares. In addition, the adjustment to the conversion price for Bonds in connection with a specified event may not adequately compensate an Investor for any lost value to the Bonds as a result of such event. Any such event, including an event in respect of which no adjustment is made, may adversely affect the value of the Common Shares and, therefore, the value of the Bonds.

If Investors hold Bonds, they will not be entitled to any rights with respect to the Common Shares, but will be subject to all changes made with respect to the Common Shares.

The Trust Deed requires the consent of an extraordinary resolution of the Bondholders for any proposed modification to the rights attaching to the Common Shares. However, save for this consent, if investors hold Bonds, they will not be entitled to any rights with respect to the Common Shares (including, without limitation, voting rights and rights to receive any dividends or other distributions on the Common Shares, other than extraordinary dividends that the Issuer's board of directors designates as payable to the holders of the Bonds), but if investors subsequently convert their Bonds into Common Shares, they will be subject to all changes affecting the Common Shares. For example, in the event that an amendment is proposed to the Issuer's constitutional documents requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of Common Shares to such investors, then they will not be entitled to vote on the amendment, although investors will nevertheless be subject to any changes in the powers or rights of the Common Shares that result from such amendment. Investors will have rights with respect to the Common Shares only if and when the Issuer delivers the Common Shares to investors upon conversion of the Bonds and, to a limited extent, under the conversion rate adjustments applicable to the Bonds.

The price of the Common Shares, and therefore the value of the Bonds, may fluctuate significantly, which may make it difficult for holders to resell the Bonds or the Common Shares issuable upon conversion of the Bonds when desired or at attractive prices.

The trading price of the Common Shares have been and may continue to be subject to wide fluctuations. The trading price of the Common Shares may increase or decrease in the future in response to a number of events and factors including:

- the Issuer's operating performance;
- the public's reaction to the Issuer's press releases and other public announcements and the Issuer's filings with the various securities regulatory authorities;

- changes in earnings estimates or recommendations by research analysts who track the Common Shares;
- the arrival or departure of key personnel;
- acquisitions, strategic alliances or joint ventures involving the Issuer; and
- litigation and regulatory matters.

The Issuer's share price is also likely to be significantly affected by short-term changes in its financial condition or results of operations as reflected in its quarterly earnings reports.

Factors unrelated to the Issuer's performance that could have an effect on the price of the Common Shares include the following:

- the extent of analytical coverage available to investors concerning the Issuer's business could be limited if investment banks with research capabilities do not continue to follow the Issuer's securities;
- the trading volume and general market interest in the Issuer's securities could affect an investor's ability to trade significant numbers of Common Shares;
- the size of the public float in the Common Shares may limit the ability of some institutions to invest in the securities; and
- a substantial decline in the Issuer's stock price that persists for a significant period of time could cause the Issuer's securities to be delisted from the TSX and the NYSE, further reducing market liquidity. Additionally, the Common Shares are listed on the TSX and the NYSE. Securities of many companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries.

As a result of any of these factors, the market price of the Common Shares at any given point in time might not accurately reflect the Issuer's long-term value. As the Bonds are convertible into Common Shares, a falling Common Share price could have a similar effect on the trading price of the Bonds. In addition, the existence of the Bonds may encourage short selling in the Common Shares by market participants.

The conversion feature of the Bonds could limit increases in the trading price of the Common Shares.

The Initial Conversion Price of the Bonds represents a 22.5 per cent. premium over the five day volume-weighted average price of the Common Shares on the TSX on 21 January 2014, being the date of the public announcement of the offering of the Bonds. This conversion feature may limit the increase in the price of the Common Shares, since any increase in the price of the Common Shares above the Initial Conversion Price (as it may be adjusted in accordance with the Conditions) will make it more likely that Bonds will be converted, thereby exerting downward pressure on the market price of the Common Shares.

Common Shares may be issued based on the minimum allowable conversion price, thereby resulting in fewer Common Shares being issued than would otherwise be issuable.

Under the rules of the TSX, the conversion price the Bonds must be no lower than the market price at the time of issuance of the convertible securities less an applicable discount. In circumstances where one or more adjustments to the conversion price of a convertible security could result in underlying securities being issued at a conversion price that is lower than the minimum allowable conversion price, shareholder approval would be required under the rules of the TSX. In the case of the Bonds, the Initial Conversion Price is US$9.3762 and the Conversion Price Floor is US$7.6540, each of which is currently above the Minimum Conversion Price. However, if one or more adjustments were to reduce the Initial Conversion Price and the Conversion Price Floor such that the Conversion Price were to be below the Minimum Conversion Price, unless shareholder and/or TSX approval were obtained, the Issuer would only be able to issue underlying Common Shares based on the Minimum Conversion Price notwithstanding that the Conversion Price is lower, thereby resulting in a Bondholder converting Bonds into a lower number of underlying Common Shares than would otherwise be issuable based on the Conversion Price then in effect (subject to the right such Bondholder may have to participate in a New Issue pursuant to the terms of Condition 7.2.14).

The Bonds may be redeemed prior to maturity.

The Conditions provide that the Bonds are redeemable at the Issuer's option prior to their final maturity date in certain limited circumstances. If Bonds are redeemed prior to their stated maturity, holders of the Bonds would not receive interest under the Bonds for the remainder of the term of the Bonds and may not be able to reinvest the redemption proceeds in other investments that generate a yield at least equal to that generated by the Bonds.

Meetings of Bondholders, Modification and Waiver

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed also provides, among other things, that the Trustee may, without the consent of the Bondholders (i) agree to any modification to or variation of the Trust Deed and Bondholders' Conversion Rights, which is in its opinion necessary or desirable to effect or facilitate conversion as contemplated in the Conditions and which is not, in the Trustee's opinion, materially prejudicial to the interests of the holders of the Bonds; and (ii) determine whether or not an Event of Default is in its opinion capable of remedy and/or materially prejudicial to the interests of the Bondholders.

The Global Bond is held by or on behalf of Euroclear and Clearstream, Luxembourg.

The Bonds will be represented by the Global Bond. The Global Bond will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Bond, investors will not be entitled to receive Bonds in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bond. While the Bonds are represented by the Global Bond, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond.

The Bonds may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments.

EU Savings Directive

Under the EC Council Directive 2003/48/EC (the "**Savings Directive**") on the taxation of savings income, member states of the European Union are required to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for, an individual or certain other persons resident in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system, withholding tax at the rate of 35 per cent., in relation to such payments. The transitional period is to terminate at the end of the first full financial year following an agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a member state which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying, Transfer and Conversion Agent, nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain an agent in a member state that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

FATCA

Section 1471 through 1474 of the US Internal Revenue Code ("**FATCA**") imposes a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-US financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-US financial institution. Whilst the Bonds are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and should provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has paid the common depositary or common safekeeper for the clearing systems (as bearer of the Bonds) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries. Potential investors should consider the tax consequences of investing in the Bonds and consult their own tax advisers in light of their personal situations.

Change in tax laws

At present, no amount is required to be withheld from interest and other payments made to holders of Bonds resident in Canada or elsewhere who deal at arm's length with the Issuer (other than a non-resident of Canada who is a "specified shareholder" within the meaning of subsection 18(5) of the Income Tax Act (Canada)), but no assurance can be given that, in the future, applicable income tax laws or treaties will not be changed in a manner that may require the Issuer to withhold amounts in respect of tax payable on such amounts. Should any applicable tax laws or treaties be changed in a manner that requires the Issuer to pay additional amounts to holders of Bonds in respect of certain taxes payable on interest and other payments made to the holders of Bonds, the Issuer may provide a notice to holders and elect to redeem the Bonds, in which case the holders whose Bonds are so redeemed would not receive interest on the Bonds through to maturity thereby reducing the expected yield of their investment. If, however, any holders elect not to have their Bonds so redeemed, those holders would receive interest and other payments on the Bonds that would be reduced by the amount of applicable taxes required to be withheld.

Inflation and interest rate risk

The value of future payments of interest and principal on the Bonds may be reduced as a result of inflation as the real rate of interest on an investment in the Bonds will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Bonds. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Exchange rate risks

The Issuer will pay principal and interest on the Bonds in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than US dollars.

Investors could have difficulty or be unable to enforce certain civil liabilities on the Issuer and certain of the Issuer's directors.

The Issuer is a Canadian corporation, substantially all of its assets are located outside of the United Kingdom and its head office is located in Canada. It might not be possible for investors to enforce judgments obtained in courts outside of Canada predicated on the civil liability provisions of non-Canadian securities legislation. It could also be difficult for Investors to effect service of process in connection with any action brought in the United Kingdom against the Issuer's directors and officers. Execution by United Kingdom courts of any judgment obtained against the Issuer or, any of the directors or executive officers in the United Kingdom courts would be limited to the Issuer's assets or the assets of such persons or corporations, as the case might be, in the United Kingdom. The enforceability in Canada of United Kingdom judgments or liabilities in original actions in Canadian courts predicated solely upon the civil liability provisions of the securities laws of the United Kingdom may be difficult or impossible.

PRESENTATION OF INFORMATION

Presentation of Financial Information

The Issuer publishes its financial statements in Canadian dollars.

Certain figures contained in these Listing Particulars have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in these Listing Particulars may not conform exactly the total figure given for that column or row.

Forward-looking Statements

Certain statements contained in the Listing Particulars herein constitute forward-looking statements. These statements relate to (without limitation) the listing of the Bonds on the Official List of the UKLA and admission to trading on the Professional Securities Market, the listing of the Common Shares issuable on conversion of the Bonds on the TSX and the NYSE, the use of proceeds from the Bonds, other future events and future performance. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "may", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. The Issuer believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. In particular, these Listing Particulars contain forward looking statements pertaining to customer revenues and margins, customer additions and renewals, customer attrition, customer consumption levels, distributable cash, the ability to compete successfully and treatment under governmental regimes. Some of the risks that could affect the Issuer's future results and could cause results to differ materially from those expressed in forward-looking statements include, but are not limited to, levels of customer natural gas and electricity consumption, rates of customer additions and renewals, rates of customer attrition, fluctuation in natural gas and electricity prices, extreme weather patterns, changes in regulatory regimes and decisions by regulatory authorities, competition, difficulties encountered in the integration of acquisitions and dependence on certain suppliers. See "*Risk Factors*" for additional information on these and other factors that could affect the Issuer's operations, financial results or dividend levels. These risks include, but are not limited to, risks relating to: credit, commodity and other market-related risks including availability of supply, volatility of commodity prices, availability of credit, market risk, energy trading inherent risk, customer credit risk, counterparty credit risk, electricity supply balancing risk and natural gas supply balancing risk; operational risks including, reliance on information technology systems, reliance on third party service providers, outsourcing arrangements, dependence on independent sales contractors, independent representatives and brokers, electricity and gas contract renewals and attrition rates; cash dividends are not guaranteed and may fluctuate with the performance of the Issuer; model risk, commodity alternatives, capital asset and replacement risk; credit facilities and other debt arrangements; disruptions to infrastructure, expansion strategy and future acquisitions; legal, regulatory and securities risks including legislative and regulatory environment; investment eligibility; nature of convertible debentures; dilution from the issue of additional shares; restrictions on potential growth; changes in legislation, dependence on federal and provincial legislation and regulation, environmental, health and safety laws, regulations and liabilities; disruptions to infrastructure or in the supply of fuel or natural gas and technological advances, and, in the case of National Energy Corporation, doing business as National Home Services, buyouts and returns of water heaters and heating, ventilation and air conditioning products, social or technological changes affecting the water heater and heating, venting and air conditioning products, furnace or air-conditioner market, concentration and product failures of water heater, furnace and air-conditioner suppliers and geographic concentration of the Canadian water heater market; and possible failure to realise anticipated benefits of acquisitions and potential undisclosed liabilities associated with acquisitions. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of future results.

These forward-looking statements are made as of the date of these Listing Particulars and, except as required by applicable securities laws (including the Prospectus Rules, the Listing Rules, or the Disclosure and Transparency Rules of the FCA) or as otherwise required by the FCA or the London Stock Exchange the Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

All subsequent written and oral forward-looking statements attributable to the Issuer Group or individuals acting on behalf of the Issuer Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, after deduction of fees and commissions, were approximately US$144,000,000.

On 19 March 2014, the Issuer used the net proceeds of the offering of the Bonds to redeem its outstanding CAD$90 million convertible debentures due 30 September 2014 that were assumed by the Issuer on 1 July 2009 in conjunction with the acquisition of Universal Energy Group Ltd (the "**CAD$90 Million Convertible Debentures**"). The net proceeds will further be used to make market purchases for the cancellation of convertible debentures from other series as allowed under its debt covenants and to pay down the Issuer's credit line.

JUST ENERGY GROUP INC.

1 Just Energy Group Inc.

The Issuer is a corporation limited by shares created under the Canada Business Corporations Act ("**CBCA**") on 1 January 2011 and registered in Canada with company number 7502079 pursuant to a plan of arrangement approved by unitholders of Just Energy Income Fund (the "**Fund**") on 29 June 2010 and by the Alberta Court of the Queen's Bench on 30 June 2010 (the "**Trust Conversion**").

The Trust Conversion involved the Fund, Just Energy Exchange Corp. ("**JEEC**"), Just Energy Group Inc., Just Energy Corp. ("**JEC**"), OESC ExchangeCo II Inc., ESIF Commercial Trust I, UEGL ExchangeCo Corp., and the security holders of the Fund, JEC and JEEC. The purpose of the Trust Conversion was to convert the Fund's income trust structure to a corporate structure in response to certain tax changes. Following the completion of the Trust Conversion, the Fund was re-organised into a public-traded corporation (being the Issuer).

The parties to the plan of arrangement were as follows:

(a) the Fund was a trust organised under the laws of the Province of Ontario and created pursuant to an amended and restated declaration of trust dated 18 April 2001;

(b) JEEC was a corporation amalgamated under the CBCA on 1 July 2009;

(c) Just Energy Group Inc. (corporation number 7558767) was a corporation incorporated under the CBCA on 21 May 2010;

(d) JEC is a corporation amalgamated under the laws of the Province of Ontario on 30 April 2007 pursuant to the Business Corporations Act (Ontario), initially under the name of "Ontario Energy Savings Corp." JEC filed articles of amendment on 20 July 2009 to change its corporate name to its current name "Just Energy Corp.";

(e) OESC ExchangeCo II Inc. was a corporation incorporated under the laws of the Province of Ontario on 25 April 2007 and continued under the CBCA on 4 November 2010;

(f) ESIF Commercial Trust I was a trust organised under the laws of the Province of Ontario and created pursuant to a trust indenture dated 16 March 2004; and

(g) UEGL ExchangeCo Corp. was a corporation incorporated under the CBCA on 13 May 2009.

2 Domicile, Primary Legislation and Address

The Issuer is domiciled and formed in Canada and the primary legislation under which the Issuer operates is the CBCA and the regulations made thereunder.

The head office of the Issuer is located at 6345 Dixie Road, Suite 200, Mississauga, Ontario, L5T 2E6 (telephone number +1 905 670 440) and its registered office is located at First Canadian Place, 100 King Street West, Suite 2630, Toronto, Ontario, M5X 1E1 (telephone number +1 416 367 2998).

3 Overview

The Issuer Group is a direct marketing group selling electricity and/or natural gas to residential and commercial customers under long-term fixed-price, price-protected and variable-priced contracts in deregulated markets. By fixing the price of electricity or natural gas under its fixed-price, price-protected contracts with customers for the supply of electricity (and which may include JustGreen products (see "*JustGreen*" below for more detail)) ("**Electricity Contracts**"), or contracts with customers for the supply of gas (and which may include JustGreen products) ("**Gas Contracts**") (the Electricity Contracts and the Gas Contracts together being the "**Energy Contracts**"), for a period of up to five years, the Issuer Group's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. The Issuer Group derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the price at which it purchases the associated volumes from its electricity producers or electricity supply aggregators ("**Electricity Suppliers**") or natural gas producers or natural gas supply aggregators ("**Gas Suppliers**") (the Electricity Suppliers and the Gas Suppliers together being the "**Commodity Suppliers**").

The Issuer's business encompasses the following key areas: the Consumer Energy Division, and the Commercial Division. The non-core divisions of the Home Services Division and the Solar Division also form part of the Issuer's business. Please see "*Business Divisions and Principal Markets*" below for more detail on each division. The Issuer previously operated an Ethanol Division which was disposed of in December 2013.

The Issuer's operating subsidiaries currently carry on business in the United States in the states of Illinois, New York, Indiana, Michigan, Ohio, New Jersey, California, Maryland, Pennsylvania, Massachusetts, Georgia, Texas and Delaware and in Canada in the provinces of Ontario, Alberta, Manitoba, Québec, British Columbia and Saskatchewan. The Issuer also commenced commercial electricity marketing in the United Kingdom on 23 July 2012 under the Hudson brand (see "*Commercial Energy Division*" below for more detail) and to residential customers under the Green Star Energy brand in August 2013.

4 Issuer Group history and background

The Issuer and its predecessors have been involved in the following events and key milestones which have been important to the development of the Issuer Group business:

2010

On 18 January 2010, National Energy Corporation which operates under the trade name National Homes Services ("**NHS**") and Home Trust Company ("**HTC**") a wholly-owned subsidiary of Home Capital Group Inc., entered into a long-term financing agreement to finance current and future water heater installations by NHS.

In 2010, the Fund commenced multi-level marketing for the sale of Energy Contracts throughout Canada through Momentis Canada Corp. and throughout United States through Momentis US Corp.

On 5 May 2010, the Fund completed a public offering of CAD$330 million 6.0 per cent. extendible unsecured subordinated debentures of the Fund ("**CAD$330 Million Convertible Debentures**") to finance the purchase price and related costs of the acquisition of Hudson Energy Services LLC ("**Hudson Energy**").

On 7 May 2010, the Fund completed the acquisition of Hudson Energy, a retailer of natural gas and electricity to small to medium size commercial customers in New York, New Jersey, Texas, and Illinois, for US$303.15 million. The acquisition of Hudson Energy facilitated the growth of the Issuer Group's commercial business through Hudson Energy's broker network in Canada, the United States and the United Kingdom

On 29 June 2010 the plan of arrangement of the Trust Conversion was approved by the holders of securities of three entities which were predecessors to the Issuer with the approval of the Alberta Court of Queen's Bench, to authorise the conversion of the Fund and its affiliates into the Issuer on 1 January 2011 (see paragraph 1 *"Just Energy Group Inc."* for further details).

On 17 November 2010, the minority shareholder of Terra Grain Fuels Inc., a corporation amalgamated under the CBCA ("**TGF**"), EllisDon Design Build Inc. ("**EllisDon**"), exercised its right to put its one-third equity interest in TGF to JEEC for CAD$10 million of exchangeable shares, series 1 in the capital of JEEC. On 4 January 2011, the Issuer issued 689,940 Common Shares to EllisDon to effect the put option in exchange for EllisDon's one-third interest in TGF, and TGF became a wholly-owned subsidiary of the Issuer.

2011

On 1 January 2011 the Fund was dissolved, a certificate of arrangement was issued under the CBCA amalgamating the predecessor entities and certain other entities to create the Issuer, whose Common Shares were admitted to trading on the TSX on 4 January 2011.

On 22 September 2011, the Issuer completed a public offering of CAD$100 million 5.75 per cent extendible unsecured subordinated debentures of the Issuer ("**CAD$100 Million Convertible Debentures**") the proceeds of which were used for corporate purposes and to finance the purchase price and related costs of the acquisition of Fulcrum Retail Holdings LLC, a limited liability company formed under the laws of Texas ("**Fulcrum**"), a electricity provider to residential and small to medium size commercial customers in Texas.

On 3 October 2011, the Just Energy (U.S.) Corp., a corporation incorporated under the laws of Delaware and an indirect subsidiary of the Issuer, completed the acquisition of Fulcrum for US$79.4 million.

On 13 December 2011, the Issuer announced its intention to make a normal course issuer bid to purchase its Common Shares during the 12 month period commencing 16 December 2011 and ending 15 December 2012, to purchase on the TSX as well as alternative trading systems up to 13,200,917 Common Shares in the Issuer. Any Common Shares purchased pursuant to this normal course issuer bid would be cancelled by the Issuer. As of 15 December 2012 the Company had purchased 84,100 Common Shares under the normal course issuer bid.

The Issuer suspended the ability of Shareholders to participate in the Issuer's Dividend Reinvestment and Optional Purchase Plan (the "**DRIP**"), effective 1 February 2012. The DRIP was reinstated on 30 September 2012. Under the DRIP, a portion of dividends declared are not paid in cash, as shareholders that have elected to do so, receive their dividends in shares at a two per cent. discount on the prevailing market price rather than the cash equivalent.

2012

On 30 January 2012, the Issuer's Common Shares commenced trading on the NYSE under the symbol "JE".

With effect from 1 August 2012, Hudson Solar Project I Corp., a wholly owned subsidiary of Hudson Energy Solar Corp., ("**HES**") a subsidiary of the Issuer, entered into a US$30 million financing agreement with Macquarie Bank Limited to assist with the construction of solar projects in New Jersey, Pennsylvania and Massachusetts. The credit facility matures on 1 August 2014, with no prepayment permitted, bearing interest, and payable quarterly, at U.S. prime plus 6.9 per cent or Eurodollar rate plus 7.9 per cent.

On 10 August 2012, the Issuer acquired a 15 per cent. fully diluted interest in ecobee Inc., a manufacturer and distributor of smart thermostats located in Toronto, Ontario.

In September 2012, the Issuer commenced multi-level marketing for the sale of certain products in the United Kingdom through Momentis (UK) Limited.

In December 2012, a number of wholly owned subsidiaries of HES, entered into an arrangement with Seminole Funding Resources LLC ("**Seminole**") which provided certain subsidiaries with construction loans approximately US$12.2 million, to fund specified projects in New Jersey. The construction loans bore interest at 10 per cent and were due upon completion of certain solar projects. Upon completion of the solar projects, the construction loans are settled from the proceeds of a US$6.5 million in term loans from Seminole which bear interest at eight per cent and mature in six years and a US$7 million equity investment from Firstar Development LLC ("**Firstar**").

On 12 December 2012, the Issuer entered into an agreement with CPPIB Credit Investments Inc. for a CAD$105 million senior unsecured note issued on 12 December 2012 (the "**CAD$105 Million Senior Unsecured Note**"). The CAD$105 Million Senior Unsecured Note bears an interest rate of 9.75 per cent and matures in May 2018. The Issuer used the net proceeds from the CAD$105 Million Senior Unsecured Note to reduce its drawings on its working capital line, fund future growth and for general corporate purposes.

2013

On 1 February 2013, Hudson Energy Supply UK Limited ("**Hudson UK**") entered into a five year strategic supply arrangement with Shell Energy Europe Limited ("**SEEL**") for Hudson UK's commercial retail business in the United Kingdom. Under the arrangement, SEEL will be the wholesale supplier for Hudson UK which will give Hudson UK access to the wholesale market and the benefit of SEEL's market presence and knowledge.

On 7 February 2013, the Issuer announced that the monthly dividend would be reduced to CAD$0.07 per Common Share per month ($0.84 per Common Share annually) from CAD$0.10333 per Common Share per month (CAD$1.24 per Common Share annually) commencing as of the dividend payment paid on 30 April 2013 to enable the Issuer to fund its growth and build a cash reserve to pay down debt on maturity.

On 12 February 2013, the Issuer announced its intention to make a normal course issuer bid to purchase its Common Shares during the 12 month period commencing 14 December 2013 and ending 13 February

2014, to purchase on the TSX as well as alternative trading systems up to 10,000,000 Common Shares in the Issuer. Any Common Shares purchased pursuant to this normal course issuer bid would be cancelled by the Issuer. No purchases were made under this normal course issuer bid.

On 12 February 2013, the Issuer announced its intention to make a normal course issuer bid during the 12 month period commencing on 22 February 2013 and ending on 21 February 2014, to purchase on the TSX as well as alternative trading systems up to CAD$10 million of the CAD$100 Million Convertible Debentures and CAD$33 million of the CAD$330 Million Convertible Debentures. Any of the CAD$100 Million Convertible Debentures and CAD$330 Million Convertible Debentures purchased pursuant to this normal course issuer bid will be cancelled by the Issuer. No purchases were made under this normal course issuer bid.

In March 2013, the Issuer formally commenced the process to dispose of TGF whose business (the operation of a 150-million-litre capacity ethanol plant located in Belle Plaine, Saskatchewan which produced wheat-based ethanol and high protein distillers' dried grain) had been operating in an unpredictable product environment, making it difficult for management to derive real growth and profitability from the segment.

In May 2013, a number of wholly owned subsidiaries of HES, entered into an arrangement with Seminole which provided certain subsidiaries with construction loans for approximately US$10.4 million, to fund specified projects in New Jersey and Massachusetts. The construction loans bore interest at 10 per cent. and were due upon completion of certain solar projects. Upon completion of the solar projects, the construction loans are settled from the proceeds of US$6.2 million in term loans from Seminole which bear interest at eight per cent. and mature in six years and US$5 million equity investments from Firstar.

In May 2013, Hudson Solar Macy LLC ("**HSM**"), a subsidiary of HES, entered into an arrangement with State Street Partners LLC which provided HSM with access to one per cent. interest rate construction loans for up to approximately US$6.2 million in the aggregate, to fund certain solar projects in New Jersey.

On 24 December 2013, the TGF was sold by the Issuer to a group of Saskatchewan-based businesses for a nominal sum.

2014

On 27 January 2014, the Issuer closed its offering of the Bonds.

On 26 February 2014, Ken Hartwick, the Issuer's Chief Executive Officer, submitted his resignation from the Issuer to be effective 1 April 2014 to pursue personal interests. The Issuer announced that the board of directors appointed Deborah Merril, Just Energy's Executive Vice President, Commercial and James Lewis, Just Energy's Chief Operating Officer, as Co-Chief Executive Officers, effective as of 1 April 2014.

On 19 March 2014, the Issuer used the net proceeds of the offering of the Bonds to redeem the outstanding CAD$90 Million Convertible Debentures.

On 31 March 2014, following a strategic review by the Issuer of its sales and marketing strategy, the Issuer sold certain assets of the multi-level marketing business of Momentis Canada Corp., Momentis US Corp. and Momentis (UK) Limited, including the independent representative contracts and certain vendor agreements, which had constituted the Issuer's network marketing division ("**Network Marketing Division**") to an independent third party, Momentis International LLC, for a nominal sum.

In March 2014, the Issuer formally commenced the process to dispose of HES and designated the HES assets as a discounted operation as the Issuer expects to dispose of HES within the next 12 months.

On 5 June 2014, the Issuer announced that it had entered into a conditional sale and purchase agreement (the "**NHS Sale Agreement**") with Reliance Comfort Limited Partnership ("**Reliance**"), pursuant to which Reliance has agreed to purchase the entire issued share capital of National Energy Corporation.

On 5 June 2014, the Issuer announced that the monthly dividend would be reduced to CAD$0.125 per Common Share per quarter (CAD$0.50 per Common Share annually) from CAD$0.07 per Common Share per month (CAD$0.84 per Common Share annually) commencing as of the September 2014 dividend payment to enable the Issuer to fund its growth and build a cash reserve to pay down debt on maturity. The June 2014 CAD$0.07 dividend will be paid to shareholders on the record as of 16 June 2014 on 30 June 2014.

5 Group Strategy

The Issuer aims to maintain its growth in line with the rapidly expanding industry in which it operates by implementing the following strategies:

(a) continue market share gains throughout the Issuer's existing North American footprint, as well as growth with its expansion in the United Kingdom;

(b) maintaining its position as a leader in providing "green" supply to its customers;

(c) penetrating the existing and new customer base with more products through bundling, including its home services products and smart thermostats and other cross selling initiatives. Doing this will broaden the customer relationship and create a more profitable and stable customer relationship which is less impacted by commodity pricing; and

(d) "right sizing" the Company balance sheet by reducing debt to EBITDA a target of 3.5 to 4.0 times EBITDA by the end of the financial year ended 31 March 2016.

6 Key Strengths

The Issuer believes it has a number of key strengths that are important to the success of the business, as set out below:

(a) a marketing and sales organisation which has achieved significant success in commodity and green product sales;

(b) a responsive customer care and customer service process;

(c) a disciplined management of commodity, JustGreen/JustGreen Lifestyle products (see "*JustGreen*" below for more detail), water heater, furnace, thermostat, air conditioner and solar panel purchases;

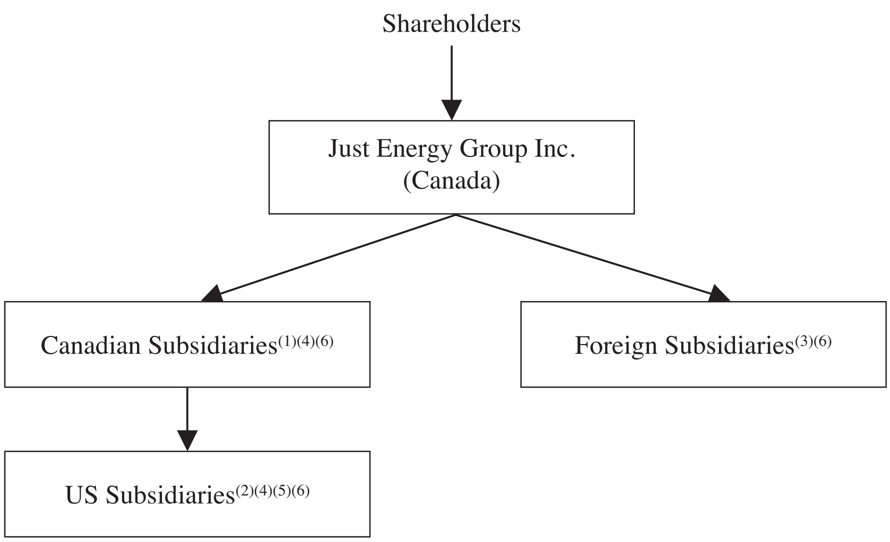
(d) products priced to achieve stable margin growth vs customer growth in all business sectors; and

(e) evolving sales channel.

7 Current Group Structure

The Issuer is a holding company and carries out its business through its direct and indirect trading subsidiaries.

The following diagram sets forth the simplified organisational structure of the Issuer.



Notes:

(1) The Canadian subsidiaries are corporations, limited partnerships, and unlimited liability companies directly or indirectly wholly-owned by the Company. The Canadian operating subsidiaries are Just Energy Ontario LP (Ontario); Just Energy Alberta LP (Alberta); Just Green LP (Alberta); Just Energy Manitoba LP (Manitoba); Just Energy BC Limited Partnership (British Columbia); Just Energy Québec LP (Quebec); Just Energy Prairies LP; Just Energy Trading LP (Ontario); Momentis Canada Corp (Ontario); National Energy Corporation doing business as National Home Services (Ontario) and Hudson Energy

Canada Corp (Canada). Just Energy Corp is the general partner of each of the Canadian limited partnerships. Additionally, the Company indirectly holds a 12.2 per cent. fully diluted interest in ecobee Inc a manufacturer and distributor of smart thermostats located in Toronto, Ontario.

(2) The US subsidiaries are corporations, limited liability companies and limited partnerships indirectly wholly-owned by the Company and are incorporated or formed, as applicable, under the laws of the State of Delaware, unless otherwise noted. The US operating subsidiaries are Just Energy (US) Corp.; Just Energy Illinois Corp; Just Energy Indiana Corp; Just Energy Massachusetts Corp; Just Energy New York Corp; Just Energy Texas I Corp; Just Energy Texas LP (Texas); Just Energy Pennsylvania Corp; Commerce Energy, Inc (California); Just Energy Marketing Corp; Just Energy Michigan Corp; Momentis US Corp; Hudson Energy Services LLC (New Jersey); Just Resources LLC; Hudson Energy Solar Corp, Fulcrum Retail Holdings LLC and its subsidiaries; Fulcrum Retail Energy LLC doing business as Amigo Energy (Texas); Tara Energy, LLC (Texas). Fulcrum Retail Energy LLC doing business as Amigo Energy (Texas) owns a 72.5 per cent. interest in Amigo Power LLC, which operates as a sales and marketing company for Fulcrum Retail Energy LLC (9 per cent.), Barri Remittance Corporation (7.5 per cent.), Abelardo Matamoros (6 per cent.) and Carlos Lara (5 per cent.). Mr Lara is an employee of Fulcrum Retail Holdings LLC.

(3) Hudson Energy Holdings UK Limited, Hudson Energy Supply UK Limited, Just Energy UK Limited and Momentis (UK) Limited operating under the laws of England and Wales are direct and indirect wholly owned subsidiaries of the Company. Just Insurance Limited, a Barbadian company, an indirect wholly owned subsidiary of the Company, provides self-insurance to the Company and its subsidiaries.

(4) The Company also indirectly owns a 50% interest in Just Ventures LP (Ontario) and Just Ventures LLC (Delaware) (collectively, "**Just Ventures**"), which operate as internet marketing companies for the Company's subsidiaries The other 50% interest of Just Ventures is directly or indirectly held by a third party, Red Ventures, LLC (North Carolina).

(5) HES has a number of subsidiaries, including Hudson USB ITC Owner LLC (51% indirectly owned), Hudson USB ITC Owner 2 LLC (51% indirectly owned), Hudson USB ITC Managing Member LLC, Hudson USB ITC Managing Member 2 LLC, Hudson Solar Macy LLC, Hudson Solar Project 2 LLC, Hudson Solar Project 1 Corp.

(6) All direct and indirect subsidiaries of the Issuer are 100 per cent. owned by the Issuer unless otherwise stated.

8 Business Divisions and Principal Markets

Details of the Issuer's business divisions are set out below:

(a) ***Energy Divisions***

(i) *Consumer Energy Division*

(A) *Customers*

The Consumer Energy Division undertakes the sale of gas and electricity to customers consuming 15 RCEs and less.

(B) *Sales*

Marketing of the energy products of this division is primarily done door-to-door through 1,000 and 1,200 independent contractors, internet-based marketing, telemarketing efforts and through third party marketers such as the Momentis International LLC's (an independent third party provider) multi-level marketing channel. Approximately 42 per cent. of the Issuer's customer base resides within the Consumer Energy Division, which is currently focused on longer-term price-protected and variable rate offerings of commodity products and JustGreen (see "*JustGreen*" below). To the extent that certain markets are better served by shorter-term or enhanced variable rate products, the Consumer Energy Division's sales channels also offer these products. In addition, the Consumer Energy Division has commenced marketing bundled products in Ontario, Alberta and Texas, offering certain commodity products along with a "smart" thermostat.

The independent contractors educate consumers about the benefits of energy deregulation and sell consumers products offered by the Issuer as well as a number of other products. Independent contractors are rewarded through commissions earned based on new customers added.

(ii) *Commercial Energy Division*

(A) *Customers*

The Commercial Energy Division serves customers with an annual gas and electricity consumption of over 15 RCEs.

(B) *Sales*

Sales in the Commercial Energy Division are made through three main channels: sales through the broker channel using the commercial platform acquired with the purchase of Hudson Energy; door-to-door commercial independent contractors; and inside commercial sales representatives. Commercial customers make up approximately 52 per cent. of the Issuer's customer base. Products offered to commercial customers can range from standard fixed-price offerings to "one off" offerings, which are tailored to meet the customer's specific needs. These products can be either fixed or floating rate or a blend of the two, and normally have terms of less than five years. Gross margin per RCE for this division is lower than consumer margins but customer aggregation costs and ongoing customer care costs are lower as well on a per RCE basis. Commercial customers tend to have combined attrition and failed-to-renew (i.e. not renewing expiring contracts at the end of their term) rates that are lower than those of consumer customers.

(iii) *Revenues of the Consumer Energy Division and the Commercial Energy Division*

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 14, 2014" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2014 set out in Section C of "*Financial Information on the Issue Group*" below. The financial information contained therein has been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Year ended 31 March 2014 compared to year ended 31 March 2013 (thousands of dollars) (CAD$)

	2014			2013		
Gross	**Consumer**	**Commercial**	**Total**	**Consumer**	**Commercial**	**Total**
Gas	116	27,674	144,6	103,84	21,	125,774
Electricity	253,912	105,259	359,171	211,911	128,984	340,895
Network marketing (non-energy)	1,731	—	1,731	15,499	—	15,499
	372,598	132,933	505,531	331,258	150,910	482,168
Increase (decrease)	12 per cent.	12 per cent.	5 per cent.			

For the year ending 31 March 2014, gross margin for the Energy Marketing divisions were CAD$505.5 million for the year ending 31 March 2014, an increase of 5 per cent. from CAD$482.2 million earned in the prior year. For the year ended 31 March 2014, gas and electricity gross margin consisted of 29 per cent. and 71 per cent., respectively, of total energy marketing gross margin. In the financial year ending on 31 March 2013, gas, electricity and network marketing gross margin represented 26 per cent., 71 per cent. and 3 per cent. of total energy marketing gross margin, respectively.

The energy marketing customer base increased by 4 per cent. during the financial year ending 31 March 2014. The 5 per cent. increase in gross margin was reflective of the increase in customer base. Commercial customers increased their proportion of the energy marketing book by 2 per cent., representing 52 per cent. of the total customer base at 31 March 2014. Commercial customers generate lower gross margin per RCE than consumer customers.

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 16, 2013" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2013 set out in Section B of "*Financial Information on the Issue Group*" below. The financial information contained therein has been prepared in accordance with IFRS.

Year ended 31 March 2013 compared to year ended 31 March 2012 (thousands of dollars) (CAD$)

	2013			2012		
Sales	**Gas**	**Electricity**	**Total**	**Gas**	**Electricity**	**Total**
Canada	406,276	411,786	818,062	476,020	489,043	965,063
United States	338,799	1,650,223	1,989,022	407,037	1,230,810	1,637,847
	745,075	2,062,009	2,807,084	883,057	1,719,853	2,602,910
Increase (decrease)	(16) per cent.	20 per cent.	8 per cent.			

Gross margin	Gas	Electricity	Total	Gas	Electricity	Total
Canada	61,529	103,174	164,703	85,222	93,151	178,373
United States	64,245	237,721	301,966	54,918	223,081	277,999
	125,774	340,895	466,669	140,140	316,232	456,372
Increase (decrease) . . .	(10) per cent.	8 per cent.	2 per cent.			

For the year ending 31 March 2013, sales were CAD$2,807.1 million, an increase of eight per cent. from CAD$2,602.9 million in the prior year. Gross margin was CAD$466.7 million for the year ending 31 March 2013, an increase of two per cent. from CAD$456.4 million earned in the prior year. For the year ended 31 March 2013, gas and electricity gross margin consisted of 27 per cent. and 73 per cent., respectively, of total energy marketing gross margin. In the financial year ending on 31 March 2012, gas and electricity gross margin represented 31 per cent. and 69 per cent. of total energy marketing gross margin, respectively.

The total customer base increased by nine per cent. during the financial year ending 31 March 2013. The eight per cent. increase in sales was reflective of the increase in customer base however the increase in gross margin was lower at two per cent. Commercial customers increased their proportion of the energy marketing book by four per cent., representing 49 per cent. of the customer base and representing 53 per cent. at 31 March 2013. Commercial customers generate lower gross margin per RCE than consumer customers.

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 17, 2012" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2012 set out in Section A of "Financial Information on the Issue Group" below. The financial information contained therein has been prepared in accordance with IFRS.

Year ended 31 March 2012 compared to year ended 31 March 2011 (thousands of dollars)(CAD$)

	2012			2011		
Sales	**Gas**	**Electricity**	**Total**	**Gas**	**Electricity**	**Total**
Canada	476,020	489,043	965,063	660,036	619,985	1,280,021
United States	407,037	1,230,810	1,637,847	525,714	1,015,347	1,541,061
	883,057	1,719,853	2,602,910	1,185,750	1,635,332	2,821,082
Increase (decrease) . .	(26) per cent.	5 per cent.	(8) per cent.			

	2012			2011		
Gross margin	**Gas**	**Electricity**	**Total**	**Gas**	**Electricity**	**Total**
Canada	85,222	93,151	178,373	94,200	94,749	188,949
United States	54,918	223,081	277,999	78,563	183,922	262,485
	140,140	316,232	456,372	172,763	278,671	451,434
Increase (decrease) . .	(19) per cent.	13%	1 per cent.			

Sales for the financial year ended 31 March 2012, were CAD$2.6 billion, a decrease of eight per cent. from CAD$2.8 billion in the prior year. The sales decline reflected the impact of the decrease in commodity prices within contracts signed in recent periods and the impact on gas consumption of the extremely warm temperatures during the third and fourth quarters of the financial year ended 31 March 2012. Because of the lower commodity prices, the Issuer experienced a gradual reduction in average price within the customer base as new customers signed and customer renewals are at lower prices than that of customers expiring or lost through attrition.

Gross margins were CAD$456.4 million for the year, an increase of one per cent. from the CAD$451.4 million earned during the year ended 31 March 2011. The increase in gross margin is primarily a result of the record number of customers added through marketing and the Fulcrum acquisition, offset by the impact from the warm winter partially mitigated through weather derivative options.

(b) ***Home Services Division (to be discontinued)***

(i) *Customers*

The Home Services Division is primarily operated by National Energy Corporation under the trade name NHS. NHS provides Ontario and Quebec residential customers with a long-term water heater, furnace and air conditioning rental, offering high efficiency conventional and power vented tank and tankless water heaters and high efficiency furnaces and air conditioners. In addition, NHS has commenced marketing "smart" thermostats in Ontario. The thermostats are being sold independently in Ontario or also offered in a bundled product offering with the rental of air conditioners or furnaces. NHS customers make up approximately six per cent. of the Issuer's customer base.

In June 2014, the Issuer entered into the NHS Sale Agreement with Reliance, pursuant to which it is anticipated that the Home Services Division shall, subject to the satisfaction of certain conditions, be acquired by Reliance during 2014.

(ii) *Sales*

NHS markets through approximately 100 independent contractors in Ontario and Quebec.

(iii) *Revenues*

For the financial year ended 31 March 2014, NHS had sales of CAD$76.4 million and gross margin of CAD$60.1 million, an increase of 43 per cent. from CAD$53.5 million reported in the financial year ended 31 March 2013.

For the financial year ended 31 March 2013, NHS had sales of CAD$53.5 million and gross margin of CAD$42.0 million, an increase of 50 per cent. from CAD$28.0 million reported in the financial year ended 31 March 2012.

For the financial year ended 31 March 2012, NHS had sales of CAD$35.6 million for the year, up 58 per cent. from CAD$22.6 million reported in the financial year ended 31 March 2011.

(c) ***Solar Division (Discontinued)***

The Issuer, through HES and its subsidiaries, operated a commercial solar project development company operating in New Jersey, Pennsylvania and Massachusetts. In March 2014, the Issuer designated HES assets as held for sale as it is expected to be sold in the next 12 months.

(i) *Customers*

HES installs solar systems on residential and commercial sites, maintaining ownership of the system and providing maintenance and monitoring of the system for a period of up to 20 years. HES sells the energy generated by the solar panels back to the customer. This division contributed to operating metrics through commodity sales, renewable energy credit offset sales and tax incentives.

(ii) *Sales*

Sales were made through an internal sales team at HES.

(iii) *Revenues*

Revenues were CAD$3.9 million for the financial year ended 31 March 2014. Prior to that, the revenues were not material as the majority of the solar projects were still under construction.

For the financial year ended 31 March 2014, Base EBITDA was CAD$(2.9) million, a decrease from CAD$1.6 million in the prior comparable period.

(d) ***Ethanol Division (Discontinued)***

The Issuer, through TGF (its former subsidiary), previously operated a 150-million-litre capacity wheat based ethanol plant in Belle Plaine, Saskatchewan. The plant produced wheat-based ethanol and high protein distillers dried grain. On 24 December 2013, TGF was sold by the Issuer and the Issuer no longer operates an Ethanol Division.

For the year ended 31 March 2013, TGF had sales of CAD$107.1 million, a decrease of 18 per cent. from CAD$130.5 million in the prior year.

For the financial year ended 31 March 2012, TGF had sales of CAD$130.5 million, a 20 per cent. increase from CAD$108.5 million in the financial year ended 31 March 2011.

9 About the Energy Markets

(a) ***Natural Gas***

The Issuer offers natural gas customers a variety of products ranging from month-to-month variable-price offerings to five-year fixed-price contracts. For fixed-price contracts, the Issuer purchases gas supply through physical or financial transactions with market counterparts in advance of marketing, based on forecast customer aggregation for residential and small commercial customers. For larger commercial customers, gas supply is generally purchased concurrently with the execution of a contract. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion.

The natural gas is delivered to customers by the LDCs and the LDCs bill the customers on behalf of the Issuer in all markets other than Alberta and the United Kingdom.

The LDC provides historical customer usage which, when normalised to average weather, enables the Issuer to purchase the expected normal customer load. Furthermore, the Issuer mitigates exposure to weather variations through active management of the gas portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. The Issuer's ability to mitigate weather effects is limited by the severity of weather from normal. To the extent that balancing requirements are outside the forecast purchase, the Issuer bears the financial responsibility for fluctuations in customer usage. To the extent that supply balancing is not fully covered through active management or the options or other derivatives employed, the Issuer's customer gross margin may be reduced or increased depending upon market conditions at the time of balancing. Under some commercial contract terms, this balancing may be passed onto the customer.

(i) *Ontario, Quebec, British Columbia and Michigan*

In Ontario, Quebec, British Columbia and Michigan, the volumes delivered for a customer typically remain constant throughout the year. The Issuer does not recognise sales until the customer actually consumes the gas. During the winter months, gas is consumed at a rate that is greater than delivery and, in the summer months, deliveries to LDCs exceed customer consumption. The Issuer receives cash from the LDCs as the gas is delivered, which is even throughout the year.

(ii) *Alberta*

In Alberta, the volume of gas delivered is based on the estimated consumption for each month. Therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash received from customers and the LDC will be higher in the winter months.

(iii) *Other gas markets*

In New York, Illinois, Indiana, Ohio, California, Georgia, New Jersey, Pennsylvania, Manitoba and Saskatchewan, the volume of gas delivered is based on the estimated consumption and storage requirements for each month. Therefore, the amount of gas delivered in winter months is higher than in the spring and summer months. Consequently, cash flow received from these states/provinces is greatest during the third and fourth (winter) quarters, as cash is normally received from the LDCs in the same period as customer consumption.

(b) ***Electricity***

In Ontario, Alberta, New York, Texas, Illinois, Pennsylvania, New Jersey, Maryland, Michigan, California, Ohio, Delaware, Massachusetts and the United Kingdom, the Issuer offers a variety of solutions to its electricity customers, including fixed-price and variable-price products on both short-term and longer-term electricity contracts. Some of these products provide customers with price-protection programs for the majority of their electricity requirements. Customers may experience either a small balancing charge or credit (pass-through) on each bill due to fluctuations in prices applicable to their volume requirements not covered by a fixed price. The Issuer uses historical usage data for all enrolled customers to predict future customer consumption and to help with long-term supply procurement decisions.

The electricity is delivered to customers by the LDCs. The LDCs also bill the customers on behalf of the Issuer for all markets other than Texas, Alberta and the United Kingdom.

The Issuer purchases power supply through physical or financial transactions with market counterparties in advance of marketing to residential and small commercial customers based on forecast customer aggregation. Power supply is generally purchased concurrently with the execution of a contract for larger commercial customers. The LDC provides historical customer usage, which, when normalised to average weather, enables the Issuer to purchase to expected normal customer load. Furthermore, the Issuer mitigates exposure to weather variations through active management of the power portfolio, which involves, but is not limited to, the purchase of options including weather derivatives.

The Issuer's ability to mitigate weather effects is limited by the severity of weather from normal. In certain markets, to the extent that balancing requirements are outside the forecast purchase, the Issuer bears the financial responsibility for excess or short supply caused by fluctuations in customer usage. To the extent that supply balancing is not fully covered through customer pass-throughs or active management or the options employed, the Issuer's customer gross margin may be impacted depending upon market conditions at the time of balancing.

(c) ***JustGreen***

The Issuer also offers customers the ability to choose an appropriate JustGreen program to supplement their electricity and natural gas contracts, providing an effective method to offset their carbon footprint associated with the respective commodity consumption.

JustGreen programs for electricity customers involve the purchase of power from green generators (such as wind, solar, run of the river hydro or biomass) via power purchase agreements and renewable energy certificates. JustGreen programs for gas customers involve the purchase of carbon offsets from carbon capture and reduction projects.

The Issuer currently sells JustGreen gas in the eligible markets of Ontario, British Columbia, Alberta, Saskatchewan, Michigan, New York, Ohio, Illinois, New Jersey, Maryland, Pennsylvania and California. JustGreen electricity is sold in Ontario, Alberta, New York, Texas, Maryland, Massachusetts, Ohio and Pennsylvania. Of all consumer customers who contracted with the Issuer in the past year, 29 per cent. took JustGreen for some or all of their energy needs. On average, these customers elected to purchase 84 per cent. of their consumption as green supply. For comparison, as reported in the financial year ending 31 March 2013, 28 per cent. of consumer customers who contracted with the Issuer chose to include JustGreen for an average of 82 per cent. of their consumption. Overall, JustGreen now makes up 11 per cent. of the Consumer gas portfolio, compared with 9 per cent a year ago. JustGreen makes up 21 per cent. of the Consumer electricity portfolio, up from 13 per cent. a year ago.

10 Issuer's Financings

(a) ***Credit Agreement***

As of 31 March 2014, the Issuer held a CAD$290 million credit facility under the Credit Agreement to meet working capital requirements. The current syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, The Bank of Nova Scotia, HSBC Bank Canada and Alberta Treasury Branches. The term of the credit facility expires on 2 October 2015.

Under the terms of the credit facility, the Issuer is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees that vary between 2.88 per cent. and 4.00 per cent., prime rate advances at rates of interest that vary between bank prime plus 1.88 per cent. and 3.00 per cent., and letters of credit at rates that vary between 2.88 per cent. and four per cent. Interest rates are adjusted quarterly based on certain financial performance indicators.

The Issuer's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates, excluding, among others, NHS, HES and the UK operations and secured by a pledge of the assets of the Issuer and the majority of its operating subsidiaries and affiliates.

(b) ***CAD$105 Million Senior Unsecured Note***

The CAD$105 Million Senior Unsecured Note bears interest at 9.75 per cent. and matures in June 2018. The CAD$105 Million Senior Unsecured Note is subject to certain financial and other covenants. As of 31 March 2014, all of these covenants have been met.

In conjunction with the covenant requirements associated with the issuance of senior unsecured notes, the following represents select financial disclosure for the "Restricted Subsidiaries" as defined within the Note Indenture, which generally excludes NHS, HES, Momentis Canada Corp., Momentis US Corp. Momentis (UK) Limited and the operations in the United Kingdom.

	Three months ended 31 March 2014	Twelve months ended 31 March 2014
Base EBITDA	CAD$57,953	CAD$173,238
Selling and marketing expenses to add gross margin	8,124	43,187
Share-based compensation	(3,170)	1,518
Maintenance capital expenditures	1,192	8,734

(c) ***NHS Financing***

NHS has a long-term financing agreement with HTC (a wholly-owned subsidiary of Home Capital Group Inc.) for the funding of new and existing rental water heater, furnace and air conditioner contracts. Pursuant to the agreement, NHS will receive financing of an amount equal to the net present value of the five, seven or 10 years (at its option) of monthly rental income, discounted at the agreed upon financing rate of 7.25 per cent. to 7.99 per cent., and is required to remit an amount equivalent to the rental stream from customers on the water heater, air conditioner and furnace contracts for the five, seven or 10 years, respectively. NHS has provided security over the water heaters, furnace and air conditioner equipment and rental contracts, subject to the financing rental agreement, as collateral for performance of the obligation.

The financing agreement is subject to a holdback provision of three per cent. to five per cent. Once all of the obligations of NHS are satisfied or expired, the remaining funds in the holdback account will immediately be released to NHS. NHS is required to meet a number of non-financial covenants under the agreement and, as at 31 March 2014, all of these covenants had been met. The current balance under this arrangement is CAD$244 million as at 31 March 2014.

NHS assumed debt relating to the acquisition of customer contracts in the prior year. The current outstanding debt of CAD$28.6 million bears interest at 7.5 per cent. to 11 per cent., is secured by the underlying assets and will be satisfied through blended monthly payments up to August of 2022.

On 4 June 2014, the Issuer entered into the conditional NHS Sale Agreement with Reliance. A condition of completion of the sale of the entire issued share capital of National Energy Corporation (which operates the Homes Services Division under the trading name NHS) to Reliance by the Issuer, is the repayment of the outstanding balance under the financing agreement and outstanding debt that was assumed by NHS.

(d) ***CAD$330 Million Convertible Debentures***

To fund an acquisition in May 2010, the Issuer issued the CAD$330 Million Convertible Debentures. The CAD$330 Million Convertible Debentures bear an interest rate of six per cent. per annum payable semi-annually in arrears on 30 June and 31 December in each year, with maturity on 30 June 2017. Each CAD$1,000 of principal amount of the CAD$330 Million Convertible Debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 shares of the Issuer, representing a conversion price of CAD$18 per share.

Prior to 30 June 2015, the debentures may be redeemed by the Issuer, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price on the date on which notice of redemption is given is not less than 125 per cent. of the conversion price. On or after 30 June 2015, and prior to the maturity date, the debentures may be redeemed by the Issuer, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

(e) ***CAD$100 Million Convertible Debentures***

On 22 September 2011, the Issuer issued the CAD$100 Million Convertible Debentures, which were used to purchase Fulcrum on 1 October 2011. The CAD$100 Million Convertible Debentures bear interest at an annual rate of 5.75 per cent., payable semi-annually on 31 March and 30 September in each year, and have a maturity date of 30 September 2018. Each CAD$1,000 principal amount of the CAD$100 Million Convertible Debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day (as defined in the CAD$100 Million Convertible Debenture Indenture) immediately preceding the date fixed for redemption, into 55.6 Common Shares of the Issuer, representing a conversion price of CAD$17.85 per share.

The CAD$100 Million Convertible Debentures are not redeemable at the option of the Issuer on or before 30 September 2014. After 30 September 2014, and prior to 30 September 2016, the CAD$100 Million Convertible Debentures may be redeemed in whole or in part from time to time at the option of the Issuer 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 weighted average trading price of the Common Shares of the Issuer on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is at least 125 per cent. of the conversion price. On or after 30 September 2016, the CAD$100 Million Convertible Debentures may be redeemed in whole or in part from time to time at the option of the Issuer 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.

(f) ***HES Financing***

As at 31 March 2014, Just Energy has classified HES as held for sale and has included the HES long-term debt as liabilities held for sale on its consolidated statements of financial position at 31 March 2014. Please refer to Section C of *Financial Information of the Issuer Group* for further information.

HES, through a subsidiary, entered into a US$30 million financing agreement to assist with the construction of certain solar projects. The credit facility matures on 1 August 2014, with no prepayment permitted, bearing interest, and payable quarterly, at US prime plus 6.9 per cent. or Eurodollar rate plus 7.9 per cent. As at 31 March 2014, HES had drawn CAD$13,763,000 and had unamortised debt issue costs relating to the facility of CAD$325,000.

As at 31 March 2014, HES has CAD$13,824,000 owing under term loans used to satisfy prior construction loans and has unamortised debt issue costs of CAD$2,562,000. The term loans bear interest at eight per cent and mature between May and June 2019. In addition, during the financial year ended 31 March 2014, HES received CAD$10,183,000 from an institutional investor under this arrangement. The minority shareholder has approximately 49 per cent interest in certain projects and is entitled to a significant portion of the tax incentives generated by these projects. The minority shareholder's interest will decrease to five per cent in approximately five years from the original investment.

As at 31 March 2014, HES has CAD$9,879,000 owing under a 15-year term loan used to satisfy prior construction loans which has unamortised debt issue costs of CAD$366,000. This term loan bears interest at approximately 11 per cent and can be repaid in cash or through the issuance of Solar Renewable Energy Credits ("**SRECs**") generated by the underlying projects. If Just Energy elects to repay the term loan with SRECs, the SRECs will be valued at the greater of their market value and a range of CAD$325 to CAD$410 per SREC.

(g) ***US$150 Million Convertible Bonds***

On 29 January 2014, Just Energy issued the Bonds. Please refer to the sections *Terms and Conditions of the Bonds* and *Summary of provisions relating to the Bonds while in Global Form* for further details.

11 Litigation

Except as set out in paragraphs 11 (a) to (c) below, there are no governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the previous 12 months which may have or have had in the recent past significant effects on the Issuer or the Issuer Group's financial position or profitability.

(a) ***The State of California***

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("**FERC**") against many suppliers of electricity, including Commerce Energy Inc. ("**CEI**"), a subsidiary of the Issuer, with respect to events stemming from the 2001 energy crisis in California. The suppliers involved in the claim include entities which owned generation facilities and those that did not own generation facilities.

Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. Although CEI did not own generation facilities, the State of California claims as to CEI, as well as other suppliers that also did not own generation facilities, include that CEI was unjustly enriched by the run-up in charges caused by the alleged market manipulation of other market participants. On 18 March 2010, the assigned Administrative Law Judge granted a motion to strike the claim for all parties in one of the complaints (in favour of the suppliers), holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision. On 13 June 2012, FERC denied the plaintiff's request for a rehearing, affirming its initial decision. California has appealed to the United States Courts for the Ninth Circuit and this appeal remains pending. CEI continues to vigorously contest this matter. The Issuer believes the claim to be without merit and that the State of California's chance of success is remote, however, in the unlikely event that the State of California is successful this could have a significant effect on the Issuer. As at the date of these Listing Particulars, the amount claimed by the State of California is not quantifiable.

(b) ***Reliance Comfort Limited Partnership***

On 17 December 2012, NHS was served with a statement of claim from the Ontario Superior Court Justice by Reliance seeking damages in the amount of CAD$60 million and related declaratory and injunctive relief, based on allegations that NHS engaged in unfair trade practices and misleading representations in its marketing and sale of water heaters. Reliance also made a formal complaint to the Competition Bureau in Canada with similar allegations. NHS believes the action and complaint are attempts by Reliance to deflect attention from allegations of anti-competitive conduct made against Reliance by the Commissioner of Competition (the "**Commissioner**"). Following a formal investigation, on 20 December 2012, the Commissioner brought applications against Reliance and Direct Energy alleging that each company was abusing its dominant position through conduct that intentionally suppresses competition and restricts consumer choice. On 11 September 2013, Reliance amended its claim and added the Issuer as a defendant. The Issuer believes that it is not a proper defendant in the proceedings and that the allegations against it are a continued attempt by Reliance to deflect attention from the Commissioner's allegation of anti-competitive conduct made against it. NHS and the Issuer will vigorously defend themselves against the action and NHS has counterclaimed for CAD$60 million in damages for claims of misleading advertising, breaches of the Competition Act (Canada), breaches of the Consumer Protection Act and defamation. In response to the formal complaint by Reliance, the Commissioner has commenced an inquiry with respect to NHS and its competitors.

On 4 June 2014, the Issuer entered into the conditional NHS Sale Agreement with Reliance. A condition of completion of the sale of the entire issued share capital of National Energy Corporation (which operates the Homes Services Division under the trading name NHS) to Reliance by the Issuer, is the full and final release of NHS and the Issuer by Reliance of its claim and the full and final release of Reliance by NHS of its counterclaim.

(c) ***Fulcrum Power Services L.P.***

On 12 August 2013, Fulcrum Power Services L.P. ("**FPS**") filed a lawsuit against the Issuer. Just Energy (US) Corp. and Fulcrum, for up to CAD$20 million in connection with Fulcrum failing to achieve an earn-out target under the purchase and sales agreement dated 24 August 2011 for the purchase of Fulcrum from FPS. FPS alleges that the Issuer conducted itself in a manner that was intended to or reasonably likely to reduce or avoid the achievement of the earn-out target. In October 2013, the Issuer's motion to compel arbitration was successful. The Issuer will continue to vigorously defend itself against this claim.

(d) ***Hurt/Hill class action***

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against CEI and the Issuer in the Ohio federal court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the Federal Labor Standards Act on their own behalf and similarly situated door-to-door sale representatives in the United States. CEI disagrees with plaintiffs' claims on a number of grounds and has been vigorously defending the claims. The plaintiffs filed a motion with the Court to certify the lawsuit as a class action. The Court granted the plaintiffs' motion to certification as a class action and set a deadline of 13 January 2014 for the filing of opt-in plaintiffs. Approximately 1,800 plaintiffs opted-in to the federal wage claims. Approximately 8,000 plaintiffs were certified as part of the Ohio state wage claims. As of the date of these Listing Particulars, the potential quantum of damages to the Issuer should the plaintiffs be successful has not been determined by the plaintiffs or the Issuer.

FINANCIAL INFORMATION ON THE ISSUER GROUP

Section A—Consolidated Financial Statements as at and for the years ended 31 March 2012 and 2011

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Just Energy Group Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards.

The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Group Inc. maintains systems of internal accounting and administrative controls. These systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is composed entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Group Inc.

Signed "Ken Hartwick"
Ken Hartwick
Chief Executive Officer and President

Signed "Beth Summers"
Beth Summers
Chief Financial Officer

Independent auditors' report

To the Shareholders of Just Energy Group Inc.

We have audited the accompanying consolidated financial statements of Just Energy Group Inc., which comprise the consolidated statements of financial position as at March 31, 2012 and 2011, and April 1, 2010, and the consolidated statements of income (loss), comprehensive income (loss), shareholders' deficit and cash flows for the years ended March 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Just Energy Group Inc. as at March 31, 2012 and 2011, and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012 and 2011 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed "Ernst & Young LLP"
Chartered Accountants
Licensed Public Accountants
Toronto, Canada
May 17, 2012

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT

(thousands of Canadian dollars)

	Notes	March 31, 2012	March 31, 2011	April 1, 2010
ASSETS				
Non-current assets				
Property, plant and equipment	5	**$ 291,061**	$ 234,002	$ 216,676
Intangible assets	6	**543,775**	640,219	528,854
Contract initiation costs		**44,225**	29,654	5,587
Other non-current financial assets	11	**15,315**	5,384	5,027
Non-current receivables		**6,475**	4,569	2,014
Deferred tax asset	16	**78,398**	121,785	265,107
		979,249	1,035,613	1,023,265
Current assets				
Inventory	8	**9,988**	6,906	6,323
Gas delivered in excess of consumption		**12,844**	3,481	7,410
Gas in storage		**11,453**	6,133	4,058
Current trade and other receivables		**299,945**	281,685	232,579
Accrued gas receivables		**2,875**	26,535	20,793
Unbilled revenues		**130,796**	112,147	61,070
Prepaid expenses and deposits		**9,451**	6,079	20,038
Other current assets	11	**12,799**	3,846	2,703
Corporate tax recoverable		**8,225**	9,135	—
Restricted cash	7	**12,199**	833	18,650
Cash and cash equivalents		**53,220**	97,633	60,132
		563,795	554,413	433,756
TOTAL ASSETS		**$ 1,543,044**	$ 1,590,026	$ 1,457,021
DEFICIT AND LIABILITIES				
Deficit attributable to equity holders of the parent				
Deficit		**$(1,652,188)**	$(1,349,928)	$(1,556,669)
Accumulated other comprehensive income	12	**70,293**	123,919	221,969
Unitholders' capital		**—**	—	777,856
Shareholders' capital	13	**993,181**	963,982	—
Equity component of convertible debenture	15	**25,795**	18,186	—
Contributed surplus		**62,147**	52,723	—
Shareholders' deficit		**(500,772)**	(191,118)	(556,844)
Non-controlling interest		**(637)**	—	20,421
TOTAL DEFICIT		**(501,409)**	(191,118)	(536,423)
Non-current liabilities				
Long-term debt	15	**679,072**	507,460	231,837
Provisions	17	**3,068**	3,244	3,124
Deferred lease inducements		**1,778**	1,622	1,984
Other non-current financial liabilities	11	**309,617**	355,412	590,572
Deferred tax liability	16	**6,073**	22,919	6,776
Liability associated with Exchangeable Shares and equity-based compensation	29	**—**	—	181,128
		999,608	890,657	1,015,421
Current liabilities				
Bank indebtedness		**1,060**	2,314	8,236
Trade and other payables		**287,145**	275,503	177,368
Accrued gas payable		**2,960**	19,353	15,093
Deferred revenue		**11,985**	—	7,202
Unit distribution payable			—	13,182
Income taxes payable		**4,814**	9,788	6,410
Current portion of long-term debt	15	**97,611**	94,117	61,448
Provisions	17	**3,226**	4,006	3,884
Other current financial liabilities	11	**636,044**	485,406	685,200
		1,044,845	890,487	978,023
TOTAL LIABILITIES		**2,044,453**	1,781,144	1,993,444
TOTAL DEFICIT AND LIABILITIES		**$ 1,543,044**	$ 1,590,026	$ 1,457,021

Guarantees (Note 23) Commitments (Note 26)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2012	2011
SALES	19	**$2,785,269**	$2,953,192
COST OF SALES	18(b)	**2,267,780**	2,471,630
GROSS MARGIN		**517,489**	481,562
EXPENSES			
Administrative expenses		**122,397**	109,400
Selling and marketing expenses		**177,302**	133,607
Other operating expenses	18(a)	**154,357**	165,575
		454,056	408,582
Operating profit		**63,433**	72,980
Finance costs	15	**(60,935)**	(59,883)
Change in fair value of derivative instruments	11	**(96,345)**	506,047
Proportionate share of loss from joint venture	10	**(1,971)**	—
Other income		**6,702**	7,235
Income (loss) before income taxes		**(89,116)**	526,379
Provision for income taxes	16	**37,527**	173,439
PROFIT (LOSS) FOR THE YEAR		**$ (126,643)**	$ 352,940
Attributable to:			
Shareholders of Just Energy		**$ (126,522)**	$ 355,076
Non-controlling interest		**(121)**	(2,136)
PROFIT (LOSS) FOR THE YEAR		**$ (126,643)**	$ 352,940
Profit (loss) per share	21		
Basic		**$ (0.92)**	$ 2.77
Diluted		**$ (0.92)**	$ 2.40

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars)

	Notes	2012	2011
Profit (loss) for the year		**$(126,643)**	$352,940
Other comprehensive income (loss)	12		
Unrealized gain on translation of foreign operations		**2,386**	449
Amortization of deferred unrealized gain of discontinued hedges, net of income taxes of $13,150 (2011—$21,384)		**(56,012)**	(98,499)
Other comprehensive loss for the year, net of tax		**(53,626)**	(98,050)
Total comprehensive income (loss) for the year, net of tax		**$(180,269)**	$254,890
Total comprehensive income (loss) attributable to:			
Shareholders of Just Energy		**$(180,148)**	$257,026
Non-controlling interest		**(121)**	(2,136)
Total comprehensive income (loss) for the year, net of tax		**$(180,269)**	$254,890

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars)

	Notes	2012	2011
ATTRIBUTABLE TO THE SHAREHOLDERS/UNITHOLDERS			
Accumulated deficit			
Accumulated deficit, beginning of year		**$ (315,934)**	$ (671,010)
Loss on cancellation of shares	13	**(356)**	—
Profit (loss) for the year, attributable to the shareholders		**(126,522)**	355,076
Accumulated deficit, end of year		**(442,812)**	(315,934)
DISTRIBUTIONS/DIVIDENDS			
Distributions and dividends, beginning of year		**(1,033,994)**	(885,659)
Distributions and dividends	25	**(175,382)**	(148,335)
Distributions and dividends, end of year		**(1,209,376)**	(1,033,994)
DEFICIT		**$(1,652,188)**	$(1,349,928)
ACCUMULATED OTHER COMPREHENSIVE INCOME	12		
Accumulated other comprehensive income, beginning of year		**$ 123,919**	$ 221,969
Other comprehensive loss		**(53,626)**	(98,050)
Accumulated other comprehensive income, end of year		**$ 70,293**	$ 123,919
SHAREHOLDERS'/UNITHOLDERS' CAPITAL	13		
Shareholders'/Unitholders' capital, beginning of year		**$ 963,982**	$ 777,856
Shares/units exchanged and issued		**—**	158,520
Shares/units issued on exercise/exchange of unit compensation		**1,385**	1,559
Repurchase and cancellation of shares		**(599)**	—
Dividend reinvestment plan		**28,413**	26,047
Shareholders'/Unitholders' capital, end of year		**$ 993,181**	$ 963,982
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES	15		
Balance, beginning of year		**$ 18,186**	$ —
Allocations of new convertible debentures issued		**10,188**	33,914
Future tax impact on convertible debentures		**(2,579)**	(15,728)
Balance, end of year		**$ 25,795**	$ 18,186
CONTRIBUTED SURPLUS			
Balance, beginning of year		**$ 52,723**	$ —
Reclassification on conversion		**—**	43,147
Gain on acquisition of non-controlling interest		**—**	7,957
Add: Share-based compensation awards		**10,662**	2,683
Non-cash deferred share grant distributions		**147**	33
Less: Share-based awards exercised		**(1,385)**	(1,097)
Balance, end of year		**$ 62,147**	$ 52,723
NON-CONTROLLING INTEREST			
Balance, beginning of year		**$ —**	$ 20,421
Non-controlling interest acquired	9	**(540)**	—
Foreign exchange on non-controlling interest		**24**	—
Acquisition of non-controlling interest		**—**	(18,285)
Net loss attributable to non-controlling interest		**(121)**	(2,136)
Balance, end of year		**$ (637)**	$ —

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(thousands of Canadian dollars)

Net inflow (outflow) of cash related to the following activities	Notes	2012	2011
OPERATING			
Income before income taxes		**$ (89,116)**	$ 526,379
Items not affecting cash			
Amortization of intangible assets and related supply contracts		**108,233**	120,841
Amortization of contract initiation costs		**13,977**	12,429
Amortization of property, plant and equipment		**5,847**	5,698
Amortization included in cost of sales		**12,640**	9,837
Share-based compensation		**10,662**	9,914
Financing charges, non-cash portion		**8,760**	7,799
Transaction costs on acquisition		**1,101**	1,284
Other		**(150)**	6,860
Change in fair value of derivative instruments		**96,345**	(506,047)
		257,415	(331,385)
Adjustment required to reflect net cash receipts from gas sales	27	**7,740**	(1,725)
Changes in non-cash working capital	28	**(27,032)**	(39,063)
		149,007	154,206
Income tax paid		**(4,617)**	(8,651)
Cash inflow from operating activities		**144,390**	145,555
INVESTING			
Purchase of property, plant and equipment		**(74,829)**	(33,412)
Purchase of intangible assets		**(5,867)**	(5,784)
Acquisitions, net of cash acquired	9	**(93,325)**	(261,389)
Proceeds (advances) of long-term receivables		**(1,881)**	2,232
Transaction costs on acquisition		**(1,101)**	(1,284)
Contract initiation costs		**(28,244)**	(19,210)
Cash outflow from investing activities		**(205,247)**	**(318,847)**
FINANCING			
Dividends paid		**(146,822)**	(134,589)
Shares purchased for cancellation		**(955)**	—
Decrease in bank indebtedness		**(1,254)**	(5,922)
Issuance of long-term debt		**464,520**	484,844
Repayment of long-term debt		**(288,005)**	(150,449)
Restricted cash		**(11,366)**	17,817
Cash inflow from financing activities		**16,118**	211,701
Effect of foreign currency translation on cash balances		**326**	(908)
Net cash inflow (outflow)		**(44,413)**	37,501
Cash and cash equivalents, beginning of year		**97,633**	60,132
Cash and cash equivalents, end of year		**$ 53,220**	$ 97,633
Supplemental cash flow information:			
Interest paid		**$ 52,810**	$ 39,167

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

1. ORGANIZATION

Just Energy Group Inc. ("JEGI", "Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities and to distribute the income of it's directly or indirectly owned operating subsidiaries and affiliates.

Effective January 1, 2011, Just Energy completed the conversion from an income trust, Just Energy Income Fund (the "Fund"), to a corporation (the "Conversion"). A plan of arrangement was approved by unitholders on June 29, 2010, and by the Alberta Court of the Queen's Bench on June 30, 2010, and going forward operates under the name, Just Energy Group Inc. JEGI was a newly incorporated entity for the purpose of acquiring the outstanding units of the Fund, Exchangeable Shares of Just Energy Exchange Corp. ("JEEC") and the Class A preference shares of Just Energy Corp. ("JEC") in each case on a one for one basis for common shares of JEGI. There was no change in the ownership of the business, and therefore, there is no impact to the consolidated financial statements except for the elimination of unitholders' equity, the recording of shareholders' equity and the reallocation of the liability associated with the Exchangeable Shares and equity-based compensation to shareholders' equity.

The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The financial statements were approved by the Board of Directors on May 17, 2012.

2. OPERATIONS

Just Energy's business primarily involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts. Just Energy markets its gas and electricity contracts in Canada and the U.S. under the following trade names: Just Energy, Hudson Energy, Commerce Energy, Amigo Energy and Tara Energy. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

Just Energy also offers green products through its JustGreen and JustClean programs. The electricity JustGreen product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. JustClean products allow customers in certain jurisdictions to offset their carbon footprint without purchasing commodity from Just Energy. JustClean can be offered in all states and provinces and is not dependent on energy deregulation. Management believes that the JustGreen and JustClean products will not only add to profits but will also increase sales receptivity and improve renewal rates.

In addition, Just Energy sells and rents high efficiency and tankless water heaters, air conditioners and furnaces to Ontario residents, through a subsidiary under the trade name, National Home Services ("NHS"). Just Energy also operates a network marketing division under the trade name, Momentis. Through its subsidiary, Terra Grain Fuels, Inc. ("TGF"), Just Energy produces and sells wheat-based ethanol. Just Energy's subsidiary, Hudson Energy Solar Corp ("HES"), also provides a solar project development platform operating in New Jersey, Pennsylvania and Massachusetts, under the trade name, Hudson Energy Solar.

Just Energy also holds a 50% ownership in Just Ventures LLC and Just Ventures L.P. (collectively "Just Ventures"), a jointly controlled entity, which is involved in the marketing of Just Energy's gas and electricity contracts. The other 50% is owned by Red Ventures LLC, a South Carolina based entity which specializes in internet based marketing.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these consolidated financial statements. In the consolidated financial statements, the term "CGAAP" refers to Canadian Generally Accepted Accounting Principles before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Subject to certain transition elections, the Company has consistently applied the same accounting policies in its opening IFRS consolidated balance sheet at April 1, 2010, and throughout all periods presented, as if these policies had always been in effect. Note 31 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's audited annual consolidated financial statements for the year ended March 31, 2011, prepared under CGAAP.

(a) Basis of presentation

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand. The consolidated financial statements are prepared on an historical cost basis except for the derivative financial instruments, which are stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at April 1, 2010, for the purposes of the transition.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries and affiliates as at March 31, 2012. Subsidiaries and affiliates are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries and affiliates are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

(c) Cash and cash equivalents

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Accrued gas receivables/accrued gas payable or gas delivered in excess of consumption/deferred revenues

Accrued gas receivables are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenues.

Due to the seasonality of operations, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenues.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec and Michigan gas markets.

(e) Inventory

Inventory consists of water heaters, furnaces and air conditioners for selling purposes, gas in storage, ethanol, ethanol in process and grain inventory. Water heaters, furnaces and air conditioners are stated at the lower of cost and net realizable value with cost being determined on a weighted average basis.

Gas in storage represents the gas delivered to the LDCs. The balance will fluctuate as gas is injected or withdrawn from storage.

Gas in storage, ethanol, ethanol in process and grain inventory are valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. Just Energy recognizes in the carrying amount, the cost of replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied with the item can be reliably measured. All other repair and maintenance costs are recognized in the consolidated income statement as an expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Buildings and ethanol plant	Straight line	15 - 35 years
Water heaters	Straight line	15 years
Furnaces and air conditioners	Straight line	15 years
Leasehold improvements	Straight line	Term of lease
Vehicles	Straight line	5 years
Solar equipment	Straight line	15 - 20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement when the asset is derecognized.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

(g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations incurred subsequent to April 1, 2010, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values on the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated income statement. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Just Energy's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

On first-time adoption of IFRS, Just Energy elected to not apply IFRS 3, Business Combinations, to transactions that occurred prior to the transition date. Accordingly, the goodwill associated with acquisitions carried out prior to April 1, 2010, is carried at that date, at the amount reported in the last consolidated financial statements prepared under CGAAP as at March 31, 2010.

(h) Intangible assets

Intangible assets acquired outside of a business combination are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/or accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated income statement in the expense category associated with the function of the intangible assets.

Intangible assets consist of gas customer contracts, electricity customer contracts, water heater customer contracts, sales network, brand and goodwill, all acquired through business combinations, as well as software, commodity billing and settlement systems and information technology system development.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible and Just Energy has sufficient resources to complete development. The cost of an

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

The brand and goodwill are considered to have an indefinite useful life and are not amortized, but rather tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated income statement when the asset is derecognized.

Asset category	Amortization method	Rate
Customer contracts	Straight line	Term of contract
Contract initiation costs	Straight line	Term of contract
Commodity billing and settlement systems	Straight line	5 years
Sales network	Straight line	5 years
Information technology system development	Straight line	5 years
Software	Declining balance	100%
Other intangible assets	Straight line	5 years

(i) Impairment of non-financial assets

Just Energy assesses whether there is an indication that an asset may be impaired at each reporting date. If such an indication exists or when annual testing for an asset is required, Just Energy estimates the asset's recoverable amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life, if any, as well as intangible assets not yet available for use, are estimated at least annually. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. Value-in-use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, an appropriate valuation model has to be used. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the consolidated income statement if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash-generating units are first charged against the value of assets, in proportion to their carrying amount.

In the consolidated income statement, an impairment loss is recognized in the expense category associated with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Just Energy estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated income statement.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each segment to which the goodwill relates. Where the recoverable amount of the segment is

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

Just Energy as a lessor

Leases where Just Energy does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(k) Financial instruments

Financial assets and liabilities

Just Energy classifies its financial instruments as either (i) financial assets at fair value through profit or loss instruments, or (ii) loans and receivables, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statement of financial position.

Financial instruments are recognized on the trade date, which is the date on which Just Energy commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11. Related realized and unrealized gains and losses are included in the consolidated income statement.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables. Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the consolidated income statement.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Just Energy has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

Just Energy assesses whether there is objective evidence that a financial asset is impaired at each reporting date. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the fund of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, Just Energy first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively, for financial assets that are not individually significant. If Just Energy determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income in the consolidated income statement.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating costs in the consolidated income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by Just Energy that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Included in this class are

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

primarily physically delivered energy contracts, for which the own-use exemption could be not applied, financially settled energy contracts and foreign currency forward contracts.

Gains or losses on liabilities held-for-trading are recognized in the consolidated income statement.

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include long-term debt issued, which is initially measured at fair value, which is the consideration received, net of transaction costs incurred, trade and other payables and bank indebtedness. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

(l) Derivative instruments

Just Energy enters into fixed-term contracts with customers to provide electricity and gas at fixed prices. These customer contracts expose Just Energy to changes in consumption as well as changes in the market prices of gas and electricity. To reduce its exposure to movements in commodity prices, Just Energy enters into derivative contracts.

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the underlying contract at inception date when their risks and characteristics are not closely related to those of the underlying contracts and the underlying contracts are not carried at fair value. An embedded derivative is a provision in a contract that modifies the cash flow of a contract by making it dependent on an underlying measurement.

All derivatives are recognized at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried in the consolidated statements of financial position as other financial assets when the fair value is positive and as other financial liabilities when the fair value is negative. Just Energy does not utilize hedge accounting. Therefore, changes in the fair value of these derivatives are taken directly to the consolidated income statement and are included within change in fair value of derivative instruments.

(m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(n) Fair value of financial instruments

Fair value is the estimated amount that Just Energy would pay or receive to dispose of these contracts in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11.

(o) Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risk and rewards generally coincides with consumption. Ethanol and dried distillery grain sales are recognized when the risk and reward of ownership passes, which is typically on delivery. Revenue from sales of water heaters, furnaces and air conditioners is recognized upon installation. Just Energy recognizes revenue from water heater and HVAC leases, based on rental rates over the term commencing from the installation date.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

The Company assumes credit risk for all customers in Illinois, Texas, Pennsylvania, Maryland, Massachusetts, California and Georgia and for large-volume customers in British Columbia and Ontario. In these markets, the Company ensures that credit review processes are in place prior to commodity flowing to the customer.

(p) Foreign currency translation

Functional and presentation currency

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

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement, except when deferred in other comprehensive income (loss) as qualifying net investment hedges.

Translation of foreign operations

The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

- income and expenses for each consolidated income statement are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Per share/unit amounts

The computation of income per unit/share is based on the weighted average number of units/shares outstanding during the year. Diluted earnings per unit/share are computed in a similar way to basic earnings per unit/share except that the weighted average units/shares outstanding are increased to include additional units/shares assuming the exercise of stock options, restricted share grants (“RSGs”), deferred share grants (“DSGs”) and convertible debentures, if dilutive.

(r) Share-based compensation plans

Equity-based compensation liability

Prior to the Conversion to a corporation on January 1, 2011, Just Energy’s equity-based compensation plans entitled the holders to receive trust units which under IFRS, were considered puttable financial instruments, and thus the awards were classified as liability-based awards. The liability was measured at the redemption value of the instruments and re-measured at each reporting date with the gain or loss associated with the re-measurement recorded within profit. When the awards were converted into trust units, the conversions were recorded as an extinguishment of the liability and accordingly, the re-measured amount at the date of conversion was then reclassified to equity.

Subsequent to the Conversion, Just Energy accounted for its share-based compensation as equity-settled transactions as a result of the stock-based plans that were no longer convertible into a puttable financial liability. The cost of a share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy’s best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When options, RSGs and DSGs are exercised or exchanged, the amounts credited to contributed surplus are reversed and credited to shareholders’ capital.

(s) Employee future benefits

Just Energy established a long-term incentive plan (the “Plan”) for all permanent full-time and part-time Canadian employees (working more than 20 hours per week) of its subsidiaries. The Plan consists of two

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of shares of Just Energy, on a matching one for one basis.

For U.S. employees, Just Energy has established a long-term incentive plan (the "Plan") for all permanent full-time and part-time employees (working more than 26 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Share Purchase Plan ("ESPP"). For participants of the ESPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee's base earnings towards the purchase of Just Energy shares, on a matching one for one basis. For participants in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee's base earnings, on a matching one for one basis. In the event an employee participates in both the ESPP and 401(k), the maximum Just Energy will contribute to the 401k is 2%.

Participation in the plans in Canada or the U.S is voluntary. The plans have a two-year vesting period beginning from the later of the plan's effective date and an employee's starting date. During the year, Just Energy contributed $2,034 (2011—$1,572) to the plans, which was paid in full during the year.

Obligations for contributions to the Plan are recognized as an expense in the consolidated income statement as incurred.

(t) Trust units of the Fund

Prior to the Conversion which occurred on January 1, 2011, the Fund's outstanding equity instruments consisted of publicly traded trust units of the Fund, Class A preference shares of JEC and Exchangeable Shares of JEEC. Pursuant to applicable legislation, those trust units included a redemption feature which required Just Energy to assess the appropriate presentation of those units under IFRS.

Generally, IFRS requires that financial instruments, which include a redemption feature, making the instruments puttable, should be presented as a financial liability rather than an equity item. However, an exception to this requirement is available if the financial instrument meets certain criteria. Just Energy determined that its trust units met the requirements for this exception and accordingly, the trust units are presented as equity for the periods prior to the Conversion.

Liabilities associated with the Class A preference shares of JEC and the Exchangeable Shares of JEEC (collectively the "Exchangeable Shares")

Prior to the Conversion, the outstanding Exchangeable Shares did not meet the criteria to be recorded as equity because the Exchangeable Shares were ultimately required to be exchanged for trust units, which were considered puttable financial instruments. Accordingly, the Exchangeable Shares were recorded as a liability until exchanged for trust units. The liability was measured at the redemption value of the instruments and re-measured at each reporting date with the gain or loss associated with the re-measurement recorded within profit. When the Exchangeable Shares were converted into trust units, the conversions were recorded as an extinguishment of the liability, and accordingly, the re-measured amount at the date of conversion was then reclassified to equity.

Transaction costs

Transaction costs incurred by Just Energy in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(u) Income taxes

Just Energy follows the liability method of accounting for deferred taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases.

Deferred tax assets/liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax asset/liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Provisions

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Just Energy expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is

3. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

presented in the consolidated income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated income statement.

(w) Selling and marketing expenses and contract initiation costs

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred except as disclosed below:

Commissions related to obtaining and renewing commercial customer contracts are paid in one of the following ways: all or partially upfront or as a residual payment over the life of the contract. If the commission is paid all or partially upfront, it is recorded as contract initiation costs and amortized in selling and marketing expenses over the term for which the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned.

In addition, commissions related to obtaining customer contracts signed by NHS are recorded as contract initiation costs and amortized in selling and marketing expenses over the remaining life of the contract.

(x) Investment in joint venture

Just Energy accounts for its interest in joint ventures using the equity method. Under this method any investments made increases the asset value, the proportionate share of income/losses, increases/decreases the asset value, with an offsetting adjustment in the consolidated statements of operations and any dividends received decreases the asset value.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Impairment of non-financial assets

Just Energy's impairment test is based on value-in-use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and are sensitive to the discount rate used as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Development costs

Development costs are capitalized in accordance with the accounting policy in Note 3 (h). Initial capitalization of costs is based on management's judgment that technical and economical feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model. As at March 31, 2012, the carrying amount of capitalized development costs was $13,343 (2011—$16,275). This amount primarily includes costs for the internal development of software tools for the customer billing and analysis in the various operating jurisdictions. These software tools are developed by the internal information technology and operations department, for the specific regional market requirements.

Useful life of key property, plant and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by Just Energy. Refer to Note 3(f) and Note 3(h) for the estimated useful lives.

Provisions for litigation

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce, a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crises in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation are not certain; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2012. In the general course of operations, Just Energy has made additional provisions for litigation matters that have arisen. Refer to Note 17 for further details.

Trade receivables

Just Energy reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated income statement. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Just Energy makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 11 for further details about the assumptions as well as sensitivity analysis.

Acquisition accounting

For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(ii) ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

IFRS 9, Financial Instruments

As of April 1, 2015, Just Energy will be required to adopt IFRS 9, Financial Instruments, which is the result of the first phase of the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10, Consolidated Financial Statements

As of April 1, 2013, IFRS 10, Consolidated Financial Statements will replace portions of IAS 27, Consolidated and Separate Financial Statements and interpretation SIC-12, Consolidation-Special Purpose Entities. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee.

As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity; there are no clear lines. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights, and principal-agency relationships (including removal rights), all of which may differ from current practice. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 11, Joint Arrangements

On April 1, 2013, Just Energy will be required to adopt IFRS 11, Joint Arrangements, which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting.

The adoption of this new section will have no impact on the Company as joint ventures are currently accounted for using the equity method.

IFRS 12, Disclosure of Interests in Other Entities

On April 1, 2013, Just Energy will be required to adopt IFRS 12, Disclosure of Interests in Other Entities, which includes disclosure requirements about subsidiaries, joint ventures, and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new section, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

IFRS 13, Fair Value Measurement

On April 1, 2013, Just Energy will be required to adopt IFRS 13, Fair Value Measurement. The new standard will establish a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the 'exit price' and concepts of 'highest and best use' and 'valuation premise' would be relevant only for non-financial assets and liabilities. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 27, Separate Financial Statements

On April 1, 2013 Just Energy will be required to adopt IAS 27, Separate Financial Statements. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 28, Investments in Associates and Joint Ventures

On April 1, 2013, Just Energy will be required to adopt IAS 28, Investments in Associates and Joint Ventures. As a consequence of the issue of IFRS 10, IFRS 11, IFRS 12 and IAS 28 have been amended and will further provide the accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

This standard will be applied by the Company when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 1, Presentation of Financial Statements

IAS 1, Presentation of Financial Statements, was amended in 2011 to expand on the disclosures required of items within Other Comprehensive Income. The revised standard requires that an entity distinguishes between those items that are recycled to profit and loss versus those items that are not recycled. Retrospective application is required and the standard is effective for annual periods beginning on or after July 1, 2012. The Company does not expect the amendments to IAS 1 to have a significant impact on its consolidated financial statements.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

5. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2012

	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Water heaters	Furnaces and air conditioners	Leasehold improvements	Solar equipment	Total
Cost:											
Operating balance—April 1, 2011	$ 7,750	$158,482	$299	$ 6,090	$ 215	$ 17,976	$ 78,223	$ 3,813	$ 8,567	$ 283	$281,698
Additions/(Disposals)	1,347	—	—	441	(32)	1,668	28,048	7,671	62	35,624	74,829
Acquisition of subsidiary	348	—	—	8	31	371	—	—	—	—	758
Exchange differences	8	18	—	33	(2)	13	—	—	13	(118)	(35)
March 31, 2012	**9,453**	**158,500**	**299**	**6,572**	**212**	**20,028**	**106,271**	**11,484**	**8,642**	**35,789**	**357,250**
Accumulated Amortization:											
Opening balance—April 1, 2011	(4,958)	(17,426)	—	(3,561)	(88)	(9,520)	(6,887)	(179)	(5,077)	—	(47,696)
Amortization charge to cost of sales	—	(5,871)	—	—	—	—	(5,961)	(808)	—	—	(12,640)
Amortization charge for the year	(1,205)	(1,201)	—	(569)	(41)	(1,905)	—	—	(913)	(13)	(5,847)
Disposals	12	—	—	—	21	(1)	—	—	—	—	32
Exchange differences	(9)	—	—	(11)	—	(9)	—	—	(9)	—	(38)
Ending balance, March 31, 2012	**(6,160)**	**(24,498)**	**—**	**(4,141)**	**(108)**	**(11,435)**	**(12,848)**	**(987)**	**(5,999)**	**(13)**	**(66,189)**
Net book value, March 31, 2012	**$ 3,293**	**$134,002**	**$299**	**$ 2,431**	**$ 104**	**$ 8,593**	**$ 93,423**	**$10,497**	**$ 2,643**	**$35,776**	**$291,061**

As at March 31, 2011

	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Water heaters	Furnaces and air conditioners	Leasehold improvements	Solar equipment	Total
Cost:											
Operating balance—April 1, 2010	$ 6,417	$159,897	$299	$ 5,581	$197	$16,724	$51,059	$ 317	$ 8,409	$ —	$248,900
Additions/(Disposals)	1,137	(2,055)	—	468	18	684	27,164	3,496	148	297	31,357
Acquisition of subsidiary	233	670	—	94	—	621	—	—	30	—	1,648
Exchange differences	(37)	(30)	—	(53)	—	(53)	—	—	(20)	(14)	(207)
Ending balance, March 31, 2011	**7,750**	**158,482**	**299**	**6,090**	**215**	**17,976**	**78,223**	**3,813**	**8,567**	**283**	**281,698**
Accumulated Amortization:											
Operating balance—April 1, 2010	(3,887)	(11,104)	—	(2,972)	(46)	(7,614)	(2,481)	(4)	(4,116)	—	(32,224)
Amortization charge to cost of sales	—	(5,256)	—	—	—	—	(4,406)	(175)	—	—	(9,837)
Amortization charge for the year	(1,086)	(1,066)	—	(606)	(42)	(1,923)	—	—	(975)	—	(5,698)
Exchange differences	15	1	—	17	—	16	—	—	14	—	63
Ending balance, March 31, 2011	**(4,958)**	**(17,425)**	**—**	**(3,561)**	**(88)**	**(9,521)**	**(6,887)**	**(179)**	**(5,077)**	**—**	**(47,696)**
Net book value, March 31, 2011	**$ 2,792**	**$141,057**	**$299**	**$ 2,529**	**$127**	**$ 8,455**	**$71,336**	**$3,634**	**$ 3,490**	**$283**	**$234,002**
Net book value, April 1, 2010	**$ 2,530**	**$148,793**	**$299**	**$ 2,609**	**$151**	**$ 9,110**	**$48,578**	**$ 313**	**$ 4,293**	**$ —**	**$216,676**

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

6. INTANGIBLE ASSETS

As at March 31, 2012

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network	Brand	Software	Commodity billing and settlement systems	IT system development	Other	Total
Cost:											
Opening balance— April 1, 2011	$ 248,828	$ 436,339	$23,164	$227,467	$ 80,561	$10,692	$ 9,540	$ 6,515	$19,691	$ 9,006	$1,071,803
Acquisition of a subsidiary	—	39,533	—	21,106	42,359	13,034	215	—	—	—	116,247
Write-down of fully amortized assets	(1,842)	—	—	—	—	—	—	—	—	—	(1,842)
Additions	—	—	879	—	—	—	4,084	15	773	116	5,867
Exchange differences	3,759	3,981	—	592	158	(357)	83	51	493	248	9,008
Ending balance, March 31, 2012	**250,745**	**479,853**	**24,043**	**249,165**	**123,078**	**23,369**	**13,922**	**6,581**	**20,957**	**9,370**	**1,201,083**
Accumulated Amortization:											
Opening balance— April 1, 2011	(144,568)	(248,673)	(2,813)	—	(14,770)	—	(6,616)	(6,453)	(3,478)	(4,213)	(431,584)
Write-down of fully amortized assets	1,842	—	—	—	—	—	—	—	—	—	1,842
Amortization charge for the year	(23,902)	(54,468)	(1,631)	—	(19,006)	—	(2,890)	(18)	(4,089)	(2,229)	(108,233)
Amortization in mark to market	(38,663)	(74,330)	—	—	—	—	—	—	—	—	(112,993)
Exchange differences	(2,856)	(2,668)	—	—	(508)	—	(22)	(51)	(106)	(129)	(6,340)
Ending balance, March 31, 2012	**(208,147)**	**(380,139)**	**(4,444)**	**—**	**(34,284)**	**—**	**(9,528)**	**(6,522)**	**(7,673)**	**(6,571)**	**(657,308)**
Net book value, March 31, 2012	**$ 42,598**	**$ 99,714**	**$19,599**	**$249,165**	**$ 88,794**	**$23,369**	**$ 4,394**	**$ 59**	**$13,284**	**$ 2,799**	**$ 543,775**

As at March 31, 2011

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network	Brand	Software	Commodity billing and settlement systems	IT system development	Other	Total
Cost:											
Operating balance— April 1, 2010	$ 472,756	$ 266,700	$23,081	$186,832	$ —	$ —	$ 5,562	$ 6,545	$ 605	$ 2,377	$ 964,458
Acquisition of a subsidiary	26,225	200,653	—	32,317	84,400	11,200	911	—	17,954	6,545	380,205
Write-down of fully amortized assets	(243,929)	(21,083)	—	—	—	—	—	—	—	—	(265,012)
Adjustments to goodwill	—	—	—	9,877	—	—	—	—	—	—	9,877
Additions	—	—	83	—	—	—	3,208	54	1,949	490	5,784
Exchange differences	(6,224)	(9,931)	—	(1,559)	(3,839)	(508)	(141)	(84)	(817)	(406)	(23,509)
Ending balance, March 31, 2011	**248,828**	**436,339**	**23,164**	**227,467**	**80,561**	**10,692**	**9,540**	**6,515**	**19,691**	**9,006**	**1,071,803**
Accumulated Amortization:											
Opening balance— April 1, 2010	(307,413)	(113,862)	(1,218)	—	—	—	(4,198)	(6,515)	(21)	(2,377)	(435,604)
Write-down of fully amortized assets	243,929	21,083	—	—	—	—	—	—	—	—	265,012
Amortization charge for the year	(31,841)	(63,642)	(1,595)	—	(15,511)	—	(2,576)	(22)	(3,614)	(2,040)	(120,841)
Amortization in mark to market	(53,757)	(96,064)	—	—	—	—	—	—	—	—	(149,821)
Exchange differences	4,514	3,812	—	—	741	—	158	84	157	204	9,670
Ending balance, March 31, 2011	**(144,568)**	**(248,673)**	**(2,813)**	**—**	**(14,770)**	**—**	**(6,616)**	**(6,453)**	**(3,478)**	**(4,213)**	**(431,584)**
Net book value, March 31, 2011	**$ 104,260**	**$ 187,666**	**$20,351**	**$227,467**	**$ 65,791**	**$10,692**	**$ 2,924**	**$ 62**	**$16,213**	**$ 4,793**	**$ 640,219**
Net book value, April 1, 2010	**$ 165,343**	**$ 152,838**	**$21,863**	**$186,832**	**$ —**	**$ —**	**$ 1,364**	**$ 30**	**$ 584**	**$ —**	**$ 528,854**

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

6. INTANGIBLE ASSETS (Continued)

The capitalized internally developed costs relate to the development of new customer billing and analysis software solutions for the different energy markets of Just Energy. All research costs and development costs not eligible for capitalization have been expensed and are recognized in administrative expenses.

7. RESTRICTED CASH

Restricted cash consists of the following:

(i) As part of the acquisition of Newten Home Comfort Inc. in 2009, the Company was required to transfer cash into a trust account, in trust for the vendors, as part of the contingent consideration. The contingent consideration payments, which will become payable in July 2012 are based on the number of completed water heater installations. As of March 31, 2012, the amount of restricted cash is $1,250.

(ii) As part of the acquisition of Fulcrum Retail Holdings LLC ("Fulcrum"), Note 9(a), Just Energy was required to transfer $10,949 into a restricted cash account until such transfer time that the amount of the contingent consideration is known.

8. INVENTORY

The amount of inventory recognized as an expense during the year ended March 31, 2012, was $94,349 (2011—$77,376). There have been no write-downs of inventory. Inventory is made up of the following:

	March 31, 2012	March 31, 2011	April 1, 2010
Raw materials	**$1,220**	$2,224	$2,308
Work in progress	**775**	518	463
Finished goods	**7,993**	4,164	3,552
	$9,988	$6,906	$6,323

9. ACQUISITIONS

(a) Acquisition of Fulcrum Retail Holdings LLC

On October 3, 2011, Just Energy completed the acquisition of the equity interest of Fulcrum with an effective date of October 1, 2011. The acquisition was funded by an issuance of $100 million in convertible debentures (Note 15(f)).

The consideration for the acquisition was US$79.4 million paid at the time of closing, subject to customary working capital adjustments. Just Energy paid US$7.3 million in connection with the preliminary working capital adjustment still subject to finalization. Just Energy will also pay up to US$11.0 million in cash and issue up to 867,025 common shares (collectively, the "Earn-Out" amount) to the sellers 18 months following the closing date, provided that certain EBITDA and billed volume targets are satisfied by Fulcrum. On the Earn-Out amount, Just Energy will pay 4.006% interest on the cash portion and $1.86 per share issued at the end of the Earn-Out period. The $11.0 million is being held in a restricted cash account until the amount is finalized. The fair value of the contingent consideration at acquisition was estimated to be $18,327. Changes in the fair value of the contingent consideration will be recorded in the consolidated income statement as a change in fair value of derivative instruments. The contingent consideration was valued at $21,407 as at March 31, 2012, and is included in other non-current financial liabilities.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

9. ACQUISITIONS (Continued)

The acquisition of Fulcrum was accounted for using the acquisition method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Fair value recognized on acquisition	
Current assets (including cash of $3,875)	$ 43,528
Property, plant and equipment	758
Software	215
Customer contracts and relationships	39,533
Affinity relationships	42,359
Brand	13,034
Contract initiation costs	156
Non-controlling interest	540
	140,123
Current liabilities	(44,856)
Other liabilities—current	(12,430)
Other liabilities—long term	(3,768)
Deferred lease inducements	(322)
Long-term debt	(586)
	(61,962)
Total identifiable net assets acquired	78,161
Goodwill arising on acquisition	21,106
Total consideration	$ 99,267
Cash paid, net of estimated working capital adjustment	$ 80,940
Contingent consideration	18,327
Total consideration	$ 99,267

The transaction costs related to the acquisition of Fulcrum have been expensed and are included in other operating expenses in the consolidated income statement. The transaction costs related to the issuance of the convertible debentures have been capitalized and were allocated to the equity and liability component of the convertible debt in relation to the fair value of both the components. Goodwill of $21,106 comprises the value of expected ongoing synergies from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill associated with the Fulcrum acquisition is part of the electricity marketing segment. The purchase price allocation is considered preliminary, and as a result, it may be adjusted during the 12-month period following the acquisition, in accordance with IFRS 3. Since the last quarter, the Company decreased the working capital by approximately $4,000, decreased the working capital adjustment by $1,500, increased other liabilities—current by approximately $1,700 and increased customer contracts and relationships by approximately $3,700, resulting in a net increase to goodwill of approximately $500.

The fair value of the trade receivables amounted to $20,600 at the date of acquisition. The gross amount of trade receivables was $27,540.

The customer contracts and relationships and affinity relationships are amortized over the average remaining life at the time of acquisition. The electricity contracts and customer relationships are amortized over 42 months (3.5 years). The affinity relationships are amortized over eight years. The brand value is

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

9. ACQUISITIONS (Continued)

considered to be indefinite and, therefore, not subject to amortization. Brand represents the value allocated to the market awareness of the operating names used to sell and promote its products.

From the date of acquisition, Fulcrum has contributed $107,305 of revenue and a loss of $9,083 to the consolidated net loss before tax of Just Energy for the period ended March 31, 2012. If the combination had taken place at the beginning of the fiscal year, consolidated revenue would have been $2,926,157, and the consolidated net loss before tax would have been $96,327 for the year ended March 31, 2012.

(b) Acquisition of Hudson Energy Services, LLC

On May 7, 2010, Just Energy completed the acquisition of all of the equity interests of Hudson Parent Holdings, LLC, and all the common shares of Hudson Energy Corp., thereby indirectly acquiring Hudson Energy Services, LLC (“Hudson”), with an effective date of May 1, 2010. The acquisition was funded by an issuance of $330 million in convertible debentures issued on May 5, 2010 (Note 15(e)). There is no contingent consideration involved in the business acquisition.

The acquisition of Hudson was accounted for using the acquisition method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Fair value recognized on acquisition	
Current assets (including cash of $24,003)	$ 88,696
Property, plant and equipment	1,648
Software	911
Electricity contracts and customer relationships	200,653
Gas contracts and customer relationships	26,225
Broker network	84,400
Brand	11,200
Information technology system development	17,954
Contract initiation costs	20,288
Other intangible assets	6,545
Unbilled revenue	15,092
Notes receivable—long term	1,312
Security deposits—long term	3,544
Other assets—current	124
Other assets—long term	100
	478,692
Current liabilities	(107,817)
Other liabilities—current	(74,683)
Other liabilities—long term	(40,719)
	(223,219)
Total identifiable net assets acquired	255,473
Goodwill arising on acquisition	32,317
Total consideration	$ 287,790
Cash outflow on acquisition:	
Cash paid	$ 287,790
Net cash acquired with the subsidiary	(24,003)
Holdback	(9,345)
Net cash outflow	$ 254,442

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

9. ACQUISITIONS (Continued)

The transaction costs related to the acquisition of Hudson have been expensed and are included in other operating expenses in the consolidated income statement. The transaction costs related to the issuance of the convertible debentures have been capitalized and were allocated to the equity and liability component of the convertible debt in relation to the fair value of both the components. Goodwill of $32,317 comprises the value of expected synergies from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill associated with the Hudson acquisition is part of the U.S. gas and electricity marketing segments. As at March 31, 2012, all holdbacks have been paid in full.

The fair value of the trade receivables amounted to $62,022 at the date of acquisition. The gross amount of trade receivables is $67,526. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

All contracts and intangible assets, excluding brand, are amortized over the average remaining life at the time of acquisition. The gas and electricity contracts and customer relationships are amortized over periods of 30 months and 35 months, respectively. Other intangible assets, excluding brand, are amortized over periods ranging from three to five years. The brand value is considered to be indefinite and, therefore, not subject to amortization. Brand represents the value allocated to the market awareness of the operating names used to sell and promote its products.

From the date of acquisition, Hudson has contributed $654,802 of revenue and $5,914 to the net profit before tax of Just Energy for the period ended March 31, 2011. If the combination had taken place at the beginning of the prior fiscal year, consolidated revenue would have been $2,992,531 and the consolidated income would have been $548,799 for the year ended March 31, 2011.

10. JOINT VENTURE

Effective July 1, 2011, Just Energy has a 50% interest in Just Ventures LLC and Just Ventures L.P. (collectively "Just Ventures") jointly controlled entities that are involved in the marketing of Just Energy products. The marketing efforts of Just Ventures are primarily internet based and through telemarketing which differs from Just Energy's traditional sales channels.

Just Ventures is currently funded by its investors and all advances are recorded as additional capital contributions.

	2012
Share of the associate's revenue and profit:	
Revenue eliminated on consolidation	**$ 335**
Loss	**$(1,971)**
Carrying amount of the investment	$ —

At any time subsequent to the second anniversary of the joint venture agreements, the other participant in the joint venture has the ability to sell part or all of its interest in Just Ventures (the "Put"). The amount is determined based on the fair value of the previous month's billed customers. As at March 31, 2012, the Put was estimated to have a nominal value and is therefore not reflected in these consolidated financial statements.

11. FINANCIAL INSTRUMENTS

(a) Fair value

Fair value is the estimated amount that Just Energy would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity, unforced capacity, heat rates, heat rate options, renewable and gas swap and forward contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded gas options.

Effective July 1, 2008, Just Energy ceased the utilization of hedge accounting. Accordingly, all the mark to market changes on Just Energy's derivative instruments are recorded on a single line on the consolidated income statement. Due to the commodity volatility and size of Just Energy, the quarterly swings in mark to market on these positions will increase the volatility in Just Energy's earnings.

The following tables illustrate gains/(losses) related to Just Energy's derivative financial instruments classified as held-for-trading and recorded on the consolidated statements of financial position as other

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

assets and other liabilities with their offsetting values recorded in change in fair value of derivative instruments for the year ended March 31, 2012:

	Change in fair value of derivative instruments			
	For the year ended March 31, 2012	For the year ended March 31, 2012	For the year ended March 31, 2011	For the year ended March 31, 2011
		(USD)		(USD)
Canada				
Fixed-for-floating electricity swaps (i)	$ 44,269	n/a	$ 232,806	n/a
Renewable energy certificates (ii)	(60)	n/a	(987)	n/a
Verified emission-reduction credits (iii)	95	n/a	(952)	n/a
Options (iv)	(1,330)	n/a	333	n/a
Physical gas forward contracts (v)	52,114	n/a	138,623	n/a
Transportation forward contracts (vi)	(39)	n/a	11,365	n/a
Fixed financial swaps (vii)	(21,134)	n/a	(1,217)	n/a
United States				
Fixed-for-floating electricity swaps (viii)	(77,879)	(76,155)	45,009	44,913
Physical electricity forward contracts (ix)	(41,463)	(41,192)	46,472	46,421
Unforced capacity forward contracts (x)	(3,455)	(3,535)	(416)	(388)
Unforced capacity physical contracts (xi)	(2,511)	(2,705)	(1,955)	(1,908)
Renewable energy certificates (xii)	1,494	1,563	(1,077)	(1,032)
Verified emission-reduction credits (xiii)	160	137	(140)	(136)
Options (xiv)	(1,611)	(1,580)	1,160	1,142
Physical gas forward contracts (xv)	16,525	16,618	118,077	116,831
Transportation forward contracts (xvi)	1,534	1,547	568	578
Heat rate swaps (xvii)	22,321	22,058	(1,789)	(1,592)
Fixed financial swaps (xviii)	(34,760)	(34,251)	(47,792)	(45,967)
Foreign exchange forward contracts (xix)	(1,213)	n/a	1,116	n/a
Ethanol physical forward contracts	(135)	n/a	135	n/a
Amortization of deferred unrealized gains on discontinued hedges	69,162	n/a	119,883	n/a
Amortization of derivative financial instruments related to acquisitions	(112,993)	n/a	(149,821)	n/a
Liability associated with Exchangeable Shares and equity-based compensation	—	n/a	(3,354)	n/a
Change in fair value of contingent consideration	(5,436)	n/a	n/a	n/a
Change in fair value of derivative instruments	**$ (96,345)**		$ 506,047	

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at March 31, 2012:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for-floating electricity swaps (i)	$ —	$ —	$105,794	$ 74,614
Renewable energy certificates (ii)	154	49	158	292
Verified emission-reduction credits (iii)	—	—	387	462
Options (iv)	975	359	1,644	656
Physical gas forward contracts (v)	—	—	159,742	89,576
Transportation forward contracts (vi)	—	—	5,396	2,776
Fixed financial swaps (vii)	—	—	8,192	14,159
United States				
Fixed-for-floating electricity swaps (viii)	—	11	90,698	41,425
Physical electricity forward contracts (ix)	—	—	121,213	30,674
Unforced capacity forward contracts (x)	5	—	1,664	2,086
Unforced capacity physical contracts (xi)	724	—	4,642	1,225
Renewable energy certificates (xii)	266	305	750	889
Verified emission-reduction credits (xiii)	42	80	304	420
Options (xiv)	73	—	601	349
Physical gas forward contracts (xv)	40	—	29,442	7,720
Transportation forward contracts (xvi)	34	—	1,137	241
Heat rate swaps (xvii)	10,307	14,511	—	—
Fixed financial swaps (xviii)	—	—	81,497	42,054
Foreign exchange forward contracts (xix)	179	—	—	—
Contingent consideration—Newten	—	—	1,376	—
Contingent consideration—Fulcrum (Note 9)	—		21,407	
As at March 31, 2012	**$12,799**	**$15,315**	**$636,044**	**$309,617**

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at March 31, 2011:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for floating electricity swaps (i)	$ —	$ —	$131,279	$ 93,397
Renewable energy certificates (ii)	194	196	158	417
Verified emission-reduction credits (iii)	—	—	315	628
Options (iv)	815	692	4,403	—
Physical gas forward contracts (v)	—	—	166,634	134,847
Transportation forward contracts (vi)	—	24	5,301	2,858
Fixed financial swaps (vii)	—	1,037	2,235	19
United States				
Fixed-for-floating electricity swaps (viii)	125	45	29,028	25,719
Physical electricity forward contracts (ix)	—	310	55,548	37,535
Unforced capacity forward contracts (x)	309	177	581	118
Unforced capacity physical contracts (xi)	100	410	1,606	1,280
Renewable energy certificates (xii)	44	49	1,037	1,610
Verified emission-reduction credits (xiii)	13	36	275	491
Options (xiv)	1	—	1,056	165
Physical gas forward contracts (xv)	40	—	32,883	19,354
Transportation forward contracts (xvi)	—	—	1,526	1,281
Heat rate swaps (xvii)	639	2,408	180	131
Fixed financial swaps (xviii)	40	—	51,361	35,562
Foreign exchange forward contracts (xix)	1,391	—	—	—
Ethanol physical forward contracts	135	—	—	—
As at March 31, 2011	$3,846	$5,384	$485,406	$355,412

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated financial statements as at April 1, 2010:

	Other assets (current)	Other assets (long term)	Other liabilities (current)	Other liabilities (long term)
Canada				
Fixed-for floating electricity swaps (i)	$ —	$ —	$244,563	$212,920
Renewable energy certificates (ii)	350	621	30	139
Verified emission-reduction credits (iii)	2	7	—	—
Options (iv)	757	416	—	—
Physical gas forward contracts (v)	—	—	237,145	203,088
Transportation forward contracts (vi)	—	—	11,060	8,439
United States				
Fixed-for-floating electricity swaps (viii)	—	—	31,291	30,464
Physical electricity forward contracts (ix)	—	—	38,015	39,035
Unforced capacity forward contracts (x)	523	102	445	9
Unforced capacity physical contracts (xi)	33	146	731	—
Renewable energy certificates (xii)	107	130	918	945
Verified emission-reduction credits (xiii)	—	—	167	447
Options (xiv)	—	—	912	915
Physical gas forward contracts (xv)	—	—	96,938	75,142
Transportation forward contracts (xvi)	—	—	1,265	2,262
Heat rate swaps (xvii)	654	3,605	—	—
Fixed financial swaps (xviii)	—	—	21,720	16,767
Foreign exchange forward contracts (xix)	277	—	—	—
As at April 1, 2010	$2,703	$5,027	$685,200	$590,572

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes financial instruments classified as held-for-trading as at March 31, 2012, to which Just Energy has committed:

Contract type		Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
Canada							
(i)	Fixed-for-floating electricity swaps*	0.0001 - 48 MWh	7,536,951 MWh	April 30, 2012 - December 31, 2019	$22.20 - $128.13	$(180,408)	$438,180
(ii)	Renewable energy certificates	10 - 90,000 MWh	780,310 MWh	December 31, 2012 - December 31, 2015	$3.00 - $26.00	$(247)	$5,151
(iii)	Verified emission-reduction credits	6,000 - 50,000 tonnes	599,000 tonnes	December 31, 2013 - December 31, 2016	$6.25 - $11.50	$(849)	$5,307
(iv)	Options	119 - 33,000 GJ/month	713,089 GJ	April 30, 2012 - February 28, 2014	$7.16 - $12.39	$(966)	$1,832
(v)	Physical gas forward contracts	1 - 8,376 GJ/day	64,316,388 GJ	April 30, 2012 - March 31, 2016	$1.35 - $10.00	$(249,318)	$430,907
(vi)	Transportation forward contracts	74 - 17,000 GJ/day	35,595,520 GJ	April 30, 2012 - August 31, 2015	$0.0025 - $1.5600	$(8,172)	$18,079
(vii)	Fixed financial swaps	14,000 - 139,500 GJ/month	19,853,500 GJ	March 31, 2013 - March 31, 2017	$2.34 - $5.20	$(22,351)	$88,642
United States							
(viii)	Fixed-for-floating electricity swaps*	0.10 - 80 MWh	9,577,598 MWh	April 30, 2012 - March 31, 2017	$24.49 - $136.41 (US$24.55 - $136.75)	$(132,112) (US$(132.443))	$488,254 (US$489,478)
(ix)	Physical electricity forwards	1 - 100 MWh	13,393,411 MWh	April 30, 2012 - May 31, 2017	$26.77 - $109.97 (US$26.84 - $110.25)	$(151,887) (US$(152,268))	$624,024 (US$625,588)
(x)	Unforced capacity forward contracts	3 - 150 MWCap	118,766 MWCap	June 30, 2012 - May 31, 2014	$1,812 - $7,980 (US$1,817 - $8,000)	$(3,745) (US$(3,754))	$7,739 (US$7,758)
(xi)	Unforced capacity physical contracts	1 - 280 MWCap	5,336 MWCap	April 30, 2012 - May 31, 2014	$848 - $9,327 (US$850 - $9,350)	$(5,144) (US$(5,157))	$27,672 (US$27,741)
(xii)	Renewable energy certificates	300 - 160,000 MWh	2,987,250 MWh	December 31, 2012 - December 31, 2017	$0.55 - $42.64 (US$0.55 - $42.75)	$(1,068) (US$(1,071))	$15,992 (US$16,032)
(xiii)	Verified emission-reduction credits	8,000 - 50,000 tonnes	658,000 tonnes	December 31, 2012 - December 31, 2016	$3.49 - $8.73 (US$3.50 - $8.75)	$(602) (US$(604))	$4,064 (US$4,074)
(xiv)	Options	60 - 60,000 mmBTU/month	1,233,065 mmBTU	April 30, 2012 - December 31, 2014	$7.73 - $13.77 (US$7.75 - $13.80)	$(877) (US$(879))	$166 (US$166)

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

Contract type		Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
(xv)	Physical gas forward contracts	5 - 2,500 mmBTU/month	7,139,328 mmBTU	April 2, 2012 - July 31, 2014	$2.21 - $11.85 (US$2.22 - $11.88)	$(37,122) (US$(37,215))	$58,701 (US$58,848)
(xvi)	Transportation forward contracts	15 - 13,205 mmBTU/day	10,739,615 mmBTU	April 02, 2012 - August 31, 2015	$0.08 - $1.50 (US$0.08 - $1.50)	$(1,344) (US$(1,347))	$22,967 (US$23,025)
(xvii)	Heat rate swaps	1 - 50 MWh	3,248,369 MWh	April 30, 2012 - October 31, 2016	$14.10 - $65.06 (US$14.14 - $65.22)	$24,817 (US$24,879)	$97,111 (US$97,354)
(xviii)	Fixed financial swaps	930 - 600,000 mmBTU/month	44,416,997 mmBTU	April 30, 2012 - May 31, 2017	$2.64 - $9.24 (US$2.65 - $9.26)	$(123,549) (US$(123,859))	$265,023 (US$265,687)
(xix)	Foreign exchange forward contracts	($497 - $3,614) (US$500 - $3,500)	n/a	April 02, 2012 - January 2, 2013	$0.977 - $1.048	$179	$22,630 (US$22,687)

* Some of the electricity fixed-for-floating contracts related to the Province of Alberta and the Province of Ontario are load-following, wherein the quantity of electricity contained in the supply contract "follows" the usage of customers designated by the supply contract. Notional volumes associated with these contracts are estimates and are subject to change with customer usage requirements. There are also load shaped fixed-for-floating contracts in these and the rest of Just Energy's electricity markets wherein the quantity of electricity is established but varies throughout the term of the contracts.

The estimated amortization of deferred gains and losses reported in accumulated other comprehensive income that is expected to be amortized to net income within the next 12 months is a gain of approximately $32.5 million.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other asset balance recognized in the consolidated financial statements.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted, unadjusted market prices. Just Energy values its cash and cash equivalent, accounts receivable, unbilled revenue, bank indebtedness, trade and other payables and long-term debt under Level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed-for-floating swaps under Level 2.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the electricity supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the FV hierarchy. For the natural gas supply contracts, Just Energy uses three different market observable curves: i) Commodity (predominately NYMEX), ii) Basis and iii) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves only extend 12 to 15 months into the future. In order to calculate basis curves for the remaining years, Just Energy uses extrapolation, which leads natural gas supply contracts to be classified under Level 3.

Fair value measurement input sensitivity

The main cause of changes in the fair value of derivative instruments are changes in the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the market risk section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at March 31, 2012:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	$ 65,419	$ —	$ —	$ 65,419
Loans and receivables	437,216	—	—	437,216
Derivative financial assets	—	—	28,114	28,114
Financial liabilities				
Derivative financial liabilities	—	(98,193)	(847,468)	(945,661)
Other financial liabilities	(1,064,888)	—	—	(1,064,888)
Total net derivative liabilities	$ (562,253)	$(98,193)	$(819,354)	$(1,479,800)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at March 31, 2011:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	$ 98,466	$ —	$ —	$ 98,466
Loans and receivables	398,401	—	—	398,401
Derivative financial assets	—	1,077	8,153	9,230
Financial liabilities				
Derivative financial liabilities	—	(89,177)	(751,641)	(840,818)
Other financial liabilities	(886,696)	—	—	(886,696)
Total net derivative liabilities	$(389,829)	$(88,100)	$(743,488)	$(1,221,417)

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the classification of financial assets/(liabilities) in the FV hierarchy as at April 1, 2010:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	**$ 78,782**	**$ —**	**$ —**	**$ 78,782**
Loans and receivables	**295,663**	**—**	**—**	**295,663**
Derivative financial assets	**—**	**—**	**7,730**	**7,730**
Financial liabilities				
Derivative financial liabilities	**—**	**(38,487)**	**(1,237,285)**	**(1,275,772)**
Other financial liabilities	**(478,889)**	**—**	**—**	**(478,889)**
Total net derivative liabilities	**$(104,444)**	**$(38,487)**	**$(1,229,555)**	**$(1,372,486)**

The following table illustrates the changes in net fair value of financial assets/(liabilities) classified as Level 3 in the FV hierarchy for the year ended March 31:

	March 31, 2012	March 31, 2011
Opening balance, April 1	**$(743,488)**	$(1,229,555)
Total gain/(losses)—Profit for the period	**(376,121)**	6,891
Purchases	**(201,235)**	(256,294)
Sales	**41,547**	3,795
Settlements	**459,943**	731,675
Transfer out of Level 3	**—**	—
Closing balance	**$(819,354)**	$ (743,488)

(b) Classification of financial assets and liabilities

The following table represents the fair values and carrying amounts of financial assets and liabilities measured at amortized cost.

As at March 31, 2012	Carrying amount	Fair value
Cash and cash equivalents	$ 53,220	$ 53,220
Restricted cash	12,199	12,199
Current trade and other receivables	299,945	299,945
Unbilled revenues	130,796	130,796
Non-current receivables	6,475	6,475
Other financial assets	28,114	28,114
Bank indebtedness, trade and other payables	288,205	288,205
Long-term debt	776,683	826,991
Other financial liabilities	945,661	945,661

As at March 2011 and April 1, 2010, the carrying amounts of the above financial assets and liabilities was equal to their fair value, except for long-term debt which had a fair value of $663,407 as at March 31, 2011 and $302,689 as at April 1, 2010.

For the years ended March 31	2012	2011
Interest expense on financial liabilities not held-for-trading	**$60,935**	$59,883

11. FINANCIAL INSTRUMENTS (Continued)

The carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, unbilled revenues and trade and other payables approximates the fair value due to their short-term liquidity.

The carrying value of long-term debt approximates its fair value as the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the exception of the $90m, $330m and $100m convertible debentures, which are fair valued, based on market value.

(c) Management of risks arising from financial instruments

The risks associated with Just Energy's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which Just Energy is exposed are discussed below.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in U.S. operations.

A portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to U.S. fluctuations in the future than in prior years. Just Energy has hedged between 25% and 90% of certain forecasted cross border cash flows that are expected to occur within the next year. The level of hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

Just Energy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged.

With respect to translation exposure, as at March 31, 2012, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar, assuming that all the other variables had remained constant, net loss for the year would have been $10,700 higher/lower and other comprehensive loss would have been $6,400 higher/lower.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that this long-term debt exposes it to material financial risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before income taxes for the year ended March 31, 2012, of approximately $1,112, respectively.

11. FINANCIAL INSTRUMENTS (Continued)

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits; most importantly, thresholds for open positions in the gas and electricity portfolios which also feed a Value at Risk limit; should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of Just Energy. Just Energy mitigates the exposure for variances in customer requirements that are driven by changes in expected weather conditions, through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to mitigate weather effects is limited by the severity of weather from normal.

Commodity price sensitivity—all derivative financial instruments

If the energy prices including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2012, would have increased (decreased) by $149,312 ($148,598) primarily as a result of the change in the fair value of Just Energy's derivative instruments.

Commodity price sensitivity—Level 3 derivative financial instruments

If the energy prices including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before taxes for the year ended March 31, 2012, would have increased (decreased) by $137,213 ($136,512) primarily as a result of the change in the fair value of Just Energy's derivative instruments.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Alberta, Texas, Illinois, British Columbia, New York, Massachusetts, Pennsylvania, California, Michigan, and Georgia, Just Energy has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The aging of the accounts receivable from the above markets was as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Current	**$ 69,738**	$61,695	$44,531
1 - 30 days	**15,530**	15,088	13,873
31 - 60 days	**5,681**	5,533	4,598
61 - 90 days	**2,905**	5,652	1,768
Over 91 days	**19,947**	10,322	3,973
	$113,801	$98,290	$68,743

Changes in the allowance for doubtful accounts were as follows:

	March 31, 2012	March 31, 2011
Balance, beginning of year	**$ 25,115**	$ 17,519
Allowance on acquired receivables	**6,940**	5,591
Provision for doubtful accounts	**28,514**	27,627
Bad debts written off	**(29,215)**	(23,801)
Other	**3,572**	(1,821)
Balance, end of year	**$ 34,926**	$ 25,115

For the remaining markets, the LDCs for a fee, provide collection services and assume the risk of any bad debts owing from Just Energy's customers. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEGI. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2012, the maximum counterparty credit risk exposure amounted to $141,915, representing the risk relating to the Company's derivative financial assets and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

11. FINANCIAL INSTRUMENTS (Continued)

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities as at March 31, 2012:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$ 287,145	$ 287,145	$ 287,145	$ —	$ —	$ —
Bank indebtedness	1,060	1,060	1,060	—	—	—
Long-term debt*	776,683	833,962	97,611	252,570	26,433	457,348
Derivative instruments	945,661	2,596,314	1,363,421	1,057,222	175,049	622
	$2,010,549	**$3,718,481**	**$1,749,237**	**$1,309,792**	**$201,482**	**$457,970**

* Included in long-term debt is $330,000, $100,000 and $90,000 relating to convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, at March 31, 2012, net interest payments over the life of the long-term debt and bank credit facility are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Interest payments	$47,800	$84,304	$67,215	$61,750

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $1,756 to accommodate for its counterparties' risk of default.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2012

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	**$29,033**	**$ 94,886**	**$123,919**
Unrealized foreign currency translation adjustment	**2,386**	**—**	**2,386**
Amortization of deferred unrealized gain on discontinued hedges net of income taxes of $13,150	**—**	**(56,012)**	**(56,012)**
Balance, end of year	**$31,419**	**$ 38,874**	**$ 70,293**

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

12. ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

For the year ended March 31, 2011

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	$28,584	$193,385	$221,969
Unrealized foreign currency translation adjustment	449	—	449
Amortization of deferred unrealized gain on discontinued hedges net of income taxes of $21,384	—	(98,499)	(98,499)
Balance, end of year	$29,033	$ 94,886	$123,919

13. SHAREHOLDERS' CAPITAL

Subsequent to the Conversion

On January 1, 2011, Just Energy issued common shares in exchange for the outstanding trust units of the Fund. The exchange of the trust units of the Fund was accounted for as an exchange of equity instruments at carrying value. The exchange of Exchangeable Shares for common shares was accounted for as an extinguishment of the liability associated with Exchangeable Shares at the redemption value measured on the date of the exchange.

Details of issued shareholders' capital are as follows for the year ended March 31, 2012, with comparatives for the year ended March 31, 2011:

	Year ended March 31, 2012		Year ended March 31, 2011	
Issued and outstanding	**Shares**	**Amount**	**Shares**	**Amount**
Balance, beginning of year	136,963,726	$963,982	—	$ —
Shares issued pursuant to the Conversion				
Trust units	—	—	126,583,148	808,848
Class A preference shares (Note 29)	—	—	5,263,728	78,798
Exchangeable shares (Note 29)	—	—	3,794,154	56,799
Shares issued to minority shareholder in exchange for interest in TGF(i)	—	—	689,940	10,328
Share-based awards exercised	91,684	1,385	86,374	1,097
Dividend reinvestment plan(ii)	2,377,616	28,413	546,382	8,112
Repurchase and cancellation of shares(iii)	(84,100)	(599)	—	—
Balance, end of year	139,348,926	$993,181	136,963,726	$963,982

(i) Shares issued

During the year ended March 31, 2011, Just Energy issued 689,940 shares to acquire the interest held by the minority shareholder of TGF pursuant to the exercise of the minority holders put right. The shares were valued at $10,328 and the difference between $18,285 and $10,328 represents the value of the minority interest of TGF at the time of issuance. The value of the shares has been recorded as an increase to contributed surplus.

(ii) Dividend reinvestment plan

Under Just Energy's dividend reinvestment plan ("DRIP"), Canadian resident shareholders holding a minimum of 100 common shares can elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for five trading days preceding the applicable dividend payment date, provided that the common shares are issued from treasury and not purchased on the open market. Effective February 1, 2012, the Company has suspended the DRIP.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

13. SHAREHOLDERS' CAPITAL (Continued)

(iii) Repurchase and cancellation of shares

During the year, Just Energy obtained approval from its Board of Directors and the Toronto Stock Exchange to make a normal course issuer bid to purchase up to 13,200,917 common shares for the 12-month period commencing December 16, 2011, and ending December 15, 2012. A maximum of 82,430 common shares can be purchased during any trading day.

During the year, Just Energy purchased and cancelled 84,100 common shares for a cash consideration of $955. The average book value of $599 was recorded as a reduction to share capital and the remaining loss of $356 was allocated to accumulated deficit.

Prior to the Conversion

Effective January 1, 2011, Just Energy completed the Conversion from an income trust to a corporation. As a result of the Conversion, Just Energy's trust units, along with the issued exchangeable and Class A preference shares, were exchanged on a one for one basis into shares of JEGI.

Prior to the Conversion, the trust units were redeemable at the option of the Fund's unitholders. The redemption price was calculated as the lower of the closing price on the day the units were tendered for redemption and 90% of the market price of the units for the ten days after redemption. The Fund had no redemptions for the period for which the trust units were outstanding.

IFRS requires financial instruments which include a redemption feature, making the instruments puttable, to be presented as a financial liability rather than equity. However, an exception to that requirement is available if the financial instrument meets certain criteria. Just Energy determined that the Fund's units met the requirements for this exception and accordingly, the trust units are presented as equity for the periods prior to the Conversion.

Just Energy is authorized to issue an unlimited number of common shares and 50,000,000 preference shares both with no par value.

Details of issued unitholders' capital are as follows for the year ended March 31, 2011:

Issued and outstanding	Units	Amount
Balance, beginning of year	124,325,307	$ 777,856
Unit-based awards exercised	38,989	462
Distribution reinvestment plan	1,324,834	17,935
Exchanged from Exchangeable Shares	894,018	12,595
Units exchanged pursuant to the Conversion	(126,583,148)	(808,848)
Balance, end of year	—	$ —

14. SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy grants awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates although no share options have been granted since 2008. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2012, there were 1,264,166 options still available for grant under the plan. Of the options issued, 50,000 options remain outstanding at year-end. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

14. SHARE-BASED COMPENSATION PLANS (Continued)

A summary of the changes in Just Energy's option plan during the year and status as at March 31, 2012, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price[1]
Balance, beginning of year	**135,000**	**\$15.09 - \$17.47**	**\$16.38**
Forfeited/cancelled	**85,000**	**\$16.65 - \$17.47**	**\$17.13**
Balance, end of year	**50,000**	**\$15.09**	**\$15.09**

(1) The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

2012

	Options outstanding			Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$15.09	**50,000**	**0.25**	**\$15.09**	**50,000**	**\$15.09**

2011

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$15.09 - \$17.47	135,000	0.59	\$16.38	98,000	\$16.51

Options available for grant	Year ended March 31, 2012	Year ended March 31, 2011
Balance, beginning of year	**1,179,166**	961,666
Add: Cancelled/forfeited during the year	**85,000**	217,500
Balance, end of year	**1,264,166**	1,179,166

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid restricted share grants ("RSGs") to senior officers, employees and service providers of its subsidiaries and affiliates. On June 29, 2010, the unitholders of Just Energy approved a 2,000,000 increase in the number of RSGs available for grant. As at March 31, 2012, there were 1,657,354 RSGs (2011-1,969,883) still available for grant under the plan. Of the RSGs issued, 3,024,023 remain outstanding at March 31, 2012 (2011-2,711,494). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

14. SHARE-BASED COMPENSATION PLANS (Continued)

holder of an RSG may exchange one RSG for one common share. On January 1, 2011, as part of the Conversion, all unit appreciation rights outstanding on that date were replaced by RSGs.

RSGs available for grant	March 31, 2012	March 31, 2011
Balance, beginning of year	**1,969,883**	74,472
Less: Granted during the year	**(823,536)**	(234,620)
Add: Increase in RSGs available for grant	**—**	2,000,000
Add: Cancelled/forfeited during the year	**419,323**	4,668
Add: Exercised during the year	**91,684**	125,363
Balance, end of year	**1,657,354**	1,969,883

(c) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred compensation plan, "UARs") to all independent directors on the basis that each director is required to annually receive $15 of their compensation entitlement in deferred share grants ("DSGs") and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As at March 31, 2012, there were 54,638 DSGs (201l-84,118) available for grant under the plan. Of the DSGs issued, 146,855 DSGs remain outstanding at March 31, 2012. In accordance with the Conversion, all outstanding directors' deferred unit grants were replaced with DSGs.

DSGs available for grant	March 31, 2012	March 31, 2011
Balance, beginning of year	**84,118**	108,248
Less: Granted during the year	**(29,480)**	(24,130)
Balance, end of year	**54,638**	84,118

15. LONG-TERM DEBT AND FINANCING

	March 31, 2012	March 31, 2011	April 1, 2010
Credit facility[(a)]	**$ 98,455**	$ 53,000	$ 57,500
Less: Debt issue costs[(a)]	**(1,196)**	(1,965)	(1,381)
TGF credit facility[(b)(i)]	**32,046**	36,680	41,313
TGF debentures[(b)(ii)]	**35,818**	37,001	37,001
TGF term/operating facilities[(b)(iii)]	**—**	—	10,000
NHS financing[(c)]	**147,220**	105,716	65,435
$90 million convertible debentures[(d)]	**86,101**	84,706	83,417
$330 million convertible debentures[(e)]	**291,937**	286,439	—
$100 million convertible debentures[(f)]	**85,879**	—	—
Capital leases[(g)]	**423**	—	—
	776,683	601,577	293,285
Less: current portion	**(97,611)**	(94,117)	(61,448)
	$679,072	$507,460	$231,837

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

15. LONG-TERM DEBT AND FINANCING (Continued)

Future annual minimum repayments are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Credit facility[(a)]	$ —	$ 98,455	$ —	$ —	$ 98,455
TGF credit facility[(b)(i)]	32,046	—	—	—	32,046
TGF debentures[(b)(ii)]	35,818	—	—	—	35,818
NHS financing[(c)]	29,472	63,967	26,433	27,348	147,220
$90 million convertible debentures[(d)]	—	90,000	—	—	90,000
$330 million convertible debentures[(e)]	—	—	—	330,000	330,000
$100 million convertible debentures[(f)]	—	—	—	100,000	100,000
Capital leases[(g)]	275	148	—	—	423
	$97,611	$252,570	$26,433	$457,348	$833,962

The following table details the finance costs for the year ended March 31. Interest is expensed at the effective interest rate.

	March 31, 2012	March 31, 2011
Credit facility[(a)]	$ 8,818	$ 9,229
TGF credit facility[(b)(i)]	2,056	2,013
TGF debentures[(b)(ii)]	4,360	4,269
TGF term/operating facilities[(b)(iii)]	—	515
NHS financing[(c)]	10,011	6,464
$90 million convertible debentures[(d)]	6,795	6,690
$330 million convertible debentures[(e)]	25,298	22,638
$100 million convertible debentures[(f)]	3,832	—
Capital lease interest[(g)]	32	—
Unwinding of discount on provisions (Note 17)	(267)	267
Dividend classified as interest (Note 31)	—	7,798
	$60,935	**$59,883**

(a) As at March 31, 2012, Just Energy has a $350 million credit facility to meet working capital requirements. The syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, Société Générale, The Bank of Nova Scotia, The Toronto-Dominion Bank and Alberta Treasury Branches. The term of the facility expires on December 31, 2013.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers'Acceptances and LIBOR advances at stamping fees that vary between 2.88% and 3.38%. Prime rate advances are at rates of interest that vary between bank prime plus 1.88% and 2.38% and letters of credit are at rates that vary between 2.88% and 3.38%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2012, the Canadian prime rate was 3.0% and the U.S. prime rate was 3.25%. As at March 31, 2012, Just Energy had drawn $98,455 (March 31, 2011—$53,000) against the facility and total letters of credit outstanding amounted to $121,054 (March 31, 2011—$78,209). As at March 31, 2012, unamortized debt issue costs relating to the facility are $1,196 (March 31, 2011—$1,965). As at March 31, 2012, Just Energy has $130,491 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, among others, NHS, Hudson Solar and TGF. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2012, all of these covenants had been met.

15. LONG-TERM DEBT AND FINANCING (Continued)

(b) In connection with an acquisition, Just Energy acquired the debt obligations of TGF, which currently comprise the following separate facilities:

(i) TGF credit facility

A credit facility of up to $50,000 was established with a syndicate of Canadian lenders led by Conexus Credit Union and was arranged to finance the construction of the ethanol plant in 2007. The facility was revised on March 18, 2009, and was converted to a fixed repayment term of ten years, commencing March 1, 2009, which includes interest costs at a rate of prime plus 3% with principal repayments scheduled to commence on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF, a mortgage on title to the land owned by TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the most significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' capital. The covenants were measured as at March 31, 2012 and TGF failed to meet all required covenants. The non-compliance was waived by the lenders but did result in a non-compliance fee of $90, representing 0.25% of the loan balance as at March 31, 2012. The non-compliance fee was accrued as at March 31, 2012. As at March 31, 2012, the amount owing under this facility amounted to $32,046. The lenders have no recourse to the Company or any other Just Energy entity.

(ii) TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40,000 aggregate principal amount of debentures was entered into in 2006. On April 1, 2011, the interest rate was increased to 12%. The agreement includes certain financial covenants, the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholders' equity. Compliance with the new covenants will be measured annually beginning with the fiscal 2012 year-end. The maturity date has been extended to May 15, 2014, with a call right any time after April 1, 2013. On March 31, 2012, TGF agreed with the debenture holders to increase the quarterly blended principal and interest payments to $1,186 and to fine tune the financial covenants for fiscal 2013 to be more in line with the expected financial results of TGF for the year. TGF also agreed to make an additional debt repayment after March 31, 2013 if the cash-flow from operations exceeds $500 for the year 2013, provided that this type of payment will not create a non-compliance issue for the Company under the TGF credit facility. The debenture holders have no recourse to the Company or any other Just Energy entity. As at March 31, 2012, the amount owing under this debenture agreement amounted to $35,818.

(iii) TGF term/operating facilities

TGF's term loan for $10,000 was secured by liquid investments on deposit with the lender. The amount owing under this facility was bearing interest at prime plus 1% and was repaid in full in the prior year.

(iv) TGF has a working capital operating line of $7,000 bearing interest at a rate of prime plus 2%. In addition to the amount shown on the consolidated statements of financial position as bank indebtedness, TGF has total letters of credit issued of $250.

(c) NHS entered into a long-term financing agreement for the funding of new and existing rental water heater and HVAC contracts in the Enbridge and Union Gas distribution territories. Pursuant to the agreement, NHS receives financing of an amount equal to the present value of the first five, seven or ten years of monthly rental income, discounted at the agreed upon financing rate of 7.99% and, as settlement, is required to remit an amount equivalent to the rental stream from customers on the water heater and HVAC contracts for the first five, seven or ten years. As security for performance of the obligation, NHS has provided security over the water heaters, HVAC equipment and rental contracts, subject to the financing rental agreement, as collateral.

The financing agreement is subject to a holdback provision, whereby 3% in the Enbridge territory and 5% in the Union Gas territory of the outstanding balance of the funded amount is deducted and deposited into a reserve account in the event of default. Once all obligations of NHS are satisfied or expired, the remaining funds in the reserve account will immediately be released to NHS.

NHS has $147,220 owing under this agreement, including $6,412 relating to the holdback provision, recorded in non-current receivables, as at March 31, 2012. NHS is required to meet a number of non-financial covenants under the agreement. As at March 31, 2012, all of these covenants had been met.

(d) In conjunction with an acquisition, the Company also acquired the obligations of the convertible unsecured subordinated debentures (the "$90 million convertible debentures") issued in October 2007. The fair value of the $90 million convertible debentures was estimated by discounting the remaining contractual payments at the time of acquisition. This discount will be accreted using an effective interest rate of 8%. These instruments have a face value of $90,000 and mature on September 30, 2014, unless converted prior to that date, and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each $1,000 principal amount of the $90 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 34.09 shares, representing

15. LONG-TERM DEBT AND FINANCING (Continued)

a conversion price of $29.33 per common share as at March 31, 2012. Pursuant to the $90 million convertible debentures, if the Company fixes a record date for the payment of a dividend, the conversion price shall be adjusted in accordance therewith. During the year ended March 31, 2012, interest expense amounted to $6,795, respectively.

On and after October 1, 2010, but prior to September 30, 2012, the $90 million convertible debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Just Energy's sole option on not more than 60 days' and not less than 30 days' prior notice, provided that the current market price on the date on which notice of redemption is given is not less than 125% of the conversion price. On and after September 30, 2012, but prior to the maturity date, the $90 million convertible debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Just Energy's sole option on not more than 60 days' and not less than 30 days' prior notice. On January 1, 2011, as part of the Conversion, Just Energy assumed all of the obligations under the $90 million convertible debentures.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $90 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $90 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

(e) In order to fund the acquisition of Hudson, on May 5, 2010, Just Energy issued $330 million of convertible extendible unsecured subordinated debentures (the "$330 million convertible debentures"). The $330 million convertible debentures bear interest at a rate of 6.0% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each $1,000 principal amount of the $330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 shares of the Company, representing a conversion price of $18 per share. During the year ended March 31, 2012, interest expense amounted to $25,298. The $330 million convertible debentures are not redeemable prior to June 30, 2013, except under certain conditions after a change of control has occurred. On or after June 30, 2013, but prior to June 30, 2015, the $330 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the conversion price ($22.50). On and after June 30, 2015, and prior to maturity, the $330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

The Company may, at its own option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $330 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $330 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $330 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $33,914. The remainder of the net proceeds of the $330 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $330,000 over the term of the $330 million convertible debentures using an effective interest rate of 8.8%. If the $330 million convertible debentures are converted into common shares, the value of the conversion will be reclassified to share capital along with the principal amount converted. On January 1, 2011, as part of the Conversion, Just Energy assumed all of the obligations under the $330 million convertible debentures.

As a result of adopting IFRS, Just Energy has recorded a deferred tax liability of $15,728 on its convertible debentures and reduced the value of the equity component of convertible debentures by this amount.

(f) On September 22, 2011, Just Energy issued $100 million of convertible unsecured subordinated debentures (the "$100 million convertible debentures") which was used to purchase Fulcrum. The $100 million convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year commencing March 31, 2012, and have a maturity date of September 30, 2018. Each $1,000 principal amount of the $100 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of $17.85. The $100 million convertible debentures are not redeemable at the option of the Company on or before September 30, 2014. After September 30, 2014, and prior to September 30, 2016, the $100 million convertible debentures may be redeemed by the Company, in whole or in part, 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 weighted average trading price of the common shares is at least 125% of the conversion price. On or after September 30, 2016, the $100 million convertible

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

15. LONG-TERM DEBT AND FINANCING (Continued)

debentures may be redeemed in whole or in part from time to time at the option of the Company 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.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $100 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradeable common shares determined by dividing the principal amount of the $100 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $100 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $10,188. Upon initial recognition of the convertible debenture, Just Energy recorded a deferred tax liability of $2,579 and reduced the equity component of the convertible debenture by this amount. The remainder of the net proceeds of the $100 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $100,000 over the term of the $100 million convertible debentures using an effective interest rate of 8.6%. If the $100 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted. During the year ended March 31, 2012, interest expense amounted to $3,832.

(g) The Company through its subsidiary Fulcrum, leases certain computer, office equipment and software. These financing arrangements bear interest at rates ranging from 0% to 29% and mature between April 20, 2013 and June 30, 2014.

16. INCOME TAXES

Prior to January 1, 2011, Just Energy was a specified investment flow through trust ("SIFT") for income tax purposes. As a result, Just Energy was subject to current taxes at the top marginal rate applicable to individuals of approximately 46.4% on all taxable income not distributed to unitholders. Subsequent to January 1, 2011, Just Energy completed the conversion from a SIFT to a corporation.

(a) Tax expense

	2012	2011
Tax recognized in profit and loss	**$ 662**	$ 8,182
Current tax expense	**662**	8,182
Deferred tax expensee		
Origination and reversal of temporary differences	**$(48,861)**	25,891
Benefit (expense) arising from a previously unrecognized tax loss or temporary difference	**85,726**	80,693
Reduction in tax rate resulting from reorganization	**—**	58,673
Deferred tax recovery	**36,865**	165,257
Total tax expense	**$ 37,527**	$173,439

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

16. INCOME TAXES (Continued)

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 27.75% (2011—30%). The differences are as follows:

	2012	2011
Income (loss) before income taxes	**$(89,116)**	$ 526,379
Combined statutory Canadian federal and provincial income tax rate	**27.75%**	30.00%
Income tax expense (recovery) based on statutory rate	**(24,730)**	157,914
Increase(decrease) in income taxes resulting from		
Taxes on income attributable to shareholders	**—**	(15,456)
Benefit (cost) of mark to market loss and other temporary differences not recognized	**85,726**	(119,200)
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	**(23,343)**	1,910
Fair value adjustment and interest expense on preferred shares	**—**	86,847
Reduction in tax rate resulting from reorganization	**—**	58,673
Other permanent items	**(126)**	2,751
Total income tax expense	**$ 37,527**	$ 173,439

(c) Recognized deferral tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	March 31, 2012	March 31, 2011
Mark to market losses on derivative instruments	**$113,907**	$132,486
Tax losses and excess of tax basis over book basis	**17,697**	32,012
Total deferred tax asset	**131,604**	164,498
Offset of deferred taxes	**(57,754)**	(54,154)
Net deferred tax asset	**73,850**	110,344
Partnership income deferred for tax purposes	**(35,459)**	(14,046)
Excess of book basis over tax basis on customer contracts	**(12,604)**	(49,141)
Mark to market gains on derivative instruments	**(85)**	(102)
Excess of book basis over tax basis on other assets	**(2,075)**	(2,343)
Convertible debentures	**(9,056)**	—
Total deferred tax liability	**(59,279)**	(65,632)
Offset of deferred taxes	**57,754**	54,154
Net deferred tax liability	**$ (1,525)**	$ (11,478)

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

16. INCOME TAXES (Continued)

(d) Movement in deferred tax balances

	Balance April 1, 2011	Recognized in profit and loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2012
Partnership income deferred for tax	**$(14,046)**	**$(21,413)**	**$ —**	**$ —**	**$ —**	**$(35,459)**
Excess of book over tax—customer contracts	**(49,141)**	**31,378**	**—**	**—**	**—**	**(17,763)**
Excess of book over tax on other assets	**36,875**	**(16,486)**	**—**	**387**	**—**	**20,776**
Mark to market gains (losses) on derivative instruments	**132,888**	**(31,577)**	**—**	**12,961**	**(445)**	**113,827**
Convertible debentures	**(7,710)**	**1,233**	**(2,579)**	**—**	**—**	**(9,056)**
	$ 98,866	**$(36,865)**	**$(2,579)**	**$13,348**	**$(445)**	**$ 72,325**

	Balance April 1, 2010	Recognized in profit and loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2011
Partnership income deferred for tax	$ (483)	$ (13,563)	$ —	$ —	$ —	$(14,046)
Excess of book over tax—customer contracts	(73,058)	23,917	—	—	—	(49,141)
Excess of book over tax on other assets	19,662	25,094	(15,728)		137	29,165
Mark to market (losses) gains on derivative instruments	228,148	(116,644)	—	21,384	—	132,888
Convertible debentures	84,062	(84,062)	—	—	—	—
	$258,331	$(165,258)	$(15,728)	$21,384	$137	$ 98,866

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected in the current period, are as follows:

	2012	2011
Losses available for carryforward	**18,669**	18,406
Mark to market on losses on derivative instruments	**124,531**	—
Excess of book over tax basis	**7,889**	—
Excess of book over tax—customer contracts	**3,210**	—

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

	2012
2026	**11**
2027	**2,366**
2028	**34,328**
2029	**18,345**
After 2030	**175,518**
Total	**230,568**

Investment Tax Credit (unrecognized) are set to expire as follows:

	2012
2030	**622**

In addition, there are un-deducted and unrecognized Scientific Research and Experimental Development expenses of $14,356.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

17. PROVISIONS

	March 31, 2012	March 31, 2011
Cost		
Balance, beginning of year	**$ 7,250**	$ 7,008
Provisions made during the year	**663**	2,853
Provisions reversed and used during the year	**(1,506)**	(2,808)
Unwinding of discount	**(269)**	462
Foreign exchange	**156**	(265)
Balance, end of year	**$ 6,294**	$ 7,250
Current	**3,226**	4,006
Non-current	**3,068**	3,244
	$ 6,294	$ 7,250

Legal issues

The provision for legal issues shown above includes the expected cash outflows from major claims and for several smaller litigation matters. Just Energy's subsidiaries are party to a number of legal proceedings. Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated earnings, cash flows or financial position.

In addition to the routine legal proceedings of Just Energy, the State of California has filed a number of complaints to the FERC against any suppliers of electricity, including Commerce, a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. Although Commerce did not own generation, the State of California is claiming that Commerce was unjustly enriched by the run-up caused by the alleged market manipulation by other market participants. The proceedings are currently ongoing. On March 18, 2010, the Administrative Law Judge granted the motion to strike for all parties in one of the complaints holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision.

18. OTHER INCOME, EXPENSES AND ADJUSTMENTS

(a) Other operating expenses

	2012	2011
Amortization of gas contracts	**$ 23,902**	$ 31,841
Amortization of electricity contracts	**54,468**	63,642
Amortization of water heaters and HVAC products	**1,631**	1,595
Amortization of other intangible assets	**28,232**	23,763
Amortization of property, plant and equipment	**5,847**	5,698
Bad debt expense	**28,514**	27,650
Transaction costs	**1,101**	1,284
Capital tax	**—**	188
Share-based compensation	**10,662**	9,914
	$154,357	$165,575

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

18. OTHER INCOME, EXPENSES AND ADJUSTMENTS (Continued)

(b) Amortization and cost of inventories included in the consolidated income statement

Included in cost of sales

	2012	2011
Amortization	**$ 12,640**	$ 9,837
Costs recognized as an expense	**2,255,140**	2,461,793
	$2,267,780	$2,471,630

(c) Included in change in fair value of derivative instruments

	2012	2011
Amortization of gas contracts	**$38,663**	$53,757
Amortization of electricity contracts	**74,330**	96,064

(d) Employee benefit expense

	2012	2011
Wages, salaries and commissions	**$186,122**	$153,463
Benefits	**20,631**	19,398
	$206,753	$172,861

19. REPORTABLE BUSINESS SEGMENTS

Just Energy operates in the following reportable segments: gas marketing, electricity marketing, ethanol, home services and other. Other represents Hudson Solar and Momentis. Reporting by products and services is in line with Just Energy's performance measurement parameters.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Just Energy is not considered to have any key customers.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

19. REPORTABLE BUSINESS SEGMENTS (Continued)

2012

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$883,057	$1,719,853	$130,491	$ 35,642	$ 16,226	$2,785,269
Gross margin	140,140	316,232	17,832	27,979	15,306	517,489
Amortization of property, plant and equipment	1,119	3,242	1,294	168	24	5,847
Amortization of intangible assets	31,230	75,323	43	1,631	6	108,233
Administrative expenses	30,822	66,263	8,229	12,901	4,182	122,397
Selling and marketing expenses	34,546	101,236	—	4,188	37,332	177,302
Other operating expenses	7,551	31,078	—	1,432	216	40,277
Operating profit (loss) for the year	$ 34,872	$ 39,090	$ 8,266	$ 7,659	$(26,454)	$ 63,433
Finance costs	(12,657)	(31,769)	(6,485)	(10,018)	(6)	(60,935)
Change in fair value of derivative instruments	31,132	(125,966)	(135)	(1,376)	—	(96,345)
Proportionate share of loss from joint venture	(565)	(1,406)	—	—	—	(1,971)
Other income (loss)	(7,038)	12,722	166	—	852	6,702
Provision for (recovery of) income tax	10,236	27,292	—	—	(1)	37,527
Profit (loss) for the year	$ 35,508	$ (134,621)	$ 1,812	$ (3,735)	$(25,607)	$ (126,643)
Capital expenditures	$ 966	$ 1,874	$ 250	$ 35,685	$ 36,054	$ 74,829
Total goodwill	$127,055	$ 121,827	$ —	$ 283	$ —	$ 249,165
Total assets	$350,915	$ 904,504	$123,604	$159,696	$ 4,325	$1,543,044
Total liabilities	$543,062	$1,250,564	$ 76,995	$168,715	$ 5,117	$2,044,453

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

19. REPORTABLE BUSINESS SEGMENTS (Continued)

2011

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$1,185,750	$1,635,332	$108,526	$ 22,566	$ 1,018	$2,953,192
Gross margin	172,763	278,671	13,625	15,697	806	481,562
Amortization of property, plant and equipment	1,450	2,741	1,193	307	7	5,698
Amortization of intangible assets	46,092	73,154	—	1,595	—	120,841
Administrative expenses	26,736	56,822	11,231	12,083	2,528	109,400
Selling and marketing expenses	40,930	87,360	—	3,302	2,015	133,607
Other operating expenses	7,465	29,935	—	1,636	—	39,036
Operating profit (loss) for the year	$ 50,090	$ 28,659	$ 1,201	$ (3,226)	$(3,744)	$ 72,980
Finance costs	(17,160)	(29,393)	(6,862)	(6,468)	—	(59,883)
Change in fair value of derivative instruments	313,265	192,647	135	—	—	506,047
Other income (loss)	(17,338)	25,989	(875)	(575)	34	7,235
Provision for (recovery of) income tax	65,603	110,337	—	(2,501)	—	173,439
Profit (loss) for the year	$ 263,254	$ 107,565	$ (6,401)	$ (7,768)	$(3,710)	$ 352,940
Capital expenditures	$ 661	$ 1,562	$ 267	$ 30,625	$ 297	$ 33,412
Total goodwill	$ 126,668	$ 100,516	$ —	$ 283	$ —	$ 227,467
Total assets	$ 609,656	$ 688,554	$162,252	$128,152	$ 1,412	$1,590,026
Total liabilities	$ 644,692	$ 929,511	$ 95,642	$111,189	$ 110	$1,781,144

Geographic information

Revenues from external customers

	For the year ended March 31, 2012	For the year ended March 31, 2011
Canada	**$1,133,244**	$1,411,534
United States	**1,652,025**	1,541,658
Total revenue per consolidated income statement	**$2,785,269**	$2,953,192

The revenue is based on the location of the customer.

Non-current assets

Non-current assets for this purpose consist of property, plant and equipment and intangible assets and are summarized as follows:

	As at March 31, 2012	As at March 31, 2011
Canada	**$480,452**	$542,489
United States	**354,384**	331,732
Total	**$834,836**	$874,221

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

20. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangibles with indefinite lives have been allocated to one of five cash generating units, which are also operating and reportable segments, for impairment testing. These units are gas marketing, electricity marketing, ethanol, home services and other.

For impairment testing, goodwill and brand have been allocated as follows:

	Gas marketing			Electricity marketing			Home services			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Goodwill	**$127,055**	$126,668	$126,238	**$121,827**	$100,516	$60,311	**$283**	$283	$283	**$249,165**	$227,467	$186,832
Brand	**1,338**	1,301	—	**22,031**	9,391	—	**—**	—	—	**23,369**	10,692	—
	$128,393	$127,969	$126,238	**$143,858**	$109,907	$60,311	**$283**	$283	$283	**$272,534**	$238,159	$186,832

Just Energy performed its annual impairment test as at March 31, 2012. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2012, the market capitalization of Just Energy was above the book value of its equity, indicating that a potential impairment of goodwill and intangibles with indefinite lives does not exist.

The recoverable amount of each of the units has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five year period. The projections for the first three years have been approved by executive committee; the assumptions used in the following two years have been approved by executive committee. The calculation of the value in use for each unit is most sensitive to the following assumptions:

- Customer consumption assumptions used in determining gross margin
- New customer additions and attrition and renewals
- Selling costs
- Discount rates
- Growth rates used to extrapolate cash flows beyond the budget period

Customer consumption is forecasted using normalized historical correlation between weather and customer consumption and weather projections. Just Energy uses weather derivatives to mitigate the risk that weather will deviate from expectations. An average customer consumption growth rate of 9% was used in the projections. An isolated 5% decrease in the consumption assumptions would not have an impact on the results of the impairment test.

New customer additions and attrition and renewal rate estimates are based on historical results and are adjusted for new marketing initiatives that are included in the budget. A 9% average increase in the overall customer base of was used in the projections. An isolated 5% decrease annually in the overall customer base would not have an impact on the results of the impairment test.

Selling costs fluctuate with customer additions, renewals and attrition. Selling costs used in the financial forecast are based on assumptions consistent with the above new customer additions, renewals and attritions. Rates used are based on historical information and are adjusted for new marketing initiatives included in the budget. An average increase of 9% was applied to selling costs in the projections. An isolated 5% increase annually in selling costs would not have an impact on the results of the impairment test.

Discount rates—represent the current market assessment of the risks specific to the Company, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of Just Energy and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

20. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES (Continued)

derived from the expected return on investment by Just Energy's investors and the cost of debt is based on the interest bearing borrowings the Company is obliged to service. Just Energy used a discount rate of 9%. An isolated 5% increase in the WACC would not have an impact on the results of the impairment test.

Financial projections used in the budget period which covers years 1, 2 and 3 have been approved by the Executive Committee. The results in years 4 and 5 are based on year 3 results adjusted for inflation. An isolated 5% decrease in the growth rates used to extrapolate cash flows beyond the budget period would not have an impact on the results of the impairment test.

21. INCOME (LOSS) PER SHARE/UNIT

	2012	2011
Basic income (loss) per share/unit		
Net income (loss) available to shareholders	$ (126,522)	$ 355,076
Basic shares and units outstanding	138,227,174	128,171,630
Basic income (loss) per share/unit	$ (0.92)	$ 2.77
Diluted income (loss) per share/unit(1)		
Net income (loss) available to shareholders	$ (126,522)	$ 355,076
Adjusted net income for dilutive impact of convertible debentures	—	14,000
Adjusted net income for financial liabilities	—	9,609
Adjusted net income (loss)	(126,522)	378,685
Basic shares and units outstanding	138,227,174	128,171,630
Dilutive effect of:		
Weighted average number of Class A preference shares	—	4,009,086
Weighted average number of Exchangeable Shares	—	3,098,124
Restricted share grants	—	2,737,214
Deferred share grants	—	93,231
Convertible debentures	—	19,541,261
Shares/units outstanding on a diluted basis	138,227,174	157,650,546
Diluted income (loss) per share/unit	$ (0.92)	$ 2.40

(1) The $90 million, $330 million, $100 million convertible debentures, restricted and deferred share grants are anti-dilutive for fiscal 2012 and the stock option rights are anti-dilutive for fiscal 2012 and fiscal 2011.

22. CAPITAL DISCLOSURE

Just Energy defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. Just Energy's objectives when managing capital are to maintain flexibility by:

i) enabling it to operate efficiently;

ii) providing liquidity and access to capital for growth opportunities; and

iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

22. CAPITAL DISCLOSURE (Continued)

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its credit facilities, and as at March 31, 2012 and 2011, all of these covenants have been met.

23. GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by Just Energy to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with Just Energy and its subsidiaries and/or affiliates, subject to certain restrictions. Just Energy has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of Just Energy's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $112,305.

24. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operation decisions. The definition includes subsidiaries, joint ventures and other persons.

Subsidiaries and joint ventures

Transactions between Just Energy and its subsidiaries' meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these financial statements. Transactions with joint ventures are disclosed in Note 10.

Key management personnel

Just Energy's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of Just Energy and comprise of the Chair of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

24. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

During the year ended March 31, 2012, Just Energy recorded the following as an expense related to these individuals:

	March 31, 2012	March 31, 2011
Salaries and benefits	**$4,242**	$2,605
Stock-based compensation	**5,490**	3,530
	$9,732	$6,135

As at March 31, 2012, these individuals held approximately 1,631,500 RSGs (2011—1,324,000).

25. DISTRIBUTIONS AND DIVIDENDS PAID AND PROPOSED

For the year ended March 31, 2012, dividends of $1.24 (2011—$1.24) per share/unit were declared and paid by Just Energy. This amounted to $175,382 (2011—$148,335), which was approved throughout the year by the Board of Directors and was paid out during the year.

Declared dividends subsequent to year-end

On April 2, 2012, the Board of Directors of Just Energy declared a dividend in the amount of $0.10333 per common share ($1.24 annually). The dividend was paid on April 30, 2012, to shareholders of record at the close of business on April 16, 2012.

On May 2, 2012, the Board of Directors of Just Energy declared a dividend in the amount of $0.10333 per common share ($1.24 annually). The dividend will be paid on May 31, 2012, to shareholders of record at the close of business on May 15, 2012.

26. COMMITMENTS

Commitments for each of the next five years and thereafter are as follows:

As at March 31, 2012

	Less than 1 year	1 to 3 years	4 to 5 years	Exceeding 5 years	Total
Premises and equipment leasing	8,296	12,231	7,570	7,087	35,184
Grain production contracts	7,876	360	—	—	8,236
Long-term gas and electricity contracts	1,363,421	1,057,222	175,049	622	2,596,314
	$1,379,593	$1,069,813	$182,619	$7,709	$2,639,734

As at March 31, 2011

	Less than 1 year	1 to 3 years	4 to 5 years	Exceeding 5 years	Total
Premises and equipment leasing	$ 8,333	$ 10,955	$ 6,533	$4,841	$ 30,662
Master Services Agreement with EPCOR	4,974	—	—	—	4,974
Grain production contracts	7,082	2,099	—	—	9,181
Long-term gas and electricity contracts	1,498,293	1,405,699	267,505	2,292	3,173,789
	$1,518,682	$1,418,753	$274,038	$7,133	$3,218,606

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

26. COMMITMENTS (Continued)

As at April 1, 2010

	Less than 1 year	1 to 3 years	4 to 5 years	Exceeding 5 years	Total
Premises and equipment leasing	$ 8,084	$ 10,543	$ 5,330	$4,828	$ 28,785
Master Services Agreement with EPCOR	12,132	8,088	—	—	20,220
Grain production contracts	36,059	21,438	396	—	57,893
Long-term gas and electricity contracts	1,494,003	1,621,623	415,680	2,065	3,533,371
	$1,550,278	$1,661,692	$421,406	$6,893	$3,640,269

Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options. Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. For the main office building of Just Energy, there is a renewal option for an additional five years. No purchase options are included in any major leasing contracts.

27. ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2012	2011
Changes in:		
Accrued gas receivables	**$ 22,033**	$(5,749)
Gas delivered in excess of consumption	**(10,300)**	3,763
Accrued gas payable	**(15,267)**	4,266
Deferred revenue	**11,274**	(4,005)
	$ 7,740	$(1,725)

28. CHANGES IN NON-CASH WORKING CAPITAL

	2012	2011
Accounts receivable and unbilled revenues	**$ 14,048**	$ 4,513
Gas in storage	**(3,520)**	(2,355)
Prepaid expenses and deposits	**361**	15,511
Inventory	**(3,082)**	(583)
Trade and other payables and provisions	**(34,839)**	(56,149)
	$(27,032)	$(39,063)

29. LIABILITY ASSOCIATED WITH EXCHANGEABLE SHARES AND EQUITY-BASED COMPENSATION PLANS

Liability associated with Exchangeable Shares

Since 2001 and up to and including January 1, 2011, Just Energy had Exchangeable Shares outstanding. These shares did not meet the definition of an equity instrument in accordance with IAS 32, Financial Instruments: Presentation, and accordingly, were classified as financial liabilities. The Exchangeable Shares were recorded upon transition to IFRS at redemption value and subsequent to transition were adjusted to reflect the redemption value at each reporting date. The resulting change from carrying value to redemption value was recorded at transition and at each reporting period to retained earnings and earnings, respectively, as a change in fair value of derivative instruments. All dividends attributable to

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

29. LIABILITY ASSOCIATED WITH EXCHANGEABLE SHARES AND EQUITY-BASED COMPENSATION PLANS (Continued)

exchangeable shareholders were recorded as interest expense in the reporting period for which the dividends were declared.

As a result of the Conversion, the Exchangeable Shares were exchanged on a one for one basis into common shares of JEGI. There were no Exchangeable Shares outstanding following the Conversion.

Equity-based compensation plans

As the award holders were entitled to receive Fund units, which under IFRS were considered puttable financial instruments, the awards were classified as liability-based awards. The fair value of awards was estimated at each reporting period using the fair market value of the Fund units at the reporting date. The resulting measurements of the liability were recorded as change in fair value of derivative financial instruments.

As a result of the Conversion, Just Energy's equity-based compensation plan awards are now settled in non-redeemable common shares resulting in equity plan accounting under IFRS. Accordingly, the fair value of the vested portion of outstanding awards was reclassified from liability to contributed surplus on January 1, 2011.

The following table summarizes the changes in the liability associated with the Exchangeable Shares and the equity-based compensation:

	Exchangeable Shares of JEEC		Class A preference shares of JEC		Unit based awards				Total
	Shares	$-value	Shares	$-value	Options	DDUGS	UARs	$-value	$-value
Opening balance April 1, 2010	4,688,172	$ 66,947	5,263,728	$ 75,166	352,500	84,138	2,640,723	$ 39,015	$ 181,128
Exchanged	(894,018)	(12,595)	—	—	—	—	(38,989)	(461)	(13,056)
Issued/forfeited	—	—	—	—	(217,500)	18,362	175,251	—	—
Non-cash deferred unitgrant	—	—	—	—	—	—	—	87	87
Unit based compensation	—	—	—	—	—	—	—	7,231	7,231
Change in fair value	—	2,447	—	3,632	—	—	—	(2,725)	3,354
Reclassified to share capital on the conversion to a corporation	(3,794,154)	(56,799)	(5,263,728)	(78,798)	—	—	—	—	(135,597)
Reclassified to contributed surplus on the conversion to a corporation	—	—	—	—	(135,000)	(102,500)	(2,776,985)	(43,147)	(43,147)
	—	—	—	—	—	—	—	—	—

30. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

31. EXPLANATION OF TRANSITION TO IFRS

For all periods up to and including the year ended March 31, 2011, Just Energy prepared its financial statements in accordance with CGAAP. Just Energy has prepared financial statements which comply with IFRS for periods beginning on or after April 1, 2011, as described in the accounting policies set out in Note 3. In preparing these consolidated financial statements, Just Energy's opening consolidated statement of financial position was prepared as at April 1, 2010 (Just Energy's date of transition).

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

In preparing the opening IFRS consolidated statement of financial position, Just Energy has adjusted amounts previously reported in consolidated financial statements prepared in accordance with CGAAP. An explanation of how the transition from CGAAP to IFRS has affected Just Energy's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(a) Elective exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), Just Energy has applied certain optional exemptions from full retrospective application of IFRS. The optional exemptions are described below.

(i) Business combinations

Just Energy has applied the business combinations exemption in IFRS 1 to not apply IFRS 3, *Business Combinations*, retrospectively. Accordingly, Just Energy has not restated business combinations that took place prior to the transition date.

(ii) Share-based payments

Just Energy has elected to apply IFRS 2, *Share-based Payments*, to equity instruments granted on or before November 7, 2002, or which are vested by the transition date.

(iii) Borrowing costs

IAS 23, *Borrowing Costs*, requires that Just Energy capitalize the borrowing costs related to all qualifying assets for which the commencement date for capitalization is on or after April 1, 2010. Just Energy elected not to adopt this policy early and has, therefore, expensed all borrowing costs prior to transition.

(b) Mandatory exemptions to retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, Just Energy has applied certain mandatory exemptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below.

(i) Estimates

Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by Just Energy under CGAAP are consistent with their application under IFRS.

(ii) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39 at that date. Hedging relationships cannot be designated retrospectively and the supporting documentation cannot be created prospectively. Just Energy has not applied any hedge accounting at or after the transition date.

Prior to July 1, 2008, Just Energy utilized hedge accounting for its customer contracts and formally documented the relationship between hedging instruments and the hedged items as well as its risk management objective and strategy for undertaking various hedge transactions. Effective July 1, 2008, Just Energy ceased the utilization of hedge accounting. The balance still remaining in accumulated other comprehensive income relates to the effective portion of the hedges that are still expected to occur as of the transition date.

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

Reconciliation of financial position and equity at April 1, 2010:

Canadian GAAP accounts	Canadian GAAP balances	IFRS adjustments	IFRS reclassifications	IFRS balance	IFRS accounts
ASSETS					**ASSETS**
Non-current assets					**Non-current assets**
Property, plant and equipment	$ 217,223	$ (547)	$ —	$ 216,676	Property, plant and equipment
Intangible assets	342,022	—	186,832	528,854	Intangible assets
Goodwill	190,862	(4,030)	(186,832)	—	
Other assets long term	5,027	—	—	5,027	Other non-current financial assets
Long-term receivable	2,014	—	—	2,014	Non-current receivables
Contract initiation costs	5,587	—	—	5,587	Contract initiation costs
Future income tax assets	85,197	150,771	29,139	265,107	Deferred tax asset
	847,932	146,194	29,139	1,023,265	
Current assets					**Current assets**
Inventory	6,323	—	—	6,323	Inventory
Gas in storage	4,058	—	—	4,058	Gas in storage
Gas delivered in excess of consumption	7,410	—	—	7,410	Gas delivered in excess of consumption
Accounts receivable	232,579	—	—	232,579	Current trade and other receivables
Accrued gas receivables	20,793	—	—	20,793	Accrued gas receivables
Unbilled revenues	61,070	—	—	61,070	Unbilled revenues
Prepaid expenses and deposits	20,038	—	—	20,038	Prepaid expenses and deposits
Other assets—current	2,703	—	—	2,703	Other current assets
Current portion of future income tax assets	29,139	—	(29,139)	—	
Cash	60,132	—	18,650	78,782	Cash and cash equivalents
Restricted cash	18,650	—	(18,650)	—	
	462,895	—	(29,139)	433,756	
TOTAL ASSETS	**$ 1,310,827**	**$ 146,194**	**$ —**	**$ 1,457,021**	**TOTAL ASSETS**
EQUITY AND LIABILITIES					**EQUITY AND LIABILITIES**
Unitholders' deficiency					**Equity attributable to equity holders of the parent**
Deficit	$(1,423,698)	$(132,971)	$ —	$(1,556,669)	Deficit
Accumulated other comprehensive income	221,969	—	—	221,969	Accumulated other comprehensive income
Unitholders' capital	659,118	118,738	—	777,856	Unitholders' capital
Contributed surplus	18,832	(18,832)	—	—	Contributed surplus
Unitholders' deficiency	(523,779)	(33,065)	—	(556,844)	Unitholders' deficiency
Non-controlling interest	20,603	(182)	—	20,421	Non-controlling interest
Total Unitholders' deficiency	**(503,176)**	**(33,247)**	**—**	**(536,423)**	**Total Unitholders' deficiency**
LIABILITIES					**LIABILITIES**
Non-current liabilities					**Non-current liabilities**
Long-term debt	231,837	—	—	231,837	Long-term debt
Provisions	—	3,270	(146)	3,124	Provisions
Deferred lease inducements	1,984	—	—	1,984	Deferred lease inducements
Other liabilities—long-term	590,572	—	—	590,572	Other non-current financial liabilities
Future income taxes	—	—	6,776	6,776	Deferred tax liability
Liability associated with Exchangeable Shares and equity-based compensation	—	181,128	—	181,128	Liability associated with Exchangeable Shares and equity-based compensation
	824,393	184,398	6,630	1,015,421	
Current liabilities					**Current liabilities**
Bank indebtedness	8,236	—	—	8,236	Bank indebtedness
Accounts payable and accrued liabilities	184,682	(7,460)	146	177,368	Trade and other payables
Accrued gas payable	15,093	—	—	15,093	Accrued gas payable
Deferred revenue	7,202	—	—	7,202	Deferred revenue
Unit distribution payable	13,182	—	—	13,182	Unit distribution payable
Corporate taxes payable	6,410	—	—	6,410	Income taxes payable
Current portion of long-term debt	62,829	(1,381)	—	61,448	Current portion of long-term debt
Provisions	—	3,884	—	3,884	Provisions
Current portion future income tax liabilities	6,776	—	(6,776)	—	
Other liabilities—current	685,200	—	—	685,200	Other current financial liabilities
	989,610	(4,957)	(6,630)	978,023	
TOTAL LIABILITIES	**$ 1,814,003**	**$ 179,441**	**$ —**	**$ 1,993,444**	**TOTAL LIABILITIES**
TOTAL EQUITY AND LIABILITIES	**$ 1,310,827**	**$ 146,194**	**$ —**	**$ 1,457,021**	**TOTAL EQUITY AND LIABILITIES**

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

Reconciliation of consolidated income statement for the year ended March 31, 2011:

Canadian GAAP accounts	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	IFRS accounts
SALES	$2,953,192	$ —	$ —	$2,953,192	**SALES**
COST OF SALES	2,470,989	641	—	2,471,630	**COST OF SALES**
GROSS MARGIN	482,203	(641)	—	481,562	**GROSS MARGIN**
EXPENSES					**EXPENSES**
General and administrative	109,407	(7)	—	109,400	Administrative expenses
Marketing expenses	133,607	—	—	133,607	Selling and marketing expenses
Other operating expenses	—	1,284	164,291	165,575	Other operating expenses
Bad debt expense	27,650	—	(27,650)	—	
Amortization of intangible assets and related supply contracts	120,841	—	(120,841)	—	
Amortization of property, plant and equipment	5,698	—	(5,698)	—	
Unit-based compensation	5,509	4,405	(9,914)	—	
Capital tax	188	—	(188)	—	
	$ 402,900	$ 5,682	$ —	$ 408,582	
Income (loss) before the undernoted	79,303	(6,323)	—	72,980	**Operating profit**
Interest expense	50,437	9,446	—	59,883	Finance costs
Change in fair value of derivative instruments	(509,401)	3,354	—	(506,047)	Change in fair value of derivative instruments
Other income	(7,235)	—	—	(7,235)	Other income
Income before income taxes	545,502	(19,123)	—	526,379	**Income before income taxes**
Provision for income tax expense	32,142	141,297	—	173,439	**Provision for income tax expense**
NET INCOME FOR THE YEAR	$ 513,360	$(160,420)	$ —	$ 352,940	**PROFIT FOR THE YEAR**
Attributable to:					**Attributable to:**
Shareholders of Just Energy	$ 515,347	$(160,271)	$ —	$ 355,076	**Unitholders of Just Energy**
Non-controlling interests	(1,987)	(149)	—	(2,136)	**Non-controlling interests**
	$ 513,360	$(160,420)	$ —	$ 352,940	

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

Reconciliation of consolidated statement of comprehensive income for the year ended March 31, 2011:

Canadian GAAP accounts	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	IFRS accounts
NET INCOME	$513,360	$(160,420)	$—	$352,940	**NET INCOME**
Unrealized gain on translation of self-sustaining operations	334	115	—	449	Unrealized gain on translation of self-sustaining operations
Amortization of deferred unrealized gain on discontinued hedges—net of income taxes of $21,384	(98,499)	—	—	(98,499)	Amortization of deferred unrealized gain on discontinued hedges—net of income taxes of $21,384
OTHER COMPREHENSIVE LOSS	(98,165)	115	—	(98,050)	**OTHER COMPREHENSIVE LOSS**
COMPREHENSIVE INCOME	$415,195	$(160,305)	$—	$254,890	**COMPREHENSIVE INCOME**
Attributable to:					**Attributable to:**
Shareholders of Just Energy	$417,182	$(160,156)	$—	$257,026	**Shareholders of Just Energy**
Non-controlling interests	(1,987)	(149)		(2,136)	**Non-controlling interests**
	$415,195	$(160,305)	$—	$254,890	

(thousands of Canadian dollars, except where indicated and per share/unit amounts)

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

Reconciliation of financial position and equity at March 31, 2011:

Canadian GAAP accounts	Canadian GAAP balances	IFRS adjustments	IFRS reclassifications	IFRS balance	IFRS accounts
ASSETS					**ASSETS**
Non-current assets					**Non-current assets**
Property, plant and equipment	$ 235,189	$ (1,187)	$ —	$ 234,002	Property, plant and equipment
Intangible assets	412,752	—	227,467	640,219	Intangible assets
Goodwill	224,409	3,058	(227,467)	—	
Other assets long-term	5,384	—	—	5,384	Other non-current financial assets
Contract initiation costs	29,654	—	—	29,654	Contract initiation costs
Long-term receivable	4,569	—	—	4,569	Non-current receivables
Future income tax assets	85,899	(489)	36,375	121,785	Deferred tax asset
	997,856	1,382	36,375	1,035,613	
Current assets					**Current assets**
Inventory	6,906	—	—	6,906	Inventory
Gas in storage	6,133	—	—	6,133	Gas in storage
Gas delivered in excess of consumption	3,481	—	—	3,481	Gas delivered in excess of consumption
Accounts receivable	281,685	—	—	281,685	Current trade and other receivables
Unbilled revenues	112,147	—	—	112,147	Unbilled revenues
Accrued gas receivables	26,535	—	—	26,535	Accrued gas receivables
Prepaid expenses and deposits	6,079	—	—	6,079	Prepaid expenses and deposits
Other assets—current	3,846	—	—	3,846	Other current assets
Corporate tax recoverable	9,135	—	—	9,135	Corporate tax recoverable
Current portion of future income tax assets	36,375	—	(36,375)	—	
Cash	97,633	—	833	98,466	Cash and cash equivalents
Restricted cash	833	—	(833)	—	
	590,788	—	(36,375)	554,413	
TOTAL ASSETS	**$ 1,588,644**	**$ 1,382**	**$ —**	**$ 1,590,026**	**TOTAL ASSETS**
DEFICIT AND LIABILITIES					**DEFICIT AND LIABILITIES**
Shareholders' deficiency					**Equity attributable to equity holders of the parent**
Deficit	$(1,063,179)	$(286,749)	$ —	$(1,349,928)	Deficit
Accumulated other comprehensive income	123,804	115	—	123,919	Accumulated other comprehensive income
Shareholders' capital	697,052	266,930	—	963,982	Shareholders' capital
Equity component of convertible debt	33,914	(15,728)	—	18,186	Equity component of convertible debt
Contributed surplus	22,903	29,820	—	52,723	Contributed surplus
TOTAL DEFICIT	$ (185,506)	$ (5,612)	$ —	$ (191,118)	**TOTAL DEFICIT**
LIABILITIES					**LIABILITIES**
Non-current liabilities					**Non-current liabilities**
Long-term debt	$ 507,460	$ —	$ —	$ 507,460	Long-term debt
Future income taxes	2,657	7,046	13,216	22,919	Deferred tax liability
Deferred lease inducements	1,622	—	—	1,622	Deferred lease inducements
Other liabilities—long-term	355,412	—	—	355,412	Other non-current financial liabilities
Provisions	—	3,244	—	3,244	Provisions
	867,151	10,290	13,216	890,657	
Current liabilities					**Current liabilities**
Bank indebtedness	2,314	—	—	2,314	Bank indebtedness
Accounts payable and accrued liabilities	282,805	(7,302)	—	275,503	Trade and other payables
Accrued gas payable	19,353	—	—	19,353	Accrued gas payable
Corporate taxes payable	9,788	—	—	9,788	Income taxes payable
Current portion of long-term debt	94,117	—	—	94,117	Current portion of long-term debt
Provisions	—	4,006	—	4,006	Provisions
Current portion of future income tax liabilities	13,216	—	(13,216)	—	
Other liabilities—current	485,406	—	—	485,406	Other current financial liabilities
	906,999	(3,296)	(13,216)	890,487	
TOTAL LIABILITIES	**$ 1,774,150**	**$ 6,994**	**$ —**	**$ 1,781,144**	**TOTAL LIABILITIES**
TOTAL DEFICIT AND LIABILITIES	**$ 1,588,644**	**$ 1,382**	**$ —**	**$ 1,590,026**	**TOTAL DEFICIT AND LIABILITIES**

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

Notes to the reconciliation of equity as at March 31, 2011.

A. Property, plant and equipment

CGAAP—Component accounting required but typically not practiced in Canada.

IFRS—Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items. Management has reassessed the significant parts of the ethanol plant, which has resulted in a decrease in amortization of the ethanol plant.

B. Transaction costs

CGAAP—The cost of the purchase includes the direct costs of the business combination.

IFRS—Transaction costs of the business combination are expensed as incurred.

Transaction costs relating to the acquisition of Hudson have been expensed under IFRS. In addition, and in accordance with IAS 39, management has allocated transaction costs directly attributable to the credit facility which were previously included as part of a business combination, to the related long-term debt. These costs are now expensed using the effective interest rate method over the life of the related debt.

C. Stock-based compensation and contributed surplus

CGAAP—For grants of share-based awards with graded vesting, the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award.

IFRS—Each tranche in an award is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. As a result, Just Energy adjusted its expense for share-based awards to reflect this difference in recognition.

D. Provisions

CGAAP—Accounts payable, accrued liabilities and provisions are disclosed on the consolidated statement of financial position as a single line item.

IFRS—Provisions are disclosed separately from liabilities and accrued liabilities and require additional disclosure. Under IFRS, provisions are also measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. This has resulted in an adjustment to Just Energy.

E. Deferred tax asset/liability

CGAAP—Deferred taxes are split between current and non-current components on the basis of either: (i) the underlying asset or liability or (ii) the expected reversal of items not related to an asset or liability.

IFRS—All deferred tax assets and liabilities are classified as non-current.

F. Impairment

CGAAP—A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the asset does not recover its carrying value, an impairment loss is calculated as the excess of the asset's carrying amount over its fair value.

IFRS—The impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount, where recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. Under the value-in-use calculation, the expected future cash flows from the asset are

31. EXPLANATION OF TRANSITION TO IFRS (Continued)

discounted to their net present value. The change in measurement methodology did not result in additional impairment to Just Energy under IFRS.

G. Exchangeable Shares and equity-based compensation

CGAAP—The Class A preference shares and Exchangeable Shares issued by a subsidiary of an income fund are presented on the consolidated statements of financial position of the income fund as part of unitholders' capital if certain criteria are met. Just Energy had met the criteria and the Class A preference shares and Exchangeable Shares were recorded as part of unitholders' capital.

IFRS—As a result of the Class A preference shares, Exchangeable Shares and equity-based compensation being exchangeable into a puttable liability, the shares and equity-based compensation did not meet the definition of an equity instrument in accordance with IAS 32, *Financial Instruments: Presentation*, and accordingly, were classified as financial liabilities. The Exchangeable Shares and equity-based compensation were recorded upon transition to IFRS at redemption value and subsequent to transition were adjusted to reflect the redemption value at each reporting date. The resulting change from carrying value to redemption value was recorded at transition and at each reporting period to retained earnings and earnings respectively as a change in fair value of derivative instruments. All distributions were recorded as interest expense in the reporting period for which the dividends were declared.

H. Deferred taxes

CGAAP—There was an exemption that allowed issuers of convertible debentures to treat the difference in the convertible debentures as a permanent difference between tax and accounting. This exemption does not exist under IFRS.

Under CGAAP, Just Energy's deferred tax balances were calculated using the enacted or substantively enacted tax rates that were expected to apply to the reporting period(s) when the temporary differences were expected to reverse.

IFRS—The discount on the convertible debentures has been included in assessing the Company's future tax position. IAS 12, *Income Taxes*, requires the application of an "undistributed tax rate" in the calculation of deferred taxes, whereby deferred tax balances are measured at the tax rate applicable to Just Energy's undistributed profits during the periods when Just Energy was an income trust.

Deferred taxes have been recalculated on the revised accounting values for the adjustments A to G.

I. Acquisition of minority interest

CGAAP—The gain on the acquisition of minority interest, which occurred on January 1, 2011, was treated as a reduction to goodwill on the original acquisition.

IFRS—The gain was reallocated to contributed surplus as this is considered an equity transaction.

J. Cash flow statements

Cash flow statements prepared under IAS 7, *Statement of Cash Flows*, present cash flows in the same manner as under previous GAAP. Other than the adjustments noted above, reclassifications between net earnings and the adjustments to compute cash flows from operating activities there were no material changes to the consolidated statement of cash flows.

Section B—Consolidated Financial Statements as at and for the year ended 31 March 2013

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Just Energy Group Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting standards Board. the consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Group Inc. maintains systems of internal accounting and administrative controls. these systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is composed entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy group Inc.

Signed "Ken Hartwick"
Ken Hartwick
Chief Executive Officer and President

Signed "Beth Summers"
Beth Summers
Chief Financial Officer

Toronto, Canada
May 16, 2013

Management's report on internal control over financial reporting

The management of Just Energy Group Inc. ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and have designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has used the Internal Control—Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of March 31, 2013, and has concluded that such internal control over financial reporting is effective.

Ernst & Young LLP, the independent auditors appointed by the shareholders of the Company who have audited the consolidated financial statements, have also audited internal control over financial reporting and have issued their report on the following page of this annual report.

Signed "Ken Hartwick"
Ken Hartwick
Chief Executive Officer

Signed "Beth Summers"
Beth Summers
Chief Financial Officer

Toronto, Canada
May 16, 2013

Report of independent registered public accounting firm

To the Shareholders of Just Energy Group Inc.

We have audited Just Energy Group Inc.'s internal control over financial reporting as of March 31, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Just Energy Group Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management certification report on internal control over financial reporting. Our responsibility is to express an opinion on Just Energy Group Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Just Energy Group Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Just Energy Group Inc. as at March 31, 2013 and 2012, and the consolidated statements of income (loss), comprehensive income (loss), shareholders' deficit and cash flows for the years ended March 31, 2013 and 2012, and our report dated May 16, 2013 expressed an unqualified opinion thereon.

Signed Ernst & Young LLP
Toronto, Canada,
May 16, 2013

Independent auditors' report of registered public accounting firm

To the Shareholders of Just Energy Group Inc.

We have audited the accompanying consolidated financial statements of Just Energy Group Inc., which comprise the consolidated statements of financial position as at March 31, 2013 and 2012, the consolidated statements of income (loss), comprehensive income (loss), shareholders' deficit and cash flows for the years ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Just Energy Group Inc. as at March 31, 2013 and 2012, and its financial performance and its cash flows for the years ended March 31, 2013 and 2012, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Just Energy Group Inc.'s internal control over financial reporting as of March 31, 2013, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated May 16, 2013, expressed an unqualified opinion on Just Energy Group Inc.'s internal control over financial reporting.

Signed "Ernst & Young LLP"
Toronto, Canada
May 16, 2013

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31,
(thousands of Canadian dollars)

	Notes	2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	5	**$ 258,003**	$ 291,061
Intangible assets	6	**447,333**	549,409
Contract initiation costs		**58,446**	44,225
Other non-current financial assets	12	**31,305**	15,315
Non-current receivables		**11,046**	6,475
Investments	11	**9,000**	—
Deferred tax asset	17	**24,858**	78,398
		839,991	984,883
Current assets			
Inventory	8	**6,073**	9,988
Gas delivered in excess of consumption		**5,224**	12,844
Gas in storage		**11,051**	11,453
Current trade and other receivables		**315,551**	294,311
Accrued gas receivables		**33,989**	2,875
Unbilled revenues		**129,166**	130,796
Prepaid expenses and deposits		**15,874**	9,451
Other current assets	12	**33,005**	12,799
Corporate tax recoverable		**9,761**	8,225
Restricted cash	7	**13,320**	12,199
Cash and cash equivalents		**38,498**	53,220
		611,512	558,161
Assets classified as held for sale	10	**77,439**	—
		688,951	558,161
TOTAL ASSETS		**$ 1,528,942**	$ 1,543,044
DEFICIT AND LIABILITIES			
Deficit attributable to equity holders of the parent			
Deficit		**$(1,300,280)**	$(1,652,188)
Accumulated other comprehensive income	13	**47,155**	70,293
Shareholders' capital	14	**1,018,082**	993,181
Equity component of convertible debentures		**25,795**	25,795
Contributed surplus		**70,893**	62,147
Shareholders' deficit		**(138,355)**	(500,772)
Non-controlling interest		**(702)**	(637)
TOTAL DEFICIT		**(139,057)**	(501,409)
Non-current liabilities			
Long-term debt	16	**795,224**	679,072
Provisions	18	**3,773**	3,068
Deferred lease inducements		**1,044**	1,778
Other non-current financial liabilities	12	**85,380**	309,617
Deferred tax liability	17	**31,327**	6,073
		916,748	999,608
Current liabilities			
Bank indebtedness		**—**	1,060
Trade and other payables		**301,820**	287,145
Accrued gas payable		**28,476**	2,960
Deferred revenue		**13,017**	11,985
Income taxes payable		**5,143**	4,814
Current portion of long-term debt	16	**162,474**	97,611
Provisions	18	**3,063**	3,226
Other current financial liabilities	12	**159,819**	636,044
		673,812	1,044,845
Liabilities relating to assets classified as held for sale	10	**77,439**	—
		751,251	1,044,845
TOTAL LIABILITIES		**1,667,999**	2,044,453
TOTAL DEFICIT AND LIABILITIES		**$ 1,528,942**	$ 1,543,044

Guarantees (Note 24) Commitments (Note 27)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE YEARS ENDED MARCH 31
(thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2013	2012
CONTINUING OPERATIONS			
SALES	20	**$2,881,964**	$2,654,778
COST OF SALES	19(b)	**2,356,096**	2,155,121
GROSS MARGIN		**525,868**	499,657
EXPENSES			
Administrative expenses		**138,855**	114,168
Selling and marketing expenses		**208,029**	177,302
Other operating expenses	19(a)	**133,557**	153,020
		480,441	444,490
Operating profit before the following		**45,427**	55,167
Finance costs	16	**(75,151)**	(54,450)
Change in fair value of derivative instruments	12	**719,575**	(96,210)
Proportionate share of loss from joint ventures	11	**(7,457)**	(1,971)
Other income		**5,696**	6,536
Income (loss) before income taxes		**688,090**	(90,928)
Provision for income taxes	17	**86,385**	37,527
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**$ 601,705**	$ (128,455)
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations	10	**(72,050)**	1,812
PROFIT (LOSS) FOR THE YEAR		**$ 529,655**	$ (126,643)
Attributable to:			
Shareholders of Just Energy		**$ 530,308**	$ (126,522)
Non-controlling interest		**(653)**	(121)
PROFIT (LOSS) FOR THE YEAR		**$ 529,655**	$ (126,643)
Earnings (loss) per share from continuing operations	22		
Basic		**$ 4.30**	$ (0.93)
Diluted		**$ 3.68**	$ (0.93)
Earnings (loss) per share available to shareholders			
Basic		**$ 3.79**	$ (0.92)
Diluted		**$ 3.27**	$ (0.92)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars)

	Notes	2013	2012
Profit (loss) for the year		**$529,655**	$(126,643)
Other comprehensive income (loss)	13		
Unrealized gain on translation of foreign operations		**3,307**	2,386
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $5,550 (2012 - $13,348)		**(26,445)**	(56,012)
Other comprehensive income (loss) for the year, net of tax		**(23,138)**	(53,626)
Total comprehensive income (loss) for the year, net of tax		**$506,517**	$(180,269)
Total comprehensive income (loss) attributable to:			
Shareholders of Just Energy		**$507,170**	$(180,148)
Non-controlling interest		**(653)**	(121)
Total comprehensive income (loss) for the year, net of tax		**$506,517**	$(180,269)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars)

	Notes	2013	2012
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated deficit			
Accumulated deficit, beginning of year		**$ (442,812)**	$ (315,934)
Loss on cancellation of shares	14	**—**	(356)
Profit (loss) for the year, attributable to the shareholders		**530,308**	(126,522)
Accumulated deficit, end of year		**87,496**	(442,812)
DIVIDENDS			
Dividends, beginning of year		**(1,209,376)**	(1,033,994)
Dividends	26	**(178,400)**	(175,382)
Dividends, end of year		**(1,387,776)**	(1,209,376)
DEFICIT		**$(1,300,280)**	$(1,652,188)
ACCUMULATED OTHER COMPREHENSIVE INCOME	13		
Accumulated other comprehensive income, beginning of year		**$ 70,293**	$ 123,919
Other comprehensive loss		**(23,138)**	(53,626)
Accumulated other comprehensive income, end of year		**$ 47,155**	$ 70,293
SHAREHOLDERS' CAPITAL	14		
Shareholders' capital, beginning of year		**$ 993,181**	$ 963,982
Share-based compensation awards exercised		**3,320**	1,385
Shares issued (cancelled)		**7**	(599)
Dividend reinvestment plan		**21,574**	28,413
Shareholders' capital, end of year		**$ 1,018,082**	$ 993,181
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of year		**$ 25,795**	$ 18,186
Allocations of new convertible debentures issued		**—**	10,188
Future tax impact on convertible debentures		**—**	(2,579)
Balance, end of year		**$ 25,795**	$ 25,795
CONTRIBUTED SURPLUS			
Balance, beginning of year		**$ 62,147**	$ 52,723
Add: Share-based compensation awards	19(a)	**11,952**	10,662
Non-cash deferred share grant distributions		**114**	147
Less: Share-based awards exercised		**(3,320)**	(1,385)
Balance, end of year		**$ 70,893**	$ 62,147
NON-CONTROLLING INTEREST			
Balance, beginning of year		**$ (637)**	$ —
Acquisition of non-controlling interest		**—**	(540)
Investment by minority shareholder		**1,115**	—
Foreign exchange impact on non-controlling interest and adjustment to acquisition value		**(527)**	24
Loss attributable to non-controlling interest		**(653)**	(121)
Balance, end of year		**$ (702)**	$ (637)
TOTAL DEFICIT		**$ (139,057)**	$ (501,409)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31

(thousands of Canadian dollars)

Net outflow of cash related to the following activities	Notes	2013	2012
OPERATING			
Income from continuing operations before income taxes		**$ 688,090**	$ (90,928)
Items not affecting cash			
Amortization of intangible assets and related supply contracts		**86,329**	108,233
Amortization of contract initiation costs		**17,439**	13,977
Amortization of property, plant and equipment		**4,426**	4,553
Amortization included in cost of sales		**10,615**	6,769
Share-based compensation	**19(a)**	**11,952**	10,662
Financing charges, non-cash portion		**11,024**	8,760
Transaction costs on acquisition		**—**	1,101
Other		**(541)**	(150)
Change in fair value of derivative instruments		**(719,575)**	96,210
Cash flows provided by (used in) operating activities of discontinued operations		**(1,609)**	7,426
		(579,940)	257,541
Adjustment required to reflect net cash receipts from gas sales	28	**(4,536)**	7,740
Changes in non-cash working capital	29	**(2,223)**	(25,346)
		101,391	149,007
Income tax paid		**(3,238)**	(4,617)
Cash inflow from operating activities		**98,153**	144,390
INVESTING			
Purchase of property, plant and equipment		**(101,413)**	(74,579)
Purchase of intangible assets and waterheater contracts		**(14,563)**	(5,853)
Acquisitions, net of cash acquired		**—**	(93,325)
Advances of long-term receivables		**(4,571)**	(1,881)
Transaction costs on acquisition		**—**	(1,101)
Investments		**(8,942)**	—
Settlement of contingent consideration		**(1,551)**	—
Contract initiation costs		**(31,090)**	(28,244)
Cash flows used in investing activities of discontinued operations		**(713)**	(264)
Cash outflow from investing activities		**(162,843)**	(205,247)
FINANCING			
Dividends paid		**(156,651)**	(146,822)
Shares issued for cash (purchased for cancellation)		**7**	(955)
Issuance of long-term debt		**492,759**	464,520
Repayment of long-term debt		**(277,620)**	(282,189)
Restricted cash		**699**	(11,366)
Debt issuance costs		**(9,973)**	—
Investment made by minority shareholder		**1,115**	—
Cash flows provided by (used in) financing activities of discontinued operations		**2,484**	(7,070)
Cash inflow from financing activities		**52,820**	16,118
Effect of foreign currency translation on cash balances		**(2,690)**	326
Net cash outflow		**(14,560)**	(44,413)
Cash and cash equivalents reclassified to assets held for sale		**(162)**	—
Cash and cash equivalents, beginning of year		**53,220**	97,633
Cash and cash equivalents, end of year		**$ 38,498**	$ 53,220
Supplemental cash flow information:			
Interest paid		**$ 66,476**	$ 52,810

See accompanying notes to the condensed consolidated financial statements

1. ORGANIZATION

Just Energy Group Inc. ("JEGI", "Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The consolidated financial statements were approved by the Board of Directors on May 16, 2013.

2. OPERATIONS

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts. Just Energy markets its gas and electricity contracts in Canada, the U.S. and commencing in July 2012, the United Kingdom, under the following trade names: Just Energy, Hudson Energy, Commerce Energy, Smart Prepaid Electric, Amigo Energy and Tara Energy. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

Just Energy also offers green products through its JustGreen programs. The electricity JustGreen product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Additional green products that allow customers in certain jurisdictions to offset their carbon footprint without purchasing commodity products, can be offered in all states and provinces and are not dependent on energy deregulation.

In addition, Just Energy sells and rents high efficiency and tankless water heaters, air conditioners and furnaces to Ontario and Quebec residents through a subsidiary operating under the trade name National Home Services ("NHS"). In August 2012, Just Energy purchased a 15% ownership in ecobee Inc. ("ecobee"), a company that designs, manufactures and distributes "smart" thermostats to residential and commercial customers throughout North America. Just Energy also operates a network marketing division under the trade name Momentis. Through its subsidiary, Terra Grain Fuels, Inc. ("TGF"), Just Energy produces and sells wheat-based ethanol. As at March 31, 2013, TGF has been classified as held for sale, see Note 10. Just Energy's subsidiary, Hudson Energy Solar Corp. ("HES"), and its subsidiaries, provide a solar project development platform operating in New Jersey, Pennsylvania and Massachusetts, under the trade name Hudson Energy Solar.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand. The Company's consolidated financial statements are prepared on the historical cost basis of accounting, except as disclosed in the accounting policies set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries and affiliates as at March 31, 2013. Subsidiaries and affiliates are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries and affiliates are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

(c) Cash and cash equivalents

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(d) Accrued gas receivables/accrued gas payable or gas delivered in excess of consumption/deferred revenues

Accrued gas receivables are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenues.

Assuming normal weather and consumption patterns, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenues.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec and Michigan gas markets.

(e) Inventory

Inventory consists of water heaters, furnaces, air conditioners and thermostats for selling purposes, and gas in storage. Water heaters, furnaces and air conditioners are stated at the lower of cost and net realizable value with cost being determined on a weighted average basis.

Gas in storage represents the gas delivered to the LDCs in Illinois, Indiana, New York, Ohio, Georgia, Maryland and California. The balance will fluctuate as gas is injected or withdrawn from storage.

Gas in storage is valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. Just Energy recognizes in the carrying amount, the cost of

(thousands of Canadian dollars, except where indicated and per share amounts)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied with the item can be reliably measured. When significant parts of property, plant and equipment are required to be replaced at intervals, Just Energy recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income (loss) as an expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Buildings	Straight-line	15 - 35 years
Water heaters	Straight-line	10 - 15 years
Furnaces and air conditioners	Straight-line	15 years
Leasehold improvements	Straight-line	Term of lease
Vehicles	Straight-line	5 years
Solar equipment	Straight-line	25 years
Thermostats	Straight-line	15 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of income (loss) when the asset is derecognized.

The useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations incurred subsequent to April 1, 2010, are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value on the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statement of income (loss). If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Just Energy's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible assets

Intangible assets acquired outside of a business combination are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/or accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of income (loss) in the expense category associated with the function of the intangible assets.

Intangible assets consist of gas customer contracts, electricity customer contracts, water heater customer contracts, sales network, brand and goodwill, all acquired through business combinations, as well as software, commodity billing and settlement systems and information technology system development.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible, the future economic benefit is measurable, Just Energy can demonstrate how the asset will generate future economic benefits and Just Energy has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

The brand and goodwill are considered to have indefinite useful lives and are not amortized, but rather tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of income (loss) when the asset is derecognized.

Intangible asset category	Amortization method	Rate
Customer contracts	Straight-line	Term of contract
Contract initiation costs	Straight-line	Term of contract
Commodity billing and settlement systems	Straight-line	5 years
Sales network and affinity relationships	Straight-line	5 - 8 years
Information technology system development	Straight-line	5 years
Software	Straight-line	1 year
Other intangible assets	Straight-line	5 years

(i) Impairment of non-financial assets

Just Energy assesses whether there is an indication that an asset may be impaired at each reporting date. If such an indication exists or when annual testing for an asset is required, Just Energy estimates the asset's recoverable amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life are estimated at least annually. The recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use. Value-in-use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, an

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

appropriate valuation model has to be used. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the consolidated statement of income (loss) if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment losses of cash-generating units are first charged against the value of assets in proportion to their carrying amount.

In the consolidated statement of income (loss), an impairment loss is recognized in the expense category associated with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Just Energy estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of income (loss).

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each segment to which the goodwill relates. Where the recoverable amount of the segment is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated statement of income (loss) on a straight-line basis over the lease term.

Just Energy as a lessor

Leases where Just Energy does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(k) Financial instruments

Financial assets and liabilities

Just Energy classifies its financial instruments as either (i) financial assets at fair value through profit or loss, or (ii) loans and receivables, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments are recognized on the trade date, which is the date on which Just Energy commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12. Related realized and unrealized gains and losses are included in the consolidated statement of income (loss).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables. Loans and receivables are initially recognized at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the consolidated statement of income (loss).

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Just Energy has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

Just Energy assesses whether there is objective evidence that a financial asset is impaired at each reporting date. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows that can be reliably estimated.

For financial assets carried at amortized cost, Just Energy first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Just Energy determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in income or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income in the consolidated statement of income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating costs in the consolidated statement of income (loss).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by Just Energy that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could be not applied, financially settled energy contracts and foreign currency forward contracts.

Gains or losses on liabilities held-for-trading are recognized in the consolidated statement of income (loss).

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include long-term debt issued, which is initially measured at fair value, which is the consideration received, net of transaction costs incurred, trade and other payables and bank indebtedness. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated statement of income (loss).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income (loss).

(l) Derivative instruments

Just Energy enters into fixed-term contracts with customers to provide electricity and gas at fixed prices. These customer contracts expose Just Energy to changes in consumption as well as changes in the market prices of gas and electricity. To reduce its exposure to movements in commodity prices, Just Energy enters into derivative contracts.

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the underlying contract at the inception date when their risks and characteristics are not closely related to those of the underlying contracts and the underlying contracts are not carried at fair value. An embedded derivative is a provision in a contract that modifies the cash flow of a contract by making it dependent on an underlying measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

All derivatives are recognized at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried in the consolidated statements of financial position as other financial assets when the fair value is positive and as other financial liabilities when the fair value is negative. Just Energy does not utilize hedge accounting. Therefore, changes in the fair value of these derivatives are recorded directly to the consolidated statement of income (loss) and are included within change in fair value of derivative instruments.

(m) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(n) Fair value of financial instruments

Fair value is the estimated amount that Just Energy would pay or receive to dispose of these contracts in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

(o) Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risks and rewards generally coincides with consumption. Ethanol and dried distillery grain sales are recognized when the risks and rewards of ownership passes, which is typically on delivery. Revenue from sales of water heaters, furnaces, air conditioners and thermostats (collectively "home services equipment") is recognized upon installation. Just Energy recognizes revenue from HVAC equipment leases, based on rental rates over the term commencing from the installation date.

Investment tax credits ("ITCs") received or receivable relating to HES are recorded as deferred revenue and brought into revenue on a systematic basis over the useful life of the underlying asset. Included in deferred revenue is approximately $9,971 in ITCs received. During the year, approximately $275 of ITCs were recognized in revenue. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

The Company assumes credit risk for all customers in Alberta, Illinois, Texas, Massachusetts, Michigan, California and Georgia and for certain large-volume customers in British Columbia, and New York. In addition, the Company assumes credit risk in their NHS and HES divisions. In these markets, the Company ensures that credit review processes are in place prior to the commodity flowing to the customer.

(p) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

currency”). The consolidated financial statements are presented in Canadian dollars, which is the parent company’s presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss), except when deferred in other comprehensive income (loss) as qualifying net investment hedges.

Translation of foreign operations

The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income (loss) are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other foreign currency instruments designated as hedges of such investments, are recorded to other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognized in the consolidated statement of income (loss) as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding are increased to include additional shares assuming the exercise of stock options, restricted share grants (“RSGs”), deferred share grants (“DSGs”) and convertible debentures, if dilutive.

(r) Share-based compensation plans

Equity-based compensation liability

Just Energy accounts for its share-based compensation as equity-settled transactions. The cost of share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy’s best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

When options, RSGs and DSGs are exercised or exchanged, the amounts credited to contributed surplus are reversed and credited to shareholders' capital.

During the year, the Company introduced a cash out option for the RSG plan. It provides employees who (i) hold a position below director or (ii) wish to exchange 500 or fewer RSGs to receive cash in lieu of shares. The Company records this financial liability as fair value through the consolidated statement of income (loss). Fair value is based on the number of RSGs eligible for the cash-out option and the underlying price of Just Energy's shares. As at March 31, 2013, the Company recorded $414 to other current liabilities with an offsetting adjustment to change in fair value of derivative financial instruments.

(s) Employee future benefits

In Canada, Just Energy offers a long-term savings plan (the "Plan") for all full time salaried and permanent full-time and part-time employees (working more than 26 hours per week) of its other subsidiaries. The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of shares of Just Energy, on a matching one for one basis.

For U.S. employees, Just Energy has established a long-term savings plan (the "Plan") for all permanent full-time and part-time employees (working more than 26 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Unit Purchase Plan ("EUPP"). For participants of the EUPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee's base earnings towards the purchase of Just Energy shares, on a matching one for one basis. For participants in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee's base earnings, on a matching one for one basis. In the event an employee participates in both the EUPP and 401(k), the maximum Just Energy will contribute to the 401k is 2% per annum.

Participation in the plans in Canada or the U.S is voluntary. The plans have a two-year vesting period beginning from the employee's enrollment date in the plan. During the year, Just Energy contributed $2,171 (2012—$2,034) to the plans, which was paid in full during the year.

Obligations for contributions to the Plan are recognized as an expense in the consolidated income statement as incurred.

(t) Transaction costs

Transaction costs incurred by Just Energy in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

(u) Income taxes

Just Energy follows the liability method of accounting for deferred income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax asset/liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(v) Provisions

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Just Energy expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income (loss), net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of income (loss).

(w) Selling and marketing expenses and contract initiation costs

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred except as disclosed below:

Commissions related to obtaining and renewing commercial customer contracts are paid in one of the following ways: all or partially upfront or as a residual payment over the term of the contract. If the

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

commission is paid all or partially upfront, it is recorded as contract initiation costs and amortized in selling and marketing expenses over the term for which the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned.

In addition, commissions related to obtaining customer contracts signed by NHS are recorded as contract initiation costs and amortized in selling and marketing expenses over the remaining term of the contract.

(x) Investment in joint ventures

Just Energy accounts for its interest in joint ventures using the equity method. Under this method, any investments made increases the asset value, the proportionate share of income/loss, increases/decreases the asset value, with an offsetting adjustment in the consolidated statements of operations and any dividends received decreases the asset value.

(y) Non-current assets held for sale and discontinued operations

Just Energy classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Judgments made by management in the application of IFRS that have significant impact on the consolidated financial statements relate to the following:

Impairment of non-financial assets

To determine the recoverable amount of an impaired asset, the Company estimates expected future cash flows at the CGU level and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the Company makes assumptions about future sales, gross margin rates, expenses, capital expenditures, and working capital investments which are based upon past and expected performance. Determining the applicable discount rate involves estimating appropriate adjustments to market risk and to Company-specific risk factors. An impairment loss is recognized for the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The Company uses judgment when identifying CGUs and when assessing for indicators of impairment. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 21.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of key property, plant and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by Just Energy.

Provisions for litigation

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce Energy Inc. ("CEI"), a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging FERC's enforcement of its market-based rate system. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation are not certain; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2013. In the general course of operations, Just Energy has made additional provisions for litigation matters that have arisen.

Trade receivables

Just Energy reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statement of income (loss). In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Just Energy makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors. Actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 12 for further details about the assumptions as well as a sensitivity analysis.

Acquisition accounting

For acquisition accounting purposes, all identifiable assets, liabilities and contingent liabilities acquired in a business combination are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

(ii) ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

IAS 1 Presentation of Items of Other Comprehensive Income—Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on Just Energy's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012, and will therefore be applied in Just Energy's first annual report after becoming effective.

IFRS 7 Disclosures—Offsetting Financial Assets and Financial Liabilities—Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact Just Energy's financial position or performance and become effective for annual periods beginning on or after January 1, 2013.

IFRS 9, Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Just Energy's financial assets, but will not have an impact on classification and measurements of financial liabilities. Just Energy will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation—Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 will not have any impact on the currently held investments of Just Energy. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 11, Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities—Non-monetary Contributions by Ventures. IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The adoption of this standard will not have a material impact on the financial results of Just Energy.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on Just Energy's financial position or performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 13, Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The adoption of this standard will not have a material impact on the financial results of Just Energy. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IAS 27, Separate Financial Statements

On April 1, 2013, Just Energy will be required to adopt IAS 27, *Separate Financial Statements*. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the change as the consolidation guidance has recently been included in IFRS 10.

In addition, IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. The adoption of this standard will not have a material impact on the financial results of Just Energy.

IAS 28, Investments in Associates and Joint Ventures

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after January 1, 2013.

The Company will apply this standard when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with IAS 28. The adoption of this standard will not have a material impact on the financial results of the Company.

IAS 32 Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Just Energy's financial position or performance and become effective for annual periods beginning on or after January 1, 2014.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

IFRS improvements

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after January 1, 2013.

(thousands of Canadian dollars, except where indicated and per share amounts)

5. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2013

	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Home services equipment	Leasehold improvements	Solar equipment	Total
Cost:										
Operating balance— April 1, 2012	**$ 9,453**	**$ 158,500**	**$ 299**	**$ 6,572**	**$ 212**	**$ 20,028**	**$117,755**	**$ 8,642**	**$ 35,789**	**$ 357,250**
Additions/(disposals)	**2,402**	**—**	**—**	**459**	**(25)**	**1,193**	**46,784**	**384**	**63,616**	**114,813**
Transfer to discontinued operations	**(173)**	**(157,842)**	**(299)**	**(476)**	**(165)**	**(2,052)**	**—**	**(64)**	**—**	**(161,071)**
Exchange differences	**47**	**12**	**—**	**35**	**—**	**47**	**—**	**12**	**1,598**	**1,751**
Ending balance, March 31, 2013	**11,729**	**670**	**—**	**6,590**	**22**	**19,216**	**164,539**	**8,974**	**101,003**	**312,743**
Accumulated Amortization:										
Opening balance— March 31, 2012	**(6,160)**	**(24,498)**	**—**	**(4,141)**	**(108)**	**(11,435)**	**(13,835)**	**(5,999)**	**(13)**	**(66,189)**
Amortization charge to cost of sales	**—**	**—**	**—**	**—**	**—**	**—**	**(9,189)**	**—**	**(1,426)**	**(10,615)**
Amortization charge for the year	**(1,433)**	**(19)**	**—**	**(546)**	**(5)**	**(1,879)**	**—**	**(544)**	**—**	**(4,426)**
Disposals	**—**	**161**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**161**
Transfer to discontinued operations	**102**	**24,301**		**266**	**99**	**1,612**		**34**		**26,414**
Exchange differences	**(19)**	**(1)**	**—**	**(1)**	**—**	**(18)**	**—**	**(7)**	**(39)**	**(85)**
Ending balance, March 31, 2013	**(7,510)**	**(56)**	**—**	**(4,422)**	**(14)**	**(11,720)**	**(23,024)**	**(6,516)**	**(1,478)**	**(54,740)**
Net book value, March 31, 2013	**$ 4,219**	**$ 614**	**$ —**	**$ 2,168**	**$ 8**	**$ 7,496**	**$141,515**	**$ 2,458**	**$ 99,525**	**$ 258,003**

As at March 31, 2012

	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Home services equipment	Leasehold improvements	Solar equipment	Total
Cost:										
Opening balance— April 1, 2011	$ 7,750	$158,482	$299	$ 6,090	$ 215	$ 17,976	$ 82,036	$ 8,567	$ 283	$281,698
Additions/(disposals)	1,347	—	—	441	(32)	1,668	35,719	62	35,624	74,829
Acquisition of subsidiary	348	—	—	8	31	371	—	—	—	758
Exchange differences	8	18	—	33	(2)	13	—	13	(118)	(35)
Ending balance, March 31, 2012	**9,453**	**158,500**	**299**	**6,572**	**212**	**20,028**	**117,755**	**8,642**	**35,789**	**357,250**
Accumulated Amortization:										
Opening balance— April 1, 2011	(4,958)	(17,426)	—	(3,561)	(88)	(9,520)	(7,066)	(5,077)	—	(47,696)
Amortization charge to cost of sales	—	(5,871)	—	—	—	—	(6,769)	—	—	(12,640)
Amortization charge for the year	(1,205)	(1,201)	—	(569)	(41)	(1,905)	—	(913)	(13)	(5,847)
Disposals	12				21	(1)	—	—	—	32
Exchange differences	(9)	—	—	(11)	—	(9)	—	(9)	—	(38)
Ending balance, March 31, 2012	**(6,160)**	**(24,498)**	**—**	**(4,141)**	**(108)**	**(11,435)**	**(13,835)**	**(5,999)**	**(13)**	**(66,189)**
Net book value, March 31, 2012	**$ 3,293**	**$134,002**	**$299**	**$ 2,431**	**$ 104**	**$ 8,593**	**$103,920**	**$ 2,643**	**$35,776**	**$291,061**

(thousands of Canadian dollars, except where indicated and per share amounts)

6. INTANGIBLE ASSETS

As at March 31, 2013

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network and Affinity relationships	Brand	Software	IT system development	Other	Total
Cost:										
Opening balance— April 1, 2012	**$ 250,745**	**$ 479,853**	**$24,043**	**$254,799**	**$123,078**	**$23,369**	**$ 13,922**	**$ 27,538**	**$ 9,370**	**$1,206,717**
Remove fully amortized assets	**(137,287)**	**(233,950)**	**—**	**—**	**—**	**—**	**(978)**	**(4,433)**	**(2,343)**	**(378,991)**
Transfer to discontinued operations							**(164)**			**(164)**
Additions	**—**	**—**	**27,192**	**—**	**—**	**—**	**4,634**	**4**	**673**	**32,503**
Exchange differences	**909**	**4,584**	**—**	**1,583**	**2,283**	**433**	**120**	**361**	**129**	**10,402**
Ending balance, March 31, 2013	**114,367**	**250,487**	**51,235**	**256,382**	**125,361**	**23,802**	**17,534**	**23,470**	**7,829**	**870,467**
Accumulated Amortization:										
Opening balance— April 1, 2012	**(208,147)**	**(380,139)**	**(4,444)**	**—**	**(34,284)**	**—**	**(9,528)**	**(14,195)**	**(6,571)**	**(657,308)**
Remove fully amortized assets	**137,287**	**233,950**	**—**	**—**	**—**	**—**	**978**	**4,433**	**2,343**	**378,991**
Transfer to discontinued operations	**—**	**—**	**—**	**—**	**—**	**—**	**113**	**—**	**—**	**113**
Amortization charge for the year	**(12,627)**	**(37,782)**	**(2,685)**	**—**	**(21,696)**	**—**	**(5,130)**	**(4,158)**	**(2,251)**	**(86,329)**
Amortization in mark to market	**(11,695)**	**(41,027)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(52,722)**
Exchange differences	**(891)**	**(3,653)**	**—**	**—**	**(941)**	**—**	**(67)**	**(211)**	**(116)**	**(5,879)**
Ending balance, March 31, 2013	**(96,073)**	**(228,651)**	**(7,129)**	**—**	**(56,921)**	**—**	**(13,634)**	**(14,131)**	**(6,595)**	**(423,134)**
Net book value, March 31, 2013	**$ 18,294**	**$ 21,836**	**$44,106**	**$256,382**	**$ 68,440**	**$23,802**	**$ 3,900**	**$ 9,339**	**$ 1,234**	**$ 447,333**

As at March 31, 2012

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network	Brand	Software	IT sytem development	Other	Total
Cost:										
Opening balance—April 1, 2011	$ 248,828	$ 436,339	$23,164	$227,467	$ 80,561	$10,692	$ 9,540	$ 26,206	$ 9,006	$1,071,803
Acquisition of a subsidiary	—	39,533	—	26,740	42,359	13,034	215	—	—	121,881
Remove fully amortized assets	(1,842)	—	—	—	—	—	—	—	—	(1,842)
Adjustments to Additions	—	—	879	—	—	—	4,084	788	116	5,867
Exchange differences	3,759	3,981	—	592	158	(357)	83	544	248	9,008
Ending balance, March 31, 2012	**250,745**	**479,853**	**24,043**	**254,799**	**123,078**	**23,369**	**13,922**	**27,538**	**9,370**	**1,206,717**
Accumulated Amortization:										
Opening balance—April 1, 2011	(144,568)	(248,673)	(2,813)	—	(14,770)	—	(6,616)	(9,931)	(4,213)	(431,584)
Remove fully amortized assets	1,842	—	—	—	—	—	—	—	—	1,842
Amortization charge for the year	(23,902)	(54,468)	(1,631)	—	(19,006)	—	(2,890)	(4,107)	(2,229)	(108,233)
Amortization in mark to market	(38,663)	(74,330)	—	—	—	—	—	—	—	(112,993)
Exchange differences	(2,856)	(2,668)	—	—	(508)	—	(22)	(157)	(129)	(6,340)
Ending balance, March 31, 2012	**(208,147)**	**(380,139)**	**(4,444)**	**—**	**(34,284)**	**—**	**(9,528)**	**(14,195)**	**(6,571)**	**(657,308)**
Net book value, March 31, 2012	**$ 42,598**	**$ 99,714**	**$19,599**	**$254,799**	**$ 88,794**	**$23,369**	**$ 4,394**	**$ 13,343**	**$ 2,799**	**$ 549,409**

(thousands of Canadian dollars, except where indicated and per share amounts)

6. INTANGIBLE ASSETS (Continued)

The capitalized internally developed costs relate to the development of new customer billing and analysis software solutions for the different energy markets of Just Energy. All research costs and development costs not eligible for capitalization have been expensed and are recognized in administrative expenses.

7. RESTRICTED CASH

(i) As part of the acquisition of Fulcrum Retail Holdings LLC ("Fulcrum") described in Note 9, Just Energy was required to transfer $11,152 into a restricted cash account.

(ii) Restricted cash relating to the debt assumed with the water heater contract purchase, Note 16(d), is required as a security to the lender. Annually NHS is able to withdraw set amount of cash from this account as the debt is repaid. Currently the balance in this account is $2,168.

8. INVENTORY

The amount of inventory recognized as an expense during the year ended March 31, 2013, was $395 (2012—$181). There have been no write-downs of inventory. Inventory is made up of the following:

	2013	**2012**
Raw materials	**$ —**	$1,220
Work in progress	**—**	775
Finished goods	**6,073**	7,993
	$6,073	$9,988

9. ACQUISITIONS

(a) Acquisition of Fulcrum Retail Holdings LLC

On October 3, 2011, Just Energy completed the acquisition of the 100% equity interest of Fulcrum with an effective date of October 1, 2011. The acquisition was funded by an issuance of $100 million in convertible debentures (Note 16(g)).

The consideration for the acquisition was US$79.4 million paid at the time of closing, subject to customary working capital adjustments. Just Energy paid US$7.3 million in connection with the preliminary working capital adjustment. Just Energy will also pay up to US$11.0 million in cash and issue up to 867,025 common shares (collectively, the "Earn-Out" amount) to the sellers 18 months following the closing date, provided that certain EBITDA and billed volume targets are satisfied by Fulcrum. On the Earn-Out amount, Just Energy will pay 4.006% interest on the cash portion and $1.86 per share issued at the end of the Earn-Out period. The $11.0 million is being held in a restricted cash account until the amount is finalized. The fair value of the contingent consideration at acquisition was estimated to be $18,327. Changes in the fair value of the contingent consideration are recorded in the consolidated statements of income (loss) as a change in fair value of derivative instruments. The earn-out period ended March 31, 2013, and the contingent consideration was valued at $NIL.

(thousands of Canadian dollars, except where indicated and per share amounts)

9. ACQUISITIONS (Continued)

The acquisition of Fulcrum was accounted for using the acquisition method of accounting. Just Energy allocated the purchase price to the identified assets acquired and liabilities assumed based on their fair values at the time of acquisition as follows:

Fair value recognized on acquisition	
Current assets (including cash of $3,875)	$ 41,129
Property, plant and equipment	758
Software	215
Customer contracts and relationships	39,533
Affinity relationships	42,359
Brand	13,034
Contract initiation costs	156
Other	1,082
	138,266
Current liabilities	(44,856)
Other liabilities—current	(12,430)
Other liabilities—long term	(3,768)
Deferred lease inducements	(322)
Long-term debt	(586)
	(61,962)
Total identifiable net assets acquired	76,304
Goodwill arising on acquisition	26,833
Total consideration	$103,137
Cash paid, net of estimated working capital adjustment	$ 84,810
Contingent consideration (Earn-Out amount)	18,327
Total consideration	$103,137

The transaction costs related to the acquisition of Fulcrum were expensed in fiscal 2012. There were no changes made to the purchase price allocation during the year ended March 31, 2013, except to the non-controlling interest and to the working capital at acquisition. An offsetting net increase was recorded to goodwill. Goodwill of $26,833 comprises the value of expected ongoing synergies from the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes. Goodwill associated with the Fulcrum acquisition is part of the electricity marketing segment. The purchase price allocation has been finalized.

The fair value of the trade receivables amounted to $18,210 at the date of acquisition. The gross amount of trade receivables was $25,500.

The customer contracts and relationships and affinity relationships are amortized over their average remaining life at the time of acquisition. The electricity customer contracts and customer relationships are amortized over 42 months (3.5 years). The affinity relationships are amortized over eight years. The brand value is considered to be indefinite and, therefore, is not subject to amortization. Brand represents the value allocated to the market awareness of the operating names used to sell and promote its products.

If the combination had taken place at the beginning of the prior fiscal year, consolidated sales would have been $2,926,157, and the consolidated loss attributable to shareholders of Just Energy would have been $96,327 for the year ended March 31, 2012 (unaudited).

(thousands of Canadian dollars, except where indicated and per share amounts)

9. ACQUISITIONS (Continued)

(b) Acquisition of water heater contracts

During the year, the Company, through a wholly owned subsidiary, purchased 27,000 home services contracts. The consideration paid, assets acquired and debt assumed is as follows:

Assets acquired	
Customer contracts	**$ 27,192**
Water heater and HVAC equipment	12,724
Cash reserve amounts	1,616
Assets acquired	**41,532**
Long-term debt assumed	**(31,861)**
Total cash consideration	**$ 9,671**

10. DISCONTINUED OPERATIONS

In March 2013, Just Energy formally commenced the process to dispose of TGF. The business of TGF has been operating in an unpredictable product environment, making it difficult for management to derive real growth and profitability from the segment. In addition, it has been viewed as a non-core business. The disposal of TGF is due to be completed within the next 12 months. At March 31, 2013, TGF was classified as held for sale and as a discontinued operation.

The results of TGF for the year are presented below:

	2013	2012
Sales	**$107,145**	$130,491
Cost of Sales (including amortization of $5,009 (2012—$5,871))	**98,943**	112,659
Gross Margin	**8,202**	17,832
Expenses		
Administrative expenses	**7,389**	8,229
Other operating expenses	**2,023**	1,337
	9,412	9,566
Operating profit (loss)	**(1,210)**	8,266
Finance costs	**(6,111)**	(6,485)
Change in fair value of derivative instruments	**—**	(135)
Other income	**—**	166
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell	**(64,729)**	—
PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	**$ (72,050)**	1,812
Earnings (loss) per share		
Basic earnings (loss) per share from discontinued operations	**$ (0.51)**	$ 0.01
Diluted earnings (loss) per share from discontinued operations	**$ (0.51)**	$ 0.01

Tax assets and liabilities relating to TGF are as follows:

	2013	2012
Deferred tax assets not reflected in the current year:	**$32,270**	$17,467

(thousands of Canadian dollars, except where indicated and per share amounts)

10. DISCONTINUED OPERATIONS (Continued)

Unrecognized losses and Investment Tax Credits ("ITCs") available for carryforward are set to expire as follows:

	Tax losses	ITCs
2026	**$ 11**	**$ —**
2027	**2,366**	**—**
2028	**32,126**	**—**
2029	**12,231**	**—**
2030 and thereafter	**111,222**	**1,104**
	$157,956	**$1,104**

In addition there are undeducted and unrecognized Scientific Research and Experimental Development Expenses of $24,420.

The major classes of assets and liabilities of TGF classified as held for sale are as follows:

	Notes	As at March 31, 2013
Assets		
Non-current assets		
Property plant and equipment		**$63,289**
Intangible assets		**39**
Current Assets		
Inventory		**7,666**
Current trade and other receivables		**5,215**
Prepaid expenses and deposits		**1,068**
Cash and cash equivalents		**162**
ASSETS CLASSIFIED AS HELD FOR SALE		**$77,439**
Current liabilities		
Bank indebtedness		**$ 5,191**
Trade and other payables		**6,013**
Deferred revenue		**19**
Debt	16	**66,216**
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE		**77,439**

INVENTORY

The amount of inventory recognized as an expense during the year ended March 31, 2013, was $84,826 (2012—$95,082). There have been no write downs of inventory. The inventory is made up of the following:

	2013	2012
Raw materials	**$2,509**	$1,220
Work in progress	**729**	775
Finished goods	**4,428**	4,628
	$7,666	$6,623

(thousands of Canadian dollars, except where indicated and per share amounts)

10. DISCONTINUED OPERATIONS (Continued)

Following the classification as discontinued operations, an impairment loss of $64,729 was recognized to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in discontinued operations in the statement of income (loss).

TGF has commitments for each of the next three years as follows:

COMMITMENTS

	Less than 1 year	1 to 3 years	Total
2013			
Premises and equipment leasing	$ 595	$1,031	$1,626
Grain production contracts	5,768	—	5,768
	$6,363	$1,031	$7,394
2012			
Premises and equipment leasing	$ 398	$ 67	$ 465
Grain production contracts	7,876	360	8,236
	$8,274	$ 427	$8,701

11. INVESTMENTS

(i) Just Energy has a 50% interest in Just Ventures LLC and Just Ventures L.P. (collectively "Just Ventures"), jointly controlled entities that are involved in the marketing of Just Energy products. The marketing efforts of Just Ventures are primarily Internet and telemarketing-based, which differs from Just Energy's traditional sales channels.

Just Ventures is currently funded by its investors and all advances are recorded as additional capital contributions.

	2013	2012
Share of the associate's revenue and loss:		
Revenue eliminated on consolidation	**$ 2,425**	$ 335
Loss	**$(7,457)**	$(1,971)
Carrying amount of the investment	**$ —**	$ —

At any time subsequent to the second anniversary of the joint venture agreements, the other participant in the joint venture has the ability to sell part or all of its interest in Just Ventures (the "Put"). The amount is determined based on the fair value of the previous month's billed customers. As at March 31, 2013, the Put was estimated to have a nominal value.

(ii) On August 24, 2012, the Company issued a US$2,500 promissory note to its joint venture partner. The promissory note receivable matures on August 24, 2037, and bears interest at the annual federal rate established by the Internal Revenue Service.

(iii) On August 10, 2012, Just Energy through a subsidiary acquired a 15% interest in ecobee, a private company that designs, manufactures and distributes smart thermostats, for an amount of $6,460. The Company intends to market these smart thermostats in all its core markets linking them to commodity and home service sales.

12. FINANCIAL INSTRUMENTS

(a) Fair value

Fair value is the estimated amount that Just Energy would pay or receive to dispose of the supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Management has estimated the value of electricity, unforced capacity, heat rates, heat rate options, renewable and gas swap and forward contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded gas options.

Effective July 1, 2008, Just Energy ceased the utilization of hedge accounting. Accordingly, all the mark-to-market changes on Just Energy's derivative instruments are recorded on a single line on the consolidated statements of income (loss). Due to the commodity volatility and size of Just Energy, the swings in mark to market on these positions will increase the volatility in Just Energy's earnings.

The following tables illustrate gains/(losses) related to Just Energy's derivative financial instruments classified as held-for-trading and recorded on the condensed consolidated statements of financial position

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

as other assets and other liabilities, with their offsetting values recorded in change in fair value of derivative instruments.

	Change in fair value of derivative instruments			
	For the year ended March 31, 2013	For the year ended March 31, 2013 (USD/GBP)	For the year ended March 31, 2012	For the year ended March 31, 2012 (USD)
Canada				
Fixed-for-floating electricity swaps (i)	$112,441	n/a	$ 44,269	n/a
Renewable energy certificates (ii)	(99)	n/a	(60)	n/a
Verified emission-reduction credits (iii)	887	n/a	95	n/a
Options (iv)	573	n/a	(1,330)	n/a
Physical gas forward contracts (v)	167,518	n/a	52,114	n/a
Transportation forward contracts (vi)	8,065	n/a	(39)	n/a
Fixed financial swaps (vii)	11,826	n/a	(21,134)	n/a
United States				
Fixed-for-floating electricity swaps (viii)	123,262	123,144	(77,879)	(76,155)
Physical electricity forward contracts (ix)	178,147	175,702	(41,463)	(41,192)
Unforced capacity forward contracts (x)	1,820	1,821	(3,455)	(3,535)
Unforced capacity physical contracts (xi)	10,874	10,817	(2,511)	(2,705)
Renewable energy certificates (xii)	1,188	1,155	1,494	1,563
Verified emission-reduction credits (xiii)	(419)	(432)	160	137
Options (xiv)	1,037	1,069	(1,611)	(1,580)
Physical gas forward contracts (xv)	30,328	30,244	16,525	16,618
Transportation forward contracts (xvi)	1,253	1,254	1,534	1,547
Heat rate swaps (xvii)	(6,667)	(7,083)	22,321	22,058
Fixed financial swaps (xviii)	92,584	92,396	(34,760)	(34,251)
United Kingdom				
Physical power forward contracts (xx)	858	556	—	—
Foreign exchange forward contracts (xix)	(665)	n/a	(1,213)	n/a
Share swap	(15,915)	n/a	—	n/a
Amortization of deferred unrealized gains on discontinued hedges	31,924	n/a	69,162	n/a
Amortization of derivative financial instruments related to acquisitions	(52,722)	n/a	(112,993)	n/a
Prepayment option on long-term debt	400	—	—	—
Cash-out option on RSG plan	(414)	—	—	—
Change in fair value of contingent consideration	21,491	21,461	(5,436)	(4,025)
Change in fair value of derivative instruments	**$719,575**		$ (96,210)	

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated statements of financial position as at March 31, 2013:

	Other assets (current)	Other assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Canada				
Fixed-for-floating electricity swaps (i)	$ 1,143	$ 125	$ 36,373	$32,861
Renewable energy certificates (ii)	165	41	278	274
Verified emission-reduction credits (iii)	48	32	41	—
Options (iv)	214	—	607	—
Physical gas forward contracts (v)	—	—	56,714	25,060
Transportation forward contracts (vi)	964	437	1,508	—
Fixed financial swaps (vii)	1,553	—	3,930	8,148
United States				
Fixed-for-floating electricity swaps (viii)	1,489	1,296	6,586	5,663
Physical electricity forward contracts (ix)	10,223	16,401	2,804	51
Unforced capacity forward contracts (x)	456	—	2,134	289
Unforced capacity physical contracts (xi)	2,008	3,865	113	—
Renewable energy certificates (xii)	1,248	645	1,048	759
Verified emission-reduction credits (xiii)	12	41	527	579
Options (xiv)	—	—	302	67
Physical gas forward contracts (xv)	2	—	6,570	526
Transportation forward contracts (xvi)	6	—	49	51
Heat rate swaps (xvii)	10,228	7,885	—	—
Fixed financial swaps (xviii)	2,499	23	23,420	11,052
United Kingdom				
Physical power forward contracts (xx)	747	114	—	—
Foreign exchange forward contracts (xix)	—	—	486	—
Share swap	—	—	15,915	—
Prepayment option on long-term debt		400	—	—
Cash-out option on RSG plan	—	—	414	—
As at March 31, 2013	**$33,005**	**$31,305**	**$159,819**	**$85,380**

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated statements of financial position as at March 31, 2012:

	Other assets (current)	Other assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Canada				
Fixed-for floating electricity swaps (i)	$ —	$ —	$105,794	$ 74,614
Renewable energy certificates (ii)	154	49	158	292
Verified emission-reduction credits (iii)	—	—	387	462
Options (iv)	975	359	1,644	656
Physical gas forward contracts (v)	—	—	159,742	89,576
Transportation forward contracts (vi)	—	—	5,396	2,776
Fixed financial swaps (vii)	—	—	8,192	14,159
United States				
Fixed-for-floating electricity swaps (viii)	—	11	90,698	41,425
Physical electricity forward contracts (ix)	—	—	121,213	30,674
Unforced capacity forward contracts (x)	5	—	1,664	2,086
Unforced capacity physical contracts (xi)	724	—	4,642	1,225
Renewable energy certificates (xii)	266	305	750	889
Verified emission-reduction credits (xiii)	42	80	304	420
Options (xiv)	73	—	601	349
Physical gas forward contracts (xv)	40	—	29,442	7,720
Transportation forward contracts (xvi)	34	—	1,137	241
Heat rate swaps (xvii)	10,307	14,511	—	—
Fixed financial swaps (xviii)	—	—	81,497	42,053
Foreign exchange forward contracts (xix)	179	—	—	—
Contingent consideration	—	—	22,783	—
As at March 31, 2012	$12,799	$15,315	$636,044	$309,617

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes financial instruments classified as held-for-trading as at March 31, 2013, to which Just Energy has committed:

	Contract type	Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
	Canada						
(i)	Fixed-for-floating electricity swaps*	0.0001-50 MWh	7,736,909 MWh	April 28, 2013 December 31, 2019	$16.75 - $100.39	$(67,966)	$388,184
(ii)	Renewable energy certificates	10 - 100,000 MWh	854,341 MWh	December 31, 2013 December 31, 2017	$3 - $26	$(346)	$5,103
(iii)	Verified emission-reduction credits	6,000 - 50,000 tonnes	406,000 tonnes	December 31, 2013 December 31, 2016	$6.25 - $11.50	$39	$3,584
(iv)	Options	680 - 24,500 GJ/month	150,192 GJ	April 30, 2013 February 28, 2014	$7.56 - $12.39	$(393)	$(1,247)
(v)	Physical gas forward contracts	10 - 5,076 GJ/day	36,863,270 GJ	April 30, 2013 June 30, 2017	$2.78 - $10.00	$(81,776)	$218,014
(vi)	Transportation forward contracts	74 - 23,200 GJ/day	27,304,604 GJ	April 8, 2013 August 31, 2015	$0.01 - $3.39	$(107)	$44,373
(vii)	Fixed financial swaps	7,750 - 217,000 GJ/month	55,570,000 GJ	April 30, 2013 December 31, 2018	$2.62 - $5.20	$(10,525)	$216,896
	United States						
(viii)	Fixed-for-floating electricity swaps*	0.1 - 65 MWh	11,616,678 MWh	April 30, 2013 December 31, 2017	$24.75 - $136.75 US$24.32 - $134.36	$(9,464) USD $(9,298)	$535,400 USD $526,037
(ix)	Physical electricity forwards	0.87 - 85 MWh	15,702,550 MWh	December 31, 2013 June 30, 2018	$25.25 - $91.60 US$24.81 - $90.00	$23,851 USD $23,434	$710,463 USD $698,038
(x)	Unforced capacity forward contracts	100 - 150 MWCap	64,000 MWCap	April 30, 2013 May 31, 2014	$60.57 - $7,310.00 US$59.51 - $7,182.16	$(1,968) USD $(1,933)	$4,698 USD $4,616
(xi)	Unforced capacity physical contracts	5 - 210 MWCap	9,028 MWCap	April 30, 2013 May 31, 2016	$1,250 - $14,000 US$1,228.14 - $13,755.16	$5,761 USD $5,660	$62,318 USD $61,229
(xii)	Renewable energy certificates	10 - 110,000 MWh	3,045,826 MWh	May 31, 2013 December 31, 2017	$0.30 - $215.00 US$0.29 - $211.24	$86 USD $85	$23,838 USD $23,421
(xiii)	Verified emission-reduction credits	10,000 - 50,000 tonnes	420,000 tonnes	December 31, 2014 December 31, 2016	$4.75 - $8.75 US$4.67 - $8.60	$(1,054) USD $(1,035)	$2,677 USD $2,631
(xiv)	Options	2,000 - 40,000 mmBTU/month	428,500 mmBTU	April 30, 2013 December 31, 2014	$4.14 - $10.90 US$4.06 - $10.71	$(369) USD $(363)	$7 USD $7
(xv)	Physical gas forward contracts	10 - 12,000 mmBTU/month	3,452,132 mmBTU	April 1, 2013 October 31, 2016	$3.60 - $11.88 US$3.53 - $11.67	$(7,095) USD $(6,971)	$22,033 USD $21,647
(xvi)	Transportation forward contracts	44 - 133,300 mmBTU/day	5,808,465 mmBTU	April 3, 2013 August 31, 2015	$0.00 - $3.96 US$0.00 - $3.89	$(95) USD $(93)	$25,212 USD $24,771
(xvii)	Heat rate swaps	1 - 50 MWh	2,156,911 MWh	April 30, 2013 October 31, 2016	$27.89 - $65.67 US$27.40 - $64.52	$18,114 USD $17,797	$87,110 USD $85,586

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

Contract type		Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
(xviii)	Fixed financial swaps	930 - 365,800 mmBTU/month	33,772,728 mmBTU	April 30, 2013 May 31, 2017	$2.92 - $7.65 US$2.86 - $7.52	$(32,023) USD $(31,463)	$179,760 USD $176,616
(xix)	Foreign exchange forward contracts	US$825,878 - $4,000,000	n/a	April 1, 2013 January 2, 2014	$0.98 - $1.03	$(486) USD $(477)	$32,526 USD $31,957
	United Kingdom						
(xx)	Physical electricity forwards	1 - 2 MWh	253,631 MWh	April 30, 2013 September 27, 2015	GBP 31.17 - 42.36	$860 GBP $556	$21,444 GBP $13,868

* Some of the electricity fixed-for-floating contracts related to the Province of Alberta and the Province of Ontario are load-following, wherein the quantity of electricity contained in the supply contract "follows" the usage of customers designated by the supply contract. Notional volumes associated with these contracts are estimates and are subject to change with customer usage requirements. There are also load shaped fixed-for-floating contracts in these and the rest of Just Energy's electricity markets wherein the quantity of electricity is established but varies throughout the term of the contracts.

The estimated amortization of deferred gains and losses on the discontinued hedges reported in accumulated other comprehensive income that is expected to be amortized to the consolidated statements of income (loss) within the next 12 months is a gain of approximately $6,500.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other assets balance recognized in the consolidated financial statements.

Share swap agreement

The Company has entered into a share swap agreement to manage the risks associated with its Company's restricted share grant and deferred share grant plans. The value, on inception, of the 2,500,000 shares under this share swap agreement is approximately $33,803. Net monthly settlements received under the share swap agreement are recorded in other income. The Company marks to market the fair value of the share swap agreement and has included that value as other current financial liabilities on the statements of financial position. Changes in the fair value of the share swap agreement are recorded through the consolidated statements of income (loss) as a change in fair value of derivative instruments.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted unadjusted market prices. Just Energy values its cash and cash equivalents, current trade and other receivables, unbilled revenues, bank indebtedness and trade and other payables under Level 1.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be substantially observable in the market. Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed-for-floating swaps under Level 2.

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the FV hierarchy. For the natural gas supply contracts, Just Energy uses three different market observable curves: i) Commodity (predominately NYMEX), ii) Basis and iii) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves only extend 12 to 15 months into the future. In order to calculate basis curves for the remaining years, Just Energy uses extrapolation, which leads natural gas supply contracts to be classified under Level 3.

Fair value measurement input sensitivity

The main cause of changes in the fair value of derivative instruments are changes in the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the market risk section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2013:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	$ 51,818	$ —	$ —	$ 51,818
Loans and receivables	455,763	—	—	455,763
Derivative financial assets	—	—	64,310	64,310
Financial liabilities				
Derivative financial liabilities	—	(32,243)	(212,956)	(245,199)
Other financial liabilities	(301,820)	—	—	(301,820)
Total net derivative liabilities	$ 205,761	$(32,243)	$(148,646)	$ 24,872

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2012:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and short-term deposits	$ 65,419	$ —	$ —	$ 65,419
Loans and receivables	431,582	—	—	431,582
Derivative financial assets	—	—	28,114	28,114
Financial liabilities				
Derivative financial liabilities	—	(98,193)	(847,468)	(945,661)
Other financial liabilities	(288,205)	—	—	(288,205)
Total net derivative liabilities	$ 208,796	$(98,193)	$(819,354)	$(708,751)

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the years ended March 31:

	2013	2012
Balance, beginning of year	**$(819,354)**	$(743,488)
Total gains (losses)—Profit for the period	**79,853**	(376,121)
Purchases	**49,885**	(201,235)
Sales	**(525)**	41,547
Settlements	**541,495**	459,943
Transfer out of Level 3	**—**	—
Balance, end of year	**$(148,646)**	$(819,354)

(b) Classification of financial assets and liabilities

The following table represents the carrying amounts and fair values of financial assets and liabilities measured at amortized cost.

As at March 31, 2013	Carrying amount	Fair value
Cash and cash equivalents	$ 38,498	$ 38,498
Restricted cash	13,320	13,320
Current trade and other receivables	315,551	315,551
Unbilled revenues	129,166	129,166
Non-current receivables	11,046	11,046
Other financial assets	64,310	64,310
Bank indebtedness, trade and other payables	301,820	301,820
Long-term debt	957,698	881,176
Other financial liabilities	245,199	245,199

For the year ended March 31	2013	2012
Interest expense on financial liabilities not held-for-trading	**$75,151**	$54,450

As at March 31, 2013 and 2012, the carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, unbilled revenues, bank indebtedness and trade and other payables approximates their fair value due to their short-term nature.

The carrying value of long-term debt approximates its fair value as the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the exception of the $90 million, $330 million and $100 million convertible debentures, which are fair valued, based on market value and the carrying value of the senior unsecured note which approximates fair value due to the limited time that has passed since its issuance.

(c) Management of risks arising from financial instruments

The risks associated with Just Energy's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which Just Energy is exposed are discussed below.

12. FINANCIAL INSTRUMENTS (Continued)

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investments in U.S. operations.

A portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to U.S. fluctuations in the future than in prior years. Just Energy has economically hedged between 0% and 50% of certain forecasted cross border cash flows that are expected to occur within the next 13 to 24 months. The level of hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

Just Energy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged.

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended March 31, 2013, assuming that all the other variables had remained constant, profit for the period would have been $14,800 higher/lower and other comprehensive income would have been $6,000 lower/higher.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that this long-term debt exposes it to material financial risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) in income before income taxes for the year ended March 31, 2013, of approximately $337.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly, thresholds for open positions in the gas and electricity portfolios which also feed a Value at Risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of Just Energy. Just Energy mitigates the exposure for variances in customer requirements that are driven by changes in expected weather conditions, through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to mitigate weather effects is limited by the severity of weather from normal.

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

Commodity price sensitivity—all derivative financial instruments

If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before income taxes for the year ended March 31, 2013 would have increased (decreased) by $209,580 ($207,468) primarily as a result of the change in fair value of Just Energy's derivative instruments.

Commodity price sensitivity—Level 3 derivative financial instruments

If the energy prices associated with only Level 3 derivative instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all the other variables had remained constant, income before income taxes for the year ended March 31, 2013 would have increased (decreased) by $192,791 ($190,867) primarily as a result of the change in fair value of Just Energy's derivative instruments.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Alberta, Texas, Illinois, British Columbia, Massachusetts, California, Michigan and Georgia, Just Energy has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

The aging of the accounts receivable from the above markets was as follows:

	2013	2012
Current	**$ 86,604**	$ 69,738
1 - 30 days	**33,944**	15,530
31 - 60 days	**7,893**	5,681
61 - 90 days	**4,340**	2,905
Over 91 days	**31,853**	19,947
	$164,634	$113,801

Changes in the allowance for doubtful accounts were as follows:

	2013	2012
Balance, beginning of year	**$ 34,926**	$ 25,115
Allowance on acquired receivables	**—**	6,940
Provision for doubtful accounts	**30,846**	28,514
Bad debts written off	**(23,120)**	(29,215)
Other	**(2,462)**	3,572
Balance, end of year	**$ 40,190**	$ 34,926

In the remaining markets, the local distribution companies ("LDCs"), provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEGI. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2013, the maximum counterparty credit risk exposure amounted to $228,944, representing the risk relating to the Company's derivative financial assets and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities as at March 31, 2013:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$ 301,820	$ 301,820	$ 301,820	$ —	$ —	$ —
Long-term debt*	957,698	1,014,227	162,474	189,801	403,946	258,006
Derivative instruments	245,199	2,549,866	1,372,855	993,719	182,020	1,272
	$1,504,717	**$3,865,913**	**$1,837,149**	**$1,183,520**	**$585,966**	**$259,278**

As at March 31, 2012:

	Carrying amount	Contractual cash flows	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Trade and other payables	$ 287,145	$ 287,145	$ 287,145	$ —	$ —	$ —
Bank indebtedness	1,060	1,060	1,060	—	—	—
Long-term debt*	776,683	833,962	97,611	252,570	26,433	457,348
Derivative instruments	945,661	2,596,314	1,363,421	1,057,222	175,049	622
	$2,010,549	$3,718,481	$1,749,237	$1,309,792	$201,482	$457,970

* Included in long-term debt are the $330,000, $100,000 and $90,000 relating to convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, at March 31, 2013, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Interest payments	60,452	102,084	71,948	12,771

(thousands of Canadian dollars, except where indicated and per share amounts)

12. FINANCIAL INSTRUMENTS (Continued)

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $1,967 to accommodate for its counterparties' risk of default.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2013

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	**$31,419**	**$ 38,874**	**$ 70,293**
Unrealized foreign currency translation adjustment	**3,307**	**—**	**3,307**
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $5,550	**—**	**(26,445)**	**(26,445)**
Balance, end of year	**$34,726**	**$ 12,429**	**$ 47,155**

For the year ended March 31, 2012

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	$29,033	$ 94,886	$123,919
Unrealized foreign currency translation adjustment	2,386	—	2,386
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $13,348	—	(56,012)	(56,012)
Balance, end of year	$31,419	$ 38,874	$ 70,293

14. SHAREHOLDERS' CAPITAL

Details of issued and outstanding shareholders' capital as at March 31, 2013, with comparatives as at March 31, 2012, are as follows:

Issued and outstanding

	2013		2012	
	Shares	Amount	Shares	Amount
Balance, beginning of year	**139,348,926**	**$ 993,181**	136,963,726	$963,982
Share-based awards exercised	**235,301**	**3,320**	91,684	1,385
Dividend reinvestment plan(i)	**2,444,284**	**21,574**	2,377,616	28,413
Repurchase and cancellation of shares(ii)	**—**	**—**	(84,100)	(599)
Shares issued for cash	**829**	**7**	—	—
Balance, end of year	**142,029,340**	**$1,018,082**	139,348,926	$993,181

(i) Dividend reinvestment plan

(thousands of Canadian dollars, except where indicated and per share amounts)

14. SHAREHOLDERS' CAPITAL (Continued)

Under Just Energy's dividend reinvestment plan ("DRIP"), Canadian shareholders holding a minimum of 100 common shares can elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for the five trading days preceding the applicable dividend payment date, providing that the common shares are issued from treasury and not purchased on the open market. The DRIP was suspended as of February 1, 2012, but re-instated as of September 30, 2012. Effective May 1, 2013, U.S. shareholders can also participate in the DRIP.

(ii) Repurchase and cancellation of shares

During the 12-month period of December 16, 2011 to December 15, 2012, Just Energy had approval to make a normal course issuer bid ("NCIB") to purchase up to 13,200,917 common shares. Just Energy purchased and cancelled 84,100 common shares for cash consideration of $955. The average book value of $599 was recorded as a reduction to share capital and the remaining loss of $356 was allocated to accumulated deficit. No additional shares were purchased for cancellation during the current fiscal year.

During the 12 month period commencing February 14, 2013 and ending February 13, 2014, Just Energy had approval to make a NCIB to purchase up to 10,000,000 common shares. Just Energy commenced another NCIB on February 22, 2013 with an expiration of February 21, 2014 for the 6% convertible extendible unsecured subordinated debentures due June 30, 2017 (the "6% $330 million debentures"); and the 5.75% convertible unsecured subordinated debentures due September 30, 2018 (the "5.75 $100 million debentures"). Under the NCIB, Just Energy may purchase such convertible debentures, up to $33,000 of the 6% convertible extendible unsecured subordinated debentures and $10,000 of the "5.75 $100 million debentures.

15. SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2013, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding at year-end. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

A summary of the changes in Just Energy's option plan during the year and status as at March 31, 2013, is outlined below.

	Outstanding options	Range of exercise prices	Weighted average exercise price(1)
Balance, beginning of year	**50,000**	**$15.09**	**$15.09**
Forfeited/cancelled	**(50,000)**	**$15.09**	**$15.09**
Granted	**500,000**	**$ 7.88**	**$ 7.88**
Balance, end of year	**500,000**	**$ 7.88**	**$ 7.88**

(1) The weighted average exercise price is calculated by dividing the exercise price of options granted by the number of options granted.

2013

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price $7.88	**500,000**	**10**	**$7.88**	**100,000**	**$7.88**

(thousands of Canadian dollars, except where indicated and per share amounts)

15. SHARE-BASED COMPENSATION PLANS (Continued)

2012

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise prices $15.09	50,000	0.25	$15.09	50,000	$15.09

Options available for grant	Year ended March 31, 2013	Year ended March 31, 2012
Balance, beginning of year	**1,264,166**	1,179,166
Add: Cancelled/forfeited during the year	**50,000**	85,000
Less: Granted	**(500,000)**	—
Balance, end of year	**814,166**	1,264,166

The Company uses a binomial option pricing model to estimate the fair value of options granted. The binomial model was chosen because of the fair value of options granted. The binomial model was chosen because of the yield associated with the Company's shares.

The fair value of options issued during the year was determined using the following weighted average assumptions: (i) risk-free interest rate of 18%; expected volatility of 30%; expected life of 10 years and an expected dividend yield of 13%. The weighted average grant date fair value of options was $0.67.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid restricted share grants ("RSGs") to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2013, there were 708,676 RSGs (2012—1,454,181) still available for grant under the plan. Of the RSGs issued, 3,561,681 remain outstanding at March 31, 2013 (2012—3,024,023). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

	2013	2012
RSGs available for grant		
Balance, beginning of year	**1,454,181**	1,858,394
Less: Granted during the year	**(763,604)**	(823,536)
Add: Cancelled/forfeited during the year	**18,099**	419,323
Balance, end of year	**708,676**	1,454,181

On May 16, 2013, the board of directors approved 554,413 RSGs for grant with an effective date of March 31, 2013.

(thousands of Canadian dollars, except where indicated and per share amounts)

15. SHARE-BASED COMPENSATION PLANS (Continued)

(c) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive $15 of their compensation entitlement in deferred share grants ("DSGs") and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/ common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As at March 31, 2013, there were 25,006 DSGs (2012—54,638) available for grant under the plan. Of the DSGs issued, 160,661 DSGs remain outstanding at March 31, 2013.

	2013	2012
DSGs available for grant		
Balance, beginning of year	**54,638**	84,118
Less: Granted during the year	**(29,632)**	(29,480)
Balance, end of year	**25,006**	54,638

16. LONG-TERM DEBT AND FINANCING

	March 31, 2013	March 31, 2012
Credit facility[(a)]	**$ 110,121**	$ 98,455
Less: debt issue costs[(a)]	**(427)**	(1,196)
$105 million senior unsecured note[(b)]	**105,000**	—
Less: debt issue costs[(b)]	**(7,335)**	—
TGF credit facility[(c)(i)]	**28,571**	32,046
TGF debentures[(c)(ii)]	**37,645**	35,818
NHS financing[(d)]	**257,427**	147,220
$90 million convertible debentures[(e)]	**87,610**	86,101
$330 million convertible debentures[(f)]	**297,928**	291,937
$100 million convertible debentures[(g)]	**87,579**	85,879
HES financing[(h)]		
Credit facility	**11,431**	—
Construction loan	**9,776**	—
Less: debt issue costs	**(1,884)**	—
Capital leases[(i)]	**472**	423
	1,023,914	776,683
Less: transfer of discontinued operations	**(66,216)**	—
Less: current portion	**(162,474)**	(97,611)
	$ 795,224	$679,072

(thousands of Canadian dollars, except where indicated and per share amounts)

16. LONG-TERM DEBT AND FINANCING (Continued)

Future annual minimum repayments are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Credit facility(a)	$110,121	$ —	$ —	$ —	$ 110,121
$105 million senior unsecured note(b)	—	—	—	105,000	105,000
NHS financing(d)	42,282	88,193	73,946	53,006	257,427
$90 million convertible debentures(e)	—	90,000	—	—	90,000
$330 million convertible debentures(f)	—	—	330,000	—	330,000
$100 million convertible debentures(g)	—	—	—	100,000	100,000
HES financing—Credit facility(h)	—	11,431	—	—	11,431
HES financing—Construction loan(h)	9,776	—	—	—	9,776
Capital leases(i)	295	177	—	—	472
	$162,474	$189,801	$403,946	$258,006	$1,014,227

The following table details the finance costs for the year ended March 31. Interest is expensed at the effective interest rate.

	2013	2012
Credit facility(a)	**$14,725**	$ 8,749
$105 million senior unsecured note(b)	**2,950**	—
NHS financing(d)	**15,846**	10,011
$90 million convertible debentures(e)	**6,910**	6,795
$330 million convertible debentures(f)	**25,792**	25,298
$100 million convertible debentures(g)	**7,450**	3,832
HES financing(h)	**1,134**	—
Capital lease interest(i)	**43**	32
Unwinding of discount on provisions	**301**	(267)
	$75,151	$54,450

(a) As at March 31, 2013, Just Energy has a $370 million credit facility to meet working capital requirements. The syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, Société Générale, The Bank of Nova Scotia, The Toronto-Dominion Bank and Alberta Treasury Branches. The term of the facility expires on December 31, 2013.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptance rates, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees that vary between 2.88% and 4.00%. Prime rate advances are at rates of interest that vary between bank prime plus 1.88% and 3.00% and letters of credit are at rates that vary between 2.88% and 4.00%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2013, the Canadian prime rate was 3.0% and the U.S. prime rate was 3.25%. As at March 31, 2013, Just Energy had drawn $110,121 (March 31, 2012—$98,455) against the facility and total letters of credit outstanding amounted to $115,466 (March 31, 2012—$121,054). As at March 31, 2013, unamortized debt issue costs relating to the facility are $427 (March 31, 2012—$1,196). As at March 31, 2013, Just Energy has $144,413 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, among others, NHS, HES and TGF. Just Energy is required to meet a number of financial covenants under the credit facility agreement. During the first and second quarters of this fiscal year, the credit facility agreement was amended pursuant to which certain financial and other covenants were renegotiated to accommodate the growth of the business. As at March 31, 2013, all of these covenants had been met.

(b) On December 12, 2012, the Company issued $105,000 in senior unsecured notes ("$105,000 senior unsecured note") bearing interest at 9.75% and maturing in June 2018. Just Energy incurred costs of approximately $7,428 and has recorded these as a

(thousands of Canadian dollars, except where indicated and per share amounts)

16. LONG-TERM DEBT AND FINANCING (Continued)

debt issuance cost. These costs will be charged to operations as finance costs over the term of the debt. The $105,000 senior unsecured note is subject to certain financial and other covenants. As at March 31, 2013, all of these covenants have been met.

In conjunction with the covenant requirements associated with the issuance of the senior unsecured note, the following represents select financial disclosure for the "Restricted Subsidiaries" as defined within the Note Indenture, which generally excludes NHS, TGF, HES, Momentis and the UK operations.

	Fiscal 2013	Three months ended March 31, 2013
Sales	$2,783,258	$847,178
Gross margin	465,684	$140,959
Finance costs	168,054	$ 51,408
Profit for the period	543,800	$173,329
Non-cash financing costs	10,519	3,116
Intercompany interest charges	109,900	35,506
Share-based compensation	10,041	2,494
Income tax paid	3,241	5,138
Dividends paid from unrestricted subsidiaries	17,852	8,400

(c) The debt obligations of TGF, have been reclassified to liabilities relating to assets held for sale and currently comprise the following separate facilities:

(i) TGF credit facility

A credit facility of up to $50,000 was established with a syndicate of Canadian lenders led by Conexus Credit Union and was arranged to finance the construction of the ethanol plant in 2007. The facility represents a fixed repayment term of ten years, commencing March 1, 2009, which includes interest costs at a rate of prime plus 3% with principal repayments commencing on March 1, 2010. The credit facility is secured by a demand debenture agreement, a first priority security interest on all assets and undertakings of TGF, a mortgage on title to the land owned by TGF and a general security interest on all other current and acquired assets of TGF. The credit facility includes certain financial covenants, the most significant of which relate to current ratio, debt to equity ratio, debt service coverage and minimum shareholders' capital. As at March 31, 2013, the amount owing under this facility amounted to $28,571. Pursuant to a forbearance agreement dated as of December 31, 2012, the lenders have agreed that TGF shall not be required to make any principal payments until May 31, 2013. The lenders have no recourse to the Company or any other Just Energy entity.

(ii) TGF debentures

A debenture purchase agreement with a number of private parties providing for the issuance of up to $40,000 aggregate principal amount of debentures was entered into in 2006. On April 1, 2011, the interest rate was increased to 12%. The agreement includes certain financial covenants, the more significant of which relate to current ratio, debt to capitalization ratio, debt service coverage, debt to EBITDA and minimum shareholders' equity. The maturity date has been extended to May 15, 2014, with a call right any time after April 1, 2013. On March 31, 2012, TGF agreed with the debenture holders to increase the quarterly blended principal and interest payments to $1,186 and to amend the financial covenants for fiscal 2013 to be more in line with the expected financial results of TGF for the year. TGF also agreed to make an additional debt repayment after March 31, 2013 if the cash flow from operations exceeds $500 for fiscal 2013, provided that this type of payment will not create a non-compliance issue for the Company under the TGF credit facility. The debenture holders have no recourse to the Company or any other Just Energy entity. Pursuant to a waiver and forbearance agreement made as of December 31, 2012, the debenture holders have agreed to waive any principal and interest payments to and including July 1, 2013. As at March 31, 2013, the amount owing under this debenture agreement amounted to $37,645.

(iii) TGF has a working capital operating line of $7,000 bearing interest at a rate of prime plus 2%. In addition to the amount shown on the consolidated statements of financial position as bank indebtedness, TGF has total letters of credit issued of $250.

(d) NHS entered into a long-term financing agreement for the funding of new and existing rental water heater and HVAC contracts. Pursuant to the agreement, NHS receives financing of an amount equal to the present value of the five, seven or ten years of monthly rental income, discounted at the agreed upon financing rate of 7.25% to 7.99%, and as settlement, is required to remit an amount equivalent to the rental stream from customers on the water heater, furnace and air conditioner contracts for the five, seven or ten years. As security for performance of the obligation, NHS has provided security over the water heaters, HVAC equipment and rental contracts, subject to the financing rental agreement, as collateral.

The financing agreement is subject to a holdback provision, of 3-5%. Once all obligations of NHS are satisfied or expired, the remaining funds in the holdback account will immediately be released to NHS.

16. LONG-TERM DEBT AND FINANCING (Continued)

With the acquisition of the customer contracts disclosed in Note 9, NHS also assumed debt related to the original funding of contracts. Per the agreement, customer payments flow directly to a restricted bank account which is swept monthly in order to pay the current outstanding debt of $30,757. The debt bears interest at 7.5% to 11%, is secured by the underlying assets and will be satisfied in August of 2022.

NHS has $257,427 owing under these agreements, including $10,635 relating to the holdback provision, recorded in non-current receivables and $2,168 in restricted cash as at March 31, 2013. NHS is required to meet a number of non-financial covenants under the agreement. As at March 31, 2013, all of these covenants had been met.

(e) In conjunction with an acquisition, the Company also acquired the obligations of the convertible unsecured subordinated debentures (the "$90 million convertible debentures") issued in October 2007. The fair value of the $90 million convertible debentures was estimated by discounting the remaining contractual payments at the time of acquisition. This discount will be accreted using an effective interest rate of 8%. These instruments have a face value of $90,000 and mature on September 30, 2014, unless converted prior to that date, and bear interest at an annual rate of 6% payable semi-annually on March 31 and September 30 of each year. Each $1,000 principal amount of the $90 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 38.64 common shares, representing a conversion price of $25.88 per common share as at March 31, 2013. Pursuant to the $90 million convertible debentures, if the Company fixes a record date for the payment of a dividend, the conversion price shall be adjusted in accordance therewith. During the year ended March 31, 2013, interest expense amounted to $6,910.

On and after September 30, 2012, but prior to the maturity date, the $90 million convertible debentures are redeemable, in whole or in part, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Just Energy's sole option on not more than 60 days' and not less than 30 days' prior notice.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $90 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $90 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

(f) In order to fund an acquisition in May 2010, Just Energy issued $330 million of convertible extendible unsecured subordinated debentures (the "$330 million convertible debentures"). The $330 million convertible debentures bear interest at a rate of 6.0% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each $1,000 principal amount of the $330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 common shares of the Company, representing a conversion price of $18 per share. During the year ended March 31, 2013, interest expense amounted to $25,792. The $330 million convertible debentures are not redeemable prior to June 30, 2013, except under certain conditions after a change of control has occurred. On or after June 30, 2013, but prior to June 30, 2015, the $330 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the conversion price ($22.50). On and after June 30, 2015, and prior to maturity, the $330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

The Company may, at its own option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $330 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $330 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $330 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $33,914. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $15,728 and reduced the value of the equity component of convertible debentures by this amount. The remainder of the net proceeds of the $330 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $330,000 over the term of the $330 million convertible debentures using an effective interest rate of 8.8%. If the $330 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted.

(g) On September 22, 2011, Just Energy issued $100 million of convertible unsecured subordinated debentures (the "$100 million convertible debentures") which was used to purchase Fulcrum. The $100 million convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year commencing March 31, 2012, and have a maturity date of September 30, 2018. Each $1,000 principal amount of the $100 million convertible debentures is

(thousands of Canadian dollars, except where indicated and per share amounts)

16. LONG-TERM DEBT AND FINANCING (Continued)

convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of $17.85. The $100 million convertible debentures are not redeemable at the option of the Company on or before September 30, 2014. After September 30, 2014, and prior to September 30, 2016, the $100 million convertible debentures may be redeemed by the Company, in whole or in part, 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 weighted average trading price of the common shares is at least 125% of the conversion price. On or after September 30, 2016, the $100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company 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.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $100 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $100 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $100 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $10,188. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $2,579 and reduced the equity component of the convertible debenture by this amount. The remainder of the net proceeds of the $100 million convertible debentures has been recorded as long-term debt, which will be accreted up to the face value of $100,000 over the term of the $100 million convertible debentures using an effective interest rate of 8.6%. If the $100 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted. During the year ended March 31, 2013, interest expense amounted to $7,450.

(h) Effective August 1, 2012, HES through a subsidiary, entered into a US$30 million financing agreement to assist with the construction of certain solar projects. The credit facility matures August 1, 2014 with no prepayment permitted, bearing interest, and payable quarterly, at U.S. prime plus 6.9% or Eurodollar rate plus 7.9%.

As at March 31, 2013, HES had drawn $11,431 and had unamortized debt issue costs relating to the facility of $1,884. HES is required to meet a number of financial and other covenants under this facility. As at March 31, 2013, all of these covenants had been met.

HES, through a subsidiary, has entered into an arrangement providing access to a construction loan for up to approximately $12,000 to fund certain specified projects. As at March 31, 2013, $9,776 has been advanced under this loan and had unamortized debt issue costs of $850. The construction loan bears interest at 10% and is due upon completion of certain solar projects. Upon completion of the solar projects, the construction loan will be settled from the proceeds of a term loan to be received from the same counterparty and an investment from an institutional investor. The term loan for approximately $6,500 will bear interest at 8% and mature in six years. The investment will be for approximately $7,000 and will provide the institutional investor with a significant portion of the tax incentives generated by the projects funded. This arrangement is subject to certain financial covenants and warranties, all of which have been met as at March 31, 2013. As at March 31, 2013, approximately $1,115 net of costs, have been received and is included in non-controlling interest as an investment from the minority shareholder.

(i) The Company, through its subsidiaries, leases certain computer and office equipment and software. These financing arrangements bear interest at rates ranging from 0% to 29% and mature between April 20, 2013 and January 31, 2015.

17. INCOME TAXES

(a) Tax expense

	2013	2012
Tax recognized in profit or loss	**$ 2,061**	$ 662
Current tax expense	**2,061**	662
Deferred tax expense		
Origination and reversal of temporary differences	**$ 225,297**	$(49,363)
Expense (benefit) arising from a previously unrecognized tax loss or temporary difference	**(140,973)**	86,228
Deferred tax expense	**84,324**	36,865
Provision for income tax	**$ 86,385**	$ 37,527

(thousands of Canadian dollars, except where indicated and per share amounts)

17. INCOME TAXES (Continued)

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 26.50% (2012—27.5%). The differences are as follows:

	2013	2012
Income (loss) before income taxes from continuing operations	**$ 688,090**	$(90,928)
Combined statutory Canadian federal and provincial income tax rate	**26.50%**	27.75%
Income tax expense (recovery) based on statutory rate	**182,344**	(25,233)
Increase(decrease) in income taxes resulting from		
Cost (benefit) of mark to market loss and other temporary differences not recognized	**(140,973)**	86,228
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	**44,749**	(23,342)
Other permanent items	**265**	(126)
Total income tax expense	**$ 86,385**	$ 37,527

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	2013	2012
Mark to market losses on derivative instruments	**$ 46,107**	$113,907
Tax losses and excess of tax basis over book basis	**9,480**	17,697
Partnership loss deferred for tax purposes	**1,319**	
Total deferred tax asset	**56,906**	131,604
Offset of deferred taxes	**(32,258)**	(57,754)
Net deferred tax asset	**$ 24,648**	$ 73,850
Partnership income deferred for tax purposes	**$(16,579)**	$ (35,459)
Excess of book basis over tax basis on customer contracts	**(4,707)**	(12,604)
Mark to market gains on derivative instruments	**(146)**	(85)
Excess of book basis over tax basis on other assets	**(31,740)**	(2,075)
Convertible debentures	**(10,203)**	(9,056)
Total deferred tax liability	**(63,375)**	(59,279)
Offset of deferred taxes	**32,258**	57,754
Net deferred tax liability	**$(31,117)**	$ (1,525)

(thousands of Canadian dollars, except where indicated and per share amounts)

17. INCOME TAXES (Continued)

(d) Movement in deferred tax balances

	Balance April 1, 2012	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2013
Partnership income deferred for tax	**$(35,459)**	**$ 20,200**	**$—**	**$ —**	**$ —**	**$(15,259)**
Excess of book over tax—customer contracts	**(17,763)**	**7,917**	**—**	**—**	**—**	**(9,846)**
Excess of book over tax on other assets	**20,776**	**(38,038)**	**—**	**136**	**—**	**(17,126)**
Mark to market gains (losses) on derivative instruments	**113,827**	**(73,256)**	**—**	**5,414**	**(20)**	**45,965**
Convertible debentures	**(9,056)**	**(1,147)**	**—**	**—**	**—**	**(10,203)**
	$ 72,325	**$(84,324)**	**$—**	**$5,550**	**$(20)**	**$ (6,469)**

	Balance April 1, 2011	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2012
Partnership income deferred for tax	$(14,046)	$(21,413)	$ —	$ —	$ —	$(35,459)
Excess of book over tax—customer contracts	(49,141)	31,378	—	—	—	(17,763)
Excess of book over tax on other assets	36,875	(16,486)	—	387	—	20,776
Mark to market (losses) gains on derivative instruments	132,888	(31,577)	—	12,961	(445)	113,827
Convertible debentures	(7,710)	1,233	(2,579)	—	—	(9,056)
	$ 98,866	$(36,865)	$(2,579)	$13,348	$(445)	$ 72,325

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected as at March 31, 2013 and 2012, are as follows:

	2013	2012
Losses available for carryforward	**$ 670**	$ 1,201
Mark to market on losses on derivative instruments	**3,434**	124,531
Excess of book over tax basis	**3,371**	7,889
Excess of book over tax—customer contracts	**$17,773**	$ 3,210

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

	2013
2028	**$ 2,202**
2029	**6,114**
After 2030 and thereafter	**55,286**
Total	**$63,602**

(thousands of Canadian dollars, except where indicated and per share amounts)

18. PROVISIONS

	2013	2012
Cost		
Balance, beginning of year	**$6,294**	$ 7,250
Provisions made during the year	**1,055**	663
Provisions reversed and used during the year	**(908)**	(1,506)
Unwinding of discount	**301**	(269)
Foreign exchange impact	**94**	156
Balance, end of year	**$6,836**	$ 6,294
Current	**3,063**	3,226
Non-current	**3,773**	3,068
	$6,836	$ 6,294

Legal issues

The provision for legal issues shown above includes the expected cash outflows from major claims and for several smaller litigation matters. Just Energy's subsidiaries are party to a number of legal proceedings. Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated income, cash flows or financial position.

In addition to the routine legal proceedings of Just Energy, the State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce Energy Inc. ("CEI"), a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. Although CEI did not own generation facilities, the State of California is claiming that CEI was unjustly enriched by the run-up in charges caused by the alleged market manipulation of other market participants. On March 18, 2010, the Administrative Law Judge in the matter granted a motion to strike the claim for all parties in one of the complaints, holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision. On June 13, 2012, FERC denied the plaintiff's request for a rehearing, affirming its initial decision. The California party still has the ability to appeal to the United States Courts for the Ninth Circuit. CEI continues to vigorously contest this matter, which is not expected to have a material impact on the financial condition of the Company.

On December 17, 2012, NHS was served with a statement of claim from the Ontario Superior Court Justice by Reliance Comfort Limited Partnership ("Reliance") seeking damages in the amount of $60 million and related declaratory and injunctive relief, based on allegations that NHS engaged in unfair trade practices and misleading representations in its marketing and sale of water heaters. NHS believes the action is without merit and is an attempt by Reliance to deflect attention from allegations of anti-competitive conduct made against Reliance by the Commissioner of Competition. Following a formal investigation, on December 20, 2012, the Commissioner of Competition brought applications against Reliance Home Comfort and Direct Energy alleging that each company was abusing its dominant position through conduct that intentionally suppresses competition and restricts consumer choice. NHS will vigorously defend itself against the action and has counterclaimed for $60 million in damages for claims of misleading advertising, breaches of the Competition Act, breaches of the Consumer Protection Act and defamation.

(thousands of Canadian dollars, except where indicated and per share amounts)

19. OTHER INCOME, EXPENSES AND ADJUSTMENTS

(a) Other operating expenses

	2013	2012
Amortization of gas contracts	**$ 12,627**	$ 23,902
Amortization of electricity contracts	**37,782**	54,468
Amortization of acquired water heater and HVAC contracts	**2,685**	1,631
Amortization of other intangible assets	**33,235**	28,189
Amortization of property, plant and equipment	**4,426**	4,553
Bad debt expense	**30,850**	28,514
Transaction costs	**—**	1,101
Share-based compensation	**11,952**	10,662
	$133,557	$153,020

(b) Amortization and cost of inventories included in cost of sales in the consolidated statements of income (loss)

	2013	2012
Amortization	**$ 10,615**	$ 6,769
Direct energy costs and other	**2,345,481**	2,148,352
	$2,356,096	$2,155,121

(c) Included in change in fair value of derivative instruments

	2013	2012
Amortization of gas contracts	**$11,695**	$38,663
Amortization of electricity contracts	**$41,027**	$74,330

(d) Employee benefits expense

	2013	2012
Wages, salaries and commissions	**$223,339**	$186,122
Benefits	**18,134**	20,631
	$241,473	$206,753

20. REPORTABLE BUSINESS SEGMENTS

Just Energy operates in the following reportable segments: gas marketing, electricity marketing, ethanol, home services and other. Other represents HES and Momentis. Reporting by products and services is in line with Just Energy's performance measurement parameters.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Just Energy is not considered to have any key customers.

(thousands of Canadian dollars, except where indicated and per share amounts)

20. REPORTABLE BUSINESS SEGMENTS (Continued)

For the year ended March 31, 2013

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$745,075	$2,062,009	$ —	$ 53,531	$ 21,349	$2,881,964
Gross margin	125,774	340,895	—	41,937	17,262	525,868
Amortization of property, plant and equipment	854	3,333	—	223	16	4,426
Amortization of intangible assets	19,047	64,569	—	2,699	14	86,329
Administrative expenses	33,123	78,191	—	19,197	8,344	138,855
Selling and marketing expenses	44,724	128,059	—	5,171	30,075	208,029
Other operating expenses	4,430	36,417	—	1,404	551	42,802
Operating profit (loss) for the year	$ 23,596	$ 30,326	$ —	$ 13,243	$ (21,738)	$ 45,427
Finance costs	(13,723)	(44,431)	—	(15,846)	(1,151)	(75,151)
Change in fair value of derivative instruments	334,824	384,926	—	(175)	—	719,575
Proportionate share of loss from joint venture	(1,763)	(5,694)	—	—	—	(7,457)
Other income (loss)	(591)	4,238	—	—	2,049	5,696
Provision for income taxes	13,103	42,146	—	31,023	113	86,385
Profit (loss) from continuing operations	$329,240	$ 327,219	$ —	$ (33,801)	$ (20,953)	$ 601,705
Discontinued operations	—	—	(72,050)	—	—	(72,050)
Profit for the year	$329,240	$ 327,219	$(72,050)	$ (33,801)	$ (20,953)	$ 529,655
Capital expenditures	$ 1,098	$ 3,294	$ —	$ 46,784	$ 63,637	$ 114,813
Total goodwill	$127,312	$ 128,787	$ —	$ 283	$ —	$ 256,382
Total assets	$320,797	$ 756,032	$ 77,439	$267,293	$107,381	$1,528,942
Total liabilities	$407,383	$ 854,216	$ 77,439	$294,523	$ 34,438	$1,667,999

For the year ended March 31, 2012

	Gas marketing	Electricity marketing	Ethanol	Home services	Other	Consolidated
Sales	$883,057	$1,719,853	$ —	$ 35,642	$ 16,226	$2,654,778
Gross margin	140,140	316,232	—	27,979	15,306	499,657
Amortization of property, plant and equipment	1,119	3,242	—	168	24	4,553
Amortization of intangible assets	31,230	75,323	—	1,631	6	108,190
Administrative expenses	30,822	66,263	—	12,901	4,182	114,168
Selling and marketing expenses	34,546	101,236	—	4,188	37,332	177,302
Other operating expenses	7,551	31,078	—	1,432	216	40,277
Operating profit (loss) for the year	$ 34,872	$ 39,090	—	$ 7,659	$(26,454)	$ 55,167
Finance costs	(12,657)	(31,769)	—	(10,018)	(6)	(54,450)
Change in fair value of derivative instruments	31,132	(125,966)	—	(1,376)	—	(96,210)
Proportionate share of loss from joint venture	(565)	(1,406)	—	—	—	(1,971)
Other income (loss)	(7,038)	12,722	—	—	852	6,536
Provision for (recovery of) income taxes	10,236	27,292	—	—	(1)	37,527
Profit (loss) for the year from continuing operations	$ 35,508	$ (134,621)	—	$ (3,735)	$(25,607)	$ (128,455)
Discontinued operations	—	—	1,812	—	—	1,812
Profit (loss) for the year	$ 35,508	$ (134,621)	$ 1,812	$ (3,735)	$(25,607)	$ (126,643)
Capital expenditures	$ 966	$ 1,874	$ 250	$ 35,685	$ 36,504	$ 75,279
Total goodwill	$127,055	$ 127,461	$ —	$ 283	$ —	$ 254,799
Total assets	$350,915	$ 904,504	$123,604	$159,696	$ 4,325	$1,543,044
Total liabilities	$543,062	$1,250,564	$ 76,995	$168,715	$ 5,117	$2,044,453

(thousands of Canadian dollars, except where indicated and per share amounts)

20. REPORTABLE BUSINESS SEGMENTS (Continued)

Geographic information

Revenues from external customers

	2,013	2,012
Canada	**$ 872,987**	$1,002,753
United States	**2,002,378**	1,652,025
United Kingdom	**6,599**	—
Total revenue per consolidated statements of income	**$2,881,964**	$2,654,778

The revenue is based on the location of the customer.

Non-current assets

Non-current assets by geographic segment consist of property, plant and equipment and intangible assets and are summarized as follows:

	As at March 31, 2013	As at March 31, 2012
Canada	**$391,420**	$480,452
United States	**312,823**	360,018
United Kingdom	**1,093**	—
Total	**$705,336**	$840,470

21. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangibles with indefinite lives have been allocated to one of five cash generating units, which are also operating and reportable segments, for impairment testing. These units are gas marketing, electricity marketing, ethanol, home services and other.

For impairment testing, goodwill and brand have been allocated as follows:

	Gas marketing		Electricity marketing		Home services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Goodwill	**$127,312**	$127,055	**128,787**	$127,461	**$283**	$283	**256,382**	$254,799
Brand	**1,359**	1,338	**22,443**	22,031	**—**	—	**23,802**	23,369
	$128,671	$128,393	**$151,230**	$149,492	**$283**	$283	**$280,184**	$278,168

Just Energy performed its annual impairment test as at March 31, 2013. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2013, the market capitalization of Just Energy was above the book value of its equity, indicating that a potential impairment of goodwill and intangibles with indefinite lives does not exist.

The recoverable amount of each of the units has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five year period. The projections for the first three years have been approved by the Audit Committee; the assumptions used in the following two years have

21. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES (Continued)

been approved by the senior management. The calculation of the value in use for each unit is most sensitive to the following assumptions:

- Customer consumption assumptions used in determining gross margin
- New customer additions and attrition and renewals
- Selling costs
- Discount rates
- Growth rates used to extrapolate cash flows beyond the budget period

Customer consumption is forecasted using normalized historical correlation between weather and customer consumption and weather projections. Just Energy uses weather derivatives to mitigate the risk that weather will deviate from expectations. An average customer consumption growth rate of 9% was used in the projections. An isolated 5% decrease in the consumption assumptions would not have an impact on the results of the impairment test.

New customer additions and attrition and renewal rate estimates are based on historical results and are adjusted for new marketing initiatives that are included in the budget. A 9% average increase in the overall customer base of was used in the projections. An isolated 5% decrease annually in the overall customer base would not have an impact on the results of the impairment test.

Selling costs fluctuate with customer additions, renewals and attrition. Selling costs used in the financial forecast are based on assumptions consistent with the above new customer additions, renewals and attritions. Rates used are based on historical information and are adjusted for new marketing initiatives included in the budget. An average increase of 9% was applied to selling costs in the projections. An isolated 5% increase annually in selling costs would not have an impact on the results of the impairment test.

Discount rates represent the current market assessment of the risks specific to the Company, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of Just Energy and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Just Energy's investors and the cost of debt is based on the interest bearing borrowings the Company is obliged to service. Just Energy used a discount rate of 9%. An isolated 5% increase in the WACC would not have an impact on the results of the impairment test.

Financial projections used in the budget period which covers years 1, 2 and 3 have been approved by the Executive Committee. The results in years 4 and 5 are based on year 3 results adjusted for inflation. An isolated 5% decrease in the growth rates used to extrapolate cash flows beyond the budget period would not have an impact on the results of the impairment test.

(thousands of Canadian dollars, except where indicated and per share amounts)

22. EARNINGS (LOSS) PER SHARE

	2013	2012
Basic earnings (loss) per share		
Profit (loss) from continuing operations	**$ 601,705**	$ (128,455)
Profit (loss) available to shareholders	**$ 530,308**	$ (126,522)
Basic shares outstanding	**140,041,759**	138,227,174
Basic earnings (loss) per share from continuing operations	**$ 4.30**	$ (0.93)
Basic earnings (loss) per share available to shareholders	**$ 3.79**	$ (0.92)
Diluted earnings (loss) per share		
Profit (loss) from continuing operations	**$ 601,705**	$ (128,455)
Profit (loss) available to shareholders	**$ 530,308**	$ (126,522)
Adjustment for dilutive impact of convertible debentures	**29,281**	—
Adjusted earnings (loss) from continuing operations	**$ 630,986**	$ (128,455)
Adjusted earnings (loss) available to shareholders	**$ 559,589**	$ (126,522)
Basic shares outstanding	**140,041,759**	138,227,174
Dilutive effect of:		
Restricted share grants	**3,687,837**	—
Deferred share grants	**154,341**	—
Convertible debentures	**27,413,163**	—
Shares outstanding on a diluted basis	**171,297,100**	138,227,174
Diluted earnings (loss) per share from continuing operations	**$ 3.68**	$ (0.93)
Diluted earnings (loss) per share available to shareholders	**$ 3.27**	$ (0.92)

23. CAPITAL DISCLOSURE

Just Energy defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. Just Energy's objectives when managing capital are to maintain flexibility by:

i) enabling it to operate efficiently;

ii) providing liquidity and access to capital for growth opportunities; and

iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its long-term debt, and as at March 31, 2013 and 2012, all of these covenants have been met.

(thousands of Canadian dollars, except where indicated and per share amounts)

24. GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by Just Energy to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with Just Energy and its subsidiaries and/or affiliates, subject to certain restrictions. Just Energy has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of Just Energy's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $106,173.

25. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operating decisions. The definition includes subsidiaries, joint ventures and other persons.

Subsidiaries and joint ventures

Transactions between Just Energy and its subsidiaries' meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these consolidated financial statements. Transactions with joint ventures are disclosed in Note 11.

Key management personnel

Just Energy's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of Just Energy and comprise of the Chair of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

During the years ended March 31, 2013 and 2012, Just Energy recorded the following as an expense related to these individuals:

	2,013	2,012
Salaries and benefits	**$2,122**	$4,242
Share-based compensation	**5,500**	5,490
	$7,622	$9,732

As at March 31, 2013, these individuals held approximately 1,935,717 RSGs (2012—1,631,500).

(thousands of Canadian dollars, except where indicated and per share amounts)

26. DIVIDENDS PAID AND PROPOSED

For the year ended March 31, 2013, dividends of $1.24 (2012—$1.24) per share were declared and paid by Just Energy. This amounted to $178,400 (2012—$175,382), which was approved throughout the period by the Board of Directors and was paid out during the year.

Declared dividends subsequent to year end

On April 2, 2013, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend was paid on April 30, 2013 to shareholders of record at the close of business on April 15, 2013.

On May 2, 2013, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend will be paid on May 31, 2013 to shareholders of record at the close of business on May 15, 2013.

27. COMMITMENTS

Commitments for each of the next five years and thereafter are as follows:

As at March 31, 2013

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Premises and equipment leasing	$ 7,550	$ 10,755	$ 7,037	$ 6,258	$ 31,600
Royalty payments	662	11,082	9,647	31,650	53,041
Long-term gas and electricity contracts	1,372,855	993,719	182,020	1,272	2,549,866
	$1,381,067	$1,015,556	$198,704	$39,180	$2,634,507

As at March 31, 2012

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Premises and equipment leasing	$ 8,296	$ 12,231	$ 7,570	$7,087	$ 35,184
Long-term gas and electricity contracts	1,363,421	1,057,222	175,049	622	2,596,314
	$1,371,717	$1,069,453	$182,619	$7,709	$2,631,498

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. For the main office building of Just Energy, there is a renewal option for an additional five years. No purchase options are included in any major leasing contracts. Royalty represents the future payments NHS is required to make on revenue earned on its current installed base. Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

(thousands of Canadian dollars, except where indicated and per share amounts)

28. ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2013	2012
Changes in:		
Accrued gas receivables	**$(25,867)**	$ 22,033
Gas delivered in excess of consumption	**6,459**	(10,300)
Accrued gas payable	**21,213**	(15,267)
Deferred revenue	**(6,341)**	11,274
	$ (4,536)	$ 7,740

29. CHANGES IN NON-CASH WORKING CAPITAL

	2013	2012
Accounts receivable and unbilled revenues	**$(17,465)**	$ 14,048
Gas in storage	**576**	(3,520)
Prepaid expenses and deposits	**(2,708)**	361
Inventory	**(5,245)**	(3,082)
Trade and other payables and provisions	**22,619**	(33,153)
	$ (2,223)	$(25,346)

30. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

Section C—Consolidated Financial Statements as at and for the year ended 31 March 2014

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Just Energy Group Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Group Inc. maintains systems of internal accounting and administrative controls. These systems are designated to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is composed entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Group Inc.

Signed "James Lewis"	*Signed "Deborah Merril"*	*Signed "Beth Summers"*
James Lewis President and Co-Chief Executive Officer	Deborah Merril President and Co-Chief Executive Officer	Beth Summers Chief Financial Officer

Toronto, Canada
May 14, 2014

Management's report on internal control over financial reporting

The management of Just Energy Group Inc. ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and have designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has used the Internal Control—Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of March 31, 2014, and has concluded that such internal control over financial reporting is effective.

Ernst & Young LLP, the independent auditors appointed by the shareholders of the Company who have audited the consolidated financial statements, have also audited internal control over financial reporting and have issued their report on the following page of this annual report.

Signed "James Lewis"

James Lewis
President and Co-Chief
Executive Officer

Signed "Deborah Merril"

Deborah Merril
President and Co-Chief
Executive Officer

Signed "Beth Summers"

Beth Summers
Chief Financial Officer

Toronto, Canada
May 14, 2014

Independent auditors' report of registered public accounting firm

To the Shareholders of Just Energy Group Inc.

We have audited Just Energy Group Inc.'s internal control over financial reporting as of March 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the "COSO criteria"). Just Energy Group Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management certification report on internal control over financial reporting. Our responsibility is to express an opinion on Just Energy Group Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Just Energy Group Inc. maintained, in all material respects, effective internal control over financial reporting as of March 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Just Energy Group Inc. as at March 31, 2014 and 2013, and the consolidated statements of income, comprehensive income, shareholders' deficit and cash flows for the years ended March 31, 2014 and 2013, and our report dated May 14, 2014 expressed an unqualified opinion thereon.

Signed "Ernst & Young LLP"
Chartered Accountants
Licensed Public
Accountants Toronto,
Canada May 14, 2014

Independent auditors' report of registered public accounting firm

To the Shareholders of Just Energy Group Inc.

We have audited the accompanying consolidated financial statements of Just Energy Group Inc., which comprise the consolidated statements of financial position as at March 31, 2014 and 2013, the consolidated statements of income, comprehensive income, shareholders' deficit and cash flows for the years ended March 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Just Energy Group Inc. as at March 31, 2014 and 2013, and its financial performance and its cash flows for the years ended March 31, 2014 and 2013, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Just Energy Group Inc.'s internal control over financial reporting as of March 31, 2014, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework), and our report dated May 14, 2014, expressed an unqualified opinion on Just Energy Group Inc.'s internal control over financial reporting.

Signed "Ernst & Young LLP"

Chartered Accountants
Licensed Public
Accountants Toronto,
Canada May 14, 2014

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

(in thousands of Canadian dollars)

	Notes	March 31, 2014	March 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	**$ 176,720**	$ 258,003
Intangible assets	6	**404,928**	447,333
Contract initiation costs		**75,731**	58,446
Other non-current financial assets	13	**31,696**	31,305
Non-current receivables		**11,175**	11,046
Investments	11	**9,224**	9,000
Deferred tax asset	18	**1,676**	24,858
		711,150	839,991
Current assets			
Inventory	8	**9,205**	6,073
Gas delivered in excess of consumption		**7**	5,224
Gas in storage		**2,387**	11,051
Current trade and other receivables		**426,971**	315,551
Accrued gas receivables		**48,634**	33,989
Unbilled revenues		**170,661**	129,166
Prepaid expenses and deposits		**21,699**	15,874
Other current financial assets	13	**103,502**	33,005
Corporate tax recoverable		**9,754**	9,761
Restricted cash	7	**12,017**	13,320
Cash and cash equivalents		**20,401**	38,498
		825,238	611,512
Assets classified as held for sale	10	**106,262**	77,439
		931,500	688,951
TOTAL ASSETS		**$ 1,642,650**	$ 1,528,942
DEFICIT AND LIABILITIES			
Deficit attributable to equity holders of the parent			
Deficit		**$(1,294,987)**	$(1,300,280)
Accumulated other comprehensive income	14	**71,997**	47,155
Shareholders' capital	15	**1,033,557**	1,018,082
Equity component of convertible debentures		**25,795**	25,795
Contributed surplus		**65,569**	70,893
Shareholders' deficit		**(98,069)**	(138,355)
Non-controlling interest	12	**6,427**	(702)
TOTAL DEFICIT		**(91,642)**	(139,057)
Non-current liabilities			
Long-term debt	17	**930,027**	795,224
Provisions	19	**3,760**	3,773
Deferred lease inducements		**813**	1,044
Other non-current financial liabilities	13	**56,297**	85,380
Deferred tax liability	18	**32,935**	31,327
		1,023,832	916,748
Current liabilities			
Trade and other payables		**485,471**	301,820
Accrued gas payable		**34,589**	28,476
Deferred revenue		**82**	13,017
Income taxes payable		**6,280**	5,143
Current portion of long-term debt	17	**51,999**	162,474
Provisions	19	**3,052**	3,063
Other current financial liabilities	13	**77,135**	159,819
		658,608	673,812
Liabilities relating to assets classified as held for sale	10	**51,852**	77,439
		710,460	751,251
TOTAL LIABILITIES		**1,734,292**	1,667,999
TOTAL DEFICIT AND LIABILITIES		**$ 1,642,650**	$ 1,528,942

Commitments and Guarantees (Note 28)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2014	2013
CONTINUING OPERATIONS			
SALES	21	**$3,611,058**	$3,011,178
COST OF SALES	20(b)	**3,045,459**	2,487,074
GROSS MARGIN		**565,599**	524,104
EXPENSES			
Administrative expenses		**139,359**	137,333
Selling and marketing expenses		**200,004**	220,499
Other operating expenses	20(a)	**105,898**	133,555
		445,261	491,387
Operating profit before the following		**120,338**	32,717
Finance costs	17	**(90,769)**	(74,000)
Change in fair value of derivative instruments	13	**186,142**	719,575
Other income		**2,921**	4,005
Income before income taxes		**218,632**	682,297
Provision for income taxes	18	**52,440**	86,385
PROFIT FROM CONTINUING OPERATIONS		**$ 166,192**	$ 595,912
DISCONTINUED OPERATIONS			
Loss from discontinued operations	10	**(29,251)**	(71,289)
PROFIT FOR THE YEAR		**$ 136,941**	$ 524,623
Attributable to:			
Shareholders of Just Energy		**$ 135,907**	$ 530,308
Non-controlling interest	12	**1,034**	(5,685)
PROFIT FOR THE YEAR		**$ 136,941**	$ 524,623
Earnings per share from continuing operations	23		
Basic		**$ 1.16**	$ 4.26
Diluted		**$ 1.12**	$ 3.65
Loss per share from discontinued operations			
Basic		**$ (0.17)**	$ (0.50)
Diluted		**$ (0.17)**	$ (0.50)
Earnings per share available to shareholders	23		
Basic		**$ 0.95**	$ 3.79
Diluted		**$ 0.94**	$ 3.27

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars)

	Notes	2014	2013
Profit for the year		**$136,941**	$524,623
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:	14		
Unrealized gain on translation of foreign operations from continuing operations		**27,287**	3,232
Unrealized gain on translation of foreign operations from discontinued operations		**2,556**	75
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $207 (2013—$5,479)		**(5,001)**	(26,445)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years, net of tax		**24,842**	(23,138)
Total comprehensive income for the year, net of tax		**$161,783**	$501,485
Total comprehensive income attributable to:			
Shareholders of Just Energy		**$160,749**	$507,170
Non-controlling interest		**1,034**	(5,685)
Total comprehensive income for the year, net of tax		**$161,783**	$501,485

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars)

	Notes	2014	2013
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings			
Accumulated earnings, beginning of year		**$ 87,496**	$ (442,812)
Loss on acquisition of non-controlling interest		**(7,185)**	—
Profit for the year, attributable to shareholders		**135,907**	530,308
Accumulated earnings, end of year		**216,218**	87,496
DIVIDENDS			
Dividends, beginning of year		**(1,387,776)**	(1,209,376)
Dividends	27	**(123,429)**	(178,400)
Dividends, end of year		**(1,511,205)**	(1,387,776)
DEFICIT		**$(1,294,987)**	$(1,300,280)
ACCUMULATED OTHER COMPREHENSIVE INCOME	14		
Accumulated other comprehensive income, beginning of year		**$ 47,155**	$ 70,293
Other comprehensive income (loss)		**24,842**	(23,138)
Accumulated other comprehensive income, end of year		**$ 71,997**	$ 47,155
SHAREHOLDERS' CAPITAL	15		
Shareholders' capital, beginning of year		**$ 1,018,082**	$ 993,181
Share-based compensation awards exercised		**7,240**	3,320
Shares issued (cancelled)		**—**	7
Dividend reinvestment plan		**8,235**	21,574
Shareholders' capital, end of year		**$ 1,033,557**	$ 1,018,082
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of year		**$ 25,795**	$ 25,795
Balance, end of year		**$ 25,795**	$ 25,795
CONTRIBUTED SURPLUS			
Balance, beginning of year		**$ 70,893**	$ 62,147
Add: Share-based compensation awards	20(a)	**1,796**	11,952
Non-cash deferred share grant distributions		**120**	114
Less: Share-based compensation awards exercised		**(7,240)**	(3,320)
Balance, end of year		**$ 65,569**	$ 70,893
NON-CONTROLLING INTEREST	12		
Balance, beginning of year		**$ (702)**	$ (637)
Investment by non-controlling shareholders		**11,063**	6,147
Distributions to non-controlling shareholders		**(6,144)**	—
Foreign exchange impact on non-controlling interest		**1,176**	(527)
Income (loss) attributable to non-controlling interest		**1,034**	(5,685)
Balance, end of year		**$ 6,427**	$ (702)
TOTAL DEFICIT		**$ (91,642)**	$ (139,057)

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31

(in thousands of Canadian dollars)

Net outflow of cash related to the following activities	Notes	2014	2013
OPERATING			
Income from continuing operations before income taxes		**$ 218,632**	$ 682,297
Items not affecting cash			
Amortization of intangible assets and related supply contracts	20(a)	**52,510**	86,328
Amortization of contract initiation costs		**20,622**	17,439
Amortization of property, plant and equipment	20(a)	**4,431**	4,425
Amortization included in cost of sales	20(b)	**13,136**	9,193
Share-based compensation	20(a)	**1,796**	11,952
Financing charges, non-cash portion		**14,271**	10,534
Other		**(242)**	(541)
Change in fair value of derivative instruments		**(186,142)**	(719,575)
Cash inflow from operating activities of discontinued operations		**(4,191)**	8,612
		(83,809)	(571,633)
Adjustment required to reflect net cash receipts from gas sales	29	**(6,186)**	(4,536)
Changes in non-cash working capital	30	**38,726**	(9,769)
		167,363	96,359
Income tax paid		**(1,965)**	(3,238)
Cash inflow from operating activities		**165,398**	93,121
INVESTING			
Purchase of property, plant and equipment		**(35,540)**	(38,370)
Purchase of intangible assets		**(8,089)**	(14,563)
Advances of long-term receivables		**(129)**	(4,571)
Investments		**—**	(8,942)
Acquisition of minority interest		**(7,185)**	(1,551)
Contract initiation costs		**(37,304)**	(31,090)
Cash flows used in investing activities of discontinued operations		**(24,996)**	(63,756)
Cash outflow from investing activities		**(113,243)**	(162,843)
FINANCING			
Dividends paid		**(115,072)**	(156,651)
Shares issued for cash		**—**	7
Issuance of long-term debt		**653,928**	471,719
Repayment of long-term debt		**(611,154)**	(277,620)
Restricted cash		**2,178**	699
Debt issuance costs		**(11,245)**	(7,599)
Investment made by minority shareholder		**—**	5,032
Cash flows provided by financing activities of discontinued operations		**21,131**	22,265
Distributions to minority shareholder		**(6,143)**	—
Cash inflow (outflow) from financing activities		**(66,377)**	57,852
Effect of foreign currency translation on cash balances		**1,276**	(2,690)
Net cash outflow		**(12,946)**	(14,560)
Cash and cash equivalents reclassified to assets held for sale		**(5,151)**	(162)
Cash and cash equivalents, beginning of year		**38,498**	53,220
Cash and cash equivalents, end of year		**$ 20,401**	$ 38,498
Supplemental cash flow information:			
Interest paid		**$ 78,500**	$ 66,500

See accompanying notes to the consolidated financial statements

1. ORGANIZATION

Just Energy Group Inc. ("JEGI", "Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The consolidated financial statements were approved by the Board of Directors on May 14, 2014.

2. OPERATIONS

Just Energy's business involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts. Just Energy markets its gas and electricity contracts in Canada, the United States and the United Kingdom under the following trade names: Just Energy, Hudson Energy, Commerce Energy, Smart Prepaid Electric, Amigo Energy, Tara Energy and Green Star Energy. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

Just Energy also offers green products through its JustGreen programs. The electricity JustGreen product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Additional green products allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation.

In addition, Just Energy sells and rents high efficiency and tankless water heaters, air conditioners and furnaces to Ontario and Quebec residents through a subsidiary operating under the trade name National Home Services ("NHS"). In addition, Just Energy through its subsidiaries sells smart thermostats in Ontario and Texas. Just Energy's subsidiary, Hudson Energy Solar Corp. and its subsidiaries ("HES"), provide a solar project development platform operating in New Jersey, Pennsylvania and Massachusetts, under the trade name Hudson Energy Solar. As at March 31, 2014, and further described in Note 10, HES has been classified as held for sale.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand, except where indicated. The Company's consolidated financial statements are prepared on the historical cost basis of accounting, except as disclosed in the accounting policies set out below.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries as at March 31, 2014. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. Control is achieved when

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

(c) Cash and cash equivalents and restricted cash

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Restricted cash includes cash and cash equivalents, where the availability of funds is restricted by debt arrangements or held in escrow as part of prior acquisition agreements.

(d) Accrued gas receivables/accrued gas payable or gas delivered in excess of consumption/deferred revenue

Accrued gas receivables are stated at estimated realizable value and result when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenue.

Assuming normal weather and consumption patterns, during the winter months, customers will have consumed more than what was delivered resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/deferred revenue.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec, Saskatchewan and Michigan gas markets.

(e) Inventory

Inventory consists of water heaters, furnaces, air conditioners and thermostats for selling purposes, and gas in storage. Water heaters, furnaces, air conditioners and thermostats are stated at the lower of cost and net realizable value with cost being determined on a weighted average basis.

Gas in storage represents the gas delivered to the LDCs in Illinois, Indiana, New York, Ohio, Georgia, Maryland and California. The balance will fluctuate as gas is injected or withdrawn from storage.

Gas in storage is valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

are recognized and depreciated separately. Just Energy recognizes in the carrying amount, the cost of replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied with the item can be reliably measured. When significant parts of property, plant and equipment are required to be replaced at intervals, Just Energy recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as an expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Buildings	Straight-line	15 - 35 years
Water heaters	Straight-line	10 - 15 years
Furnaces and air conditioners	Straight-line	15 years
Leasehold improvements	Straight-line	Term of lease
Vehicles	Straight-line	5 years
Thermostats	Straight-line	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of income when the asset is derecognized.

The useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Goodwill

Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of income. If the fair values of the assets, liabilities and contingent liabilities can only be calculated on a provisional basis, the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within 12 months of the date of acquisition.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Just Energy's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

(h) Intangible assets

Intangible assets acquired outside of a business combination are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/or accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statements of income in the expense category associated with the function of the intangible assets.

Intangible assets consist of gas customer contracts, electricity customer contracts, water heater customer contracts, sales network, brand and goodwill, acquired through business combinations and asset purchases, as well as software, commodity billing and settlement systems and information technology system development.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible, the future economic benefit is measurable, Just Energy can demonstrate how the asset will generate future economic benefits and Just Energy has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

The brand and goodwill are considered to have indefinite useful lives and are not amortized, but rather tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Intangible asset category	Amortization method	Rate
Customer contracts	Straight-line	Term of contract
Contract initiation costs	Straight-line	Term of contract
Commodity billing and settlement systems	Straight-line	5 years
Sales network and affinity relationships	Straight-line	5 - 8 years
Information technology system development	Straight-line	5 years
Software	Straight-line	1 year
Other intangible assets	Straight-line	5 years

(i) Impairment of non-financial assets

Just Energy assesses whether there is an indication that an asset may be impaired at each reporting date. If such an indication exists or when annual testing for an asset is required, Just Energy estimates the asset's recoverable amount. The recoverable amounts of goodwill and intangible assets with an indefinite useful life are estimated at least annually. The recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use. Value-in-use is determined by discounting estimated future pre-tax cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, an appropriate valuation model has to be used. The recoverable amount of assets that do not generate independent cash flows is determined based on the cash-generating unit to which the asset belongs.

An impairment loss is recognized in the consolidated statements of income if an asset's carrying amount or that of the cash-generating unit to which it is allocated is higher than its recoverable amount. Impairment

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

losses of cash-generating units are first charged against the value of assets in proportion to their carrying amount.

In the consolidated statements of income, an impairment loss is recognized in the expense category associated with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Just Energy estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statements of income.

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each segment to which the goodwill relates. Where the recoverable amount of the segment is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date and whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Just Energy as a lessor

Leases where Just Energy does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

(k) Financial instruments

Financial assets and liabilities

Just Energy classifies its financial assets as either (i) financial assets at fair value through profit or loss, (ii) loans and receivables or (iii) other financial assets, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statements of financial position.

Financial instruments are recognized on the trade date, which is the date on which Just Energy commits to purchase or sell the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as fair value through profit and loss if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13. Related realized and unrealized gains and losses are included in the consolidated statements of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables. Loans and receivables are initially recognized at fair value net of transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment. The effective interest amortization is included in finance costs in the consolidated statements of income.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Just Energy has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

Just Energy assesses whether there is objective evidence that a financial asset is impaired at each reporting date. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows that can be reliably estimated.

For financial assets carried at amortized cost, Just Energy first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Just Energy determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in income or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income in the consolidated statements of income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating costs in the consolidated statements of income.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by Just Energy that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Included in this class are primarily physically delivered energy contracts, for which the own-use exemption could be not applied, financially settled energy contracts and foreign currency forward contracts.

Gains or losses on liabilities held-for-trading are recognized in the consolidated statements of income.

Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include long-term debt issued and are initially measured at fair value. Fair value, is the consideration received, net of transaction costs incurred, trade and other payables and bank indebtedness. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated statements of income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

(l) Derivative instruments

Just Energy enters into fixed-term contracts with customers to provide electricity and gas at fixed prices. These customer contracts expose Just Energy to changes in consumption as well as changes in the market prices of gas and electricity. To reduce its exposure to movements in commodity prices, Just Energy enters into derivative contracts.

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the underlying contract at the inception date when their economic characteristics are not closely related to those of the host contract and the host contract are not carried as held-for-trading or designated as fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

All derivatives are recognized at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried in the consolidated statements of financial position as other financial assets when the fair value is positive and as other financial liabilities when the fair value is negative. Just Energy does not utilize hedge accounting therefore, changes in the fair value of these derivatives are recorded directly to the consolidated statements of income and are included within change in fair value of derivative instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(n) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 13.

(o) Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risks and rewards generally coincides with consumption. Revenue from sales of water heaters, furnaces, air conditioners and thermostats (collectively, "home services equipment") is recognized upon installation. Just Energy recognizes revenue from home services equipment leases, based on rental rates over the term commencing from the installation date.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

The Company assumes credit risk for all customers in Alberta, Illinois, Texas, Massachusetts, Michigan, California and Georgia and for certain large-volume customers in British Columbia, and New York. In addition, the Company assumes credit risk in its NHS and HES divisions. In these markets, the Company ensures that credit review processes are in place prior to the commodity flowing to the customer.

(p) Foreign currency translation

Functional and presentation currency

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

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income except when deferred in other comprehensive income ("OCI") as qualifying net investment hedges.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Translation of foreign operations

The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other foreign currency instruments designated as hedges of such investments, are recorded to other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income are recognized in the consolidated statements of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options, restricted share grants (“RSGs”), performance bonus incentive grants (“PBGs”), deferred share grants (“DSGs”) and convertible debentures, if dilutive.

(r) Share-based compensation plans

Equity-based compensation liability

Just Energy accounts for its share-based compensation as equity-settled transactions. The cost of share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy’s best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When options, RSGs, PBGs and DSGs are exercised or exchanged, the amounts credited to contributed surplus are reversed and credited to shareholders’ capital.

The RSG plan is an equity settled plan with the exception of the cash-out option offered. It provides employees who (i) hold a position below director or (ii) wish to exchange 500 or fewer RSGs to receive cash in lieu of shares. The Company records this financial liability as fair value through the profit and loss. Fair value is based on the number of RSGs eligible for the cash-out option and the underlying price of Just Energy’s shares. As at March 31, 2014, the Company recorded $560 (2013—$414) to other current liabilities with an offsetting adjustment to change in fair value of derivative financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee future benefits

In Canada, Just Energy offers a long-term savings plan (the "Plan") for all full-time salaried and permanent full-time and part-time employees (working more than 26 hours per week) of its other subsidiaries. The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of shares of Just Energy, on a matching one for one basis.

For U.S. employees, Just Energy has established a long-term savings plan (the "Plan") for all permanent full-time and part-time employees (working more than 26 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Unit Purchase Plan ("EUPP"). For participants who are enrolled only in the EUPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee's base earnings towards the purchase of Just Energy shares, on a matching one for one basis. For participants who are enrolled only in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee's base earnings, on a matching one for one basis. In the event an employee participates in both the EUPP and 401(k), the maximum Just Energy will contribute is 5% total, comprised of 3% to the EUPP and 2% to the 401k.

Participation in the plans in Canada or the U.S. is voluntary. The Canadian plans and the U.S. 401(k) plan have a two-year vesting period beginning from the employee's enrollment date in the plan. During the year, Just Energy contributed $2,507 (2013—$2,171) to the plans, which was paid in full during the year.

Obligations for contributions to the Plan are recognized as an expense in the consolidated statements of income as incurred.

(t) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the dates of the consolidated financial statements.

Just Energy follows the liability method of accounting for deferred income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax asset/liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(u) Provisions

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Just Energy expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statements of income.

(v) Selling and marketing expenses and contract initiation costs

Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred except as disclosed below:

Commissions related to obtaining and renewing commercial customer contracts are paid in one of the following ways: all or partially upfront or as a residual payment over the term of the contract. If the commission is paid all or partially upfront, it is recorded as contract initiation costs and amortized in selling and marketing expenses over the term for which the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned.

In addition, commissions related to obtaining customer contracts signed by NHS are recorded as contract initiation costs and amortized in selling and marketing expenses over the remaining term of the contract.

(w) Non-current assets held for sale and discontinued operations

Just Energy classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for the held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of income. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

(x) New standards, interpretations and amendments adopted by the Company during the year

The following new accounting standards that have been adopted had no material impact on the consolidated financial statements except for the additional disclosures as contained in the notes to these consolidated financial statements:

- IAS 1, Presentation of Items of Other Comprehensive Income—Amendments to IAS 1
- IFRS 7, Disclosures—Offsetting Financial Assets and Financial Liabilities—Amendments to IFRS 7
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IFRS 13, Fair Value Measurement
- IAS 28, Investments in Associates and Joint Ventures
- IAS 32, Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Impairment of non-financial assets

To determine the recoverable amount of an impaired asset, the Company estimates expected future cash flows at the CGU level and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the Company makes assumptions about future sales, gross margin rates, expenses, capital expenditures, and working capital investments which are based upon past and expected performance. Determining the applicable discount rate involves estimating appropriate adjustments to market risk and to Company-specific risk factors. An impairment loss is recognized for the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The Company uses judgment when identifying CGUs and when assessing for indicators of impairment. The recoverable amount is most sensitive to the discount rate used for the

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 22.

Deferred taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of key property, plant and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by Just Energy.

Provisions for litigation

The State of California has filed a number of complaints to the Federal Energy Regulatory Commission ("FERC") against many suppliers of electricity, including Commerce Energy Inc. ("CEI"), a subsidiary of Just Energy, with respect to events stemming from the 2001 energy crisis in California. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. At this time, the likelihood of damages or recoveries and the ultimate amounts, if any, with respect to this litigation are not certain; however, an estimated amount has been recorded in these consolidated financial statements as at March 31, 2014. In the general course of operations, Just Energy has made additional provisions for litigation matters that have arisen.

On December 17, 2012, and then amended on September 11, 2013, NHS was served with a $60 million claim from a competitor for unfair trade practices and misleading marketing. Just Energy has issued a counterclaim for $60 million and will vigorously defend itself against this claim. Just Energy believes the claim is without merit and has not included an accrual in its provisions for this claim.

On August 12, 2013, Fulcrum Power Services L.P. ("FPS") filed a lawsuit against Just Energy and Fulcrum Retail Holdings LLC ("FRH") for up to $20 million in connection with FRH failing to achieve an earn-out target under the Purchase and Sales Agreement dated August 24, 2011 for the purchase of FRH from FPS. FPS alleges that Just Energy conducted itself in a manner that was intended to or was reasonably likely to reduce or avoid the achievement of the earn-out target. In October 2013, Just Energy's motion to compel arbitration was successful. Just Energy will continue to vigorously defend itself against this claim. Just Energy believes the claim is without merit and has not included an accrual in its provisions for this claim.

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against CEI and the Company in the Ohio federal court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the Federal Labor Standards Act (FLSA) on their own behalf and similarly situated door-to-door sale representatives in the United States. CEI disagrees with plaintiffs' claims on a number of grounds and has been vigorously defending the claims.

Trade receivables

Just Energy reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statements of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Just Energy makes judgments about the borrower's financial situation and the net realizable value of collateral. These estimates are based on assumptions about a number of factors. Actual results may differ, resulting in future changes to the allowance.

4. (i) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 13 for further details about the assumptions as well as a sensitivity analysis.

Subsidiaries

Subsidiaries that are not wholly owned by Just Energy require judgment determining the amount of control that Just Energy has over that entity and the appropriate accounting treatments. In these consolidated financial statements, management has determined that Just Energy controls Just Ventures and therefore, has treated the 50% that is not owned by Just Energy as a non-controlling interest. Similarly, management has determined that Just Energy controls certain structures in its Solar division. Some of these structures are owned primarily by the non-controlling interest; however, the structure contains an ownership "flip" at a later date. In these instances, Just Energy has control as a result of these entities accomplishing a pre-determined directive.

(ii) ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on October 28, 2010, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

IFRIC 21, Levies ("IFRIC 21") provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, and those where the timing and amount of the levy is certain. IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. A liability is recognized progressively if the obligating event occurs over a period of time or, if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. Management is currently evaluating the impact of IFRIC 21 on the consolidated financial statements.

(in thousands of Canadian dollars, except where indicated and per share amounts)

5. PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2014

	Computer equipment	Buildings	Land	Furniture and fixtures	Vehicles	Office equipment	Home services equipment	Leasehold improvements	Solar equipment	Total
Cost:										
Opening balance—April 1, 2013	$11,729	$ 670	$—	$ 6,590	$ 22	$ 19,216	$164,539	$ 8,974	$ 101,003	$ 312,743
Additions/(disposals)	1,709	(695)	—	94	—	1,691	32,388	45	—	35,232
Transfer to discontinued operations	(4)	—	—	—	—	—	—	—	(101,003)	(101,007)
Exchange differences	257	25	—	180	—	250	93	60	—	865
Ending balance, March 31, 2014	13,691	—	—	6,864	22	21,157	197,020	9,079	—	247,833
Accumulated Amortization:										
Opening balance—April 1, 2013	(7,510)	(56)	—	(4,422)	(14)	(11,720)	(23,024)	(6,516)	(1,478)	(54,740)
Amortization charge to cost of sales	—	—	—	—	—	—	(13,136)	—	—	(13,136)
Amortization charge for the year	(1,622)	(18)	—	(502)	(3)	(1,699)	—	(587)	—	(4,431)
Disposals	—	76	—	—	—	—	—	—	—	76
Transfer to discontinued operations	2	—		—	—	—	—	—	1,478	1,480
Exchange differences	(133)	(2)	—	(80)	—	(117)	(4)	(26)	—	(362)
Ending balance, March 31, 2014	(9,263)	—	—	(5,004)	(17)	(13,536)	(36,164)	(7,129)	—	(71,113)
Net book value, March 31, 2014	$ 4,428	$ —	$—	$ 1,860	$ 5	$ 7,621	$160,856	$ 1,950	$ —	$ 176,720

As at March 31, 2013

	Computer equipment	Buildings and ethanol plant	Land	Furniture and fixtures	Vehicles	Office equipment	Home services equipment	Leasehold improvements	Solar equipment	Total
Cost:										
Opening balance—April 1, 2012	$ 9,453	$ 158,500	$ 299	$ 6,572	$ 212	$ 20,028	$117,755	$ 8,642	$ 35,789	$ 357,250
Additions/(disposals)	2,402	—	—	459	(25)	1,193	46,784	384	63,616	114,813
Transfer to discontinued operations	(173)	(157,842)	(299)	(476)	(165)	(2,052)	—	(64)	—	(161,071)
Exchange differences	47	12	—	35	—	47	—	12	1,598	1,751
Ending balance, March 31, 2013	**11,729**	**670**	**—**	**6,590**	**22**	**19,216**	**164,539**	**8,974**	**101,003**	**312,743**
Accumulated Amortization:										
Opening balance—April 1, 2012	(6,160)	(24,498)	—	(4,141)	(108)	(11,435)	(13,835)	(5,999)	(13)	(66,189)
Amortization charge to cost of sales	—	—	—	—	—	—	(9,193)	—	(1,422)	(10,615)
Amortization charge for the year	(1,433)	(19)	—	(546)	(5)	(1,879)	—	(543)	—	(4,425)
Disposals	—	161	—	—	—	—	—	—	—	161
Transfer to discontinued operations	102	24,301	—	266	99	1,612	—	34	—	26,414
Exchange differences	(19)	(1)	—	(1)	—	(18)	4	(8)	(43)	(86)
Ending balance, March 31, 2013	**(7,510)**	**(56)**	**—**	**(4,422)**	**(14)**	**(11,720)**	**(23,024)**	**(6,516)**	**(1,478)**	**(54,740)**
Net book value, March 31, 2013	**$ 4,219**	**$ 614**	**$ —**	**$ 2,168**	**$ 8**	**$ 7,496**	**$141,515**	**$ 2,458**	**$ 99,525**	**$ 258,003**

(in thousands of Canadian dollars, except where indicated and per share amounts)

6. INTANGIBLE ASSETS

As at March 31, 2014

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network and affinity relationships	Brand	Software	IT system development	Other	Total
Cost:										
Opening balance—April 1, 2013	**$ 114,367**	**$ 250,487**	**$ 51,235**	**$256,382**	**$125,361**	**$23,802**	**$ 17,534**	**$ 23,470**	**$ 7,829**	**$ 870,467**
Transfer to discontinued operations	**—**	**—**	**—**	**—**	**—**	**—**	**(3)**	**—**	**—**	**(3)**
Additions	**—**	**—**	**604**	**—**	**—**	**—**	**4,980**	**1,163**	**1,342**	**8,089**
Exchange differences	**2,420**	**22,066**	**—**	**7,654**	**11,043**	**2,097**	**919**	**1,766**	**582**	**48,547**
Ending balance, March 31, 2014	**116,787**	**272,553**	**51,839**	**264,036**	**136,404**	**25,899**	**23,430**	**26,399**	**9,753**	**927,100**
Accumulated Amortization:										
Opening balance—April 1, 2013	**(96,073)**	**(228,651)**	**(7,129)**	**—**	**(56,921)**	**—**	**(13,634)**	**(14,131)**	**(6,595)**	**(423,134)**
Transfer to discontinued operations	**—**	**—**	**—**	**—**	**—**	**—**	**3**	**—**	**—**	**3**
Amortization charge for the year	**(8,238)**	**(6,724)**	**(4,511)**	**—**	**(22,851)**	**—**	**(5,545)**	**(4,339)**	**(302)**	**(52,510)**
Amortization in mark to market	**(10,056)**	**(4,668)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(14,724)**
Exchange differences	**(2,420)**	**(20,630)**	**—**	**—**	**(6,102)**	**—**	**(811)**	**(1,269)**	**(575)**	**(31,807)**
Ending balance, March 31, 2014	**(116,787)**	**(260,673)**	**(11,640)**	**—**	**(85,874)**	**—**	**(19,987)**	**(19,739)**	**(7,472)**	**(522,172)**
Net book value, March 31, 2014	**$ —**	**$ 11,880**	**$ 40,199**	**$264,036**	**$ 50,530**	**$25,899**	**$ 3,443**	**$ 6,660**	**$ 2,281**	**$ 404,928**

As at March 31, 2013

	Gas contracts	Electricity contracts	Water heater contracts	Goodwill	Sales network and affinity relationship	Brand	Software	IT system development	Other	Total
Cost:										
Opening balance—April 1, 2012	$ 250,745	$ 479,853	$24,043	$254,799	$123,078	$23,369	$ 13,922	$ 27,538	$ 9,370	$1,206,717
Remove fully amortized assets	(137,287)	(233,950)	—	—	—	—	(978)	(4,433)	(2,343)	(378,991)
Transfer to discontinued operations	—	—	—	—	—	—	(164)	—	—	(164)
Additions	—	—	27,192	—	—	—	4,634	4	673	32,503
Exchange differences	909	4,584	—	1,583	2,283	433	120	361	129	10,402
Ending balance, March 31, 2013	**114,367**	**250,487**	**51,235**	**256,382**	**125,361**	**23,802**	**17,534**	**23,470**	**7,829**	**870,467**
Accumulated Amortization:										
Opening balance—April 1, 2012	(208,147)	(380,139)	(4,444)	—	(34,284)	—	(9,528)	(14,195)	(6,571)	(657,308)
Remove fully amortized assets	137,287	233,950	—	—	—	—	978	4,433	2,343	378,991
Transfer to discontinued operations	—	—	—	—	—	—	113	—	—	113
Amortization charge for the year	(12,627)	(37,782)	(2,685)	—	(21,696)	—	(5,130)	(4,158)	(2,250)	(86,328)
Amortization in mark to market	(11,695)	(41,027)	—	—	—	—	—	—	—	(52,722)
Exchange differences	(891)	(3,653)	—	—	(941)	—	(67)	(211)	(117)	(5,880)
Ending balance, March 31, 2013	**(96,073)**	**(228,651)**	**(7,129)**	**—**	**(56,921)**	**—**	**(13,634)**	**(14,131)**	**(6,595)**	**(423,134)**
Net book value, March 31, 2013	**$ 18,294**	**$ 21,836**	**$44,106**	**$256,382**	**$ 68,440**	**$23,802**	**$ 3,900**	**$ 9,339**	**$ 1,234**	**$ 447,333**

The capitalized internally developed costs relate to the development of new customer billing and analysis software solutions for the different energy markets of Just Energy. All research costs and development costs not eligible for capitalization have been expensed and are recognized in administrative expenses.

7. RESTRICTED CASH

(i) As part of the acquisition of FRH, Just Energy was required to transfer $11,152 into a restricted cash account. The balance as of March 31, 2014 is $9,832.

(ii) Restricted cash relating to the debt assumed with the water heater contract purchase, Note 17(c), is required as a security to the lender. Annually, NHS is able to withdraw set amount of cash from this account as the debt is repaid. Currently the balance in this account is $2,168.

8. INVENTORY

The amount of inventory recognized as an expense during the year ended March 31, 2014, was $1,293 (2013—$395). There have been no write-downs of inventory except for the write-down in the solar division, see Note 10. Inventory is made up of finished goods, totalling $9,205 for the year ended March 31, 2014 (2013—$6,073).

(in thousands of Canadian dollars, except where indicated and per share amounts)

9. ACQUIRED ASSETS

During the prior year, the Company, through a wholly owned subsidiary, purchased approximately 27,000 home services contracts. As part of the transaction, the Company paid $9,671 and assumed long-term debt obligations of $31,861. The total cost of the purchase was allocated to customer contracts, home services equipment and cash reserves in the amounts of $27,192, $12,724 and $1,616, respectively.

10. DISCONTINUED OPERATIONS

i) Solar

In March 2014, Just Energy formally commenced the process to dispose of HES. Just Energy has benefitted from the tax attributes of this division however; management has decided this is a non-core business because of its capital intensive nature. The disposal of HES is due to be completed within the next 12 months. As at March 31, 2014, HES is classified as a disposal group held for sale and as a discontinued operation. The business of HES has been reported as its own operating segment.

The results of HES are presented below:

	For the year ended March 31, 2014	2013
Sales	**$ 3,894**	$ 3,186
Cost of sales	**3,802**	1,422
Gross margin	**92**	1,764
Expenses		
Administrative and operating expenses	**6,682**	1,543
Operating income (loss)	**(6,590)**	221
Finance costs	**(7,677)**	(1,151)
Profit (loss) from discontinued operations before undernoted	**(14,267)**	(930)
Change in fair value of derivative instruments	**2,500**	—
Other income (loss)	**(3)**	1,691
Impairment loss recognized on re-measurement to estimated fair value less costs to sell	**(35,058)**	—
PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	**$(46,828)**	$ 761
Earnings (loss) per share		
Basic and diluted earnings (loss) per share from discontinued operations	**$ (0.32)**	$ 0.01

Write-down of property, plant and equipment

Immediately before the classification of HES as a discontinued operation, the value in use amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of $35,058 was recognized to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in discontinued operations in the statements of income. Fair valuation hierarchy is provided in Note 13.

Tax liabilities relating to HES are as follows:

	2014	2013
Deferred tax liability not reflected in the current year	**$(7,173)**	$(12,816)

(in thousands of Canadian dollars, except where indicated and per share amounts)

10. DISCONTINUED OPERATIONS (Continued)

Unrecognized tax losses available for carryforward are set to expire as follows:

2032	$ 1,948
2033	8,590
2034	10,435
	$20,973

The assets and liabilities of HES classified as held for sale as at March 31, 2014 are as follows:

	As at March 31, 2014
Assets	
Non-current assets	
Property, plant and equipment	$ 94,410
Other non-current financial assets	2,727
Current assets	
Current trade and other receivables	864
Prepaid expenses, deposits and funds in escrow	4,909
Cash and cash equivalents	3,352
ASSETS CLASSIFIED AS HELD FOR SALE	$106,262
Current Liabilities	
Long-term debt	$ 34,213
Trade and other payables	880
Deferred revenue	15,829
Provisions	930
LIABILITIES RELATING TO ASSETS CLASSIFIED AS HELD FOR SALE	$ 51,852

(ii) Disposal of TGF

In March 2013, Just Energy formally commenced the process to dispose of Terra Grain Fuels, Inc. (“TGF”). The business of TGF had been operating in an unpredictable product environment, making it difficult for management to derive real growth and profitability from the segment. In addition, it had been viewed as a non-core business since it was acquired with the Universal Energy acquisition in 2009. Effective December 24, 2013, Just Energy sold TGF for a nominal amount and was released from all of its obligations. Previously, tax losses generated prior to the disposal were restricted by TGF’s lenders and were treated as unrecognized deferred tax assets. In order to retain a portion of these tax losses and as part of the disposal, Just Energy transferred approximately $6,250 to TGF. Just Energy expects to utilize the retained tax losses in future periods and has recognized a future tax recovery of $24,151 which has been recorded as part of the loss from discontinued operations.

(in thousands of Canadian dollars, except where indicated and per share amounts)

10. DISCONTINUED OPERATIONS (Continued)

The results of TGF for the period up to the date of disposal are presented below:

	2014	2013
Sales	**$82,982**	$107,145
Cost of sales	**70,280**	98,943
Gross margin	**12,702**	8,202
Expenses		
Administrative and operating expenses	**5,131**	9,412
Operating income (loss)	**7,571**	(1,210)
Finance costs	**(4,511)**	(6,111)
Profit (loss) from discontinued operations before the undernoted	**3,060**	(7,321)
Loss on disposal of net assets	**(8,653)**	—
Future income tax recovery	**24,151**	—
Transaction costs	**(981)**	—
Impairment loss recognized on the re-measurement to estimated fair value less costs to sell	**—**	(64,729)
PROFIT (LOSS) ON DISCONTINUED OPERATIONS	**$17,577**	$(72,050)
Earnings (loss) per share		
Basic and diluted earnings (loss) per share from discontinued operations	**$ 0.12**	$ (0.51)

Assets and liabilities of TGF classified as held for sale as at March 31, 2013 were:

Assets	
Non-current assets	
Property, plant and equipment	$63,289
Intangible assets	39
Current assets	
Current trade and other receivables	5,215
Prepaid expenses and deposits	1,068
Inventory	7,666
Cash and cash equivalents	162
ASSETS CLASSIFIED AS HELD FOR SALE	$77,439
Liabilities	
Bank indebtedness	$ 5,191
Trade and other payables	6,013
Deferred revenue	19
Long-term debt	66,216
LIABILITIES RELATING TO ASSETS CLASSIFIED AS HELD FOR SALE	$77,439

(in thousands of Canadian dollars, except where indicated and per share amounts)

11. INVESTMENTS

(i) In August 2012, the Company issued a US$2,500 promissory note to the non-controlling shareholder of a subsidiary. The promissory note receivable matures on August 24, 2037, and bears interest at the annual federal rate established by the Internal Revenue Service. Interest earned on this promissory note is recorded in other income.

(ii) In August 2012, Just Energy through a subsidiary acquired a 12% interest in ecobee Inc., a private company that designs, manufactures and distributes smart thermostats for an amount of $6,460. The Company markets these smart thermostats in all its core markets, bundling the thermostats with commodity and home service products.

12. MINORITY INTEREST

Financial information of subsidiaries that have non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	2014	2013
Just Ventures[(a)]	50%	50%
Amigo Power LLC	67%	67%
Hudson Solar Entities[(b)]	49% - 51%	49% - 51%

(a) Just Energy has a 50% interest in Just Ventures. These entities operate out of North Carolina and are involved in the marketing of Just Energy products primarily through Internet and telemarketing-based efforts. The non-controlling shareholder also has a 50% interest in these entities. Management has determined that Just Energy controls these entities due to its ability to affect the variable returns from these entities as a result of its control over the structuring and pricing of products, determining credit risk, servicing and billing customers and the level of input on the marketing activity in given regions.

The non-controlling shareholder has the ability to sell part or all of its interest in Just Ventures (the "Put") or sell customer contracts signed by Just Ventures to Just Energy. The amount is based on a pre-determined formula that approximates the profitability of these contracts. During the year the non-controlling shareholder exercised this right and put approximately 20,400 contracts to Just Energy for approximately $7,150. This payment was treated as the acquisition of the non-controlling interest associated with the underlying contract. As a result, the payment has been treated as an equity transaction.

(b) Just Energy through its Solar division, has interests in entities with minority shareholders. In these structures Just Energy has equity interests of between 49% and 51%. Management has determined that Just Energy controls these entities due to its ability to affect the variable returns from these entities as a result of its control over negotiating power purchase agreements and managing the relevant activities of the underlying solar assets over their useful life. These entities are included in assets and liabilities held for sale as at March 31, 2014 as disclosed in Note 10.

Name	2014	2013
Accumulated balances of non-controlling interest		
Amigo Power LLC	(2,385)	(1,817)
Hudson Solar Entities	8,812	1,115
Profit (loss) allocated to non-controlling interest		
Just Ventures	$ 6,144	$(5,032)
Amigo Power LLC	(685)	(653)
Hudson Solar Entities	(4,425)	—

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations

(in thousands of Canadian dollars, except where indicated and per share amounts)

12. MINORITY INTEREST (Continued)

Summarized financial information for 2014:

	Just Ventures	Amigo	Solar
Gross margin	$28,690	$ 648	$ —
Selling and marketing expenses	16,402	2,599	—
Administrative expenses	—	125	—
Profit from continuing operations	12,288	(2,076)	—
Loss from discontinued operations	—	—	(662)
Assets	—	—	31,210(1)
Liabilities	—	—	11,700(1)
Cash flows provided by (used in) operating activities	12,288	(2,076)	(1,701)(2)
Cash flows used in investing activities	—	—	(14,490)(2)
Cash flows provided by financing activities	(6,144)	—	13,180(2)

Summarized financial information for 2013:

	Just Ventures	Amigo	Solar
Gross margin	$ 4,850	$ 710	$ —
Selling and marketing expenses	14,914	1,934	—
Administrative expenses	—	755	—
Loss from continuing operations	(10,064)	(1,979)	—
Loss from discontinued operations	—	—	(600)
Assets	—	—	16,096(1)
Liabilities	—	—	10,058(1)
Cash flows provided by (used in) operating activities	(10,064)	(1,979)	602(2)
Cash flows used in investing activities	—	—	(14,978)(2)
Cash flows provided by financing activities	5,032	—	10,193(2)

(1) The assets and liabilities are classified as held for sale.

(2) These are classified with cash flows from discontinued operations.

13. FINANCIAL INSTRUMENTS

(a) Fair value

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Management has estimated the value of electricity, unforced capacity, heat rates, heat rate options, renewable and gas swap and forward contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third party market data. These curves can be volatile thus leading to volatility in the mark to market with no impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded gas options.

Effective July 1, 2008, Just Energy ceased the utilization of hedge accounting. Accordingly, all the mark-to-market changes on Just Energy's derivative instruments are recorded on a single line on the consolidated statements of income. Due to the commodity volatility and size of Just Energy, the swings in mark to market on these positions will increase the volatility in Just Energy's earnings.

The following table illustrates gains/(losses) related to Just Energy's derivative financial instruments classified as fair value through profit or loss and recorded on the consolidated statements of financial

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

position as other assets and other liabilities, with their offsetting values recorded in change in fair value of derivative instruments.

Change in fair value of derivative instruments

	For the year ended March 31, 2014	For the year ended March 31, 2013
Fixed-for-floating electricity swaps (i)	**$ 82,877**	$235,703
Renewable energy certificates (ii)	**3,658**	1,089
Verified emission-reduction credits (iii)	**840**	468
Options (iv)	**(4,503)**	1,610
Physical gas forward contracts (v)	**65,826**	197,846
Physical electricity forward contracts (viii)	**19,345**	179,005
Transportation forward contracts (vi)	**(756)**	9,318
Fixed financial swaps (vii)	**43,317**	104,410
Unforced capacity forward contracts (ix)	**2,226**	1,820
Unforced capacity physical contracts (x)	**(488)**	10,874
Heat rate swaps (xi)	**(10,731)**	(6,667)
Foreign exchange forward contracts (xii)	**(572)**	(665)
Amortization of deferred unrealized gains on discontinued hedges	**5,208**	31,924
Share swap	**3,736**	(15,915)
Amortization of derivative financial instruments related to acquisitions	**(14,724)**	(52,722)
Liability associated with exchangeable shares and equity-based compensation	**(146)**	(414)
Other derivative options	**(8,971)**	400
Change in fair value of contingent consideration	**—**	21,491
Change in fair value of derivative instruments	**$186,142**	$719,575

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated statement of financial position as at March 31, 2014:

	Other financial assets (current)	Other financial assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Fixed-for floating electricity swaps (i)	**$ 29,989**	**$ 4,013**	**$15,966**	**$12,947**
Renewable energy certificates (ii)	**2,316**	**5,072**	**1,809**	**2,017**
Verified emission-reduction credits (iii)	**179**	**1,212**	**913**	**667**
Options (iv)	**—**	**—**	**5,389**	**—**
Physical gas forward contracts (v)	**49**	**4**	**18,786**	**4,577**
Physical electricity forward contracts (viii)	**42,611**	**14,956**	**6,874**	**8,640**
Transportation forward contracts (vi)	**879**	**527**	**944**	**1,428**
Fixed financial swaps (vii)	**12,344**	**840**	**6,804**	**7,625**
Unforced capacity forward contracts (ix)	**—**	**—**	**(172)**	**—**
Unforced capacity physical contracts (x)	**8,810**	**2,941**	**5,037**	**1,075**
Heat rate swaps (xi)	**6,325**	**1,888**	**—**	**—**
Foreign exchange forward contracts (xii)	**—**	**—**	**1,058**	**—**
Share swap	**—**	**—**	**12,179**	**—**
Cash-out option on stock-based compensation	**—**	**—**	**560**	**—**
Other derivative options	**—**	**243**	**988**	**17,321**
As at March 31, 2014	**$103,502**	**$31,696**	**$77,135**	**$56,297**

The following table summarizes certain aspects of the financial assets and liabilities recorded in the consolidated statement of financial position as at March 31, 2013:

	Other financial assets (current)	Other financial assets (non-current)	Other financial liabilities (current)	Other financial liabilities (non-current)
Fixed-for floating electricity swaps (i)	$ 2,632	$ 1,421	$ 42,959	$38,524
Renewable energy certificates (ii)	1,413	686	1,326	1,033
Verified emission-reduction credits (iii)	60	73	568	579
Options (iv)	214	—	909	67
Physical gas forward contracts (v)	2	—	63,284	25,586
Physical electricity forward contracts (viii)	10,970	16,515	2,804	51
Transportation forward contracts (vi)	970	437	1,557	51
Fixed financial swaps (vii)	4,052	23	27,350	19,200
Unforced capacity forward contracts (ix)	456	—	2,134	289
Unforced capacity physical contracts (x)	2,008	3,865	113	—
Heat rate swaps (xi)	10,228	7,885	—	—
Foreign exchange forward contracts (xii)	—	—	486	—
Share swap	—	—	15,915	—
Cash-out option on stock-based compensation	—	—	414	—
Other derivative options	—	400	—	—
As at March 31, 2013	$33,005	$31,305	$159,819	$85,380

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

The following table summarizes financial instruments classified as fair value through profit or loss as at March 31, 2014, to which Just Energy has committed:

Contract type		Notional volume	Total remaining volume	Maturity date	Fixed price	Fair value favourable/ (unfavourable)	Notional value
(i)	Fixed-for-floating electricity swaps	.0001 - 90 MWh	16,387,305 MWh	April 1, 2014 December 31, 2018	$0.39 - $142.66	$ 5,089	$ 790,940
(ii)	Renewable energy certificates	20 - 200,000 MWh	6,777,618 MWh	May 31, 2014 December 31, 2023	$0.55 - $309.54	$ 3,562	$ 50,694
(iii)	Verified emission-reduction credits	2,000 - 73,082 tonnes	973,000 tonnes	December 31, 2014 December 31, 2018	$1.16 - $11.50	$ (189)	$ 4,037
(iv)	Options	10,550 - 3,798,000 GJ	(23,843,000) GJ	April 30, 2014 March 31, 2015	$4.67 - $10.03	$ (5,389)	$ 80
(v)	Physical gas forward contracts	10 - 21,200 GJ	55,933,902 GJ	April 1, 2014 December 31, 2018	$0.01 - $11.00	$(23,310)	$ 279,444
(vi)	Transportation forward contracts	500 - 11,000 GJ	7,686,620 GJ	April 30, 2014 October 31, 2016	$0.05 - $1.92	$ (966)	$ 4,614
(vii)	Fixed financial swaps	1,994 - 408,813 GJ	91,756,916 GJ	April 30, 2014 December 31, 2018	$0.02 - $8.92	$ (1,245)	$ 399,597
(viii)	Physical electricity forwards contracts	0.79 - 150.00 MWh	28,172,861 MWh	April 1, 2014 July 31, 2019	$0.83 - $128.09	$ 42,053	$1,447,217
(ix)	Unforced capacity forward contracts	4,500 - 11,160 MWCap	162,510 MWCap	May 31, 2014 May 31, 2015	$66.96 - $200.89	$ 172	$ 31,566
(x)	Unforced capacity physical contracts	1 - 210 MWCap	7,743 MWCap	April 30, 2014 May 31, 2016	$6.63 - $13,542	$ 5,639	$ 72,439
(xi)	Heat rate swaps	1 - 10 MWh	743,087 MWh	April 30, 2014 October 31, 2016	$32.62 - $61.30	$ 8,213	$ 32,370
(xii)	Foreign exchange forward contracts	US$1,000,000 - $5,000,000	n/a	April 1, 2014 January 7, 2015	$1.02 - $1.13	$ (1,058)	$ 37,000

The deferred gains and losses on the discontinued hedges reported in accumulated other comprehensive income have been fully amortized to the consolidated statements of income as at March 31, 2014.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the other assets balance recognized in the consolidated financial statements.

Share swap agreement

The Company has entered into a share swap agreement to manage the risks associated with the Company's restricted share grant and deferred share grant plans. The value, on inception, of the 2,500,000 shares under this share swap agreement was approximately $33,803. Net monthly settlements received under the share swap agreement are recorded in other income. The Company marks to market the fair value of the share swap agreement and has included that value as other current financial liabilities on the consolidated

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

statements of financial position. Changes in the fair value of the share swap agreement are recorded through the consolidated statements of income as a change in fair value of derivative instruments.

Fair value ("FV") hierarchy

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted unadjusted market prices.

Level 2

Fair value measurements that require inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, inputs must be directly or indirectly observable in the market. Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed-for-floating swaps under Level 2.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the FV hierarchy. For the natural gas supply contracts, Just Energy uses three different market observable curves: i) Commodity (predominately NYMEX), ii) Basis and iii) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves only extend 12 to 15 months into the future. In order to calculate basis curves for the remaining years, Just Energy uses extrapolation, which leads natural gas supply contracts to be classified under Level 3. The carrying value of HES has been adjusted to the fair value less costs to sell based on management's expected selling price.

Fair value measurement input sensitivity

The main cause of changes in the fair value of derivative instruments are changes in the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the market risk section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2014:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	$—	$ —	$ 135,198	$ 135,198
Discontinued operations (Note 10)	—	—	106,262	106,262
Financial liabilities				
Derivative financial liabilities	—	(10,990)	(122,442)	(133,432)
Discontinued operations (Note 10)	—	—	(51,852)	(51,852)
Total net derivative liabilities	$—	$(10,990)	$ 67,166	$ 56,176

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

The following table illustrates the classification of financial assets (liabilities) in the FV hierarchy as at March 31, 2013:

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial assets	$—	$ —	$ 64,310	$ 64,310
Discontinued operations (Note 10)	—	—	77,439	77,439
Financial liabilities				
Derivative financial liabilities	—	(32,243)	(212,956)	(245,199)
Discontinued operations (Note 10)	—	—	(77,439)	(77,439)
Total net derivative liabilities	$—	$(32,243)	$(148,646)	$(180,889)

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consists of:

(i) discount/premium for lack of marketability up to 3%. Discount for lack of marketability represents the amounts that Just Energy has determined that market participants would take into account for these premiums and discount when pricing these derivative instruments,

(ii) discount for counterparty non-performance risk up to 5%, and

(iii) discount rate in the range of 6-8%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the years ended March 31:

	2014	2013
Balance, beginning of year	**$(148,646)**	$(819,354)
Total gains	**37,799**	79,853
Purchases	**49,006**	49,885
Sales	**(14,972)**	(525)
Settlements	**89,569**	541,495
Discontinued operations	**54,410**	—
Balance, end of year	**$ 67,166**	$(148,646)

(b) Classification of financial assets and liabilities

As at March 31, 2014 and 2013, the carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, unbilled revenues and trade and other payables approximates their fair value due to their short-term nature.

Long-term debt recorded at amortized cost has a fair value of $985,920.

The carrying value of long-term debt approximates its fair value as the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the following exceptions:

(i) the $330 million and $100 million convertible debentures, which are fair valued based on market value, and,

(ii) the fair value of the $105 million senior unsecured note is based on discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, and,

13. FINANCIAL INSTRUMENTS (Continued)

(iii) the carrying value of the US$150 million convertible bonds approximates fair value due to the limited time that has passed since its issuance.

The above fair value measurements are classified in Level 3 of the FV Hierarchy.

(c) Management of risks arising from financial instruments

The risks associated with Just Energy's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which Just Energy is exposed are discussed below.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investments in U.S. operations.

A portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuations. The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to U.S. fluctuations in the future than in prior years. Just Energy has economically hedged between 0% and 50% of certain forecasted cross border cash flows that are expected to occur within the next 13 to 24 months and between 50% and 90% of forecasted cross border cash flows that are expected to occur within the next 12 months. The level of hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

Just Energy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged.

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended March 31, 2014, assuming that all the other variables had remained constant, profit for the year would have been $1,250 higher/lower and other comprehensive income would have been $6,700 lower/higher.

Interest rate risk

Just Energy is also exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that long-term debt exposes it to material interest rate risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) of approximately $1,148 in income before income taxes for the year ended March 31, 2014.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly, thresholds for open positions in the gas and electricity portfolios

13. FINANCIAL INSTRUMENTS (Continued)

which also feed a Value at Risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of Just Energy. Just Energy mitigates the exposure for variances in customer requirements that are driven by changes in expected weather conditions, through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to mitigate weather effects is limited by the degree to which weather conditions deviate from normal.

Commodity price sensitivity—all derivative financial instruments

If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, income before income taxes for the year ended March 31, 2014 would have increased (decreased) by $259,878 ($256,744) primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

Commodity price sensitivity—Level 3 derivative financial instruments

If the energy prices associated with only Level 3 derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, income before income taxes for the year ended March 31, 2014 would have increased (decreased) by $256,439 ($253,936) primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk

In Alberta, Texas, Illinois, British Columbia, Massachusetts, California, Michigan and Georgia, Just Energy has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

The aging of the accounts receivable from the above markets was as follows:

	March 31, 2014	March 31, 2013
Current	**$104,297**	$ 86,604
1 - 30 days	**36,236**	33,944
31 - 60 days	**10,405**	7,893
61 - 90 days	**6,809**	4,340
Over 91 days	**51,517**	31,853
	$209,264	$164,634

Changes in the allowance for doubtful accounts were as follows:

	March 31, 2014	March 31, 2013
Balance, beginning of year	**$ 40,190**	$ 34,926
Provision for doubtful accounts	**47,161**	30,850
Bad debts written off	**(25,845)**	(23,120)
Other	**(509)**	(2,466)
Balance, end of year	**$ 60,997**	$ 40,190

In the remaining markets, the local distribution companies ("LDCs"), provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs that provide these services will continue to do so in the future.

Counterparty credit risk

Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of JEGI. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2014, the estimated counterparty credit risk exposure amounted to $344,462 representing the risk relating to the Company's derivative financial assets and accounts receivable.

(iii) Liquidity risk

Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

(in thousands of Canadian dollars, except where indicated and per share amounts)

13. FINANCIAL INSTRUMENTS (Continued)

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities as at March 31, 2014:

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Trade and other payables	$ 485,471	$ 485,471	$ 485,471	$ —	$ —	$ —
Long-term debt*	982,026	1,043,061	51,999	166,276	605,103	219,683
Derivative instruments	133,432	3,112,996	1,668,975	1,183,717	257,893	2,411
	$1,600,929	**$4,641,528**	**$2,206,445**	**$1,349,993**	**$862,996**	**$222,094**

As at March 31, 2013:

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Trade and other payables	$ 301,820	$ 301,820	$ 301,820	$ —	$ —	$ —
Long-term debt*	957,698	1,014,227	162,474	189,801	403,946	258,006
Derivative instruments	245,199	2,549,866	1,372,855	993,719	182,020	1,272
	$1,504,717	$3,865,913	$1,837,149	$1,183,520	$585,966	$259,278

* Included in long-term debt are the $330,000, $100,000 relating to convertible debentures and $150,000 relating to convertible bonds, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, at March 31, 2014, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Interest payments	$66,224	$120,463	$66,438	$11,569

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. Just Energy has discounted the fair value of its financial assets by $2,820 to accommodate for its counterparties' risk of default.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

For the year ended March 31, 2014

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	**$42,154**	**$ 5,001**	**$47,155**
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:			
Unrealized foreign currency translation adjustment	**29,843**	**—**	**29,843**
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $207	**—**	**(5,001)**	**(5,001)**
Balance, end of year	**$71,997**	**$ —**	**$71,997**

(in thousands of Canadian dollars, except where indicated and per share amounts)

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (Continued)

For the year ended March 31, 2013

	Foreign currency translation adjustments	Cash flow hedges	Total
Balance, beginning of year	$38,847	$ 31,446	$ 70,293
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:			
Unrealized foreign currency translation adjustment	3,307	—	3,307
Amortization of deferred unrealized gain on discontinued hedges, net of income taxes of $5,479	—	(26,445)	(26,445)
Balance, end of year	$42,154	$ 5,001	$ 47,155

15. SHAREHOLDERS' CAPITAL

Just Energy is authorized to issue an unlimited number of common shares and 50,000,000 preference shares issuable in series, both with no par value. Shares outstanding have no preferences, rights or restrictions attached to them. Details of issued and outstanding shareholders' capital as at March 31, 2014, with comparatives as at March 31, 2013, are as follows:

	Year ended March 31, 2014		Year ended March 31, 2013	
Issued and outstanding	Shares	Amount	Shares	Amount
Balance, beginning of year	**142,029,340**	**$1,018,082**	139,348,926	$ 993,181
Share-based awards exercised	**550,382**	**7,240**	235,301	3,320
Dividend reinvestment plan	**1,171,754**	**8,235**	2,444,284	21,574
Shares issued for cash	**—**	**—**	829	7
Balance, end of year	**143,751,476**	**$1,033,557**	142,029,340	$1,018,082

Dividend reinvestment plan

Under Just Energy's dividend reinvestment plan ("DRIP"), shareholders holding a minimum of 100 common shares can elect to receive their dividends in common shares rather than cash at a 2% discount to the simple average closing price of the common shares for the five trading days preceding the applicable dividend payment date, providing that the common shares are issued from treasury and not purchased on the open market. The DRIP was suspended for the period of February 1, 2012 to September 30, 2012.

16. SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2014, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding at year-end. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date.

There has been no change in the number of options outstanding since the prior year. As at March 31, 2014, there are 500,000 options with an exercise price of $7.88.

(in thousands of Canadian dollars, except where indicated and per share amounts)

16. SHARE-BASED COMPENSATION PLANS (Continued)

A summary of the changes in Just Energy's option plan during the year and status as at March 31, 2014, is outlined below.

2014

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price $7.88	**500,000**	**9**	**$7.88**	**200,000**	**$7.88**

2013

	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable	Weighted average exercise price
Exercise price $7.88	500,000	10	$7.88	100,000	$7.88

Options available for grant	Year ended March 31, 2014	Year ended March 31, 2013
Balance, beginning of year	**814,166**	1,264,166
Add: Cancelled/forfeited	**—**	50,000
Less: Granted	**—**	(500,000)
Balance, end of year	**814,166**	814,166

The Company uses a binomial option pricing model to estimate the fair value of options granted. The binomial model was chosen because of the fair value of options granted, as well as the yield associated with the Company's shares.

The fair value of options issued during the year was determined using the following weighted average assumptions: risk-free interest rate of 18%; expected volatility of 30%; expected life of 10 years and an expected dividend yield of 13%. The weighted average grant date fair value of options was $0.67 in the prior year.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid RSGs to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2014, there were 1,067,060 RSGs (2013—708,676) still available for grant under the plan. Of the RSGs issued, 2,745,718 remain outstanding as at March 31, 2014 (2013—3,561,681). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as

(in thousands of Canadian dollars, except where indicated and per share amounts)

16. SHARE-BASED COMPENSATION PLANS (Continued)

dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

RSGs available for grant	2014	2013
Balance, beginning of year	**708,676**	1,454,181
Less: Granted	**(234,903)**	(763,604)
Add: Cancelled/forfeited	**593,287**	18,099
Balance, end of year	**1,067,060**	708,676

The average grant date fair value of RSGs granted in the year was $7.51 (2013—$12.32).

(c) Performance bonus grants

Just Energy grants awards under the 2013 performance bonus incentive plan (the "PBG Plan") in the form of fully paid PBGs to senior officers, employees, consultants and service providers of its subsidiaries and affiliates. As at March 31, 2014, there were 3,570,784 PBGs still available for grant under the PBG plan. Of the PBGs issued, 374,168 remain outstanding as at March 31, 2014. Except as otherwise provided, (i) the PBGs will entitle the holder to be paid in three equal installments as one-third on each of the first, second and third anniversaries of the grant date providing, in most cases, on the applicable vesting date the PBG grantee continues as a senior officer, employee, consultants or service provider of Just Energy or any affiliate thereof; (ii) the PBGs expire no later than three years from the grant date; (iii) a holder of PBGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, Just Energy, at its sole discretion, shall have the option of settling payment for the PBGs, to which the holder is entitled in the form of either cash or in common shares.

PBGs available for grant	2014
Add: Increase in PBGs available for grant	**4,000,000**
Less: Granted	**(839,296)**
Add: Cancelled/forfeited	**410,080**
	3,570,784

The weighted average grant date fair value of PBGs granted in the year was $11.40.

(d) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive $15 of their compensation entitlement in DSGs and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As at March 31, 2014, there were 200,470 DSGs (2013—25,006) available for grant under the plan. Of the DSGs issued, 148,505 DSGs remain outstanding as at March 31, 2014.

DSGs available for grant	2014	2013
Balance, beginning of year	**25,006**	54,638
Add: Increase in DSGs available for grant	**200,000**	—
Less: Granted during the year	**(24,536)**	(29,632)
Balance, end of year	**200,470**	25,006

The weighted average grant date fair value of DSGs granted in the year was $7.24 (2013—$9.07).

(in thousands of Canadian dollars, except where indicated and per share amounts)

17. LONG-TERM DEBT AND FINANCING

	March 31, 2014	March 31, 2013
Credit facility(a)	**$ 69,500**	$ 110,121
Less: debt issue costs(a)	**(2,449)**	(427)
$105 million senior unsecured note(b)	**105,000**	105,000
Less: debt issue costs(b)	**(6,221)**	(7,335)
NHS financing(c)	**272,561**	257,427
$90 million convertible debentures(d)	**—**	87,610
$330 million convertible debentures(e)	**304,458**	297,928
$100 million convertible debentures(f)	**89,430**	87,579
US$150 million convertible bonds(g)	**149,572**	—
HES financing(h)		
Credit facility	**—**	11,431
Construction loan	**—**	9,776
Less: debt issue costs	**—**	(1,884)
Capital leases(i)	**175**	472
	982,026	957,698
Less: current portion	**(51,999)**	(162,474)
	$930,027	$ 795,224

Future annual minimum repayments are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
Credit facility(a)	$ —	$ 69,500	$ —	$ —	$ 69,500
$105 million senior unsecured note(b)	—	—	105,000	—	105,000
NHS financing(c)	51,824	96,776	70,103	53,858	272,561
$330 million convertible debentures(e)	—	—	330,000	—	330,000
$100 million convertible debentures(f)	—	—	100,000	—	100,000
US$150 million convertible bonds(g)	—	—	—	165,825	165,825
Capital leases(i)	175	—	—	—	175
	$51,999	$166,276	$605,103	$219,683	$1,043,061

(in thousands of Canadian dollars, except where indicated and per share amounts)

17. LONG-TERM DEBT AND FINANCING (Continued)

The following table details the finance costs for the year ended March 31. Interest is expensed at the effective interest rate.

	For the year ended March 31, 2014	For the year ended March 31, 2013
Credit facility[(a)]	**$13,779**	$14,725
$105 million senior unsecured note[(b)]	**11,759**	2,950
NHS financing[(c)]	**21,329**	15,846
$90 million convertible debentures[(d)]	**7,605**	6,910
$330 million convertible debentures[(e)]	**26,330**	25,792
$100 million convertible debentures[(f)]	**7,601**	7,450
US$150 million convertible bonds[(g)]	**2,192**	—
Capital lease interest[(i)]	**22**	43
Unwinding of discount on provisions (Note 19)	**152**	284
	$90,769	$74,000

(a) As at March 31, 2014, Just Energy has a $290 million credit facility to meet working capital requirements. The syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, The Toronto-Dominion Bank, The Bank of Nova Scotia, HSBC Bank Canada and Alberta Treasury Branches. The term of the credit facility expires on October 2, 2015. The credit facility was $370 million as of March 31, 2013, with a reduction of $30 million to $340 million with the credit facility renewal on October 2, 2013 as well as a further reduction of $50 million with the issuance of the US$150 million convertible bonds in February 2014.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptance rates, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees that vary between 2.88% and 4.00%. Prime rate advances are at rates of interest that vary between bank prime plus 1.88% and 3.00% and letters of credit are at rates that vary between 2.88% and 4.00%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2014, the Canadian prime rate was 3.0% and the U.S. prime rate was 3.25%. As at March 31, 2014, Just Energy had drawn $69,500 (March 31, 2013—$110,121) against the facility and total letters of credit outstanding amounted to $123,593 (March 31, 2013—$115,466). As part of the renewal, Just Energy incurred costs of $3,265 and as at March 31, 2014, the unamortized debt issue costs relating to the facility are $2,449 (March 31, 2013—$427). As at March 31, 2014, Just Energy has $96,907 of the facility remaining for future working capital and security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, among others, NHS, HES, and the U.K. operations. Just Energy is required to meet a number of financial covenants under the credit facility agreement. During the year, the Company requested and received amendments with respect to covenants within the credit facility. As at March 31, 2014, the Company was compliant with all of these covenants.

(b) Just Energy issued $105 million in senior unsecured notes ("$105 million senior unsecured note") bearing interest at 9.75% and maturing in June 2018. As at March 31, 2014, unamortized debt issue costs are $6,221. These costs will be charged to operations as finance costs over the term of the debt. The $105 million senior unsecured note is subject to certain financial and other covenants. As at March 31, 2014, all of these covenants have been met.

(in thousands of Canadian dollars, except where indicated and per share amounts)

17. LONG-TERM DEBT AND FINANCING (Continued)

In conjunction with the covenant requirements associated with the issuance of the $105 million senior unsecured note, the following represents select financial disclosure for the "Restricted Subsidiaries" as defined within the Note Indenture, which generally excludes NHS, HES, Momentis and the U.K. operations.

	Three months ended March 31, 2014	For the year ended March 31, 2014
Sales	$1,087,233	$3,428,585
Gross margin	133,645	496,658
Finance costs	19,191	69,441
Profit for the year	168,384	59,217
Non-cash financing costs	4,712	14,271
Intercompany interest charges	—	18,148
Share-based compensation	(3,170)	1,518
Income tax paid	2,433	1,965
Dividends paid from unrestricted subsidiaries	—	—

(c) NHS has a long-term financing agreement for the funding of new and existing rental water heater, furnace, air conditioner and thermostat contracts. Pursuant to the agreement, NHS receives financing of an amount equal to the present value of the five, seven or ten years of monthly rental income, discounted at the agreed upon financing rate of 7.25% to 7.99%, and is required to remit an amount equivalent to the rental stream from customers on the water heater, furnace and air conditioner contracts for the five, seven or ten years. NHS has provided security over the water heaters, furnace and air conditioner equipment and rental contracts, subject to the financing rental agreement, as collateral for performance of the obligation.

The financing agreement is subject to a holdback provision of 3% to 5%. Once all obligations of NHS are satisfied or expired, the remaining funds in the holdback account will immediately be released to NHS. NHS has $243,953 owing under this agreement, including $9,338 relating to the holdback provision, recorded in non-current receivables.

NHS assumed debt, relating to the acquisition of customer contracts in the prior year. The current outstanding debt of $28,608 bears interest at 7.5% to 11.0%, is secured by the underlying assets and will be satisfied through blended monthly payments up to August 2022. NHS has $2,168 in restricted cash as at March 31, 2014 related to this debt.

NHS is required to meet a number of non-financial covenants under these agreements. As at March 31, 2014, all of these covenants had been met.

(d) In conjunction with the acquisition of Universal Energy on July 1, 2009, Just Energy assumed the obligations of convertible unsecured subordinated debentures which had a face value of $90 million. On March 19, 2014, Just Energy redeemed the $90 million convertible debentures. The redemption was funded by the issuance of the US$150 million convertible bonds in January 2014.

(e) Just Energy issued $330 million of convertible extendible unsecured subordinated debentures (the "$330 million convertible debentures"). The $330 million convertible debentures bear interest at a rate of 6% per annum payable semi-annually in arrears on June 30 and December 31, with a maturity date of June 30, 2017. Each $1,000 principal amount of the $330 million convertible debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 common shares of the Company, representing a conversion price of $18 per share. During the year ended March 31, 2014, interest expense amounted to $26,330. On or after June 30, 2013, but prior to June 30, 2015, the $330 million convertible debentures may be redeemed by the Company, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price (as defined herein) on the date on which notice of redemption is given is not less than 125% of the conversion price ($22.50). On and after June 30, 2015, and prior to maturity, the $330 million convertible debentures may be redeemed by Just Energy, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

The Company may, at its own option, on not more than 60 days' and not less than 40 days' prior notice, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $330 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $330 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $330 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $33,914. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $15,728 and reduced the value of the equity component of convertible debentures by this amount. The remainder of the net proceeds of the $330 million convertible debentures has been recorded as long-term debt, which is being

17. LONG-TERM DEBT AND FINANCING (Continued)

accreted up to the face value of $330,000 over the term of the $330 million convertible debentures using an effective interest rate of 8.8%. If the $330 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted.

(f) Just Energy issued $100 million of convertible unsecured subordinated debentures (the "$100 million convertible debentures"), which was used to purchase FRH. The $100 million convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year and have a maturity date of September 30, 2018. Each $1,000 principal amount of the $100 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of $17.85. The $100 million convertible debentures are not redeemable at the option of the Company on or before September 30, 2014. After September 30, 2014 and prior to September 30, 2016, the $100 million convertible debentures may be redeemed by the Company, in whole or in part, 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 weighted average trading price of the common shares is at least 125% of the conversion price. On or after September 30, 2016, the $100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company 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.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the $100 million convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the $100 million convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

The conversion feature of the $100 million convertible debentures has been accounted for as a separate component of shareholders' deficit in the amount of $10,188. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $2,579 and reduced the equity component of the convertible debenture by this amount. The remainder of the net proceeds of the $100 million convertible debentures has been recorded as long-term debt, which is being accreted up to the face value of $100,000 over the term of the $100 million convertible debentures using an effective interest rate of 8.6%. If the $100 million convertible debentures are converted into common shares, the value of the Conversion will be reclassified to share capital along with the principal amount converted.

(g) On January 29, 2014, Just Energy issued US$150 million of European-focused senior convertible unsecured convertible bonds (the "$150 million convertible bonds"). The $150 million convertible bonds bear interest at an annual rate of 6.5%, payable semi-annually in arrears in equal installments on January 29 and July 29 in each year with a maturity date of July 29, 2019. The Company incurred transaction costs of $7,079 and have shown these costs net of the $150 million convertible bonds.

A Conversion Right in respect of a bond may be exercised, at the option of the holder thereof, at any time from May 30, 2014 to July 7, 2019. The initial conversion price is US$9.3762 per common share (being C$10.2819) but is subject to adjustments. In the event of the exercise of a conversion right, the Company may, at its option, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation in cash equal to the market value of the underlying shares to be received.

As a result to the debt being denominated in a different functional currency than Just Energy, the conversion feature is recorded as a financial liability instead of a component of equity. Therefore, the conversion feature of the $150 million convertible bonds has been accounted for as a separate financial liability with an initial value of US$8,517. The remainder of the net proceeds of the $150 million convertible bonds has been recorded as long-term debt, which is being accreted up to the face value of $150,000 over the term of the $150 million convertible bonds using an effective interest rate of 8.8%. At each reporting period the conversion feature is recorded at fair value with changes in fair value going through profit and loss. As at March 31, 2014, the fair value of this conversion feature is US$15,670 and is included in other non-current financial liabilities.

(h) As at March 31, 2014, HES has the following credit arrangements:

(i) Effective August 2012, HES through a subsidiary entered into a US$30 million financing agreement to assist with the construction of certain solar projects. The credit facility matures August 1, 2014 with no prepayment permitted, bearing interest, and payable quarterly, at U.S. prime plus 6.9% or Eurodollar rate plus 7.9%. As at March 31, 2014, HES had drawn $13,763 and had unamortized debt issue costs relating to the facility of $325.

(ii) As at March 31, 2014, HES has $13,824 owing under term loans used to satisfy prior construction loans and has unamortized debt issue costs of $2,562. The term loans bear interest at 8% and mature between May and June 2019. In addition, during the year ended March 31, 2014, HES received $10,183 from an institutional investor under this arrangement. The minority shareholder has approximately 49% interest in certain projects and is entitled to a significant

(in thousands of Canadian dollars, except where indicated and per share amounts)

17. LONG-TERM DEBT AND FINANCING (Continued)

portion of the tax incentives generated by these projects. The minority shareholder's interest will decrease to 5% in approximately five years from the original investment.

(iii) As at March 31, 2014, HES has $9,879 owing under a 15-year term loan used to satisfy prior construction loans which has unamortized debt issue costs of $366. This term loan bears interest at approximately 11% and can be repaid in cash or through the issuance of Solar Renewable Energy Credits ("SRECs") generated by the underlying projects. If Just Energy elects to repay the term loan with SRECs, the SRECs will be valued at the greater of their market value and a range of $325 to $410 per SREC. In addition, during the period ended March 31, 2014, HES received approximately $800 from a minority shareholder. Under this arrangement, HES receives the majority of the tax benefits associated with the Solar division and the minority shareholder receives the majority of the cash generated from these projects.

As at March 31, 2014, Just Energy has classified HES as held for sale (see Note 10) and has included the long-term debt as liabilities held for sale on its consolidated statements of financial position at March 31, 2014.

(i) The Company, through its subsidiaries, leases certain computer and office equipment and software. These financing arrangements bear interest at a rate of 9% and mature between April 1, 2014 and January 31, 2015.

18. INCOME TAXES

(a) Tax expense

	2014	2013
Tax recognized in profit or loss	**$ 3,358**	$ 2,061
Current tax expense	**3,358**	2,061
Deferred tax expense		
Origination and reversal of temporary differences	**$55,522**	$ 224,993
Benefit arising from a previously unrecognized tax loss or temporary difference	**(6,440)**	(140,669)
Deferred tax expense	**49,082**	84,324
Provision for income taxes	**$52,440**	$ 86,385

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 26.50% (2013—26.50%). The differences are as follows:

	2014	2013
Income before income taxes from continuing operations	**$218,632**	$ 682,297
Combined statutory Canadian federal and provincial income tax rate	**26.50%**	26.50%
Income tax expense based on statutory rate	**$ 57,937**	$ 180,809
Increase(decrease) in income taxes resulting from		
Cost (benefit) of mark to market loss and other temporary differences not recognized	**$ (6,440)**	$(140,669)
Variance between combined Canadian tax rate and the tax rate applicable to U.S. earnings	**3,388**	44,647
Other permanent items	**(2,445)**	1,598
Total income tax expense	**$ 52,440**	$ 86,385

(in thousands of Canadian dollars, except where indicated and per share amounts)

18. INCOME TAXES (Continued)

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	2014	2013
Mark to market losses on derivative instruments	**$ 15,685**	$ 46,107
Tax losses and excess of tax basis over book basis	**25,105**	9,480
Partnership loss deferred for tax purposes	**328**	1,319
Total deferred tax asset	**41,118**	56,906
Offset of deferred taxes	**(39,698)**	(32,258)
Net deferred tax asset	**$ 1,420**	$ 24,648
Partnership income deferred for tax purposes	**$(30,479)**	$(16,579)
Book to tax differences on customer contracts	**—**	(4,707)
Mark to market gains on derivative instruments	**(657)**	(146)
Book to tax differences on other assets	**(32,956)**	(31,740)
Convertible debentures	**(8,286)**	(10,203)
Total deferred tax liability	**(72,378)**	(63,375)
Offset of deferred taxes	**39,698**	32,258
Net deferred tax liability	**$(32,680)**	$(31,117)

(d) Movement in deferred tax balances

	Balance April 1, 2013	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2014
Partnership income deferred for tax	**$(15,259)**	**$(14,892)**	**$—**	**$ —**	**$ —**	**$(30,151)**
Book to tax differences—customer contracts	**(9,846)**	**4,707**	**—**	**—**	**—**	**(5,139)**
Book to tax differences on other assets	**(17,126)**	**14,410**	**—**	**—**	**—**	**(2,716)**
Mark to market gains (losses) on derivative instruments	**45,965**	**(31,073)**	**—**	**162**	**(22)**	**15,032**
Convertible debentures	**(10,203)**	**1,917**	**—**	**—**	**—**	**(8,286)**
	$ (6,469)	**$(24,931)**	**$—**	**$162**	**$(22)**	**$(31,260)**

(in thousands of Canadian dollars, except where indicated and per share amounts)

18. INCOME TAXES (Continued)

	Balance April 1, 2012	Recognized in profit or loss	Recognized in equity	Recognized in OCI	Foreign exchange impact	Balance March 31, 2013
Partnership income deferred for tax	$ (35,459)	$ 20,200	$—	$ —	$ —	$(15,259)
Book to tax differences—customer contracts	(17,763)	7,917	—	—	—	(9,846)
Book to tax differences on other assets	20,776	(38,038)	—	136	—	(17,126)
Mark to market (losses) gains on derivative instruments	113,827	(73,256)	—	5,414	(20)	45,965
Convertible debentures	(9,056)	(1,147)	—	—	—	(10,203)
	$ 72,325	$(84,324)	$—	$5,550	$(20)	$ (6,469)

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected as at March 31, are as follows:

	2014	2013
Losses available for carryforward	**$ 3,269**	$ 670
Mark to market on losses on derivative instruments	**17,403**	17,601
Excess of tax over book basis	**8,778**	3,371
Excess of tax over book—customer contracts	**8,778**	17,773

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

	2014
2028	**$ 2,202**
2029	**6,114**
After 2030 and thereafter	**142,474**
Total	**$150,790**

19. PROVISIONS

	2014	2013
Cost		
Balance, beginning of year	**$6,836**	$6,294
Discontinued operations	**(504)**	—
Unwinding of discount recorded in discontinued operations	**—**	17
Provisions made during the year	**645**	1,055
Provisions reversed and used during the year	**(844)**	(908)
Unwinding of discount	**152**	284
Foreign exchange impact	**527**	94
Balance, end of year	**$6,812**	$6,836
Current	**3,052**	3,063
Non-current	**3,760**	3,773
	$6,812	$6,836

19. PROVISIONS (Continued)

Legal issues

The provision for legal issues included above captures the expected cash outflows from major claims and for several smaller litigation matters. Just Energy's subsidiaries are party to a number of legal proceedings. Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated income, cash flows or financial position.

The State of California has filed a number of complaints to the FERC against many suppliers of electricity, including CEI, a subsidiary of the Company, with respect to events stemming from the 2001 energy crisis in California. The suppliers involved in the claim include entities which owned generation facilities and those that did not own generation facilities. Pursuant to the complaints, the State of California is challenging the FERC's enforcement of its market-based rate system. Although CEI did not own generation facilities, the State of California claims as to CEI, as well as other suppliers that also did not own generation facilities, include that CEI was unjustly enriched by the run-up in charges caused by the alleged market manipulation of other market participants. On March 18, 2010, the assigned Administrative Law Judge granted a motion to strike the claim for all parties in one of the complaints (in favour of the suppliers), holding that California did not prove that the reporting errors masked the accumulation of market power. California has appealed the decision. On June 13, 2012, FERC denied the plaintiff's request for a rehearing, affirming its initial decision. California has appealed to the United States Courts for the Ninth Circuit and this appeal remains pending. CEI continues to vigorously contest this matter. The Company believes the claim to be without merit and that the State of California's chance of success is remote.

In December 2012, NHS was served with a statement of claim from the Ontario Superior Court Justice by Reliance Comfort Limited Partnership ("Reliance") seeking damages in the amount of $60 million and related declaratory and injunctive relief, based on allegations that NHS engaged in unfair trade practices and misleading representations in its marketing and sale of water heaters. Reliance also made a formal complaint to the Competition Bureau in Canada with similar allegations. NHS believes the action and complaint are attempts by Reliance to deflect attention from allegations of anti-competitive conduct made against Reliance by the Commissioner of Competition (the "Commissioner"). Following a formal investigation, on December 20, 2012, the Commissioner brought applications against Reliance and Direct Energy alleging that each company was abusing its dominant position through conduct that intentionally suppresses competition and restricts consumer choice. On September 11, 2013, Reliance amended its claim and added the Company as a defendant. The Company believes that it is not a proper defendant in the proceedings and that the allegations against it are a continued attempt by Reliance to deflect attention from the Commissioner's allegation of anti-competitive conduct made against it. NHS and the Company will vigorously defend themselves against the action and NHS has counterclaimed for $60 million in damages for claims of misleading advertising, breaches of the Competition Act (Canada), breaches of the Consumer Protection Act and defamation. In response to the formal complaint by Reliance, the Commissioner has commenced an inquiry with respect to NHS and its competitors.

In August 2013, FPS filed a lawsuit against the Company, Just Energy (US) Corp. and FRH, for up to $20 million in connection with FRH failing to achieve an earn-out target under the purchase and sales agreement dated August 24, 2011 for the purchase of FRH from FPS. FPS alleges that the Company conducted itself in a manner that was intended to or reasonably likely to reduce or avoid the achievement of the earn-out target. In October 2013, the Company's motion to compel arbitration was successful. The Issuer will continue to vigorously defend itself against this claim through the arbitration process.

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against CEI and the Company in the Ohio federal court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the Federal Labor Standards Act (FLSA) on their own behalf and similarly situated door-to-door sale representatives in the United States. CEI disagrees with plaintiffs' claims on a number of grounds and has been vigorously defending the claims. The plaintiffs filed a motion with the Court to certify the lawsuit as a class action. The Court granted the plaintiffs' motion to certification as a class action.

(in thousands of Canadian dollars, except where indicated and per share amounts)

20. OTHER INCOME, EXPENSES AND ADJUSTMENTS

(a) Other operating expenses

	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
Amortization of gas contracts		**$ 8,238**	$ 12,627
Amortization of electricity contracts		**6,724**	37,782
Amortization of acquired water heater and HVAC contracts		**4,511**	2,685
Amortization of other intangible assets		**33,037**	33,234
Amortization of property, plant and equipment		**4,431**	4,425
Bad debt expense		**47,161**	30,850
Share-based compensation	16	**1,796**	11,952
		$105,898	$133,555

(b) Amortization and energy costs included in cost of sales in the consolidated statements of income

	For the year ended March 31, 2014	For the year ended March 31, 2013
Amortization	**$ 13,136**	$ 9,193
Direct energy costs and other	**3,032,323**	2,477,881
	$3,045,459	$2,487,074

(c) Included in change in fair value of derivative instruments

	For the year ended March 31, 2014	For the year ended March 31, 2013
Amortization of gas contracts	**$10,056**	$11,695
Amortization of electricity contracts	**4,668**	41,027

(d) Employee benefits expense

	For the year ended March 31, 2014	For the year ended March 31, 2013
Wages, salaries and commissions	**$197,827**	$218,594
Benefits	**23,323**	22,879
	$221,150	$241,473

(in thousands of Canadian dollars, except where indicated and per share amounts)

21. REPORTABLE BUSINESS SEGMENTS

Effective April 1, 2013, Just Energy revised its reportable segments to include the following: consumer energy marketing, commercial energy marketing, ethanol (TGF), home services (NHS) and solar (HES). During the year, TGF was disposed of and HES was classified as available for sale, see Note 10. Previously, Just Energy presented its reportable segments to include gas energy marketing, electricity energy marketing, ethanol, home services and other. This revised presentation is consistent with the organizational alignment and management structure. This change reflects the Company's evolution to attract a more diverse client base consisting of both consumer and commercial customers. This change in segment reporting had no impact on the Company's consolidated statements of financial position, income or cash flows for the years. The prior year segmented disclosure has been restated to conform to the current year presentation.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Allocations made between segments for shared assets or allocated expenses are based on the number of customers in the respective segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Just Energy is not considered to have any key customers.

For the year ended March 31, 2014

	Consumer division	Commercial division	Ethanol	Home services	Solar	Consolidated
Sales	$2,022,270	$1,512,344	$ —	$ 76,444	$ —	$3,611,058
Gross margin	372,598	132,933	—	60,068	—	565,599
Amortization of property, plant and equipment	2,930	1,221	—	280	—	4,431
Amortization of intangible assets	23,260	24,735	—	4,515	—	52,510
Administrative expenses	84,646	32,067	—	22,646	—	139,359
Selling and marketing expenses	130,153	59,737	—	10,114	—	200,004
Other operating expenses	38,997	8,651	—	1,309	—	48,957
Operating profit for the year	$ 92,612	$ 6,522	$ —	$ 21,204	$ —	$ 120,338
Finance costs	(31,462)	(37,979)	—	(21,328)	—	(90,769)
Change in fair value of derivative instruments	175,440	10,702	—	—	—	186,142
Other income (loss)	3,444	(523)	—	—	—	2,921
Provision for income taxes	45,267	2,923	—	4,250	—	52,440
Profit (loss) from continuing operations	$ 194,767	$ (24,201)	$ —	$ (4,374)	$ —	$ 166,192
Discontinued operations	—	—	17,577	—	(46,828)	(29,251)
Profit (loss) for the year	$ 194,767	$ (24,201)	$17,577	$ (4,374)	$ (46,828)	$ 136,941
Capital expenditures	$ 4,796	$ 2,498	$ —	$ 28,246	$ 23,526	$ 59,066
Total goodwill	$ 216,391	$ 47,362	$ —	$ 283	$ —	$ 264,036
Total assets	$ 876,164	$ 363,125	$ —	$297,098	$106,263	$1,642,650
Total liabilities	$1,209,884	$ 160,563	$ —	$311,993	$ 51,852	$1,734,292

(in thousands of Canadian dollars, except where indicated and per share amounts)

21. REPORTABLE BUSINESS SEGMENTS (Continued)

For the year ended March 31, 2013 (restated)

	Consumer division	Commercial division	Ethanol	Home services	Solar	Consolidated
Sales	$1,525,801	$1,431,846	$ —	$ 53,531	$ —	$3,011,178
Gross margin	331,258	150,910	—	41,936	—	524,104
Amortization of property, plant and equipment	2,960	1,242	—	223	—	4,425
Amortization of intangible assets	21,467	62,162	—	2,699	—	86,328
Administrative expenses	88,836	29,300	—	19,197	—	137,333
Selling and marketing expenses	153,554	61,774	—	5,171	—	220,499
Other operating expenses	31,286	10,112	—	1,404	—	42,802
Operating profit (loss) for the year	$ 33,155	$ (13,680)	$ —	$ 13,242	$ —	$ 32,717
Finance costs	(19,238)	(38,916)	—	(15,846)	—	(74,000)
Change in fair value of derivative instruments	563,991	155,759	—	(175)	—	719,575
Other income (loss)	4,137	(132)	—	—	—	4,005
Provision for income taxes	29,832	25,530	—	31,023	—	86,385
Profit (loss) from continuing operations	$ 552,213	$ 77,501	$ —	$(33,802)	$ —	$ 595,912
Discontinued operations	—	—	(72,050)	—	761	(71,289)
Profit (loss) for the year	$ 552,213	$ 77,501	$(72,050)	$(33,802)	$ 761	$ 524,623
Capital expenditures	$ 2,446	$ 1,273	$ —	$ 41,121	$ 63,043	$ 107,883
As at March 31, 2013						
Total goodwill	$ 212,572	$ 43,527	$ —	$ 283	$ —	$ 256,382
Total assets	$ 800,271	$ 276,835	$ 77,439	$266,933	$107,464	$1,528,942
Total liabilities	$ 955,104	$ 307,629	$ 77,439	$294,401	$ 33,426	$1,667,999

Geographic information

Revenue from external customers

	For the year ended March 31, 2014	For the year ended March 31, 2013
Canada	**$ 834,409**	$ 872,987
United States	**2,706,486**	2,131,592
United Kingdom	**70,163**	6,599
Total revenue per consolidated statements of income	**$3,611,058**	$3,011,178

The revenue is based on the location of the customer.

(in thousands of Canadian dollars, except where indicated and per share amounts)

21. REPORTABLE BUSINESS SEGMENTS (Continued)

Non-current assets

Non-current assets by geographic segment consist of property, plant and equipment and intangible assets and are summarized as follows:

	As at March 31, 2014	As at March 31, 2013
Canada	**$386,561**	$391,420
United States	**194,346**	312,823
United Kingdom	**741**	1,093
Total	**$581,648**	$705,336

22. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to one of five cash generating units, which are also operating and reportable segments, for impairment testing. These units are consumer division, commercial division, ethanol, home services and solar.

For impairment testing, goodwill and brand have been allocated as follows:

	Consumer division		Commercial division		Home services		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Goodwill	**$216,391**	$212,572	**$47,362**	$43,527	**$283**	$283	**$264,036**	$256,382
Brand	**12,190**	12,600	**13,709**	11,202	**—**	—	**25,899**	23,802
	$228,581	$225,172	**$61,071**	$54,729	**$283**	$283	**$289,935**	$280,184

Just Energy performed its annual impairment test as at March 31, 2014. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2014, the market capitalization of Just Energy was above the book value of its equity, indicating that a potential impairment of goodwill and intangible assets with indefinite lives does not exist.

The recoverable amount of each of the cash generating units has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five year period. The projections for the first three years have been approved by the Audit Committee; the assumptions used in the following two years have been approved by the senior management. The calculation of the value in use for each unit is most sensitive to the following assumptions:

- Customer consumption assumptions used in determining gross margin
- New customer additions and attrition and renewals
- Selling costs
- Discount rates
- Growth rates used to extrapolate cash flows beyond the budget period

Customer consumption is forecasted using normalized historical correlation between weather and customer consumption and weather projections. Just Energy uses weather derivatives to mitigate the risk that weather will deviate from expectations. An average customer consumption growth rate of 3% was

22. IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES (Continued)

used in the projections. A 5% decrease in the consumption assumptions would not have an impact on the results of the impairment test.

New customer additions and attrition and renewal rate estimates are based on historical results and are adjusted for new marketing initiatives that are included in the budget. A 3% average increase in the overall customer base was used in the projections. A 5% decrease annually in the overall customer base would not have an impact on the results of the impairment test.

Selling costs fluctuate with customer additions, renewals and attrition. Selling costs used in the financial forecast are based on assumptions consistent with the above new customer additions, renewals and attritions. Rates used are based on historical information and are adjusted for new marketing initiatives included in the budget. An average increase of 3% was applied to selling costs in the projections. A 5% increase annually in selling costs would not have an impact on the results of the impairment test.

Discount rates represent the current market assessment of the risks specific to the Company, regarding the time value of money and individual risks of the underlying assets. The discount rate calculation is based on the specific circumstances of Just Energy and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Just Energy's investors and the cost of debt is based on the interest bearing borrowings the Company is obliged to service. Just Energy used a discount rate of 11%. A 5% increase in the WACC would not have an impact on the results of the impairment test.

Financial projections used in the budget period which covers years 1, 2 and 3 have been approved by the Executive Committee. The results in years 4 and 5 are based on year 3 results adjusted for inflation. An isolated 5% decrease in the growth rates used to extrapolate cash flows beyond the budget period would not have an impact on the results of the impairment test.

(in thousands of Canadian dollars, except where indicated and per share amounts)

23. EARNINGS PER SHARE

	2014	2013
Basic earnings per share		
Profit from continuing operations	**$ 166,192**	$ 595,912
Profit available to shareholders	**$ 135,907**	$ 530,308
Basic shares outstanding	**143,044,739**	140,041,759
Basic earnings per share from continuing operations	**$ 1.16**	$ 4.26
Basic earnings per share available to shareholders	**$ 0.95**	$ 3.79
Diluted earnings per share		
Profit from continuing operations	**$ 166,192**	$ 595,912
Profit available to shareholders	**$ 135,907**	$ 530,308
Adjustment for dilutive impact of convertible debentures	**25,048**	29,281
Adjusted earnings from continuing operations	**$ 191,240**	$ 625,193
Adjusted earnings available to shareholders	**$ 160,955**	$ 559,589
Basic shares outstanding	**143,044,739**	140,041,759
Dilutive effect of:		
Restricted share grants	**3,760,097**	3,687,837
Deferred share grants	**165,047**	154,341
Convertible debentures	**23,935,574**(i)	27,413,163
Shares outstanding on a diluted basis	**170,905,457**	171,297,100
Diluted earnings per share from continuing operations	**$ 1.12**	$ 3.65
Diluted earnings per share available to shareholders	**$ 0.94**	$ 3.27

(i) The assumed conversion into shares results in an anti-dilutive position for the $150 million convertible bonds; therefore, these items have been excluded from dilutive earnings per share.

24. CAPITAL DISCLOSURE

Just Energy defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. Just Energy's objectives when managing capital are to maintain flexibility by:

i) enabling it to operate efficiently;

ii) providing liquidity and access to capital for growth opportunities; and

iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its long-term debt, and as at March 31, 2014 and 2013, all of these covenants have been met.

25. GUARANTEES

(a) Officers and directors

Corporate indemnities have been provided by Just Energy to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions

(in thousands of Canadian dollars, except where indicated and per share amounts)

25. GUARANTEES (Continued)

due to their association with Just Energy and its subsidiaries and/or affiliates, subject to certain restrictions. Just Energy has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of Just Energy's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these guarantees is estimated to be $82,856.

26. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operating decisions. The definition includes subsidiaries and other persons.

Subsidiaries

Transactions between Just Energy and its subsidiaries meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these consolidated financial statements.

Key management personnel

Just Energy's key management personnel and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of Just Energy and comprise of the Chair of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer.

During the years ended March 31, 2014 and 2013, Just Energy recorded the following as an expense related to these individuals:

	2014	2013
Salaries and benefits	**$ 2,200**	$2,122
Share-based compensation	**(1,771)**[1]	5,500
	$ 429	$7,622

(1) This reflects the forfeiture on RSGs for the CEO upon resignation

As at March 31, 2014, these individuals held approximately 1,538,154 RSGs/PBGs (2013—1,955,117).

27. DIVIDENDS PAID AND PROPOSED

For the year ended March 31, 2014, dividends of $0.84 (2013—$1.24) per share were declared by Just Energy. These dividends amounted to $123,429 (2013—$178,400), which was approved throughout the period by the Board of Directors and was paid out during the year.

(in thousands of Canadian dollars, except where indicated and per share amounts)

27. DIVIDENDS PAID AND PROPOSED (Continued)

Declared dividends subsequent to year-end

On April 2, 2014, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend was paid on April 30, 2014 to shareholders of record at the close of business on April 15, 2014.

On May 2, 2014, the Board of Directors of Just Energy declared a dividend in the amount of $0.07 per common share ($0.84 annually). The dividend will be paid on May 30, 2014 to shareholders of record at the close of business on May 15, 2014.

28. COMMITMENTS AND GUARANTEES

Commitments for each of the next five years and thereafter are as follows:

As at March 31, 2014

	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Premises and equipment leasing	$ 8,223	$ 12,655	$ 7,845	$ 4,537	$ 33,260
Royalty payments	—	4,489	9,643	31,650	45,782
Long-term gas and electricity contracts	1,668,975	1,183,717	257,893	2,411	3,112,996
	$1,677,198	$1,200,861	$275,381	$38,598	$3,192,038

As at March 31, 2013

	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Premises and equipment leasing	$ 7,550	$ 10,755	$ 7,037	$ 6,258	$ 31,600
Royalty payments	—	4,489	9,643	31,650	45,782
Long-term gas and electricity contracts	1,372,855	993,719	182,020	1,272	2,549,866
	$1,380,405	$1,008,963	$198,700	$39,180	$2,627,248

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. No purchase options are included in any major leasing contracts. Royalty payments represent the future payments NHS is required to make on revenue earned on its current installed base. Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

Guarantees

Pursuant to separate arrangements with various entities, Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at March 2014 was $35,349.

As at March 31, 2014, Just Energy had total letters of credit outstanding in the amount of $123,593 (Note 17(a)).

(in thousands of Canadian dollars, except where indicated and per share amounts)

29. ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2014	2013
Changes in:		
Accrued gas receivables	**$(16,493)**	$(25,867)
Gas delivered in excess of consumption	**8,642**	6,459
Accrued gas payable	**6,886**	21,213
Deferred revenue	**(5,221)**	(6,341)
	$ (6,186)	$ (4,536)

30. CHANGES IN NON-CASH WORKING CAPITAL

	2014	2013
Accounts receivable and unbilled revenues	**$(119,807)**	$(15,050)
Gas in storage	**6,431**	576
Prepaid expenses and deposits	**(3,132)**	(2,708)
Inventory	**(5,200)**	(5,258)
Trade and other payables and provisions	**160,434**	12,671
	$ 38,726	$ (9,769)

31. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures from the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

OPERATING AND FINANCIAL REVIEW

The selected historical financial information discussed in this section "*Operating and Financial Review*" has been extracted without material adjustment from the Issuer's financial statements for the financial years ended 31 March 2012, 2013 and 2014 (each being prepared in accordance with IFRS), the full text of each is set out in "*Financial Information on the Group*" of these Listing Particulars.

The following discussion of the financial condition and results of operations of the Issuer Group should be read in conjunction with "*Financial Information on the Issuer Group*" and with the information relating to the business of the Issuer Group referred to elsewhere in these Listing Particulars. The discussion includes forward-looking statements that reflect the current view of the Directors and involve risks and uncertainties. The actual results of the Group could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in these Listing Particulars, particularly in "*Risk Factors*".

1 Overview

The Issuer is a direct marketing group selling electricity and/or natural gas to residential and commercial customers under long-term fixed-price, price-protected and variable-priced contracts in deregulated markets.

During the Issuer's financial years ending 31 March 2012 and 31 March 2013, the Issuer Group's main focus was on building the commercial customer base, diversifying products and sales channels and expanding into new markets.

During the financial year ending 31 March 2014 and future financial year ending on 31 March 2015, the Issuer Group's main focus was and is on providing bundling project solutions for its customers and organic growth in all of its markets across North America and the United Kingdom.

2 Significant Factors Affecting Results of Operations

During the period under review, the Issuer has focused on growing its energy marketing customer base across North America and the United Kingdom. In addition, the Issuer has focused on installing additional water heaters and HVAC equipment through its Home Services Division. The Issuer has also installed and operated solar panels for commercial businesses in New Jersey, Pennsylvania and Massachusetts. Accordingly, the Issuer Group has recorded profits during the periods under review and expects to make further profits in this and the next financial year as its business activities continue to develop. There can be no assurance that the Company will maintain its significant revenues, profitability and/or obtain additional funds it may require in the future.

The key factors affecting the Company's profits and financial conditions during the periods under review and those that are expected to affect its results in the future include:

(a) ***Legislative and regulatory environment***

The Issuer operates in the highly regulated natural gas and electricity retail sales industry in all of its jurisdictions. In addition, there are draft regulatory requirements and legislation proposed in jurisdictions in which the Issuer Group operates that will impact NHS and the Issuer if and when the draft regulatory requirements and legislation come into force as the Issuer Group will need to comply with all relevant regulatory requirements and legislation in order to maintain its licensed status and to continue its operations. Any change in legislation and regulatory requirements may impact the Issuer's and NHS's business model. As part of doing business door-to-door, the Issuer receives complaints from consumers which may involve sanctions from regulatory and legal authorities including those which issue marketing licenses. The most significant potential sanction is the suspension of a license as the Issuer would no longer be able to market in that particular jurisdiction. Similarly, changes to consumer protection legislation in those provinces and states where the Issuer markets to non-commercial customers may impact the Issuer's business model and include additional measures that require additional administration together with potential impacts to contracting, renewal and retention rates.

On 4 June 2014, the Issuer entered into the conditional NHS Sale Agreement with Reliance pursuant to which Reliance has agreed to purchase NHS. Please refer to sub-paragraph (viii) *"NHS Sale Agreement"* of paragraph 13 "*Material Contracts*" of the section "*General Information*" for further details of the NHS Sale Agreement.

(b) ***Customer attrition and renewal rates***

In the financial year ended 31 March 2014, the Issuer experienced contract attrition rates of approximately 15 per cent. Management forecasts using a combination of experienced and expected attrition per year, however there can be no assurance that these rates of annual attrition will not increase in the future or that the Issuer will be able to renew its existing consumer and commercial contracts at the expiry of their terms. Changes in customer behavior, government regulation or increased competition may affect attrition and renewal rates in the future, and these changes could adversely impact the future cash flow of the Issuer.

(c) ***Weather impacts on customer volumes***

The Issuer's results reflect seasonality, as electricity consumption is greater in the first and second quarters (summer quarters) and gas consumption is greater during the third and fourth quarters (winter quarters). Currently, electricity and gas marketing consists of 71 per cent. and 29 per cent., respectively, of the energy marketing operations based on the gross margin for the financial year ended 31 March 2014.

(d) ***Acquisitions***

During the period under review, the Issuer acquired Fulcrum and its subsidiaries, a Texas based energy retailer focused on affinity sales. It also acquired a 12 per cent. fully diluted ownership interest in ecobee Inc., a smart thermostat manufacturer based in Toronto, Ontario. In addition, the Home Services Division acquired a portfolio of water heaters rental agreements and equipment from MoreEnergy Inc.

(e) ***Divestitures***

On 24 December 2013, the Issuer divested TGF, its wheat based ethanol business located in Belle Plaine, Saskatchewan.

(f) ***Expansion of the Issuer's operations into new territories***

The Company has expanded into approximately 10 new LDC territories in North America and into the United Kingdom during the period under review.

(g) ***Financing***

During the periods under review, the Issuer Group's operations have been financed through the issues of unsecured and convertible debt. A summary of the Issuer's convertible debentures and debt financing arrangements is provided below.

(h) ***Commodity prices***

A key risk to the Issuer's business model is a sudden and significant drop in the market price of gas or electricity resulting in some customers renouncing their contracts. The Issuer may encounter difficulty or political resistance for enforcement of liquidated damages and/or enactment of force majeure provisions in such a situation and be exposed to spot prices with a material adverse impact to cash flow.

(i) ***Foreign exchange***

With the Issuer's operations being in Canada, the United States and the United Kingdom, the performance of the Canadian dollar relative to the US dollar and the British pound could positively or negatively affect the Issuer's income. Due to its growing operations in the United States, the Issuer expects to have greater exposure to the US dollar and Canadian dollar exchange rate fluctuations in the future than in prior years. Generally, as the Canadian dollar weakens compared to the US dollar, operational results are positively impacted.

Foreign exchange gains and losses may be significant in the future as the fluctuations in foreign exchange are likely to continue and they are difficult to predict.

3 Results of Operations

(a) *Year ended 31 March 2014 compared to year ended 31 March 2013*

The following table presents data from the Company's consolidated statements of comprehensive income for financial years ended 31 March 2014 and 2013. The financial information contained therein has been prepared in accordance with IFRS.

	2014	2013
	(in thousands of dollars) (CAD$)	
CONTINUING OPERATIONS		
SALES	**$3,611,058**	**3,011,178**
COST OF SALES	**3,045,459**	**2,487,074**
GROSS MARGIN	**565,599**	**524,104**
EXPENSES		
Administrative expenses	**139,359**	**137,333**
Selling and marketing expenses	**200,004**	**220,499**
Other operating expenses	**105,898**	**133,555**
	445,261	**491,387**
Operating profit before the following	**120,338**	**32,717**
Finance costs	**90,769**	**74,000**
Change in fair value of derivative instruments	**186,142**	**719,575**
Other income (loss)	**2,921**	**4,005**
Income before income taxes	**218,632**	**682,297**
Provision for income taxes	**52,440**	**86,385**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**$ 166,192**	**$ 595,912**
DISCONTINUED OPERATIONS		
Income (loss) for the period from discontinued operations	**(29,251)**	**(71,289)**
PROFIT FOR THE PERIOD	**$ 136,941**	**$ 524,623**

(i) *Sales and gross margin*

Sales increased by 20 per cent. to CAD$3,611.1 million in the financial year ended 31 March 2014, compared with CAD$3,011.2 million in the prior fiscal year. The sales increase is a result of the 5 per cent. increase in the customer base as well as higher commodity prices and higher consumption per customer resulting from colder than normal winter weather.

For the year ended 31 March 2014, gross margin increased by 8 per cent. to CAD$565.6 million from CAD$524.1 million reported in the financial year ended 31 March 2013. Gross margin for the Consumer Energy Division increased by 12 per cent. as a result of higher variable product margins in the financial year ended 31 March 2014 as well as the increased gas consumption from the colder than normal winter temperatures. The margin from the higher consumption was offset by payouts on weather index derivatives intended to "collar" the effects of higher and lower consumption. The gross margin for the Commercial Energy Division decreased by 12 per cent. to CAD$132.9 million. Uncharacteristically, electricity prices saw a winter spike similar to gas prices due to excess consumption being supplied by spot prices driven by gas-fueled electricity costs. The Commercial Energy Division was most heavily impacted by higher capacity costs in its northeast U.S. markets and the volatility in supply prices resulting from the extreme weather throughout North America during the fourth quarter. As a result, Just Energy had to meet the increased demand of its customers at their contracted fixed prices while procuring extra supply at extremely high supply prices. Gross margin from Home Services Division increased by 43 per cent. in the financial year ended 31 March 2014 due to a 22 per cent. increase in the number of installed units and contractual price increases in the financial year ended 31 March 2014.

Profit from continuing operations for the financial year ended 31 March 2014 amounted to CAD$166.2 million, compared to CAD$595.9 million in the financial year ended 31 March 2013. The change in profit from continuing operations is primarily attributable to the change in fair value of the derivative instruments on the Company's supply portfolio, which showed a gain of CAD$186.1 million in the financial year ended 31 March 2014, versus a gain of CAD$719.6 million in the financial year ended 31 March 2013. Under IFRS, the customer margins are not marked to market but there is a requirement to mark to market the future supply contracts, creating unrealized non-cash gains or losses depending on the supply pricing.

Excluding the year over year impact of the change in fair value of the derivative instruments, Just Energy's loss from continuing operations was CAD$20.0 million in the financial year ended 31 March 2014, compared with a loss of CAD$123.7 million in the financial year ended 31 March 2013. The change year over year is a result of a decrease in selling and marketing and other operating expenses of CAD$20.5 million and CAD$27.7 million, respectively. The decrease in selling and marketing expenses is reflecting lower per-aggregation cost, particularly due to a reduction in the costs associated with the network marketing division as the build-out was completed in the financial year ended 31 March 2013. Other operating expenses were lower primarily as a result of lower amortization of the gas and electricity contracts resulting from the contracts acquired in financial year ended 31 March 2010 being fully amortized. The provision for income taxes for the financial year ended 31 March 2014 decreased by CAD$33.9 million over the prior year reflecting lower deferred tax expense due to a further decline of the cumulative mark to market losses from financial instruments..

(ii) *Administrative expenses*

	Financial year ended 31 March 2014	**Financial year ended 31 March 2013**	**% increase (decrease)**
	(thousands of dollars) (CAD$)		
Consumer energy	**84,646**	**88,836**	**(5)%**
Commercial energy	**32,067**	**29,300**	**9%**
Home Services	**22,646**	**19,197**	**18%**
Total administrative expenses	**139,359**	**137,333**	**1%**

The Consumer Energy Division's administrative expenses were CAD$84.7 million for the year ended March 31, 2014, a decrease of 5 per cent. from CAD$88.8 million in the prior year, reflecting continued cost management efforts. The Commercial Energy Division's administrative expenses were CAD$32.1 million for the financial year ended 31 March 2014, a nine per cent. increase from CAD$29.3 million in the financial year ended 31 March 2013 resulting from the increase in the customer base and additional costs related to the U.K. expansion.

The administrative expenses for NHS increased by eighteen per cent. to CAD$22.6 million in the financial year ended 31 March 2014. The increase in expenses for the Home Services Division is a result of servicing costs to support the 22 per cent. larger installed base. Management anticipates that as the Home Service Division's customer base continues to grow, economies of scale will result in future increases in administrative expenses being lower than the future increases in margins.

(iii) *Selling and marketing expenses*

Selling and marketing expenses, which consist of commissions paid to independent sales contractors, brokers and independent representatives as well as sales-related corporate costs for the year ended 31 March 2014, were CAD$200.0 million, a decrease of nine per cent. from CAD$220.5 million in the prior comparable year. Energy marketing customer additions for the year ended 31 March 2014 were 1,377,000, an increase of 2 per cent. from the 1,355,000 energy marketing customer additions recorded in the financial year ended 31 March 2013. The decrease in selling and marketing costs year over year is a reflection of the increasing use of lower cost sales channels particularly due to a reduction in network marketing costs and more residual commission-based sales channels.

The selling and marketing expenses for the Consumer Energy Division were CAD$130.2 million for the year ended 31 March 2014, a decrease of fifteen per cent. from the selling and marketing expenses of CAD$153.6 million recorded in the prior comparable year. Selling costs declined due to the use of lower cost aggregation channels and a higher proportion of Consumer customers signed using the sales channels with a residual commission structure similar to commercial broker residual-based contracts. In addition, the network marketing division completed its build-out during the financial year ended 31 March 2013, resulting in lower associated costs in the current financial year. During the financial year ended 31 March 2014, the customer additions by the Consumer Energy Division sales force totalled 648,000, a one per cent. increase from 641,000 customers added through these sales channels in the prior comparable year.

The selling and marketing expenses for the Commercial Energy Division were CAD$59.7 million for the year ended 31 March 2014, down three per cent. from the financial year ended 31 March 2013. During the the financial year ended 31 March 2014, the customer additions by the Commercial Energy Division's sales force totalled 729,000, an increase of two per cent. compared to 713,000 customers added in the prior comparable year. The residual commission expense paid to brokers in the year ended 31 March 2014 increased from the prior comparable year by 40 per cent. to CAD$47.6 million. In addition, the selling and marketing expenses for the Commercial Energy Division includes amortization of the commission capitalized in other periods through contract initiation costs, which remained relatively flat.

(iv) *Other expense*

Other expense consists of amortisation, share based compensation and bad debt expense. Bad debt expense for the year ended 31 March 2014, was CAD$47.2 million, an increase of 53 per cent. from CAD$30.9 million expensed for the year ended 31 March 2013. The bad debt expense increase was a result of a 43 per cent. increase in total revenues for the current year for the markets where the Issuer bears the credit risk. Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency. For the year ended 31 March 2014, the bad debt expense of CAD$47.2 million represents 2.1 per cent. of relevant revenue, the same as reported for the year ended 31 March 2013.

Management expects that bad debt expense will remain in the range of two per cent. to three per cent. of relevant revenue. For each of the Issuer's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from the Issuer's customers for a regulated fee.

(v) *Finance costs*

Total finance costs for the year ended 31 March 2014 amounted to CAD$90.8 million, an increase of 23 per cent. from CAD$75.2 million recorded in the financial year ended 31 March 2013. The increase is a result of a full year of interest associated with the CAD$105 million senior unsecured note issued in November 2012 as well as higher borrowing costs for the credit facility and the Home Services Division.

(b) ***Year ended 31 March 2013 compared to year ended 31 March 2012***

The following table presents data from the Company's consolidated statements of comprehensive income for the financial years ended 31 March 2013 and 2012. The financial information contained therein has been prepared in accordance with IFRS.

	2013	2012
	(thousands of dollars) (CAD$)	
CONTINUING OPERATIONS		
SALES	**$2,881,964**	$2,654,778
COST OF SALES	**2,356,096**	2,155,121
GROSS MARGIN	**525,868**	499,657
EXPENSES		
Administrative expenses	**138,855**	114,168
Selling and marketing expenses	**208,029**	177,302
Other operating expenses	**133,557**	153,020
	480,441	444,490
Operating profit before the following	**45,427**	55,167
Finance costs	**(75,151)**	(54,450)
Change in fair value of derivative instruments	**719,575**	(96,210)
Proportionate share of loss from joint ventures	**(7,457)**	(1,971)
Other income	**5,696**	6,536
Income (loss) before income taxes	**688,090**	(90,928)
Provision for income taxes	**86,385**	37,527
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**$ 601,705**	$ (128,455)
DISCONTINUED OPERATIONS		
Profit (loss) for the year from discontinued operations	**(72,050)**	1,812
PROFIT (LOSS) FOR THE YEAR	**$ 529,655**	$ (126,643)

(i) *Sales and gross margin*

Sales increased by nine per cent. to CAD$2.9 billion in the financial year ended 31 March 2013, compared with CAD$2.7 billion in the previous financial year. The sales increase is a result of the nine per cent. increase in the Energy Marketing customer base as well as the 42 per cent. increase in the installed units for the Home Services Division.

For the financial year ended 31 March 2013, gross margin increased by five per cent. to CAD$525.9 million from CAD$499.7 million reported in the financial year ended 31 March 2012. Gross margin related to energy marketing increased two per cent. year over year lower than the nine per cent. increase in customer base as a result of the increase in the percentage of commercial customers as well as the continuing impact from the financial year ended 31 March 2012 warm winter as the under-consumed gas was sold at low margins during the first and second quarters of the financial year ended 31 March 2013. Gross margin from Home Services Division increased by 50 per cent. in the financial year ended 31 March 2013 due to a 42 per cent. increase in the number of installed units and contractual price increases.

Profit from continuing operations for the financial year ended 31 March 2013 amounted to CAD$601.7 million, compared with a loss of CAD$128.5 million in the financial year ended 31 March 2012. The change in profit from continuing operations is attributable to the change in fair value of the derivative instruments on the Issuer's supply portfolio, which showed a gain of CAD$719.6 million in the financial year ended 31 March 2013, versus a loss of CAD$96.2 million in the financial year ended 31 March 2012. Under IFRS, the customer margins are not marked to market but there is a requirement to mark to market the future supply contracts, creating unrealised gains or losses depending on the supply pricing.

(ii) *Administrative expenses*

	Financial year ended 31 March 2013	Financial year ended 31 March 2012	% increase (decrease)
	(thousands of dollars) (CAD$)		
Energy marketing	111,314	97,085	15%
NHS	19,197	12,901	49%
Other	8,344	4,182	100%
Total administrative expenses	138,855	114,168	22%

For the year ended 31 March 2013, administrative expenses were CAD$138.9 million, an increase of 22 per cent. from CAD$114.2 million in the previous financial year.

Energy marketing administrative costs were CAD$111.3 million for the financial year ended 31 March 2013, an increase of 15 per cent. from CAD$97.1 million for the year ended 31 March 2012. The increase year over year was partially a result of the inclusion of a full year of administrative expenses relating to the Fulcrum acquisition, which occurred at the midway point of the financial year ended 31 March 2012. Excluding the Fulcrum-related expenses, energy marketing expenses increased by 11 per cent. in the financial year ended 31 March 2013. The increase was driven by a nine per cent. increase in customers from a year earlier as well as increased expenses relating to expansion into new markets including the U.K. commercial launch.

Administrative expenses for NHS and Other (Network Marketing Division and the Solar Division) for the financial year ended 31 March 2013 were CAD$19.2 million and CAD$8.3 million, respectively, both reflecting an increase from the prior year as a result of the growth in operations. The increase in administrative expenses at NHS also included a restructuring of management compensation.

(iii) *Selling and marketing expenses*

Selling and marketing expenses, which consist of commissions paid to independent sales contractors, brokers and independent representatives as well as sales-related corporate costs, were CAD$208.0 million, an increase of 17 per cent. from CAD$177.3 million in the financial year ended 31 March 2012.

New customers signed by the sales force totalled 1,355,000 during the financial year ended 31 March 2013, an increase of 24 per cent. compared to 1,091,000 customers added through our sales channels in the financial year ended 31 March 2012. The increase in selling and marketing costs was less than the increase in customers due to the increased use of lower cost marketing channels and lower unrecovered marketing expenses associated with the Network Marketing Division.

Commissions related to obtaining and renewing broker commercial contracts are paid all or partially upfront or as residual payments over the life of the contract. If the commission is paid all or partially upfront, the amortisation is included in selling and marketing expenses at the time the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned. Of the current total commercial customer base, approximately 84 per cent. are commercial broker customers and approximately 66 per cent. of these commercial brokers are being paid recurring residual payments.

During the year ended 31 March 2013, CAD$11.5 million in commission-related expenses for energy marketing were capitalised to contract initiation costs. Of the capitalised commissions, CAD$2.4 million represents commissions paid to maintain gross margin and therefore is included in the maintenance capital deducted in the Adjusted EBITDA calculation.

(iv) *Other expense*

Other expense consists of amortisation, share based compensation and bad debt expense. Bad debt expense for the year ended 31 March 2013, was CAD$30.9 million, an increase of eight per cent. from CAD$28.5 million expensed for the year ended 31 March 2012. The bad debt expense increase was a result of a 23 per cent. increase in total revenues for the current year for the markets where the Issuer bears the credit risk including the increase in customer base and additional revenue earned in Texas from the customers acquired from Fulcrum. Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency. For the year ended 31 March 2013, the bad debt expense of CAD$30.9 million represents 2.1 per cent. of relevant revenue, lower than the bad debt for the financial year ended 31 March 2012, which represented 2.4 per cent. of relevant revenue.

Management expects that bad debt expense will remain in the range of two per cent. to three per cent. of relevant revenue. For each of the Issuer's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from the Issuer's customers for a regulated fee.

(v) *Finance costs*

Total finance costs for the year ended 31 March 2013 amounted to CAD$75.2 million, an increase of 38 per cent. from CAD$54.5 million recorded in the financial year ended 31 March 2012. The increase is a result of a full year of interest associated with the CAD$100m convertible shares issued to fund the Fulcrum acquisition in September 2011, the interest on the CAD$105 million unsecured note issued in November 2012 as well as higher borrowing costs for the credit facility and NHS and HES financing.

(c) ***Year ended 31 March 2012 compared to year ended 31 March 2011***

The following table presents data from the Company's consolidated statements of comprehensive loss for the financial years ended 31 March 2012 and 2011. The financial information contained therein has been prepared in accordance with IFRS.

	2012	**2011**
	(thousands of dollars) (CAD$)	
SALES	**$2,785,269**	$2,953,192
COST OF SALES	**2,267,780**	2,471,630
GROSS MARGIN	**517,489**	481,562
EXPENSES		
Administrative expenses	**122,397**	109,400
Selling and marketing expenses	**177,302**	133,607
Other operating expenses	**154,357**	165,575
	454,056	408,582
Operating profit	**63,433**	72,980
Finance costs	**(60,935)**	(59,883)
Change in fair value of derivative instruments	**(96,345)**	506,047
Proportionate share of loss from joint venture	**(1,971)**	—
Other income	**6,702**	7,235
Income (loss) before income taxes	**(89,116)**	526,379
Provision for income taxes	**37,527**	173,439
PROFIT (LOSS) FOR THE YEAR	**$ (126,643)**	$ 352,940

(i) *Sales and gross margin*

Sales decreased by six per cent. from CAD$3.0 billion in the financial year ended 31 March 2011 to CAD$2.8 billion in the financial year ended 31 March 2012. The sales decline was the result of a gradual reduction in average price within the customer base as new customers signed, and customer renewals, are at lower prices than that of customers expiring or lost through attrition primarily as a result of the decrease in commodity market prices.

For the financial year ended 31 March 2012, gross margin increased by seven per cent. to CAD$517.5 million from CAD$481.6 million reported in the financial year ended 31 March 2011. Gross margin related to energy marketing increased one per cent. year over year despite a 17 per cent. increase in customer base as a result of the warm winter temperatures impacting gas consumption across all markets and the increasing percentage of lower margin commercial customers within the overall book. Gross margin from TGF and NHS increased by 31 per cent. and 78 per cent., respectively for the financial year ended 31 March 2012.

(ii) *Administrative expenses*

For the financial year ended 31 March 2012, administrative expenses were CAD$122.4 million, an increase of 12 per cent. from CAD$109.4 million in the prior year.

	Financial year ended 31 March 2012	Financial year ended 31 March 2011	% increase (decrease)
	(thousands of dollars) (CAD$)		
Energy marketing	97,085	83,558	16%
NHS	12,901	12,083	7%
TGF	8,229	11,231	(27)%
Other	4,182	2,528	65%
Total administrative expenses	122,397	109,400	12%

Energy marketing administrative costs were CAD$97.1 million for the financial year ended 31 March 2012, an increase of 16 per cent. from CAD$83.6 million for the financial year ended 31 March 2011. This increase is primarily attributable to the inclusion of CAD$5.9 million in administrative costs related to the Fulcrum acquisition. Management did not anticipate any material synergies to be gained from the Fulcrum acquisition with respect to the administrative expenses. Excluding the Fulcrum-related costs, administrative expenses amounted to CAD$91.2 million, a nine per cent. increase in administrative expenses year over year as a result of the additional costs associated with supporting the growth in customer base. A portion of the nine per cent. non-Fulcrum growth is attributed to the Issuer's expansion into new markets where investments have been made but the customer growth is not yet reflected in the results.

(iii) *Selling and marketing expenses*

Selling and marketing expenses, which consist of commissions paid to independent sales contractors, brokers and independent representatives as well as sales-related corporate costs, were CAD$177.3 million, an increase of 33 per cent. from CAD$133.6 million in the financial year ended 31 March 2011. Excluding the CAD$37.3 million of costs associated with the expansion of Momentis, sales and marketing expenses increased by five per cent. to CAD$140.0 million. New customers signed by the sales force totaled 1,091,000 during the financial year ended 31 March 2012, an increase of nine per cent. compared to 999,000 customers added through our sales channels in the prior year. The increase in sales and marketing costs was less than the increase in customers due to the large component of commercial customers added. Commissions per RCE for commercial customers are lower than those of consumer customers.

Commissions related to obtaining and renewing Hudson Energy commercial contracts are paid all or partially upfront or as residual payments over the life of the contract. If the commission is paid all or partially upfront, the amortisation is included in selling and marketing expenses as the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned. Of the current total commercial customer base, approximately 62 per cent. are commercial broker customers and approximately 63 per cent. of these commercial brokers are being paid recurring residual payments. During 2012, CAD$11.9 million in commission-related expenses was capitalised to contract initiation costs. Of the capitalised commissions, CAD$2.8 million represents commissions paid to maintain gross margin and therefore is included in the maintenance capital deducted in the Adjusted EBITDA calculation.

In contrast to door-to-door marketing, there is an initial cost of building the Momentis channel as a result of the expansion of an independent representative base that will contribute to the number of customers on a go-forward basis. This cost is expensed immediately, with the margin for customer aggregation recognised over future periods. The customers signed by independent representatives are not customers that would normally been signed by the traditional door-to-door marketing channel and typically experience lower attrition and better renewal rates. It is expected that this division will become a significant cash flow generator in future periods.

Selling and marketing expenses included in Base EBITDA exclude amortisation related to the contract initiation costs for Hudson Energy and NHS. For the financial year ended 31 March 2012, the amortisation amounted to CAD$14.0 million, an increase of 13 per cent. from CAD$12.4 million reported in the prior year.

(iv) *Other expense*

Bad debt expense is included in the consolidated income statement under other operating expenses. Bad debt expense for the financial year ended 31 March 2012, was CAD$28.5 million, an increase of three per cent. from CAD$27.7 million expensed for the financial year ended 31 March 2011. The bad debt expense increase was a result of a 15 per cent. increase in total revenues for the current year for the markets were the Issuer bears the credit risk to CAD$1,187.2 million, including the additional revenue earned in Texas from the customers acquired from Fulcrum. Management integrates its default rate for bad debts within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency. For the financial year ended 31 March 2012, the bad debt expense of CAD$28.5 million represents 2.4 per cent. of relevant revenue, lower than the bad debt for the financial year ended 31 March 2011, which represented 2.7 per cent. of relevant revenue.

Management expects that bad debt expense will remain in the range of two per cent. to three per cent. of relevant revenue. For each of the Issuer's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from the Issuer's customers for a regulated fee.

(v) *Finance costs*

Total finance costs for the financial year ended 31 March 2012 amounted to CAD$60.9 million, an increase from CAD$59.9 million recorded in the financial year ended 31 March 2011. Excluding the CAD$7.8 million of dividend payments made to holders of Exchangeable Shares and equivalents classified as finance costs under IFRS in the prior year, finance costs increased by 17 per cent.. The increase in costs primarily relates to the interest associated with the CAD$330m convertible debentures (which was not in place for all of the financial year ended 31 March 2011), the CAD$100m Convertible Debentures (which were issued in the financial year ended 31 March 2012) and the increase in NHS financing. These costs were partially offset by the lower finance costs related to the credit facility.

4 Liquidity and Capital Resources

(a) *General*

The Issuer Group's liquidity requirements arise principally from its working capital requirements and capital expenditure investments. For the periods under review, the Issuer Group met its liquidity requirements from the proceeds of the debt financings referred to in paragraph 10 "*Issuer's Financings*" in the section "*Just Energy Group Inc.*" above and cash from operations. The Issuer intends to fund its working capital requirements and any capital expenditure with its credit facilities and cash from operations.

The Issuer's cash from operations is generated by its subsidiaries. The Issuer is not aware of any material legal or economic restrictions on the ability of its subsidiaries to transfer funds to the Issuer in the form of dividends, loans or advances.

The Issuer's borrowing requirements are seasonal, with the highest borrowing occurring in the months from December to March which coincides with the winter heating season. Similarly, there is another peak seasonal usage during the July to September during the summer cooling season although this peak has typically been a lower than the December to March peak. The lowest utilisation is typically in the months of April and May. The draw on the line for collateral posting by means of letters of credit is also seasonal and follows a similar shape.

Each of the Issuer's credit facilities is targeted towards funding a particular aspect of the Issuer's business (e.g. the facility under the Credit Agreement is orientated towards the Consumer Energy Division and the Commercial Energy Division and the Home Services Division (through NHS) and the Solar Division (through HES) each have their own credit facilities). The Issuer has targeted reducing its debt to EBITDA ratio to a range of 4.0 times or less EBITDA. Based on the 12 months ended 31 March 2014, the ratio is 4.7 times EBITDA, down from a ratio of 5.6 times EBITDA for the 12 months ended 31 March 2013.

The Issuer defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. The Issuer's objectives when managing capital are to maintain flexibility by:

(i) enabling it to operate efficiently;

(ii) providing liquidity and access to capital for growth opportunities; and

(iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

The Issuer manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Issuer's board of directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. The Issuer's capital management objectives have remained unchanged from the prior year. The Issuer is not subject to any externally imposed capital requirements other than financial covenants in its credit facilities, and as at 31 March 2014, all of these covenants have been met.

(b) ***Cash flows***

(i) *Year ended 31 March 2014 compared to the year ended 31 March 2013*

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 14, 2014" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2014 set out in Section C of "Financial Information on the Issue Group" below. The financial information contained therein has been prepared in accordance with IFRS.

Summary of cash flows (thousands of dollars) (CAD$)
For the years ended 31 March

	2014	2013
Operating activities from continuing operations	169,589	84,509
Investing activities from continuing operations	(88,247)	(99,087)
Financing activities from continuing operations, excluding dividends/ distributions	27,564	192,238
Effect of foreign currency translation	(1,276)	(2,690)
Increase in cash before dividends/distribution	110,182	174,970
Dividends/Distributions (cash payments)	(115,072)	(156,651)
Decrease in cash	(4,890)	(18,319)
Increase (decrease) in cash from discontinued operations and cash reclassified to assets held for sale	(13,207)	(33,041)
Cash and cash equivalents—beginning of year	38,498	53,220
Cash and cash equivalents—end of year	20,401	38,498

(A) *Operating activities from continuing operations*

Cash flow from continuing operating activities for the period ended 31 March 2014, was CAD$169.6 million, an increase from CAD$84.5 million in the financial year ending 31 March 2013. Cash flow from continuing operations increased with the increase in gross margin

(B) *Investing activities from continuing operations*

The Issuer purchased capital assets totalling CAD$35.5 million during the year, a decrease from CAD$38.4 million in the prior year. The Issuer's capital spending related primarily to equipment for the Home Services Division. Contract initiation costs increased to CAD$37.3 million in financial year ending 31 March 2014, compared to CAD$31.1 million in the year ended 31 March 2013.

(C) *Financing activities from continuing operations*

Financing activities, excluding dividends/distributions, relates primarily to the issuance and repayment of long-term debt. During the year ended 31 March 2014, CAD$653.9 million in long-term debt was issued primarily to fund capital investments made by the Home Services Division, advances made under the credit facility and the issuance of US$150 million convertible bond. Long-term debt amounting to CAD$611.2 million was repaid during the financial year ended 31 March 2014 primarily to repayments of the credit facility and the settlement of the CAD$90 million convertible debt. In the prior comparable year, CAD$471.7 million was issued in long-term debt relating to the credit facility and NHS financing with CAD$277.6 million being repaid.

As of 31 March 2014, the Issuer had a credit facility of CAD$290 million expiring on 2 October 2015]. As Just Energy continues to expand in the US markets, the need to fund working capital and collateral posting requirements will increase, driven primarily by the number of customers aggregated and, to a lesser extent, by the number of new markets. Based on the markets in which the Issuer currently operates and others that management expects the Company to enter, funding requirements will be fully supported through the credit facility.

The Issuer's liquidity requirements are primarily driven by the delay from the time that a customer contract is signed until cash flow is generated. For consumer customers, approximately 60 per cent. of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract, with most of the remaining 40 per cent. being paid after the energy commodity begins flowing to the customer. For commercial customers, commissions are paid either as the energy commodity flows throughout the contract or partially upfront once the customer begins to flow.

The elapsed period between the time a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, the Issuer receives payment directly from the customer.

(D) *Dividends/distributions (cash payments)*

For financial years ending 31 March 2014 and 31 March 2013, the annual dividend rate was CAD$0.84 per share. During the year ended 31 March 2014, the Issuer paid dividends/distributions to its shareholders and holders of restricted share grants and deferred share grants in the amount of CAD$115.1 million, compared to CAD$156.7 million in the financial year ended 31 March 2013. For the year ended 31 March 2014, CAD$8.2 million of the dividends were paid in shares under the DRIP, compared with CAD$21.6 million in the financial year ending 31 March 2013.

Just Energy has an annual dividend rate of CAD$0.84 per share effective 31 March 2014. The current dividend policy provides that shareholders of record on the 15th day of each month or the first business day thereafter receive dividends at the end of the month. Investors should note that due to the DRIP, a portion of dividends declared are not paid in cash. Under the program, shareholders can elect to receive their dividends in shares at a two per cent. discount on the prevailing market price rather than the cash equivalent.

(ii) *Year ended 31 March 2013 compared to the year ended 31 March 2012*

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 16, 2013" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2013 set out in Section B of "Financial Information on the Issue Group" below. The financial information contained therein has been prepared in accordance with IFRS.

Summary of cash flows (thousands of dollars) (CAD$)
For the years ended 31 March

	2013	2012
Operating activities from continuing operations	99,762	147,191
Investing activities from continuing operations	(162,130)	(204,983)
Financing activities from continuing operations, excluding dividends/ distributions	206,987	170,010
Effect of foreign currency translation	(2,690)	326
Increase in cash before dividends/distribution	141,929	112,544
Dividends/Distributions (cash payments)	(156,651)	(146,822)
Decrease in cash	(14,722)	(34,278)
Increase (decrease) in cash from discontinued operations and cash reclassified to assets held for sale	—	(10,135)
Cash and cash equivalents—beginning of year	53,220	97,633
Cash and cash equivalents—end of year	38,498	53,220

(A) *Operating activities from continuing operations*

Cash flow from continuing operating activities for the period ended 31 March 2013, was CAD$99.8 million, a decrease from CAD$147.2 million in the financial year ending 31 March 2012. Cash flow from continuing operations decreased as the increase in gross margin was offset by higher selling and marketing and administrative expenses. Gross margin increased by five per cent. year over year while administrative and selling and marketing costs increased by 22 per cent. and 17 per cent., respectively.

(B) *Investing activities from continuing operations*

The Issuer purchased capital assets totalling CAD$101.4 million during the year, an increase from CAD$74.6 million in the prior year. The Issuer's capital spending related primarily to the installations for the Home Services Division and the Solar Division. In addition, the purchase of intangible assets and water heater contracts was CAD$14.6 million in the financial year ended 31 March 2013, an increase from CAD$5.9 million in the financial year ended 31 March 2012 as a result of the morEnergy acquisition which amounted to CAD$9.7 million. Contract initiation costs increased to CAD$31.1 million in financial year ending 31 March 2013, compared to CAD$28.2 million in the year ended 31 March 2012.

(C) *Financing activities from continuing operations*

Financing activities, excluding dividends/distributions, relates primarily to the issuance and repayment of long-term debt. During the year ended 31 March 2013, CAD$492.8 million in long-term debt was issued primarily to fund capital investments made by the Home Services Division and Solar Division. Long-term debt amounting to CAD$277.6 million was repaid during the financial year ended 31 March 2013. In the prior comparable year, CAD$464.5 million was issued in long-term debt relating to the credit facility and NHS financing with CAD$282.2 million being repaid.

As of 31 March 2013, the Issuer had a credit facility of CAD$370 million expiring on 31 December 2013. As Just Energy continues to expand in the US markets, the need to fund working capital and collateral posting requirements will increase, driven primarily by the number of customers aggregated and, to a lesser extent, by the number of new markets. Based on the markets in which the Issuer currently operates and others that management expects the Company to enter, funding requirements will be fully supported through the credit facility.

The Issuer's liquidity requirements are primarily driven by the delay from the time that a customer contract is signed until cash flow is generated. For consumer customers, approximately 60 per cent. of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract, with most of the remaining 40 per cent. being paid after the energy commodity begins flowing to the customer. For commercial customers, commissions are paid either as the energy commodity flows throughout the contract or partially upfront once the customer begins to flow.

The elapsed period between the time a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, the Issuer receives payment directly from the customer.

(D) *Dividends/distributions (cash payments)*

For financial years ending 31 March 2013 and 31 March 2012, the annual dividend rate was CAD$1.24 per share. During the year ended 31 March 2013, the Issuer paid dividends/distributions to its shareholders and holders of restricted share grants and deferred share grants in the amount of CAD$156.7 million, compared to CAD$146.8 million in the financial year ended 31 March 2012. For the year ended 31 March 2013, CAD$21.6 million of the dividends were paid in shares under the DRIP, compared with CAD$28.4 million in the financial year ending 31 March 2012.

Just Energy has an annual dividend rate of CAD$0.84 per share effective April 2013. The current dividend policy provides that shareholders of record on the 15th day of each month or the first business day thereafter receive dividends at the end of the month. Investors should note that due to the DRIP, a portion of dividends declared are not paid in cash. Under the program, shareholders can elect to receive their dividends in shares at a two per cent. discount on the prevailing market price rather than the cash equivalent. Effective 1 May 2013, the DRIP plan is available to both Canadian and US resident shareholders. For the period of February through September 2012, the Issuer suspended its DRIP program, in conjunction with the approval of the normal course issuer bid.

(iii) *Year ended 31 March 2012 compared to the year ended 31 March 2011*

The following table presents data from the Issuer's unaudited "Management's Discussion and Analysis—May 17, 2012" and should be read in conjunction with the Issuer's audited consolidated financial statements for the year ended 31 March 2012 set out in Section A of "Financial Information on the Issue Group" below. The financial information contained therein has been prepared in accordance with IFRS.

Summary of cash flows	**2012**	**2011**
	(thousands of dollars) (CAD$)	
Operating activities	144,390	145,555
Investing activities	(205,247)	(318,847)
Financing activities, excluding distributions/dividends	162,940	346,290
Effect of foreign currency translation	326	(908)
Increase in cash before distributions/dividends	102,409	172,090
Distributions/dividends (cash payments)	(146,822)	(134,589)
Increase (decrease) in cash	(44,413)	37,501
Cash—beginning of year	97,633	60,132
Cash—end of year	53,220	97,633

(A) *Operating activities*

Cash flow from operating activities for the year ended 31 March 2012, was CAD$144.4 million, a slight decrease from CAD$145.6 million in the prior year. The increase in gross margin was offset by higher selling and general and administrative expenses resulting in cash flow from operations being relatively flat year over year.

(B) *Investing activities*

Just Energy purchased capital assets totalling CAD$74.8 million during the year, an increase from CAD$33.4 million in the prior fiscal year. Just Energy's capital spending related primarily to the Home Services Division and Solar Division.

(C) *Financing activities*

Financing activities, excluding distributions/dividends, relates primarily to the issuance and repayment of long-term debt. During the year, CAD$464.5 million in long-term debt was issued, largely resulting from the CAD$100 Million Convertible Debentures issued on 22 September 2011, for funding the Fulcrum acquisition and additional funding received by NHS for financing. Long-term debt amounting to CAD$288.0 million was repaid during the year. In the prior year, CAD$484.8 million was issued in long-term debt relating to the CAD$330 million in debenture to finance the acquisition of Hudson, the credit facility and NHS financing with CAD$150.4 million being repaid.

As of 31 March 2012, Just Energy had a credit facility of CAD$350 million expiring on 31 December 2013. As the Issuer continues to expand in the US markets, the need to fund working capital and collateral posting requirements will increase, driven primarily by the number of customers aggregated and, to a lesser extent, by the number of new markets. Based on the markets in which Just Energy currently operates and others that management expects the Company to enter, funding requirements will be fully supported through the credit facility.

The Issuer's liquidity requirements are driven by the delay from the time that a customer contract is signed until cash flow is generated. For residential customers, approximately 60 per cent. of an independent sales contractor's commission payment is made following reaffirmation or verbal verification of the customer contract, with most of the remaining 40 per cent. being paid after the energy commodity begins flowing to the customer. For commercial customers, commissions are paid either as the energy commodity flows throughout the contract or partially upfront once the customer begins to flow.

The elapsed period between the time a customer is signed to when the first payment is received from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta and Texas, the Issuer receives payment directly from the customer.

(D) *Distributions/dividends (cash payments)*

During the year ended 31 March 2012, Just Energy made cash distributions/dividends to its shareholders and holders of restricted share grants and deferred share grants in the amount of CAD$146.8 million, compared to CAD$134.6 million in the prior year.

The Issuer maintains its annual dividend rate at CAD$1.24 per share, the same rate that was previously paid for distributions. Investors should note that in the past, due to the DRIP, a portion of dividends (and prior to 1 January 2011, distributions) declared are not paid in cash. Under the program, shareholders can elect to receive their dividends in shares at a two per cent. discount to the prevailing market price rather than the cash equivalent. For the year ended 31 March 2012, CAD$28.4 million of the dividends were paid in shares under the DRIP. The DRIP was suspended as of 1 February 2012, with the approval of the normal course issuer bid and remained suspended as at 31 March 2012.

The Issuer will continue to utilize its cash resources for expansion into energy markets; grow its existing energy marketing customer base, JustGreen and JustClean products and Home Services Division and Solar Division; make accretive acquisitions of customers; and add dividends to its shareholders.

At the end of the quarter, the annual rate for dividends per share was CAD$1.24. The current dividend policy provides that shareholders of record on the 15th day of each month or the first business day thereafter receive dividends at the end of the month.

(c) ***Commitments and contractual obligations***

(i) *Commitments*

As at 31 March 2014, the Issuer had the following commitments:

As at 31 March 2014	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	Total
	(thousands of dollars) (CAD$)				
Premises and equipment leasing	8,223	12,655	7,845	4,537	33,260
Royalty payments	—	4,489	9,643	31,650	45,782
Long-term gas and electricity contracts	1,668,975	1,183,717	257,893	2,411	3,112,996
	$1,677,198	1,200,861	275,381	38,598	390,341

(ii) *Contingent liabilities*

As at 31 March 2014, the Issuer's current contingent liabilities were CAD$3,052,000 and Issuer's the non-current contingent liabilities were CAD$3,760,000. The Issuer's contingent liabilities as at 31 March 2014 relate to litigation accruals.

5 Balance Sheet

The following table summarises the Issuer's financial position as at 31 March 2014, 31 March 2013 and 31 March 2012. The financial information contained therein has been prepared in accordance with IFRS.

	31 March 2014	31 March 2013	31 March 2012
	(thousands of dollars) (CAD$)		
ASSETS			
Non-current assets			
Property, plant and equipment	$ 176,720	$ 258,003	$ 291,061
Intangible assets	404,928	447,333	543,775
Contract initiation costs	75,731	58,446	44,225
Other non-current financial assets	31,696	31,305	15,315
Non-current receivables	11,175	11,046	6,475
Investments	9,224	9,000	—
Deferred tax asset	1,676	24,858	78,398
	711,150	839,991	979,249
Current assets			
Inventory	9,205	6,073	9,988
Gas delivered in excess of consumption	7	5,224	12,844
Gas in storage	2,387	11,051	11,453
Current trade and other receivables	426,971	315,551	299,945
Accrued gas receivables	48,634	33,989	2,875
Unbilled revenues	170,661	129,166	130,796
Prepaid expenses and deposits	21,699	15,874	9,451
Other current assets	103,502	33,005	12,799
Corporate tax recoverable	9,754	9,761	8,225
Restricted cash	12,017	13,320	12,199
Cash and cash equivalents	20,401	38,498	53,220
	825,238	611,512	563,795
Assets classified as held for sale	106,262	77,439	—
	931,500	688,951	563,795
TOTAL ASSETS	$ 1,642,650	$ 1,528,942	$ 1,543,044

	31 March 2014	31 March 2013	31 March 2012
	(thousands of dollars) (CAD$)		
DEFICIT AND LIABILITIES			
Deficit attributable to equity holders of the parent			
Deficit	$(1,294,987)	$(1,300,280)	$(1,652,188)
Accumulated other comprehensive income	71,997	47,155	70,293
Shareholders' capital	1,033,557	1,018,082	993,181
Equity component of convertible debentures	25,795	25,795	25,795
Contributed surplus	65,569	70,893	62,147
Shareholders' deficit	(98,069)	(138,355)	(500,772)
Non-controlling interest	6,427	(702)	(637)
TOTAL DEFICIT	(91,642)	(139,057)	(501,409)
Non-current liabilities			
Long-term debt	930,027	795,224	679,072
Provisions	3,760	3,773	3,068
Deferred lease inducements	813	1,044	1,778
Other non-current financial liabilities	56,297	85,380	309,617
Deferred tax liability	32,935	31,327	6,073
	1,023,832	916,748	999,608
Current liabilities			
Bank indebtedness	—	—	1,060
Trade and other payables	485,471	301,820	287,145
Accrued gas payable	34,589	28,476	2,960
Deferred revenue	82	13,017	11,985
Income taxes payable	6,280	5,143	4,814
Current portion of long-term debt	51,999	162,474	97,611
Provisions	3,052	3,063	3,226
Other current financial liabilities	77,135	159,819	636,044
	658,608	673,812	1,044,845
Liabilities relating to assets classified as held for sale	51,852	77,439	—
	710,460	751,251	1,044,845
TOTAL LIABILITIES	1,734,292	1,667,999	2,044,453
TOTAL DEFICIT AND LIABILITIES	$ 1,642,650	$ 1,528,942	$ 1,543,044

6 Off-Balance Sheet Arrangements

The Issuer has issued letters of credit in accordance with its credit facility totalling CAD$123.6 million to various counterparties, primarily utilities in the markets it operates in, as well as suppliers.

Pursuant to separate arrangements with several bond agencies, The Hanover Insurance Group and Charter Brokerage LLC, the Issuer has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at 31 March 2014 was CAD$35.3 million.

7 Critical Accounting Policies

The Directors have identified the following IFRS accounting policies as currently the most critical to the Issuer Group's business operations and the understanding of its results. Application of these policies requires management to make assumptions and use judgment based on information and financial data available that may change in the future. Different assumptions and judgments could lead to materially different results.

(a) *Basis of Consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Issuer obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions and balances have been eliminated on consolidation.

(b) ***Foreign currency translation***

The consolidated financial statements are presented in Canadian dollars, which is currently the Company's functional and reporting currency.

(i) *Functional and presentation currency*

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

(ii) *Transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income (loss), except when deferred in other comprehensive income (loss) as qualifying net investment hedges.

(iii) *Translation of foreign operations*

The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(A) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and

(B) income and expenses for each consolidated statement of income (loss) are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other foreign currency instruments designated as hedges of such investments, are recorded to other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income (loss) are recognised in the consolidated statement of income (loss) as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

8 Recent Developments

Since 31 March 2014, the following significant events have occurred in the Issuer Group's operations:

(a) ***Departure of Chief Executive Officer***

On 26 February 2014, the Issuer announced the resignation Ken Hartwick as a director and officer of the Issuer, effective from 1 April 2014.

(b) ***Appointment of Co-Chief Executive Officers***

The Issuer announced that the Board of Directors appointed Deborah Merril, Just Energy's Executive Vice President, Commercial, and James Lewis, Just Energy's Chief Operating Officer, as Co-Chief Executive Officers, effective as of 1 April 2014.

CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table shows the capitalisation of the Issuer Group as at 31 March 2014:

(in CAD$ 000s)	As at 31 March 2014
Current debt	
Guaranteed	NIL
Secured	
NHS Financing(1)	51,824
HES financing—credit facility less debt issue costs(2)	NIL
HES financing(2)	NIL
Unguaranteed / unsecured	
CAD$90 Million Convertible Debenture	NIL
Capital leases	175
Non-current debt	
Guaranteed	NIL
Secured	
Credit facility less debt issue costs	67,051
NHS financing(1)	220,737
HES financing—solar term debt(2)	NIL
Unguaranteed / unsecured	
CAD$105 Million Senior Unsecured Note less debt issue costs	98,779
CAD$330 Million Convertible Debentures	304,458
CAD$100 Million Convertible Debentures	89,430
USD$150 Million Convertible Bonds	149,572
Capital leases	NIL
Total debt	$ 982,026

(1) Secured by the assets of NHS. Please refer to Note 17(c) to the consolidated financial statements of the Issuer for the financial year ended 31 March 2014.

(2) Please refer to Notes 10 and 17(h) to the consolidated financial statements of the Issuer for the financial year ended 31 March 2014.

Shareholders' equity	
Share capital	$1,033,557
Share premium	NIL
Other reserves	NIL
Capitalisation and reserves	$1,033,557

The following table sets out the Issuer Group's net indebtedness as at 31 March 2014:

(in CAD$ 000s)	As at 31 March 2014
Current financial receivable	
Cash and cash equivalents	20,401
Current financial debt	
Current bank debt	NIL
Current portion of non-current debt	NIL
Other current financial debt	51,999
Non-current financial debt	
Non-current bank loans	NIL
Bonds issued	NIL
Other non-current loans	930,027
Net financial debt	**$961,625**

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1 Board of directors

The following table sets out the name, position and principal occupation outside the Issuer Group of the Issuer's board of directors.

Name	Title	Principal occupation outside the Issuer Group
Rebecca MacDonald	Executive Chair	None
Hugh D Segal	Lead Director[(1)] and Vice Chair (Independent[(2)])	Member of the Senate of Canada
Michael J L Kirby	Independent Director	Corporate Director
John A Brussa	Independent Director	Partner, Burnet, Duckworth & Palmer LLP
Gordon D Giffin	Independent Director	Senior Partner, McKenna Long & Aldridge LLP
William F Weld	Independent Director	Principal Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, PC
George Sladoje	Independent Director	Principal Sladoje Consulting, Chicago
Brett A Perlman	Independent Director	President, Vector Advisors
R Scott Gahn	Director	President, Gulf Coast Security Services, Inc.

Notes:

(1) The Issuer's constating documents provide that the board of directors may appoint a "lead director", who must be a resident Canadian. Hugh Segal is the current Lead Director of the Issuer. The Lead Director is primarily responsible for: (i) consulting with the chairman of the board of directors to set the agenda for board meetings; (ii) ensuring board leadership in times of crises; (iii) ensuring that board committees carry out their functions and report to the board; (iv) chairing meetings of independent directors and acting as a liaison between the independent directors and the chairman; (v) ensuring that the board committees have access to professional advice; (vi) reviewing and reporting to the board on compliance with all policies of the board; and (vii) ensuring that the board regularly addresses issues relating to stewardship, risk management, strategic planning and succession.

(2) In these Listing Particulars, a reference to an "independent director" means a director who is "independent" for the purposes of the securities laws of Canada, including the rules of the TSX and the rules of the NYSE.

Rebecca MacDonald

Rebecca MacDonald was a founder of the Issuer and has held the position of Executive Chair since the Issuer's initial public offering. From the Issuer's initial public offering to March 2005, Ms MacDonald also held the position of Chief Executive Officer.

Hugh D Segal

Hugh Segal is a member of the Senate of Canada and is a Senior Fellow at the School of Policy Studies, Queen's University, where he also serves as an Adjunct Professor of Public Policy at the School of Business, and is Senior Advisor at Aird Berlis LLP. Mr Segal also serves as Director of the Canadian Defence and Foreign Affairs Institute in Calgary, Alberta, and is a member of the Atlantic Council. Mr Segal has been a director of the Issuer since 2001. Mr Segal has announced that he is resigning from the Senate of Canada effective 30 June 2014.

Michael J L Kirby

Michael Kirby is the Chairman of Partners for Mental Health, a national mental health charity. Mr Kirby was a member of the Senate of Canada from 1984 to 2006. Mr Kirby has been a director of the Issuer since 2001.

John A Brussa

John Brussa is a partner in the Calgary-based energy law firm of Burnet, Duckworth & Palmer LLP, specialising in the area of energy and taxation. He is also a director of a number of energy and energy-related corporations and income funds. Mr Brussa has been a director of the Issuer since 2001.

Gordon D Giffin

Gordon Giffin is a senior partner in the Washington, DC and Atlanta, Georgia-based law firm McKenna Long & Aldridge LLP. Mr Giffin served as the United States Ambassador to Canada from August 1997 to April 2001 and has been a director of the Issuer since 2006.

William F Weld

William Weld is a member of the law firm of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo PC, specialising in government strategies, corporate governance and compliance, and international business best practices. In addition, Mr Weld served two terms as Governor of Massachusetts, elected in 1990 and re-elected in 1994. Mr Weld has been a director of the Issuer since 2012.

George Sladoje

George Sladoje serves as principal, Sladoje Consulting, where he specialises in providing regulatory and compliance consulting to organisations dealing in electricity and gas trading and has provided marketing services to grid operators across the United States. Mr Sladoje served as CEO of NASDAQ OMX Commodities Clearing Company until 2011. He is also a Chartered Professional Accountant with previous working experience at a "big eight" accounting firm. Mr Sladoje has been a director of the Issuer since 2012.

Brett A Perlman

Brett Perlman is currently President of Vector Advisors, a management consulting firm that provides services to telecommunications and energy clients. Prior to this, Mr Perlman served as Commissioner for the Public Utility Commission of Texas from 1999 to 2003. In this role, he was responsible for leading the successful restructuring of Texas' US$17 billion electric utility industry and US$4 billion telecommunications industry as these opened to competition. Mr Perlman has been a director of the Issuer since 2013.

R Scott Gahn

R Scott Gahn is currently the President of Gulf Coast Security Services, Inc, a Houston based security firm. Prior to 2011, Mr Gahn had been involved in the sale of deregulated and regulated electricity and natural gas for over 27 years, including sitting on the board of the Electric Reliability Council of Texas from 2005 to 2008 and working as an executive of a number of energy companies, including the Issuer. Mr Gahn joined the board of the Issuer in December 2013.

2 Senior officers

The following table sets out the name and position of the Issuer's senior officers.

Name	Title
Beth Summers	Chief Financial Officer
James W Lewis	Co-Chief Executive Officer and President
Deborah Merril	Co-Chief Executive Officer and President
Darren Pritchett	Executive Vice President, Consumer Sales

Beth Summers

Beth Summers joined the Issuer in February 2009 as Chief Financial Officer. Prior to this, Ms Summers was Executive Vice President and Chief Financial Officer of Hydro One Inc.

James W Lewis

James Lewis is the Co-Chief Executive Officer and President of the Issuer. Between June 2011 and March 2014, Mr Lewis was the Executive Vice President and Chief Operating Officer of the Issuer. Prior to this, he held the position of Senior Vice President and General Manager, Eastern US and was also Senior Vice President for North American Operations.

Deborah Merril

Deborah Merril is the Co-Chief Executive Officer and President of the Issuer. Between May 2010 and March 2014, Ms Merril was the Executive Vice President, Commercial of the Issuer and President of its subsidiary Hudson Energy Services LLC. From 2002, Ms Merril held the position as Senior Vice President, Marketing of Just Energy LLC (which was acquired by the Issuer in May 2007).

Darren Pritchett

Darren Pritchett joined the Issuer as Executive Vice President, Consumer Sales in April of 2008. Prior to this, Mr Pritchett ran a successful direct marketing organisation, contracted by the Issuer.

3 Conflicts of Interest

Certain directors are also, and may continue to be, directors, officers or shareholders of other energy companies whose operations may, from time to time, be in direct competition with those of the Issuer or with entities which may, from time to time, provide financing to, or make equity investments in competitors of the Issuer. Conflicts, if any, will be subject to the procedures and remedies available under the CBCA. The CBCA provides that, in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided in the CBCA. As at the date of these Listing Particulars, the Issuer is not aware of any existing material conflicts of interest between the Issuer or a subsidiary of the Issuer and any director or officer of the Issuer or a subsidiary of the Issuer.

4 Corporate governance

The Issuer complies with the corporate governance requirements imposed by the rules of the TSX. With respect to the Issuer's listing on the NYSE, the Issuer is a "foreign private issuer" in the US and may rely on "home jurisdiction" listing standards for compliance with NYSE listing standards, subject to certain exceptions where the Issuer must comply with the relevant NYSE listing standards (all of which the Issuer is in compliance with).

As part of its compliance with corporate governance requirements, the Issuer's board of directors comprises a majority of individuals who qualify as "independent" in accordance with securities laws and the respective rules of the TSX and NYSE. Of the current board of directors, other than with respect to the Audit Committee, only Rebecca MacDonald (who is a management director) and Scott Gahn (who was an executive officer of the Issuer until June 2011) are not considered to be independent. For the purposes of the Audit Committee, John Brussa and Gordon Giffin are not considered independent as their respective law firms (Mr Brussa is a Partner at Burnet Duckworth & Palmer LLP and Mr Giffin is a Senior Partner at McKenna, Long & Aldridge LLP) provide legal services to the Issuer and its subsidiaries. For all other purposes, Mr Brussa and Mr Giffin are considered independent board members. Mr Gahn will be considered independent as of June 2014.

The Issuer currently has the following corporate governance procedures and policies in place.

(a) ***Audit Committee***

The general responsibility of the Audit Committee is to assist the board of directors in fulfilling its oversight responsibility with respect to:

(i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies;

(ii) compliance with accounting and finance based legal and regulatory requirements;

(iii) the independent auditor's qualifications and independence;

(iv) the system of internal accounting and financial reporting controls that management has established;

(v) performance of the internal and external audit process and of the independent auditor; and

(vi) to the extent not addressed by the Issuer's Risk Committee, the implementation and effectiveness of the policies of the Issuer relating to the Issuer's Risk Management Policy and Procedures, the Issuer's Policy on Dividends and such other policies of the Issuer approved from time to time by the board or the Audit Committee.

The board of directors may authorise the committee to investigate any activity of the Issuer and any affiliate of the Issuer for which the committee has responsibility. The external auditor and internal audit shall report to the committee and the committee is required to meet privately with the external auditor at least quarterly. The specific responsibilities of the committee include reviewing the Issuer's quarterly and annual financial statements and ensuring that the management of the Issuer has implemented appropriate systems of internal control as regards financial reporting.

The Audit Committee shall consist of a minimum of three directors, each of who will be independent (as defined by applicable law) and financially literate. One member of the committee must be a "financial expert" (as defined by applicable law). The board of directors will appoint the members of the committee annually. Appointments to the committee are for a one year term, subject to re-appointment at the discretion of the board having regarding to applicable law and the desire for continuity and for periodic rotation of committee members.

The committee is required to meet at least four times per year.

The current members of the committee are Michael Kirby, George Sladoje, Hugh Segal, Brett Perlman and William Weld. The committee is chaired by Michael Kirby (who is also the "financial expert" for the committee).

(b) ***Compensation, Human Resources, Health, Safety and Environmental Committee (the "Compensation Committee")***

The primary purpose of the Compensation Committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to:

(i) key compensation and human resources policies;

(ii) the compensation of each of the five highest paid executive officers of the Issuer and its affiliates;

(iii) executive management succession and development;

(iv) health, safety and environmental matters; and

(v) all other matters normally associated with compensation and policies under applicable law.

The committee's specific responsibilities include reviewing the performance and approving the compensation (including salaries, bonuses and other incentives) of executive officers of the Issuer and establishing and administering the Issuer's share option programme and other share ownership arrangements.

The committee will comprise a minimum of three directors, each of whom will be independent (as defined by applicable law). The membership of the committee will represent a diverse background of experience and skills including members with energy, human resources, financial management and health, safety and environmental experience.

The fees payable to independent directors are outside the scope of the committee's mandate.

The board of directors will appoint the members of the committee annually. Appointments to the committee are for a one year term, subject to re-appointment at the discretion of the board having regarding to the desire for continuity and for periodic rotation of committee members.

The committee is required to meet at least four times per year.

The current members of the committee are John Brussa, Gordon Giffin, Michael Kirby, Hugh Segal, and William Weld. The committee is chaired by Michael Kirby.

(c) ***Nominating and Corporate Governance Committee***

The primary purpose of the Nominating and Corporate Governance Committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to:

(i) the development and implementation of principles and systems for the management of corporate governance;

(ii) identifying qualified candidates and recommending nominees for director and board committee appointments; and

(iii) evaluations of the board, committee of the board, all individual directors, the board executive chair, the Lead Director and the chairs of the committees of the board, all with a view to ensuring the Issuer has a "leading edge" in implementing best-in-class corporate governance practices.

The specific responsibilities of the committee include reviewing the mandates for the board of directors and committees of the board, reviewing the position descriptions for certain members of the board and management and reviewing the effectiveness of the board as a whole. The committee will consist of a minimum of three directors, each of who will be independent (as defined by applicable law). All committee members will have a working familiarity with the corporate governance practices required by applicable legislation.

The board of directors will appoint the members of the committee annually. Appointments to the committee are for a one year term, subject to re-appointment at the discretion of the board having regarding to the desire for continuity and for periodic rotation of committee members.

The committee is required to meet at least four times per year.

The current members of the committee are Hugh Segal, William Weld, George Sladoje, Brett Perlman and Scott Gahn. The committee is chaired by Hugh Seal.

(d) ***Risk Committee***

The primary purpose of the Risk Committee is to assist the board of directors in fulfilling its oversight responsibilities with respect to:

(i) satisfying itself that management of the Issuer has implemented effective systems to identify significant risks of the business and changes to such risks;

(ii) reviewing the Issuer's risk management strategies and policies with respect to, among other things, hedging policies, commodity price risk, foreign exchange risk, interest rate risk, transportation risk, volume risk, product structure, insurance risk, credit risk, reputational risk and litigation risk;

(iii) reviewing (at least annually) the Issuer's liability insurance coverage; and

(iv) reviewing procedures and compliance for dealing with customer complaints.

The committee will consist of a minimum of three directors, a majority of whom will be independent (as defined by applicable law).

The board of directors will appoint the members of the committee annually. Appointments to the committee are for a one year term, subject to re-appointment at the discretion of the board having regard to applicable law and the desire for continuity and for periodic rotation of committee members.

The committee will meet at least four times per year.

The current members of the committee are Hugh Segal, George Sladoje, Gordon Giffin, John Brussa, Michael Kirby and Scott Gahn. The committee is chaired by George Sladoje.

(e) ***Disclosure, Confidentiality and Trading Policy***

The Issuer adopted a Disclosure, Confidentiality and Trading Policy. This policy establishes procedures which are designed:

(i) to permit the disclosure of information about the Issuer and its affiliated entities to the public in an informative, timely and broadly disseminated manner;

(ii) to ensure that non-publicly disclosed information remains confidential; and

(iii) to ensure that trading of securities in the Issuer and its affiliated entities by directors, officers and employees remains in compliance with applicable securities laws and the self-imposed trading restrictions already established by the Issuer.

(f) ***Other board committees and initiatives***

(i) *Executive Committee*

The primary purpose of the executive committee of the board is to act in the board of director's place and stead when the full board is not in session or cannot reasonably be called into session. The committee possesses and may exercise all the powers, authorities and discretions vested in or exercisable by the board, except those powers that only the full board may exercise at law or which the board has specifically reserved for the full board.

The committee is comprised of the five directors appointed by the board annually including the Executive Chair, the CEO and the Chair of each of the Risk, Audit and Nominating and Governance Committees.

(ii) *Directors to be Elected on an Individual Basis*

As a corporate governance initiative approved in 2010, directors are elected on an individual, as opposed to a slate (ie "all or none"), basis. The board of Just Energy has adopted a policy which requires that any nominee for director who receives a greater number of votes "withheld" than votes "for" for his or her election as a director shall submit his or her resignation to the Nominating and Corporate Governance Committee for consideration promptly following the meeting. The Nominating and Corporate Governance Committee shall consider the resignation and shall recommend to the board of Just Energy whether to accept it. The board will consider the recommendation and determine whether to accept it within 90 days of the meeting and a news release will be issued by Just Energy announcing the board's determination. A director who tenders his or her resignation will not participate in any meetings to consider whether the resignation shall be accepted.

(iii) *Board Overloading*

The directors of Just Energy approved a guideline on "Board Overloading" which was effective 1 January 2011. The guideline provides that as a principle of good corporate governance, directors of Just Energy should not serve on the boards of more than six publicly listed companies. The Nominating and Corporate Governance Committee, after a consideration of all the circumstances, may determine annually, prior to the election of directors, to waive the guideline for persons who in exceptional circumstances, should not be constrained from serving on the board. The Nominating and Corporate Governance Committee has determined that the guidelines should not apply to John Brussa.

(iv) *Retirement Policy*

On 17 May 2012 the board of Just Energy approved a retirement policy pursuant to which directors must resign on the earlier of:

(A) age 75; and

(B) the day, starting from the later of 1 April 2001 and the day of the election or appointment to the board, when a director has served on the board of Just Energy for more than 15 years.

Special circumstances may exist or arise when it is in Just Energy's best interests to waive the policy for up to maximum of three years based on a director's contribution and expertise subject to solid annual performance assessments, positive peer evaluation reviews and shareholder approval.

(v) *Board Diversity and Renewal*

On 17 May 2012 the board of directors of Just Energy approved a policy on board diversity and renewal on the basis that greater board diversity contributes to better corporate governance. The Issuer believes that diversity should be considered in the context of ethnicity, gender, age, business experience, functional expertise, stakeholder perspectives and geographic background.

(vi) *Share Ownership*

The board has adopted policies that require non-management directors to receive CAD$15,000 of their annual base retainer in director deferred share grants ("**DSGs**") or Common Shares and require non-management directors to own a minimum of three times their annual base retainer of CAD$65,000 (CAD$195,000) in Common Shares and DSGs within three years of their appointment or election to the board.

(vii) *Financial Restatement and Clawback Policy*

On 9 February 2012, the Issuer's board of directors approved a Clawback Policy entitled "*Recoupment Upon Restatement or Misstatement of Financial Results*" which provides that if, in the opinion of the independent directors of the board, Just Energy's financial results are restated due in whole or in part to intentional fraud or misconduct by one or more of the Issuer's executive officers the independent directors have the discretion to use their efforts to remedy the fraud or misconduct and prevent its recurrence. The Issuer's independent directors may, based upon the facts and circumstances surrounding the restatement, direct that the Issuer recover all or a portion of any bonus or incentive compensation paid, or cancel all, or part of, the stock-based awards granted, to an executive officer. In addition, the independent directors may also seek to recoup any gains realised with respect to equity-based awards, including stock options granted under the Issuer's stock option plan, RSGs granted under the RSG Plan, or other incentive payments made or required to be made by Just Energy under any discretionary, non-discretionary, targeted or other compensation plan of Just Energy, regardless of when issued or required to be issued at a future date.

The remedies that may be sought by the independent directors are subject to a number of conditions, including, that:

(A) the bonus or incentive compensation to be recouped was based on the achievement of objective financial or other similar criteria or factors as provided for in the executive officer's employment contract and was calculated based on the financial results that were restated;

(B) the executive officer in question engaged in the intentional misconduct;

(C) the bonus or incentive compensation calculated or to be calculated under the restated financial results is less than the amount actually paid or awarded or to be paid or awarded; and

(D) no remedy, action or proceeding for the recovery of any amount from an executive officer that is provided for in the policy may be commenced after a period of three years from the date such executive's employment is terminated for whatever reason.

5 Share ownership arrangements for directors, officers and employees

The Issuer Group operates a number of different share ownership schemes for its directors and employees, which are summarised below.

(a) ***Option Plan***

(i) *Purpose*

The purpose of the option plan adopted on 6 December 2010 (the "**Option Plan**") is to provide eligible participants with financial rewards that will encourage ownership of Common Shares, enhance the Issuer's ability to attract, retain and motivate key personnel and service providers and reward recipients for significant performance and cash flow growth of the Issuer.

(ii) *Eligibility*

Officers and full-time employees of, and service providers to, the Issuer Group are eligible to participate in the Option Plan. On 6 February 2009, the board of directors adopted the policy that no further options would be granted to directors of the Issuer.

(iii) *Price*

The exercise price for any option granted may not be less than the closing market price of the Common Shares on the TSX on the business day immediately preceding the day upon which the option is granted.

(iv) *Expiry and transfer*

Except as otherwise provided in individual option agreements approved by the Compensation Committee, options granted under the Option Plan are non-transferable, non-assignable and expire five or 10 years from their grant date.

(v) *Ceasing to hold office or leaving employment*

Under the Option Plan (and under applicable option and employment agreements for certain senior officers) all options will automatically vest immediately: (A) upon dismissal without cause or constructive dismissal; and (B) in certain cases, at the end of the term of an employment agreement if a further employment agreement on no less favourable terms from a commercial standpoint is not made available or offered to certain employees of the Issuer or an affiliate of the Issuer.

If before the expiry of an option, a participant's employment is terminated by reason of death, such option may be exercised by the legal representatives of the estate of the participant at any time on or prior to the earlier of the expiry date of such option and the first anniversary of the date of death of the participant.

(vi) *Corporate event*

Under the Option Plan (and applicable option and employment agreements for certain senior officers) all options will automatically vest immediately prior to the occurrence of a change of control (as defined in the Option Plan).

(vii) *Limits of the plan*

The aggregate number of options which may be granted under the Option Plan is limited to 11,300,000. As at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars) the maximum number of options available for issue under the Option Plan is 814,116.

(viii) *Amendments*

The Option Plan may not be amended without shareholder approval and the consent of the TSX.

(b) ***Restricted Share Grant Plan***

(i) *Purpose*

The Restricted Share Grant Plan adopted on 6 December 2010 (the "**RSG Plan**") was introduced to replace the granting of options to senior officers of the Issuer and its affiliates and to provide a mechanism to ensure that all or a significant portion of the bonuses payable to senior officers are payable in fully paid restricted share grants (a restricted share grant represents a promise by the Issuer to the grantee to exchange the restricted share grant for a certain number of Common Shares upon the completion of a vesting schedule) ("**RSGs**") in lieu of cash, thereby encouraging the grantee to continue in the long-term employment of the Issuer, while aligning their interests to those of shareholders.

Fully paid RSGs are, subject to vesting and the "cash out" option described below, exchangeable into fully paid Common Shares on the basis of one Common Share for each fully paid RSG.

The RSG Plan operates in parallel with the Performance Bonus Incentive Plan (the "**PBG Plan**") (see paragraph 5(c) below), however, for Canadian grantees, the RSG Plan will gradually be phased out and replaced by the PBG Plan (see paragraph 5(c) below). In addition, certain holders of RSGs may elect to "transition" their unvested RSGs to performance bonus grants ("**PBGs**") under the PBG Plan.

(ii) *Eligibility*

Senior officers and other employees of, and service providers to, the Issuer Group are entitled to participate in the RSG Plan.

(iii) *Price*

The number of fully paid RSGs to which a grantee is entitled is determined on the relevant grant date by dividing the specified percentage of the bonus to which such grantee is entitled and/or elects to receive (and which is payable in fully paid RSGs), by the simple or weighted average of the closing market price of the Common Shares on the TSX for periods ranging between 10 and 30 days for RSGs granted prior to 30 June 2004, and, unless otherwise provided by the Compensation Committee and/or the board of directors, 20 days for all other RSGs, in each case, immediately prior to the grant date.

In some cases, a fixed number of fully paid RSGs are granted to an employee in lieu of a cash bonus without reference to a simple average closing TSX price.

(iv) *Vesting*

The RSGs vest at various dates, ranging from immediately (on the grant date) to 10 years from the grant date, provided that on the applicable vesting dates the grantee continues to be an "eligible person" for the purposes of the RSG Plan.

(v) *Ceasing to hold office or leaving employment*

All outstanding RSGs, whether or not vested, automatically vest in certain circumstances including: death, dismissal without cause or constructive dismissal and the inability, in certain circumstances, of the Issuer (or an affiliate thereof) and a grantee to settle upon a further employment arrangement at the end of term.

Subject to the terms of an employment agreement and to a resolution of the Compensation Committee, all rights to exchange a RSG for Common Shares expire upon a grantee ceasing to be an "eligible person" provided that:

(A) in the event of death, a RSG may be exercised by the legal representatives of the estate of the grantee prior to the earlier of the expiry of such RSG and the first anniversary of the date of death of the grantee; and

(B) in the event the employment of a grantee is terminated for reasons other than for cause or death, such RSG may be exchanged at any time prior to the earlier of the expiry date of such RSG and the day that is three months following the date of termination of employment of the grantee.

(vi) *Corporate events*

All outstanding RSGs (other than long term retention RSGs), whether or not vested, automatically vest on a change of control (as defined in the RSG Plan). "**Long term retention RSGs**" refers to the 10 year term RSGs granted by the board on 20 May 2010 to Beth Summers (100,000 long term retention RSGs) and another employee, vesting as to five per cent. thereof on each of 31 March 2011 and 31 March 2012; 10 per cent thereof on each of 31 March 2013 and 31 March 2014 and as to the balance thereof (70 per cent.) on 31 March 2015.

(vii) *"Cash out" option*

Holders of RSGs below the "Director" employment level and those electing to exchange 500 or fewer RSGs on a particular quarterly exchange date may elect, prior to an exchange date, to require the Issuer to pay them cash equal to the closing market price of Common Shares on the exchange date less any withholding tax in lieu of exchanging their RSGs for Common Shares.

(viii) *Rights attaching to the RSGs*

Pending the exchange of fully paid RSGs for Common Shares, the grantee is entitled to receive monthly cash payments from Issuer equal to the monthly dividends such grantee would otherwise be entitled to receive if the RSGs were Common Shares, less any applicable withholdings or other tax. RSGs do not carry voting rights.

(ix) *Limits of the RSG Plan*

The aggregate number of RSGs which may be granted under the RSG Plan is limited to 4,080,311 which, when issued and vested, are exchangeable, on a one for one basis, into an equal number of fully paid and non-assessable Common Shares. As at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars) the maximum number of RSGs issuable under the RSG Plan is 1,244,518.

(x) *Individual limits under the RSG Plan*

The total number of Common Shares which may be made available to any grantee under the RSG Plan together with any Common Shares reserved for issuance under options or warrants for services and employee profit sharing plans or any other share compensation arrangements to such grantee may not exceed five per cent. of the issued and outstanding Common Shares at the grant date.

(xi) *Amendments*

Without the approval of shareholders, the RSG Plan may not be amended: (A) to increase the number of RSGs issuable under the RSG Pan; (B) to expand the scope of an "eligible person"; or (C) to extend the term of a RSG benefitting an "insider" of the Issuer.

(c) ***Performance Bonus Incentive Plan***

(i) *Purpose*

The purposes of the PBG Plan adopted on 26 June 2013 and effective from 31 March 2013 are, *inter alia*, to retain and attract qualified officers, employees, consultants and other service providers, to focus the Issuer's management on long term total shareholder return and profitability and to provide the Issuer with greater flexibility by being able to satisfy the payment of the PBGs in cash or Common Shares (or a combination of the two).

The PBG Plan operates in parallel with the RSG Plan (see paragraph 5(b) above), however, for Canadian grantees, the RSG Plan will gradually be phased out and replaced by the PBG Plan. In addition, certain holders of RSGs may elect to "transition" their unvested RSGs to the PBGS under the PBG Plan.

(ii) *Eligibility*

Officers and employees of, and consultants of and other service providers to, the Issuer Group are eligible to participate in the PBG Plan.

(iii) *Price*

The level of grant under the PBG Plan will be determined by the Compensation Committee based on either pre-defined operational, financial and growth factors contained in the grantee's employment agreement or (where there is no employment agreement) such factors as the Compensation Committee shall determine appropriate in order to encourage the creation of long term shareholder value and return.

The number of PBGs to be granted to will equal the result obtained by dividing the grantee's annual performance bonus by the simple average of the TSX closing price for Common Shares for the five consecutive trading days preceding a grant date.

(iv) *Vesting*

Subject to the terms and conditions of the PBG Plan, PBGs will entitle the holder to be paid in three equal instalments—one on each of the first, second and third anniversaries of the date of grant of such PBGs.

On the applicable vesting date, the Issuer, at its sole discretion, shall have the option of settling payment for the PBGs, to which the holder is entitled in the form of either cash or in Common Shares.

To the extent the Compensation Committee determines to pay all or a portion of the PBGs subsequent to a vesting date in Common Shares, one Common Share will be issued for each PBG. To the extent the Compensation Committee determines to pay all or a portion of the PGBs subsequent to a vesting date in cash, the amount will be determined equal to the product of: (A) the number of vested PBGs and (B) the simple average closing trading price of the Common Shares on the TSX for the five consecutive trading days immediately preceding such vesting date less any withholding taxes.

(v) *Ceasing to hold office or leaving employment*

If a grantee ceases to be an officer, employer, consultant or other service provider of the Issuer as a result of death or (where an employment contract or service agreement provides for termination without cause) upon termination without cause, all PBGs awarded to the grantee will vest immediately.

If a grantee ceases to be an officer, employer, consultant or other service provider of the Issuer as a result of his or her voluntary resignation or a result of the Issuer's termination for cause all PBGs which remain unvested shall immediately terminate and all rights to receive payments under the PBGs are forfeited by the grantee.

(vi) *Corporate events*

In the event of a change of control (as defined in the PBG Plan), the vesting date applicable to all PBGs will be accelerated such that the balance of the payments to be made will be made immediately prior to the date upon which the change of control is complete.

(vii) *Rights attracting to the PBGs*

Pending the exchange of fully paid PBGs for Common Shares, the grantee is entitled to receive monthly cash bonus payments from the Issuer equal to the monthly dividends such grantee would otherwise be entitled to receive if the PBGs were Common Shares, less any applicable withholdings or other tax. The PBGs do not carry voting rights.

(viii) *Limits of the PBG Plan*

The maximum aggregate number of Common Shares reserved for issuance pursuant to the exchange of outstanding PBGs issuable under the PBG Plan is 4,000,000 Common Shares. As at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars) the maximum number of Common Shares which could be exchanged for outstanding PBGs under the PBG plan is 3,625,825.

(ix) *Individual limits under the PBG Plan*

The aggregate number of PBGs which may be granted to any single grantee shall not exceed five per cent. of the issued and outstanding Common Shares, calculated on an undiluted basis.

(x) *Amendments*

The Compensation Committee may not make any amendments to increase the percentage of Common Shares reserved for issuance under the PBG Plan or make certain other amendments to the terms of the PBG Plan without the approval of shareholders and the TSX.

(d) ***Directors' Compensation Plan***

(i) *Purpose*

The purpose of the Directors' Compensation Plan (the "**DSG Plan**") adopted on 6 December 2010 is to provide effective incentives for the independent directors to promote the business and success of the Issuer by encouraging the ownership of DSGs (which represent a promise by the Issuer to the grantee to exchange the DSG for a certain number of Common Shares upon the completion of a vesting schedule) and/or Common Shares.

The board of directors of the Issuer has adopted a policy whereby the non-management directors of the Issuer are required to receive CAD$15,000 of their CAD$65,000 annual base retainer in fully paid DSGs and are entitled to elect to receive all or a portion of their remaining director's fees in fully paid DSGs and/or Common Shares. Except for recently appointed directors, each non-management director is compliant with this requirement.

Under the DSG Plan directors are entitled to elect to receive Common Shares in lieu of or in combination with DSGs.

(ii) *Eligibility*

The DSG Plan is available to non-management directors only.

(iii) *Price*

The number of DSGs and/or Common Shares credited to a director's DSG and/or Common Share account at the end of each quarter (being the "grant date" for the DSG) is based upon the weighted average trading price of the Common Shares for the 10 trading days on the TSX preceding the end of each quarter.

(iv) *Vesting*

DSGs may not be exchanged for Common Shares, and Common Shares may not be issued and released to directors, until the earlier of: (A) three years from the grant date, (B) the day such director ceases to be a director of the Issuer and (C) a change of control (as defined in the DSG Plan), provided that no Common Shares may be issued in exchange for DSGs after the expiry of 15 years from the grant date.

(v) *Rights attaching to the DSGs*

Pending the exchange of fully paid DSGs for Common Shares, the grantee is entitled to receive monthly cash payments from Issuer equal to the monthly dividends such grantee would otherwise be entitled to receive if the DSGs were Common Shares, less any applicable withholdings or other tax. DSGs do not carry voting rights.

(vi) *Limits of the DSG Plan*

The aggregate number of DSGs and/or Common Shares issuable pursuant to the DSG Plan may not exceed 400,000. As at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars) the maximum number of DSGs and/or Common Shares currently available for issue under the DSG Plan is 200,470.

(vii) *Amendments*

The DSG Plan may not be amended without shareholder approval and the consent of the TSX.

(e) ***Employee Profit Sharing Plans***

The Issuer operates two Employee Profit Sharing Plans (one primarily for the Issuer Group's Canadian full time and part time employees and one primarily for the Issuer Group's US full time and part time employees). Under the Employee Profit Sharing Plans the Issuer agrees to match contributions made by its employees towards the purchase of Common Shares on a one for one basis up to a maximum of two per cent. per annum of an employee's base earnings under the Canadian Employee Profit Sharing Plan and four per cent. per annum of an employee's base earnings under the US Employee Profit Sharing Plan.

6 Terms of appointment of directors and employment of senior officers

(a) The following paragraphs provide a brief summary of the terms of employment or (as the case may be) appointment of each of the directors and senior officers of the Issuer.

(i) *Non-management Directors*

The annual base retainer for each non-management director is CAD$65,000. In addition, each director who is not a member of management receives a CAD$2,000 attendance fee for each board and committee meeting attended (reduced to CAD$1,000 for regular quarterly meeting participation by telephone conference call), CAD$3,000 for each board strategy session attended and is reimbursed for out-of-pocket expenses for attending directors' board, committee and strategy session meetings. The chair of the Audit Committee receives an additional annual fee of CAD$15,000 for serving as chair and other members of the Audit Committee receive an annual retainer of CAD$5,000 each. The chair of each of the Compensation Committee and the Nominating and Corporate Governance Committee receives an additional annual fee of CAD$5,000. The chair of the Risk Committee receives an additional CAD$10,000 annual fee. The vice chair of the Risk Committee receives an additional annual fee of CAD$2,500. The Lead Director receives an additional annual fee of CAD$50,000 to reflect his role as Lead Director and also as vice chair of the board. All fees are payable quarterly in arrears. Each member of the Executive Committee receives a meeting fee of CAD$2,000 (reduced to CAD$1,000 for participation by telephone conference call).

None of the non-management directors is entitled to receive any compensation on the termination of his appointment as a director.

(ii) *Senior Officers*

Rebecca MacDonald

Rebecca MacDonald entered into a five year employment agreement with the Issuer's wholly owned subsidiary, JEC (which was the administrator of the Fund immediately prior to the Trust Conversion on 1 January 2011), effective 1 April 2010 as amended 1 April 2011 and 1 April 2012 to serve as Executive Chair until 31 March 2013. On 1 April 2013 she entered into an amending employment agreement to serve as executive chair until 31 March 2014 at which time she will transition to chair of the board at a chair fee to be determined by the directors. Pursuant to the terms of her employment agreement, as at 31 March 2014 Ms MacDonald was entitled to:

(A) an annual base salary of CAD$650,000 subject to upward adjustment (if any) based on annual review by the Compensation Committee;

(B) an annual performance bonus of up to 100 per cent. of base salary based on a review by the Compensation Committee, payable in cash; and

(C) a long term incentive payment based on the Issuer's performance as measured against certain growth criteria, payable in fully paid RSGs.

Ms MacDonald's terms of employment were amended effective 1 April 2014. See paragraph (b) below.

The benefits payable to Ms MacDonald on the termination of her employment contract are detailed in full at paragraph (c) below.

Beth Summers

Beth Summers entered into a five year employment contract with JEC effective 1 April 2010 and ending 31 March 2015 to serve as the Chief Financial Officer of the Issuer. The contract was amended on each of 1 April 2011, 1 April 2012 and 1 April 2013. Pursuant to the terms of her employment agreement Ms Summers is entitled to:

(A) an annual base salary of CAD$465,000 subject to upward adjustment (if any) based on annual review by the Compensation Committee;

(B) an annual performance bonus of up to 100 per cent. of base salary based on a review by the Compensation Committee payable in cash; and

(C) a long term incentive payment based on the Issuer's performance as measured against certain growth criteria, payable in fully paid RSGs.

The benefits payable to Ms Summers on the termination of her employment contract are detailed in full at paragraph (c) below.

James W Lewis

James Lewis entered into a five year employment contract with the Issuer, effective 1 April 2011 and ending 31 March 2016 to serve as the Chief Operating Officer of the Issuer. Pursuant to the terms of his employment agreement, as at 31 March 2014 Mr Lewis was entitled to:

(A) an annual base salary of US$500,000 subject to upward adjustment (if any) based on annual review by the Compensation Committee (between 1 April 2013 and 7 November 2013, his annual base salary was US$400,000);

(B) an annual performance bonus of up to 100 per cent. of base salary based on a review by the Chief Executive Officer and the Compensation Committee, to be paid 50 per cent. in cash and 50 per cent. in RSGs; and

(C) a long term incentive payment based on the Issuer's performance as measured against certain growth criteria, payable in fully paid RSGs.

Mr Lewis' terms of employment were amended effective 1 April 2014 following his appointment as Co-Chief Executive Officer of the Issuer. See paragraph (b) below.

The benefits payable to Mr Lewis on the termination of his employment contract are detailed in full at paragraph (c) below.

Deborah Merril

Deborah Merril entered into a five year employment contract with JEC, effective 1 April 2010 and ending 31 March 2015 to serve as Executive Vice President, Commercial of the Issuer. Pursuant to the terms of her employment agreement, as at 31 March 2014 Ms Merril was entitled to:

(A) an annual base salary of US$500,000 subject to upward adjustment (if any) based on annual review by the Compensation Committee (between 1 April 2013 and 7 November 2013, her annual base salary was US$450,000);

(B) an annual performance bonus of up to 100 per cent. of base salary based on a review by the Chief Executive Officer payable in cash; and

(C) a long term incentive payment based on the Issuer's performance as measured against certain growth criteria, payable in fully paid RSGs.

Ms Merril's terms of employment were amended effective 1 April 2014 following her appointment as Co-Chief Executive Officer of the Issuer. See paragraph (b) below.

The benefits payable to Ms Merril on the termination of her employment contract are detailed in full at paragraph (c) below.

Darren Pritchett

Darren Pritchett entered into an employment agreement with JEC on 1 October 2011 (as amended on 1 April 2012, and further amended and restated on 1 April 2013) for a five year term ending 31 March 2018. Pursuant to the terms of his employment agreement Mr Pritchett is entitled to:

(A) an annual base salary of CAD$500,000 subject to upward adjustment (if any) based on annual review by the President;

(B) an annual short term incentive bonus;

(C) an annual short term incentive bonus:

(1) based on the number of confirmed sold and installed thermostat units for a particular year, payable in cash;

(2) for each thermostat sold and installed as stated in (1) above, an additional amount for each thermostat which continues to regularly and continually be paid for and remains installed at the end of each the second and third year after the year initial instalment date, payable in cash;

(3) based on the number of confirmed sold and installed waterheater, HVAC or other products sold from specific sales resources, payable in cash;

(4) based on the number of energy contracts sold, payable in cash; and

(5) based on the sale of demand/response products, payable in cash; and

(D) an "RCE" bonus amount based on the annual growth in the number of RCEs, payable in RSGs .

The benefits payable to Mr Pritchett on the termination of his employment contract are detailed in full at paragraph (c) below.

(b) The employment agreements for James Lewis, Deborah Merril and Rebecca MacDonald have been amended effective 1 April 2014 as follows:

James Lewis

As President and Co-Chief Executive Officer, James Lewis has entered into a new employment agreement for five years commencing 1 April 2014. Mr Lewis will have general responsibility for the residential and commercial divisions of the business reporting to the board and the Executive Chair. His annual base salary has been increased to US$600,000 with a short term bonus opportunity of 100 per cent. of base salary based on the attainment by the business of base EBITDA targets as approved by the Audit Committee and the board payable in cash and a long term bonus opportunity of up to 150 per cent. of base salary subject to the attainment of funds from operations (60 per cent.) and embedded gross margin (40 per cent.) targets as established by and approved by the Audit Committee and the board payable in RSGs vesting over a three year period subject to continued employment on each vesting date. In addition Mr Lewis was granted up to 200,000 long term retention RSGs at no cost (40,000 will be earned for each of the five years ended 31 March 2019 subject to meeting defined "total shareholder return" targets and continuing employment) which will vest on 31 March 2019 (subject to having been earned). The agreement contains customary non-compete, non-solicitation and confidentiality covenants.

Deborah Merril

As President and Co-Chief Executive Officer, Deborah Merrill has entered into a new employment agreement in identical form to Mr Lewis's agreement except that her duties and responsibilities relate to the administrative side of the business including product origination and development, and the supervision of the intellectual property, legal, human resource and marketing departments.

Rebecca MacDonald

Ms MacDonald's employment agreement was amended such that she will continue as Executive Chair at least until 31 March 2015, reporting to the board with oversight responsibility for the Co-Chief Executive Officers. Her base salary will remain at CAD$650,000 per year with a short term and long term bonus identical to those described above for the Co-Chief Executive Officers.

(c) The provisions applying to the management directors and senior officers of the Issuer on termination of employment vary based on the specific terms of each director or senior officer's respective employment contract but generally follow the following principles:

Method of termination	Benefits and entitlement of leaver
Voluntary resignation	• Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. • Ability to exercise or exchange, with 90 days of the departure date, any vested RSGs save that certain of Darren Pritchett's RSGs shall be cancelled (whether vested or not).
Constructive dismissal	• Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. • One year's base salary, except in the case of Darren Pritchett, who is entitled to be paid two and a half times his base salary. • At the end of the financial year following the cessation date payment of a pro rata proportion of the leaver's annual targeted long term bonus in cash. • Term of non-compete obligation reduced from three years to one year (or to two years for Darren Pritchett). • Accelerated and immediate vesting of all unvested RSGs and the right within 90 days of the departure date to exercise and/or exchange all vested RSGs.
Termination for cause	• Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. • No right to exchange or exercise any unvested RSGs.
Termination for disability	• Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. • Ability to exercise or exchange, with 90 days of the departure date, any vested RSGs. • Right to continue as an employee after the cessation date solely for the purpose of qualifying for long term disability,

Method of termination	Benefits and entitlement of leaver
	insurance or other similar benefits and a continuation of such benefits for one year from the cessation date. • Continued vesting of all unvested RSGs notwithstanding the fact that the leaver will not be an employee on the scheduled vesting date and to exchange all such RSGs for Common Shares on a one for one basis prior to the expiry of the term of the RSGs (subject to certain provisos with respect to Darren Pritchett's RSGs).
Completion of term	• Where a comparable offer of employment is made to an officer who is the Executive Chair, Chief Executive Officer or Chief Financial Officer but is not accepted within the required certain time frames: — Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. — Ability to exercise or exchange, with 90 days of the departure date, any vested RSGs. • Where a comparable offer of employment is not made: — Pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date. — Ability to exercise, with 90 days of the departure date, any vested RSGs. — All unvested RSGs will continue to vest on the applicable vesting dates and be exercisable and exchangeable into Common Shares prior to their termination date notwithstanding the fact that the leaver is no longer an employee. — Each of the Executive Chair, President, Chief Executive Officer and Chief Financial Officer are entitled to payment in cash of a minimum of 50 per cent. of such officer's discretionary performance bonus opportunity and one year's base salary. — Term of non-compete obligation reduced to one year.
Change of control	• Automatic vesting of all unvested RSGs (other than for certain long term retention RSGs granted to Beth Summers and other than for Darren Pritchett's RSGs, which will continue to vest subject to certain conditions). • Provided the leaver continues employment for 120 days following the change of control, the right to terminate the employment agreement. If such right is exercised: — the payment of pro-rata salary, accrued and unpaid holiday pay and approved and unpaid expenses up to the cessation date; and — the payment of a pro rata proportion of the leaver's annual targeted non-discretionary long term bonus in cash.

(d) Other than as described in this paragraph 6 and save for the continuation of certain health and other non-material benefits following termination as may be agreed on a case by case basis, no benefit, payment or compensation of any kind is payable to any director or senior officer upon termination of his or her employment.

7 Directors and senior officers' interests

The following table sets out the number of Common Shares, DSGs, RSGs, PBGs and other securities of the Issuer beneficially owned by, or over which control or direction is exercised by, each of the directors and senior officers of the Issuer as at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars):

Name	Common Shares beneficially owned or over which control or director is exercised(1)	RSGs/DSGs/options beneficially owned
Board of directors		
Rebecca MacDonald	5,846,120	628,538 RSGs
Hugh D Segal	16,260	19,014 DSGs
Michael J L Kirby	25,776	18,529 DSGs
John A Brussa	82,000	19,652 DSGs
Gordon D Giffin	23,574	49,754 DSGs
William F Weld	4,074	NIL
George Sladoje	NIL	2,783 DSGs
Brett A Perlman	7,943	1,106 DSGs
R Scott Gahn	5,423	NIL
Senior officers		
Beth Summers	19,217	227,918 RSGs
James W Lewis	166,985	56,675 RSGs
Deborah Merril	128,292	53,439 RSGs
Darren Pritchett	54,698	333,587 RSGs / PBGs

(1) Each non-management director is required, as a policy of the Issuer, to own (at each quarter end) a number of Common Shares and/or DSGs having a value, based on the trading price of the Common Shares on the TSX at such quarter end, equal to three times the director's annual base retainer of CAD$65,000 (i.e. CAD$195,000). Except for recently appointed directors, each non-management director is compliant with the current minimum holding requirement.

8 Directors' and senior officers' remuneration

The remuneration (including salary and other benefits) payable under the terms of the applicable service agreements, resolutions and incentive plans for the financial year ended 31 March 2014 (being the last financial year for which audited financial statements of the Issuer are available) was as follows:

Name	Position	Fees(1) or base salary(2) (CAD$)	Share based awards(3) (CAD$)	Bonuses: Cash (CAD$)	Bonuses: Equity based awards(4) (CAD$)	Option based awards(5) (CAD$)	All other compensation (6)(7)(8)(9) (CAD$)	Total compensation(10) (CAD$)
Board of directors								
Rebecca MacDonald	Executive Chair	650,000	NIL	NIL	1,235,000	NIL	NIL	1,885,000
Hugh D Segal	Independent Director	175,000	15,000	NIL	NIL	NIL	20,000	210,000
Michael J L Kirby	Independent Director	127,000	15,000	NIL	NIL	NIL	NIL	142,000
John A Brussa	Independent Director	76,000	15,000	NIL	NIL	NIL	NIL	91,000
Gordon D Giffin	Independent Director	80,500	15,000	NIL	NIL	NIL	21,207(11)	122,107
William F Weld	Independent Director	86,000	15,000	NIL	NIL	NIL	21,207(11)	116,607
George Sladoje	Independent Director	119,000	15,000	NIL	NIL	NIL	16,002	150,002
Brett A Perlman(12)	Independent Director	68,250	11,250	NIL	NIL	NIL	NIL	79,500
R Scott Gahn(13)	Director	22,500	3,750	NIL	NIL	NIL	NIL	26,250
Senior officers								
Beth Summers	Chief Financial Officer	465,000	88,900	100,000	200,000	NIL	18,600	872,500
James W Lewis	Executive Vice President and Chief Operating Officer(14)	US$440,000	NIL	NIL	US$836,000	NIL	US$18,400	US$1,294,400
Deborah Merril	Executive Vice President, Commercial and President, Hudson Energy(15)	US$412,000	NIL	NIL	US$782,800	NIL	US$12,000	US$1,206,800
Darren Pritchett	Executive Vice President, Consumer Sales	500,000	NIL	2,331,806	744,970	NIL	19,900	3,596,677

Notes:

(1) Amount reflects the cash portion of the fees earned by each director. The annual base retainer for each non-management director is CAD$65,000. In addition, each director who is not a member of management receives a CAD$2,000 attendance fee for each board and committee meeting attended (reduced to CAD$1,000 for regular quarterly meeting participation by telephone conference call), CAD$3,000 for each board strategy

session attended and is reimbursed for out-of-pocket expenses for attending directors' board, committee and strategy session meetings. The chair of the Audit Committee receives an additional annual fee of CAD$15,000 for serving as chair and the other members of the Audit Committee receive an annual retainer of CAD$5,000 each. The chair of each of the Compensation Committee and the Nominating and Corporate Governance Committee receives an additional annual fee of CAD$5,000. The chair of The Risk Committee receives an additional CAD$10,000 annual fee. The vice chair of the Risk Committee receives an additional annual fee of CAD$2,500. The Lead Director receives an additional annual fee of CAD$50,000 to reflect his role as Lead Director and also as vice chair of the board. All fees are payable quarterly in arrears. Each member of the executive committee receives a meeting fee of CAD$2,000 (reduced to CAD$1,000 for participation by telephone conference call).

(2) The amount of base salary for each officer disclosed in the above table reflects the amount actually received by each officer for the year ended 31 March 2014. The annual base salary for each officer in the above table for the year ended 31 March 2014 is as follows: Rebecca MacDonald (CAD$650,000); Beth Summers (CAD$465,000); James Lewis (US$440,000); Deborah Merril (US$412,000) and Darren Pritchett (CAD$500,000).

(3) Non-management directors are required to receive a minimum of CAD$15,000 of their annual base retainer in DSGs and/or Common Shares and may elect to take all or a portion of the balance of their base retainer, attendance, chair (including Lead Director), and vice chair fees in DSGs and/or Common Shares, in each case, pursuant to the DSG Plan. At 31 March 2014, the non-management directors owned a total of 110,838 DSGs and 165,050 Common Shares. The DSGs and/or Common Shares are credited to a director's DSG and/or Common Share account at the end of each quarter. The price used to determine the number of DSGs and Common Shares granted to directors pursuant to the DSG Plan during the year ended 31 March 2014 was: CAD$6.42 for the quarter ended 30 June 2013; CAD$6.66 for the quarter ended 30 September 2013; CAD$7.49; for the quarter ended 31 December 2013 and CAD$8.85 for the quarter ended 31 March 2014, being the weighted average trading price of Common Shares on the TSX for the 10 trading days preceding each quarter end of the Issuer.

(4) These columns indicate the total of the non-cash portion of the annual incentive plan awards (excluding long term retention RSGs), which each of Rebecca MacDonald (CAD$1,235,000), Beth Summers (CAD$200,000), James Lewis (US$836,000), Deborah Merril (US$782,800) and Darren Pritchett (CAD$744,970) were entitled to receive at 31 March 2014 and will be granted to each of them in the form of fully paid RSGs or PBGs effective 31 March 2014. Such fully paid RSGs/PBGs will either vest immediately (if granted as part of a short term award) or over a term of a three year period (if granted as part of a long term award), are exchangeable subject to vesting into Common Shares on a one for one basis and vest as to ⅓ thereof on each of the first three anniversary dates of 31 March 2014 subject to continued employment as a senior officer of the Issuer or any affiliate thereof, in each case, on each applicable vesting date.

(5) On 6 February 2009, the board of directors adopted as a policy of the Issuer that no further options be granted to directors. All outstanding options previously granted to directors have expired.

(6) There are no non-equity incentive plans for non-management directors. The Issuer does not operate any defined benefit or defined contribution pension plans or other deferred compensation retirement plans for any of its directors, officers or employees.

(7) Does not include the monthly distributions paid on RSGs/PBGs including long term retention RSGs (vested and unvested) which equals the amount of dividends paid monthly on Common Shares of the Issuer and which, for the year ending 31 March 2014 was CAD$527,972 for Rebecca MacDonald, CAD$191,451 for Beth Summers, CAD$49,996 for James Lewis, CAD$47,779 for Deb Merril and CAD$292,086 for Darren Pritchett.

(8) No options were granted to any of the persons listed above for the year ended 31 March 2014.

(9) This amount includes the interests (Ms Summers (CAD$18,600); Mr Lewis (US$18,400); Ms Merril (US$12,000); Mr Pritchett (CAD$19,900)) in the Issuer's Canadian and/or US Deferred Profit Sharing Plan and the Employee's Profit Sharing Plan as at 31 March 2014. Ms MacDonald does not participate in the plans.

(10) The Issuer has issued indemnities to each of its directors and officers as permitted under applicable corporate legislation and has purchased a directors' and officers' liability insurance policy for the directors and officers of all direct and indirect subsidiaries. The annual insurance coverage under the policy is limited to CAD$70 million (per claim and in the aggregate each policy year) at an annual premium of CAD$750,158 inclusive tax. The Issuer does not maintain any programs pursuant to which it makes donations to charitable institutions in a director's name.

(11) Each of Mr Giffin and Mr Weld receive an additional US$20,000 annual retainer for serving as a director of all of the Issuer's US operating subsidiaries.

(12) Brett A Perlman was elected as a director on 26 June 2013.

(13) R Scott Gahn was appointed as a director on 17 December 2013.

(14) James Lewis was the Executive President and Chief Operating Officer of the Issuer for the financial year ended 31 March 2014.

(15) Deborah Merril was the Executive Vice President, Commercial of the Issuer and President of Hudson Energy for the financial year ended 31 March 2014.

9 Additional information on the board of directors and senior officers

(a) Details of the directors' appointments and terms of office are as follows:

Name	Title	Appointment date[1]	Expiry of current term of office
Rebecca MacDonald	Executive Chair	1 January 2011	To be reappointed at the Issuer's next AGM
Hugh D Segal	Lead Director and Vice Chair	1 January 2011	To be reappointed at the Issuer's next AGM
Michael J L Kirby	Independent Director	1 January 2011	To be reappointed at the Issuer's next AGM
John A Brussa	Independent Director	1 January 2011	To be reappointed at the Issuer's next AGM
Gordon D Giffin	Independent Director	1 January 2011	To be reappointed at the Issuer's next AGM
William F Weld	Independent Director	2 April 2012	To be reappointed at the Issuer's next AGM
George Sladoje	Independent Director	6 November 2012	To be reappointed at the Issuer's next AGM
Brett A Perlman	Independent Director	26 June 2013	To be reappointed at the Issuer's next AGM
R Scott Gahn	Director	17 December 2013	To be reappointed at the Issuer's next AGM

(1) Each of Ms MacDonald, Mr Segal, Mr Kirby, Mr Brussa and Mr Giffin were directors of JEC, the administrator of the Fund immediately prior to the Trust Conversion on 1 January 2011.

(b) In addition to their directorships of the Company and other members of the Issuer Group, the board of directors and senior officers of the Issuer hold, or have held, the following directorships and offices and are, or were, members of the following partnerships within the past five years:

Name	Position	Name of company/partnership	Position still held (Yes/No)
Board of directors			
Rebecca MacDonald	Director	Canadian Pacific Railway Limited	Yes
	Director	David Foster Foundation	Yes
	Director	Horatio Alger	Yes
	Director	Horatio Alger Canada	Yes
	Director	Mt. Sinai	Yes
	Director	Next 36	Yes
	Director	Royal Ontario Museum	Yes
Hugh D Segal	Director	SNC, Lavalin	No
	Director	Sun Life Financial Inc.	Yes
	Director	St Lawrence Cement/Holcim Canada	No
Michael J L Kirby	Director	Extendicare	No
	Director	Indigo Books & Music Inc.	Yes
	Director	MDC Partners Inc.	Yes
	Director	The Bank of Nova Scotia	No
John A Brussa	Director	Argent Energy Trust	Yes
	Director	Baytex Energy Corp	Yes
	Partner	Burnet, Duckworth & Palmer LLP	Yes
	Director	Calmena Energy Services Inc.	Yes
	Director	Cardinal Energy Ltd.	Yes
	Director	Chinook Energy Inc.	No
	Director	Cirrus Energy Corporation	No
	Director	Crew Energy Inc.	Yes
	Director	Deans Knight Income Corporation	No

Name	Position	Name of company/partnership	Position still held (Yes/No)
	Director	Divestco Inc.	No
	Director	Enseco Energy Services Corp.	Yes
	Director	Equal Energy Ltd	No
	Director	Excelsior Energy Limited	No
	Director	Guide Exploration Ltd.	No
	Director	Harvest Operations Corp.	No
	Director	Highpine Oil & Gas Limited	No
	Director	Long Run Exploration Ltd.	Yes
	Director	Midway Energy Ltd.	No
	Director	Monterey Exploration Ltd.	No
	Director	North American Energy Partners Inc.	No
	Director	Penn West Petroleum Ltd.	No
	Director	Pinecrest Energy Inc.	Yes
	Director	Progress Energy Resources Corp.	No
	Director	Result Energy Inc.	No
	Director	RMP Energy Inc.	Yes
	Director	Storm Exploration Inc.	No
	Director	Storm Resources Ltd.	Yes
	Director	Twin Butte Energy Ltd.	Yes
	Director	TORC Oil & Gas Ltd	Yes
	Director	WestFire Energy Ltd.	No
	Director	Yoho Resources Inc.	Yes
Gordon D Giffin	Director	Canadian Imperial Bank of Commerce	Yes
	Director	Canadian National Railway Company	Yes
	Director	Canadian Natural Resources Limited	Yes
	Director	Element Financial Corp.	Yes
	Partner	McKenna, Long & Aldridge LLP	Yes
	Director	TransAlta Corporation	Yes
	Director	Jimmy Carter Presidential Centre	Yes
William F Weld	Director	Ensyn Corp.	Yes
	Director	Straight Path Communications	Yes
George Sladoje	Chief Executive Officer	NASADQ OMX Commodities Cleaning Company	No
	Chair and Chief Executive Officer	North American Energy and Cleaning Corporation	No
Brett A Perlman	President	Vector Advisors	Yes
	Director	Wind to Power Systems	No
R Scott Gahn	President	Gulf Coast Security Services Inc.	Yes
	Chief Operating Officer	Just Energy Group Inc.	No
Senior officers			
Beth Summers	None	None	N/A
James W Lewis	None	None	N/A
Deborah Merril	None	None	N/A
Darren Pritchett	None	None	N/A

(c) Save as disclosed, as at the date of these Listing Particulars none of the directors or senior officers of the Issuer has at any time within the last five years:

(i) any convictions in relation to fraudulent offences; or

(ii) been associated with any bankruptcies, receiverships or liquidations acting in the capacity of any of the positions set out against the name of the director or senior officer in paragraph (b) above; or

(iii) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including a designated professional body); or

(iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

(d) The business address for the directors and senior officers is 6345 Dixie Road, Suite 200, Mississauga, Ontario L5T 2E6.

(e) The Issuer does not operate any defined benefit or defined contribution pension plans or other deferred compensation retirement plans for any of its directors, officers or employees.

MAJOR SHAREHOLDERS

The Issuer is not aware of any person who, at the date of these Listing Particulars, exercises, or could exercise, directly or indirectly, jointly or severally, control over the Issuer. To the knowledge of the directors and senior officers of the Issuer based on the most recent publicly available information, as at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars), other than as described below, no shareholder owned or exercised control or direction over shares carrying 10 per cent. or more of the voting rights attached to the Common Shares of the Issuer.

Beneficial holder	Registered holder	Common Shares held	Percentage of Issuer's issued share capital
James A Pattison	Great Pacific Capital Corp.	14,896,194	10.36 per cent.
	The Jim Pattison Foundation	1,875,000	1.3 per cent.
		16,771,194	**11.67**
Ron Joyce	Jetport Inc.	14,866,770	10.34 per cent.

None of the major shareholders of the Issuer has different voting rights from any other holder of Common Shares in respect of any Common Share held by them.

INFORMATION ON THE COMMON SHARES

1 Share capital

The authorised capital of the Issuer is an unlimited number of Common Shares of no par value and 50,000,000 Preferred Shares, issuable in series. As at 30 May 2014 being the last practicable date prior to the publication of these Listing Particulars) there were 143,982,175 Common Shares issued and outstanding, all of which are fully paid, and no Preferred Shares issued and outstanding.

The legislation under which the Common Shares are created is the CBCA. The Common Shares are in registered form and are capable of being held in certificated and uncertificated form. The Issuer's registrars are Computershare Investor Services Inc., whose address is at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada.

On 21 January 2014, the board of directors of the Issuer approved the issue and allotment of the Common Shares to be issued pursuant to the Conversion Right. On 30 January 2014, the TSX issued its final approval for the listing of up to an aggregate of 23,056,000 Common Shares that may be issued upon the conversion of the Bonds. Upon the issuance of any or all of the Common Shares issuable upon conversion of the Bonds, the Issuer will be required to notify the TSX of such issuance. On 27 January 2014, the NYSE issued its final approval for the listing of up to an aggregate of 23,056,000 Common Shares that may be issued upon the conversion of the Bonds.

Assuming of the Bonds are converted into Common Shares, the holders of Common Shares on the date of these Listing Particulars will suffer an immediate dilution of 111.3 Common Shares for every 1,000 Common Shares they currently own, which is equivalent to a dilution of 11.1 per cent.

2 A history of the share capital of the Issuer

The following sets out a brief history of the share capital of the Issuer from its creation on 1 January 2011 pursuant to the Trust Conversion to the date of these Listing Particulars:

(a) the Issuer was formed on 1 January 2011 with an issued share capital of 135,642,190 Common Shares and no Preferred Shares.

(b) On 1 January 2011 and pursuant to the Trust Conversion, the Issuer issued an aggregate of 135,642,190 Common Shares to unitholders of the Fund, the holders of exchangeable shares in JEEC and the holder of exchangeable Class A preferred shares of JEC on the following basis:

   (i) each unitholder of the Fund received one Common Share for each trust unit of the Fund held;

   (ii) each holder of exchangeable shares in JEEC received one Common Share for each exchangeable share held; and

   (iii) the holder of the exchangeable Class A preferred shares of JEC received one Common Share for each exchangeable Class A preferred share held.

(c) Between 1 January 2011 and 31 March 2011, the Issuer issued an aggregate of 632,756 Common Shares pursuant to the share ownership plans listed in the table below as follows:

Plan	Common Shares
DRIP[(1)]	546,382
RSG Plan	86,374
PBG Plan	Nil
DSG Plan	Nil

Notes:

(1) Under the provisions of the DRIP, certain holders of Common Shares are entitled to: (i) acquire additional Common Shares by reinvesting all or any portion of the cash dividends paid on their Common Shares; and (ii) purchase additional Common Shares by making optional cash payments of up to a maximum of CAD$10,000 per month and a maximum of CAD$100,000 per year (or CAD$40,000 per year for US residents).

(d) Between 1 April 2011 and 31 March 2012, the Issuer issued an aggregate of 2,469,300 Common Shares pursuant to the share ownership plans listed in the table below as follows:

Plan	Common Shares
DRIP	2,377,616
RSG Plan	91,684
PBG Plan	Nil
DSG Plan	Nil

(e) Between 1 April 2012 and 31 March 2013, the Issuer issued an aggregate of 2,679,585 Common Shares pursuant to the share ownership plans listed in the table below as follows:

Plan	Common Shares
DRIP	2,444,284
RSG Plan	225,375
PBG Plan	Nil
DSG Plan	9,926

(f) Between 1 April 2013 and 31 March 2014, the Issuer issued an aggregate of 1,722,136 Common Shares pursuant to the share ownership plans listed in the table below as follows:

Plan	Common Shares
DRIP	1,171,754
RSG Plan	460,334
PBG Plan	55,048
DSG Plan	35,000

(g) As at 30 May 2014 (being the last practicable date prior to the publication of these Listing Particulars) there were 143,982,175 Common Shares issued and outstanding, all of which are fully paid.

3 Articles of Arrangement and By-Laws

The following summarises certain provisions of the Issuer's Articles of Arrangement (the "**Articles**") and its by-laws ("**By-Laws**"). This summary does not purport to be a complete summary of the Articles and By-Laws.

(a) ***Objects and purposes***

The Issuer's Articles do not restrict the objects and purposes of the Company. The Issuer's By-Laws provide that the board may cause the business and operations of the Issuer or any part thereof to be divided into one or more divisions upon such basis, including without limitation types of business or operations, geographical territories, product lines or goods or services, as may be considered appropriate in each case.

(b) ***Voting***

Pursuant to the Articles, holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Issuer, except meetings of holders of another class of shares. Each Common Share shall entitle the holder to one vote.

(c) ***Dividends***

The Articles of the Issuer provide the following:

(i) Subject to the preferences accorded to holders of Preferred Shares and any other shares of the Issuer ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares shall be entitled to receive, if, as and when declared by the board of directors, such dividends as may be declared thereon by the board of directors from time to time.

(ii) The holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Issuer ranking junior to the Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

The By-Laws of the Issuer provide the following:

(iii) Subject to the CBCA, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Issuer. Dividends may be paid in money or property or by issuing fully-paid shares of the Issuer.

(iv) A dividend payable in money shall be paid by cheque or by electronic means or by such other method as the board may determine. The payment will be made to the order of each registered holder of shares of the class or series in respect of which it has been declared and cheques shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Issuer's securities register or registers unless such holder otherwise directs. In the case of joint holders the payment shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and sent to them at their recorded address. The mailing of such cheque as aforesaid, or the sending of the payment by electronic means or the sending of the payment by another method determined by the board shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Issuer is required to and does withhold, unless payment is not made upon presentation, if applicable.

(v) In the event of non-receipt of any dividend payment by the person to whom it is sent as aforesaid, the Issuer shall issue to such person re-payment of a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

(vi) Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Issuer.

(vii) The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the CBCA, notice of any such record date is given, not less than seven days before such record date, by newspaper advertisement in the manner provided in the CBCA and by written notice to each stock exchange in Canada, if any, on which the Issuer's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

(d) ***Liquidation, dissolution or winding-up***

Pursuant to the Articles, in the event of the voluntary or involuntary liquidation, dissolution or winding up of the Issuer, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs (a "**Distribution**"), holders of Common Shares shall be entitled, subject to the preferences accorded to holders of Preferred Shares and any other shares of the Issuer ranking senior to the Common Shares from time to time with respect to payment on a Distribution, to share equally, share for share, in the remaining property of the Issuer.

In the event of a Distribution, holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Issuer ranking junior to the Preferred Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

(e) ***Issue of Preference Shares***

(i) The Articles of the Issuer provide that, subject to the filing of articles of amendment in accordance with the CBCA, the board of directors may at any time and from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof be determined by the board of directors.

(ii) Subject to the filing of articles of amendment in accordance with the CBCA, the board of directors may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a Distribution, the extent, if any, of further participation on a Distribution and voting.

(f) ***Amendment to authorised share capital; reclassification or cancellation; creation of new share class***

The Articles of the Issuer may be amended by special resolution pursuant to section 176 of the CBCA to:

(i) increase or decrease any maximum number of authorised shares of such class, or increase any maximum number of authorised shares of a class having rights or privileges equal or superior to the shares of another class; or

(ii) effect an exchange, reclassification or cancellation of all or part of the shares of any class; or

(iii) create a new class of shares equal or superior to the shares of another class,

and no separate class or series vote (except as may otherwise be provided for a particular series in the provisions attaching thereto) shall be required under section 176 of the CBCA in respect of the amendment.

(g) ***Alteration of rights***

Pursuant to the CBCA, the Articles may be revised by a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders voting, to change the designation of all or any of the Issuer's shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of the Issuer's shares, whether issued or unissued.

Holders of shares of any class (or a series of any class if differently affected) are entitled to vote separately as a class (or a series) upon a proposal to amend the Articles:

(i) to increase or decrease any maximum number of authorised shares of such class or any class ranking equal or superior to that class;

(ii) to create a new class of shares equal or superior to the shares of such class; or

(iii) effect an exchange, reclassification or cancellation of all or part of the shares of such class.

Notwithstanding the above, the approval of the holders of Preferred Shares will be required (if, as and when such Preferred Shares are issued) to add to, change or remove any right, privilege, restriction or condition attaching to the Preferred Shares as a class. Such approval shall be given by resolution passed by the affirmative vote of at least two-thirds of the votes cast at the meeting of the holders of Preferred Shares duly called for that purpose or by written resolution signed by all the holders of the Preferred Shares.

(h) ***Shareholder meetings***

The By-Laws of the Issuer provide the following:

(i) ***Annual meetings***: Subject to the CBCA, the annual meeting of shareholders shall be held at such time and on such day in each year and, subject to paragraph (iii) below, at such place or places as the board, the chair of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the CBCA to be placed before the annual meeting, electing directors, appointing auditors if required by the CBCA or the articles, and for the transaction of such other business as may properly be brought before the meeting.

(ii) ***Special meetings***: The board shall have the power to call a special meeting of shareholders at any time.

(iii) ***Place of meetings***: Meetings of shareholders shall be held at any place within Canada as the directors so determine or, if all the shareholders entitled to vote at the meeting so agree or if the articles so provide, outside Canada.

(iv) ***Participation in meeting by electronic means***: Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the regulations to the CBCA, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Issuer makes available such a communication facility. A person participating in a meeting by such means is deemed to be present at the meeting.

(v) ***Meeting held by electronic means***: If the directors or shareholders call a meeting of shareholders pursuant to the CBCA, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the regulations to the CBCA, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

(vi) ***Record date for notice***: The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, as a record date for the determination of shareholders entitled to notice of the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

(vii) ***Notice of meeting***: Notice of the time and place of each meeting of shareholders shall be sent not less than 21 days and not more than 60 days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Issuer. A notice of meeting need not be sent to shareholders who are not registered on the records of the Issuer or its transfer agent on the record date as determined according to paragraph (vi) above. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

(viii) ***Right to vote***: Subject to the provisions of the CBCA as to authorised representatives of any other body corporate, at any meeting of shareholders in respect of which the Issuer has prepared the list referred to in paragraph (ix) below, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to paragraph (vi) above, or, if no record date is fixed, after the date on which the list referred to in paragraph (ix) is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than 10 days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

(ix) ***List of shareholders entitled to notice***: For every meeting of shareholders the Issuer shall prepare an alphabetical list of its shareholders entitled to receive notice of the meeting, showing the number of shares held by each shareholder. If a record date for the meeting is fixed pursuant to paragraph (vi) above, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed, the shareholders listed shall be those listed at the close of business on the day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Issuer or at the place where its central securities register is maintained and at the meeting of shareholders for which the list was prepared.

(x) ***Meetings without notice***: A meeting of shareholders may be held without notice at any time and place permitted by the CBCA:

(A) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and

(B) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Issuer at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

(xi) ***Waiver of notice***: A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

(xii) ***Chair, secretary and scrutineers***: The chair of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Issuer shall be chair of any meeting of shareholders. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Issuer is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

(xiii) ***Persons entitled to be present***: The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Issuer and others who, although not entitled to vote, are entitled or required under any provision of the CBCA or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

(xiv) ***Quorum***: A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the CBCA or by the articles or by any other by-law) shall be persons present not being less than two in number and holding or representing not less than 25 per cent. of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

(xv) ***Proxyholders and representatives***: Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder who is a body corporate or association, by an individual authorised by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Issuer, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chair.

A proxy shall be executed by the shareholder or his attorney authorised in writing and is only valid at the meeting in respect of which it is given or any adjournment thereof. A person appointed by proxy need not to be a shareholder.

(xvi) ***Time for deposit of proxies***: The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if prior to the time so specified, it shall have been deposited with the Issuer or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Issuer or by the chair of the meeting or any adjournment thereof prior to the time of voting.

(xvii) ***Joint shareholders***: If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

(xviii) ***Votes to govern***: Except as otherwise required by the articles or by-laws or by law, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, either upon a show of hands or upon a ballot, the chair shall not have a second or casting vote.

(xix) ***Show of hands***: Subject to the CBCA, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

(xx) ***Ballots***: On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chair may require that a ballot be taken either before or upon the declaration of the result of any vote by show of hands. If a ballot is demanded on the election of a chair or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chair shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question.

(xxi) ***Adjournment***: The chair at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the CBCA, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than 90 days, subsection 149(1) of the CBCA does not apply.

(xxii) ***Resolution in lieu of a meeting***: Except where not permitted in the CBCA, a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the CBCA relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed.

(xxiii) ***Only one shareholder***: Where the Issuer has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

(i) ***Allotment of shares***

(i) Subject to the CBCA or the Articles, the board may from time to time allot or grant options to purchase or other securities exchangeable into, the whole or any part of the authorised and unissued shares of the Issuer at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the CBCA.

(ii) There are no pre-emption rights to an allotment of Common Shares or the granting of rights to subscribe for or to convert securities into Common Shares under the Articles, the By-Laws or the CBCA.

(j) ***Transfer of securities***

(i) ***Registration of transfer***: If a share in registered form is presented for registration of transfer, the Issuer shall register the transfer if:

(A) the share is endorsed by an appropriate person, as defined in section 65 of the CBA;

(B) reasonable assurance is given that the endorsement is genuine and effective;

(C) the Issuer has no duty to enquire into adverse claims or has discharged any such duty;

(D) any applicable law relating to the collection of taxes has been complied with;

(E) the transfer is rightful or is to a bona fide purchaser; and

(F) the transfer fee, if any, has been paid.

(ii) ***Transfer agents and registrar***: The board may from time to time by resolution appoint or remove one or more agents to maintain a central securities' register or registers and a branch securities' register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities' register or in a branch securities' register is complete and valid registration for all purposes.

(iii) ***Securities' registers***: A central securities' register of the Issuer shall be kept at its registered office or at any other place in Canada designated by the directors to record the shares and other securities issued by the Issuer in registered form, showing with respect to each class or series of shares and other securities:

(A) the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;

(B) the number of shares or other securities held by each holder; and

(C) the date and particulars of the issuance and transfer of each share or other security.

A branch securities' register or registers may be kept either in or outside Ontario at such place or places as the board may determine. A branch securities' register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities' register shall also be kept in the corresponding central securities' register.

(iv) ***Deceased shareholder***: In the event of the death of a holder, or of one of the joint holders, of any share, the Issuer shall not be required to make any entry in the securities' register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Issuer and its transfer agents.

(k) ***Board of directors***

The Articles of the Issuer provide that the board of directors may appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders. In addition, the By-Laws of the Issuer provide the following:

(i) ***Number and residency of directors***: The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders. No less than twenty-five per cent. of the directors of the Issuer must be resident Canadians.

(ii) ***Election and term***: Subject to the articles, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorised by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

(iii) ***Removal of directors***: Subject to the CBCA and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

(iv) ***Consent***: A person who is elected or appointed a director is not a director unless:

(A) he was present at the meeting when he was elected or appointed and did not refuse to act as a director; or

(B) if he was not present at the meeting when he was elected or appointed:

(1) he consented in writing to act as a director before his election or appointment or within 10 days after it; or

(2) he has acted as a director pursuant to the election or appointment.

(v) ***Vacation of office***: A director of the Issuer ceases to hold office when:

(A) he dies or resigns;

(B) he is removed in accordance with section 109 of the CBCA; or

(C) he becomes disqualified under subsection 105(1) of the CBCA.

(vi) ***Committee of directors and lead director***: The directors may appoint from among their number:

(A) a lead director, who must be a resident Canadian and prescribe his duties and responsibilities; and

(B) one or more committees of directors, however designated, and subject to section 115 of the CBCA may delegate to the director or a committee any of the powers of the directors. A committee may be comprised of one or more directors and the mandate for each such committee shall be determined by the directors.

(vii) ***Transaction of business of committee***: Subject to the provisions of this by-law with respect to participation by telephone, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of directors' meetings.

(viii) ***Procedure***: Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chair and subject to the provisions described at paragraph (vii) above, to regulate its procedure.

(ix) ***Remuneration and expenses***: The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Issuer in any other capacity and receiving remuneration therefor.

(x) ***Vacancies***: Subject to the CBCA, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

(xi) ***Action by the board***: The board shall manage or supervise the management of the business and affairs of the Issuer. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Issuer has only one director, that director may constitute a meeting.

(l) ***Meeting of directors***

The By-Laws of the Issuer provide the following:

(i) ***Place of meeting***: Meetings of the board may be held at any place within or outside Canada.

(ii) ***Notice of meeting***: Unless the directors have made regulations otherwise, meetings of the board may be summoned on 24 hours' notice, verbally or in writing, and whether by means of telephone or telegraph, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except any proposal to:

(A) submit to the shareholders any question or matter requiring approval of the shareholders;

(B) fill a vacancy among the directors or in the office of auditor;

(C) issue securities, except in the manner and on the terms authorised by the directors;

(D) declare dividends;

(E) purchase, redeem or otherwise acquire shares issued by the Issuer, except in the manner and on the terms authorised by the directors;

(F) pay a commission for the sale of shares;

(G) approve a management proxy circular;

(H) approve a takeover bid circular or directors' circulars;

(I) approve any financial statements to be placed before the shareholders at an annual meeting; or

(J) adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner waive notice of a meeting and attendance of a director at a meeting of directors shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board of directors to be held immediately following an election of directors or for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided that a quorum of the directors is present.

(iii) ***Adjourned meeting***: Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

(iv) ***Calling of the meetings***: Meetings of the board shall be held from time to time at such time and at such place as the board, the chair of the board, the lead director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be held only one meeting and such meeting shall occur at the time and place determined by, in order of priority, the board, the chair of the board, the lead director, or the president.

(v) ***Regular meetings***: The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the CBCA or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

(vi) ***Chair***: The chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chair of the board, lead director or president. If no such officer is present, the directors present shall choose one of their number to be chair.

(vii) ***Quorum***: Subject to paragraph (viii) below, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

(viii) ***Canadian representation at meetings***: Directors shall not transact business at a meeting of directors unless no less than 25 per cent. of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than 25 per cent. of the directors present are resident Canadians if:

(A) a resident Canadian director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting; and

(B) the required number of resident Canadian directors would have been present at the meeting had that director who gives his approval under paragraph (A) been present at the meeting.

(ix) ***Voting***: Questions arising at any meeting of the board shall be decided by a majority of votes, the chair of the meeting shall be entitled to vote and the chair shall not have a second or casting vote in the event of an equality of votes.

(x) ***Meeting by telephone***: A director, if all the directors of the Issuer consent, may participate in a meeting of the board or a committee of the board by means of such telephone or other communication facilities which permits all persons participating in the meeting to hear each other and a director participating in such meeting by such means is deemed to be present at the meeting, Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of directors held while a director holds office.

(xi) ***Resolution in lieu of meeting***: Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the directors or a committee of directors is as valid as if it had been passed at a meeting of the directors or committee of directors. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed.

(m) ***Conflicts of interest and liability of directors***

(i) ***Conflict of interest***: A director or officer shall not be disqualified by his office, or be required to vacate his office, by reason only that he is:

(A) a party to;

(B) is a director or officer, or an individual acting in a similar capacity, of a party to; or

(C) has a material interest in a party to,

a material contract or material transaction, whether made or proposed, with the Issuer. Such a director or officer shall, however, disclose to the Issuer the nature and extent of his interest in the contract or transaction at the time and in the manner provided by the CBCA. Subject to the provisions of the CBCA, a director shall not by reason only of his office be accountable to the Issuer or to its shareholders for any profit or gain realised from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and the contract or transaction was fair and reasonable to the Issuer at the time it was approved and, if required by the CBCA, the director refrains from voting as a director on the contract or transaction.

(ii) ***Limitation of liability***: Every director and officer of the Issuer in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Issuer and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, the CBCA and the regulations to the CBCA, no director or officer for the time being of the Issuer shall be liable for:

(A) the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity;

(B) any loss, damage or expense happening to the Issuer through the insufficiency or deficiency of title to any property acquired by the Issuer or for or on behalf of the Issuer;

(C) the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Issuer shall be placed out or invested;

(D) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Issuer;

(E) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Issuer shall be deposited;

(F) any loss occasioned by any error of judgment or oversight on his part; or

(G) any other loss damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto,

provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the CBCA and the regulations to the CBCA thereunder or from liability for any breach thereof. The directors for the time being of the Issuer shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Issuer, except such as shall have been submitted to and authorised or approved by the board of directors.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

(iii) ***Indemnity***: Subject to section 124 of the CBCA, the Issuer may indemnify a director or officer of the Issuer, a former director or officer of the Issuer or another individual who acts or acted at the Issuer's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal, administrative, investigative or other proceeding to which he is involved by reason of that association with the Issuer or other entity, if:

(A) he acted honestly and in good faith with a view to the best interests of the Issuer, or, as the case may be, to the best interests of the other entity for which he acted as director or officer or in a similar capacity at the Issuer's request; and

(B) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Issuer may also indemnify such persons in such other circumstances as the CBCA permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions described in this paragraph (iii).

The Issuer may advance moneys to a director, officer or other individual for the costs, charges and expenses of any civil, criminal, administrative, investigative or other proceeding referred to above provided that the individual shall repay the moneys if the individual did not fulfil the conditions set out in paragraphs (A) and (B) above.

(iv) ***Insurance***: The Issuer may purchase and maintain insurance for the benefit of any person referred to in paragraph (iii) above against any liability incurred by him:

(A) in his capacity as a director or officer of the Issuer, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Issuer; or

(B) in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Issuer's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

(n) ***Officers***

The By-Laws of the Issuer provide the following:

(i) ***Election or appointment***: The board may, from time to time, appoint a chair of the board, a president, one or more executive vice presidents, vice-presidents, a general counsel, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with the By-Laws and subject to the provisions of the CBCA, delegate to such officers powers to manage the business and affairs of the Issuer. Except for a managing director and a chair of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

(ii) ***Chair of the board***: The chair of the board shall, when present, preside at all meetings of the board and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chair of the board any of the powers and duties that, by any provision of this by-law, are assigned to the lead director; and he shall, subject to the provisions of the CBCA, have such other powers and duties as the board may specify. During the absence or disability of the chair of the board, his duties shall be performed and his powers exercised by the lead director, if any, or by the president.

(iii) ***Lead director***: The lead director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, have such other powers and duties as the board may specify.

(iv) ***Chief Executive Officer and President***: The roles of the Chief Executive Officer and President may be combined or separated and they shall, either combined or separately, subject to the authority of the board, have such powers and duties as the board may specify.

(v) ***Vice-President***: During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chair at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

(vi) ***Secretary***: The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board.

(vii) ***Treasurer***: The treasurer shall keep proper accounting records in compliance with the CBCA and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Issuer; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

(viii) ***General manager or manager***: If elected or appointed, the general manager or manager shall have, subject to the authority of the board, the president, if any, and the chief executive officer, full power to manage and direct the business and affairs of the Issuer (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Issuer and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Issuer. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

(ix) ***Powers and duties of other officers***: The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, or the president, if any, or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the president, if any, or the chief executive officer otherwise directs.

(x) ***Variation of powers and duties***: The board may from time to time and subject to the provisions of the CBCA, vary, add to or limit the powers and duties of any officer.

(xi) ***Vacancies***: If the office of any officer of the Issuer shall be or become vacant by reason of death, resignation, disqualification or otherwise, the directors by resolution shall, in the case of the president or the secretary, and may, in the case of any other office, appoint a person to fill such vacancy.

(xii) ***Remuneration and removal***: The remuneration of all officers appointed by the board of directors shall be determined from time to time by resolution of the board of directors. The fact that any officer or employee is a director or shareholder of the Issuer shall not disqualify him from receiving such remuneration as may be determined. All officers, in the absence of agreement to the contrary, shall be subject to removal by resolution of the board of directors at any time, with or without cause.

(xiii) ***Agents and attorneys***: The Issuer, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Issuer in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

(xiv) ***Conflict of interest***: An officer shall disclose his interest in any material contract or proposed material contract with the Issuer in accordance with the provisions described at paragraph (m)(i).

(xv) ***Fidelity bonds***: The board may require such officers, employees and agents of the Issuer as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

4 Shareholder Rights Plan

The Issuer adopted a shareholder protection rights plan (the "**Rights Plan**") on 7 February 2013. The purpose of the Rights Plan is to provide shareholders and the board of directors with adequate time to consider and evaluate any unsolicited takeover bid made for the Issuer's Common Shares, to provide the board of directors with adequate time to identify, develop and negotiate value-enhancing alternatives, and to encourage the fair treatment of shareholders in connection with any takeover bid. Pursuant to the terms of the Rights Plan, if a person, or a group acting jointly or in concert, acquires beneficial ownership of 20 per cent. or more of the then outstanding Common Shares (other than pursuant to an exemption available under the Rights Plan), shareholders other than such acquiring person or group are entitled to purchase additional Common Shares at a substantial discount to the market price of the Common Shares at that time.

5 Disclosure of shareholdings

(a) ***Canadian requirements***

The Issuer is a reporting issuer in all the provinces and territories of Canada and is subject to the respective securities laws of such provinces and territories. Pursuant to securities laws, when a person acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of a reporting issuer (such as the Issuer) that, together with the acquiror's securities would constitute 10 per cent. or more of the outstanding securities of that class, the acquiror must promptly issue and file a press release announcing the acquisition in accordance with applicable Canadian securities laws and within two business days from the day of the acquisition file a report of the acquisition in prescribed form with the applicable securities regulatory authority.

An acquiror who is required to make the disclosure referred to in the preceding paragraph is required to make further disclosures in the manner and form required by the applicable securities laws of Canada each time any of the following events occur:

(i) the acquiror or any person or company acting jointly or in concert with the acquiror acquires beneficial ownership of, or the power to exercise control or direction over:

(A) an additional two per cent. or more of the outstanding securities of the class to which the disclosure required in the preceding paragraph relates; or

(B) securities convertible into an additional two per cent. or more of the outstanding securities referred to in (A) above; and/or

(ii) there is a change in any material fact in the report that is referred to in the preceding paragraph or in the disclosure that is referred to in this paragraph.

In addition to the above reporting requirements, any person that directly or indirectly holds, or that exercises control or direction over, voting securities of a reporting issuer (such as the Issuer), or a combination of both, carrying more than 10 per cent. of the voting rights attached to all voting securities of the reporting issuer for the time being outstanding (an "insider"), is required to file an insider report, in a prescribed form, within 10 days after becoming an insider, and thereafter within five days of any trade in securities of the reporting issuer until that person is no longer an insider.

Certain institutional investors may, if eligible, elect to file reports pursuant to an alternate reporting system to the reporting regimes described above.

The Issuer is required by Form 51-102F5 (Information Circular) of National Instrument 51-102—*Continuous Disclosure Obligations* to disclose in its information circulars, among other items, whether, to the knowledge of the Issuer's directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent. or more of the voting rights attached to any class of voting securities of the Issuer.

(b) ***UK requirements***

The provisions of Chapter 5 of the Disclosure and Transparency Rules do not apply to the Issuer and its shareholders.

6 Takeover regulations and compulsory acquisition

(a) ***Takeover regulation***

Canadian securities legislation governs takeover bids for Canadian companies governed by the CBCA. A "takeover bid" is defined under the *Securities Act (Ontario)* as an offer to acquire outstanding voting or equity securities of a class made to one or more persons or companies, any of whom is in Ontario or whose last address as shown on the books of the offeree issuer is in Ontario, where the securities subject to the offer to acquire, together with the securities held by the offeror and any person acting in concert with the offeror would constitute in the aggregate 20 per cent. or more of the outstanding securities of that class of securities at the date of the offer, but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganisation or arrangement that requires approval in a vote of security holders. A takeover bid must be made to all holders of securities of the class subject to the bid who are in the local jurisdiction (with limited exceptions) and any takeover bid must be kept open for at least 35 days. Each province and territory of Canada has its own legislation which governs takeover bids made to security holders in such province or territory. Notwithstanding the foregoing, National

Policy 62-203—*Take-Over Bids and Issuer Bids* provides that if a takeover bid is not made in all jurisdictions, the securities regulatory authorities in the jurisdictions in which the bid is made may issue cease trade orders in respect of the takeover bid.

The availability of a takeover bid to shareholders residing outside Canada will be dependent on whether such takeover bid may be made to such non-Canadian shareholders pursuant to application legislation of the jurisdiction in which the non-Canadian shareholders resides and the actions of the offeror.

Pursuant to applicable securities laws in Canada, a takeover bid circular is required to be delivered to the security holders of the offeree issuer by the offeror detailing the terms of the bid. The directors of the reporting issuer (in this case, the Issuer) would then be required to deliver a directors' circular within 15 days of the date of the takeover bid to every person and company to whom the takeover bid circular was delivered. The directors' circular would set out the board's recommendation to accept or reject the bid, including reasons therefor, or a statement that the board is unable to recommend acceptance or rejection of the takeover bid and providing reasons in support of that position.

(b) ***Compulsory acquisition***

The CBCA provides that if within 120 days after the date of a takeover bid the bid is accepted by the holders of not less than 90 per cent. of the shares of any class of shares to which the takeover bid relates, other than shares held at the date of the takeover bid by or on behalf of the offeror or an affiliate or associate of the offeror, the offeror is entitled to send written notice to any shareholder who did not accept the offer, requiring them to elect to either:

(i) transfer their shares to the offeror on the same terms on which the offeror acquired the shares of the offerees who accepted the takeover bid; or

(ii) demand payment of the fair value of the shares in accordance with the applicable provisions of the CBCA by notifying the offeror within 20 days after receiving the offeror's notice.

If an offeree has elected to demand payment of the fair value of the shares, the offeror may apply to a court to fix the fair value of the shares of that offeree. If an offeror fails to apply to a court as contemplated in the preceding sentence, a dissenting offeree may apply to a court for the same purpose within a further period of 20 days.

7 Dividend Policy

The Issuer's dividend policy provides that the amount of cash dividends, if any, to be paid on the Common Shares, is subject to the discretion of the board of directors and may vary depending on a variety of factors, including: (a) the prevailing economic and competitive environment; (b) the Company's results of operations and earnings; (c) financial requirements for the operations and growth of the Company and its subsidiaries; (d) the satisfaction of solvency tests imposed by the CBCA for the declaration and payment of dividends; (e) contractual restrictions and financing agreement covenants; and (f) other relevant factors and conditions existing from time to time. On 5 June 2014, the Issuer announced that its monthly dividend would be reduced to CAD$0.125 per Common Share per quarter (CAD$0.50 per Common Share annually) from CAD$0.07 per Common Share per month (CAD$0.84 per Common Share annually) commencing as of the September 2014 dividend payment to enable to Issuer to fund its growth and build a cash reserve to pay down debt on maturity. The June 2014 CAD$0.07 dividend will be paid to shareholders on the record as of 16 June 2014 on 30 June 2014. There is no guarantee that the Issuer will maintain this dividend policy.

The following table shows the dividends paid by the Issuer for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014.

	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012
Dividend per share	CAD$0.84(2)	CAD$1.24	CAD$1.24
Total dividends and distributions paid to shareholders and holders of RSGs and DSGs(1)	CAD$123.4 million	CAD$178.4 million	CAD$175.4 million

(1) A portion of the dividends and distributions paid were not paid in cash. Subject to the terms of the DRIP, shareholders can elect to receive their dividends in shares.

(2) On 7 February 2013, the Issuer announced that the monthly dividend would be reduced to CAD$0.84 per Common Share annually from CAD$1.24 per Common Share annually commencing as of the dividend payment paid on 30 April 2013 to enable the Issuer to fund its growth and build a cash reserve to pay down debt on maturity.

For further information see the consolidated financial statements of the Issuer for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 contained at the section entitled "*Financial Information on the Group*".

TERMS AND CONDITIONS OF THE BONDS

The issue of the US$150,000,000. 6.5 per cent. Convertible Bonds due 2019 (the "**Bonds**" which expression shall, unless otherwise indicated, include any Further Bonds) was (save in respect of any such Further Bonds) authorised by a resolution of the Board of Directors of Just Energy Group Inc. (the "**Issuer**") passed on 21 January 2014.

The Bonds will be constituted by a trust deed to be dated on the Closing Date (the "**Trust Deed**") between the Issuer, U.S. Bank Trustees Limited as trustee for itself and the holders (as defined below) of the Bonds (the "**Trustee**", which expression shall include all persons for the time being appointed as the trustee or trustees of the Bonds under the Trust Deed) and Elavon Financial Services Limited, UK Branch as Share Trustee-Custodian (the "**Share Trustee-Custodian**"). The statements set out in these Terms and Conditions (the "**Conditions**") are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which will be contained in the Agency Agreement to be dated on the Closing Date (the "**Agency Agreement**") relating to the Bonds between the Issuer, the Trustee and Elavon Financial Services Limited, UK Branch in its capacity as principal Paying, Transfer and Conversion Agent (the "**Principal Paying, Transfer and Conversion Agent**", which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement) and any other Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the "**Paying, Transfer and Conversion Agents**", which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and any other paying, transfer and conversion agent appointed under these Conditions, and the registrar named therein (the "**Registrar**" which expression shall include any successor registrar under the Agency Agreement).

Copies of each of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at the Closing Date at 125 Old Broad Street, London EC2N 1AR, United Kingdom), and at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings provided in the Trust Deed unless, in any case, the context otherwise requires or unless otherwise stated.

1 FORM, DENOMINATION, TITLE AND STATUS

1.1 ***Form and Denomination***

The Bonds are in registered form, serially numbered in principal amounts of US$200,000 or integral multiples thereof (an "**Authorised Denomination**") without coupons attached.

A definitive bond certificate (a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of bondholders which the Issuer will procure will be kept by the Registrar.

1.2 ***Title***

Title to the Bonds will pass by transfer and registration (as described in Conditions 5 and 4, respectively). The Issuer, the Trustee, the Registrar and any Paying, Transfer and Conversion Agents will (except as otherwise required by law or as ordered by a court of competent jurisdiction) deem and treat the registered holder of any Bond as the absolute owner thereof (whether or not it is overdue and notwithstanding any notice of ownership, trust or any interest in it or writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be held liable for so treating the holder.

1.3 ***Status***

The Bonds constitute senior, direct, unconditional, and (subject to Condition 2.1) unsecured obligations of the Issuer and shall at all times rank pari passu and rateably without any preference among themselves. The Bonds will rank senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer and shall rank at least pari passu (other than in respect of

Secured Indebtedness pursuant to Condition 2.2) with its other unsecured and unsubordinated obligations, save for such exceptions as may be provided by applicable legislation and by provisions of law that are mandatory and of general application.

2 NEGATIVE PLEDGE AND SUBORDINATION

2.1 Negative Pledge

So long as any of the Bonds remains Outstanding, the Issuer will not, and shall procure that none of its Restricted Subsidiaries will, create or permit to subsist any Encumbrance (other than Permitted Encumbrances) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Indebtedness upon any Property of the Issuer or any Restricted Subsidiary, whether owned at the Closing Date or thereafter acquired unless, at the same time or prior thereto, the obligations of the Issuer under the Bonds and the Trust Deed:

(a) in the case of Encumbrances securing Subordinated Indebtedness, are secured in priority and seniority to such Encumbrances to the satisfaction of the Trustee;

(b) in all other cases are secured equally and rateably therewith to the satisfaction of the Trustee; or

(c) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

2.2 *Subordination*

2.2.1 The Indebtedness evidenced by any Bonds issued hereunder, including the principal thereof and interest thereon, shall be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth in the following sections of this Condition 2.2, to the prior payment in full of all Secured Indebtedness and each Bondholder by its acceptance thereof agrees to and shall be bound by the provisions of this Condition 2.2.

2.2.2 Upon any distribution of the assets of the Issuer on any dissolution, winding up, total liquidation or reorganization of or other similar proceedings relative to the Issuer (whether in bankruptcy, insolvency or receivership proceedings, or upon an assignment for the benefit of creditors, or any other marshalling of the assets and liabilities of the Issuer or otherwise, whether or not involving insolvency or bankruptcy):

(a) all Secured Indebtedness shall first be paid in full in cash, or provision made for such payment, before any payment is made on account of the principal of, premium, if any, or interest on, or other obligations in connection with the indebtedness evidenced by the Bonds; and

(b) any payment or distribution of assets of the Issuer, whether in cash, property or securities, to which the Bondholders or the Trustee on behalf of such Bondholders would be entitled except for the provisions of this Condition 2.2, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the holders of Secured Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Secured Indebtedness may have been issued, to the extent necessary to pay all Secured Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Secured Indebtedness.

(c) For greater certainty, and without limitation of the foregoing, the Issuer will not make any payment, and the Bondholders or the Trustee on behalf of the Bondholders will not be entitled to demand, institute proceedings for the collection of, or receive any payment or benefit (including, without limitation, by set-off, combination of accounts or realization of security or otherwise in any manner whatsoever) on account of indebtedness represented by the Bonds (i) in a manner inconsistent with the terms (as they exist on the date of issue) of the Bonds, or (ii) at any time when a default permitting a holder of such Secured Indebtedness to demand payment or accelerate the maturity thereof (including for certainty, any such default which results in the automatic acceleration of the Secured Indebtedness) has occurred under the Secured Indebtedness and is continuing or the Secured Indebtedness has been accelerated, unless such Secured Indebtedness has been repaid in full; provided, however, that nothing contained in this Condition 2.2 shall in any way prohibit, restrict or prevent the Bondholders or the Trustee from filing proofs of claim in any bankruptcy, reorganisation or insolvency proceedings by or against the Issuer or its Subsidiaries.

2.2.3 Subject to the payment in full of all Secured Indebtedness, the Bondholders shall be subrogated to the rights of the holders of Secured Indebtedness to receive payments or distributions of assets of the Issuer to the extent of the application thereto of such payments or other assets which would have been received by the Bondholders but for the provisions hereof until the principal and interest on the Bonds shall be paid in full, and no such payments or distributions to the Bondholders of cash, property or securities, which otherwise would be payable or distributable to the holders of the Secured Indebtedness, shall, as between the Issuer, its creditors other than the holders of Secured Indebtedness, and the Bondholders, be deemed to be a payment by the Issuer to the holders of the Secured Indebtedness or on account of the Secured Indebtedness, it being understood that the provisions of this Condition 2.2 are and are intended solely for the purpose of defining the relative rights of the Bondholders, on the one hand, and the holders of Secured Indebtedness, on the other hand.

2.2.4 Nothing contained in this Condition 2.2 or elsewhere in the Trust Deed or in the Bonds is intended to or shall impair, as between the Issuer, its creditors other than the holders of Secured Indebtedness, and the Bondholders, the obligation of the Issuer, which is absolute and unconditional, to pay to the Bondholders the principal of and interest on the Bonds, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Bondholders and creditors of the Issuer other than the holders of the Secured Indebtedness, nor shall anything herein or therein prevent the Trustee or the Bondholders from exercising all remedies otherwise permitted by applicable law upon default under these Conditions or the Trust Deed, subject to the rights, if any, under this Condition 2.2 of the holders of Secured Indebtedness in respect of cash, property or securities of the Issuer received upon the exercise of any such remedy.

2.2.5 Upon the maturity of any Secured Indebtedness by lapse of time, acceleration or otherwise, then all principal of, premium (if any) on, and interest (if any) on all such matured Secured Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of principal of and interest (if any) on the Bonds. In case of default with respect to any Secured Indebtedness permitting a holder of such Secured Indebtedness to demand payment or accelerate the maturity thereof (including for certainty, any such default which results in the automatic acceleration of the Secured Indebtedness), unless and until such default shall have been cured or waived or shall have ceased to exist, no payment (by purchase of Bonds or otherwise) shall be made by the Issuer with respect to the principal of, and interest (if any) on, or other obligations in connection with the Bonds after the happening of such a default, and unless and until such default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Secured Indebtedness shall have become due and payable, shall be paid over to, the holders of the Secured Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of the Secured Indebtedness remaining unpaid have been issued until all such Secured Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Secured Indebtedness. The fact that any payment hereunder is prohibited by this Condition 2.2 shall not prevent the failure to make such payment from being an Event of Default.

2.2.6 Nothing contained in this Condition 2.2 or elsewhere in the Trust Deed or in any of the Bonds shall affect the obligation of the Issuer to make, or prevent the Issuer from making, at any time except as prohibited by Conditions 2.2.2 or 2.2.5, any payment of principal of or interest on the Bonds. The fact that any such payment is prohibited by Condition 2.2.2 and 2.2.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Condition 2.2 or elsewhere in the Trust Deed or in any of the Bonds shall prevent, except as prohibited by Conditions 2.2.2 and 2.2.5, the application by the Trustee of any monies deposited with the Trustee hereunder for the purpose of the payment of, or on account of, the principal of and interest (if any) on the Bonds.

2.2.7 Each Bondholder by his acceptance thereof authorises and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Condition 2.2 and appoints the Trustee its attorney-in-fact for any and all such purposes. Upon request of the Issuer, and upon being furnished an Officers' Certificate stating that one or more named persons are holders of Secured Indebtedness, or the representative or representatives of such holders, or the trustee or trustees under which any instruments evidencing such Secured Indebtedness may have been issued, and specifying the amount and nature of such Secured Indebtedness, the Trustee shall enter into a written agreement or agreements with the Issuer and the person or persons named in such Officers' Certificate, providing that such person or persons are entitled to all the rights and benefits of this Condition 2.2 as the holder or holders, representative or representatives, or trustee or trustees of the Secured Indebtedness specified in such Officers' Certificate and in such agreement. Such agreement shall be conclusive evidence that the indebtedness specified therein is Secured Indebtedness, however, nothing herein shall impair the rights of any holder of Secured Indebtedness who has not entered into such an agreement.

2.2.8 Notwithstanding the provisions of this Condition 2.2 or any provision in the Trust Deed or in the Bonds contained, the Trustee shall not be charged with knowledge of the existence of any Secured Indebtedness or of any default in the payment thereof or of any fact that would prohibit the making of any payment of moneys to or by the Trustee, unless and until the Trustee shall have received written notice thereof from the Issuer, any Bondholder or from the holder of any Secured Indebtedness or from the representative of any such holder.

2.2.9 The Trustee is entitled to all the rights set forth in this Condition 2.2 with respect to any Secured Indebtedness at the time held by it or for which it acts as trustee, to the same extent as any other holder of Secured Indebtedness, and nothing in these Conditions or the Trust Deed deprives the Trustee of any of its rights as such holder.

2.2.10 No right of any present or future holder of any Secured Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any non-compliance by the Issuer with the terms, provisions and covenants of the Trust Deed, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

2.2.11 For greater certainty, the provisions of this Condition 2.2 are and are intended solely for the purpose of defining the relative rights of the Bondholders, on the one hand, and the holders of Secured Indebtedness, on the other hand. The rights of holders of the Convertible Subordinated Debentures and all other holders of Subordinated Indebtedness are subordinated to the Bonds.

2.2.12 For the avoidance of doubt, nothing in these Conditions should affect or prejudice the payment of any costs, expenses, fees or liabilities incurred by the Trustee in its personal capacity or the remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

3 DEFINITIONS

In these Conditions, unless otherwise provided:

"**Accounting Principles**" means GAAP.

"**Additional Cash Amount**" has the meaning provided in Condition 8.4.

"**Additional Cash Settlement Amount**" has the meaning provided in Condition 7.8.7.

"**Additional Reference Stock**" has the meaning provided in Condition 7.4.

"**Attributable Debt**" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; provided, however, that if such Sale and Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of Capital Lease Obligation.

"**Authorisation**" has the meaning provided in Condition 7.2.12.

"**business day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in both London and Toronto.

"**Bondholder**" and "**holder**" means any person in whose name a Bond is registered in the register of Bondholders.

"**Capital Lease Obligation**" means, at the time any determination is to be made, the amount of the liability in respect of a finance lease that would at that time be required to be capitalized on a statement of financial position prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty; provided, however, that any lease or similar arrangement that was classified as an operating lease in accordance with GAAP as in effect when the lease or similar arrangement was entered into shall not constitute a finance lease for purposes of this definition unless the lease or similar arrangement has been renewed, extended or materially amended and constituted a finance lease under GAAP as in effect at the time of and after giving effect to such renewal, extension or material amendment.

"**Capital Stock**" means:

(a) in the case of a corporation, share capital or capital stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(d) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Settlement**" has the meaning provided in Condition 7.8.7.

"**Cash Settlement Amount**" has the meaning provided in Condition 7.8.7.

"**Cash Settlement Calculation Period**" means the period of 10 consecutive dealing days commencing on the third dealing day following the Election Date.

"**Cash Settlement Election**" has the meaning provided in Condition 7.8.7.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Certificate**" has the meaning provided in Condition 1.1.

A "**Change of Control**" means the occurrence of any of the following: (a) the acquisition by any person or group of persons who are associates (as such term is defined in the Securities Act (Ontario)), or who act together in concert for such purpose, of (i) common shares or other voting securities of the Issuer to which are attached more than 50% of the votes that may be cast to elect the directors, or (ii) the ability, through operation of law or otherwise, to elect or cause the election or appointments of a majority of the directors. Where control is exercised de facto by contract or representation on the board of directors of the Issuer, any change in the foregoing relationship where a reasonable person would deem control to have been acquired as a result of such change, will constitute a Change of Control; (b) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, plan of arrangement, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any person or group of persons acting jointly or in concert for purposes of such transaction; (c) the adoption of a plan relating to the liquidation or dissolution of the Issuer, which is not otherwise permitted under the Credit Agreement; or (d) other than for the purposes of Condition 7.2.9, the first day on which a majority of the members of the board of directors of the Issuer are not Continuing Directors.

"**Change of Control Notice**" has the meaning provided in Condition 7.13.

"**Change of Control Offer**" has the meaning provided in Condition 8.7.

"**Change of Control Offer Notice**" has the meaning provided in Condition 8.7.

"**Change of Control Offer Price**" has the meaning provided in Condition 8.7.

"**Change of Control Payment Date**" has the meaning provided in Condition 8.7

Change of Control Payment Exercise Notice has the meaning provided in Condition 8.7

"**Change of Control Period**" means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control or, if later, 60 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 7.13 and/or a Change of Control Offer Notice, as required by Condition 8.7, is given.

"**Clearing System**" means any of Euroclear or Clearstream, Luxembourg, or DTC or any successor securities clearing agency or alternative clearing system as the Issuer shall designate.

"**Clearstream, Luxembourg**" means Clearstream Banking société anonyme Luxembourg.

"**Closing Date**" means 29 January 2014 or such other date for Closing as may be agreed by, among others, the Issuer and the Trustee.

"**Commodity Price Protection Agreement**" means, in respect of a person, any commodity futures contract, forward contract, commodity swap agreement, commodity option agreement, or other similar agreement or arrangement (including derivative agreements or arrangements) designed to protect such person against fluctuations in commodity prices and including any that are settled by physical delivery.

"**Common Shares**" means the common shares in the capital of the Issuer.

"**Consolidated Total Assets**" means, at any date of determination, the total amount of assets set forth on the consolidated statement of financial position of the Issuer as of the end of the most recently ended fiscal quarter for which financial statements are available.

"**Continuing Directors**" means, as of any date of determination, any member of the board of directors of the Issuer who: (a) was a member of the board of directors of the Issuer on 12 December 2012; or (b) was nominated for election or elected to the board of directors of the Issuer with the approval of a majority of the Continuing Directors who were members of the board of directors at the time of such nomination or election.

"**Conversion Date**" has the meaning provided in Condition 7.8.3.

"**Conversion Notice**" has the meaning provided in Condition 7.8.1.

"**Conversion Period**" has the meaning provided in Condition 7.1.

"**Conversion Price**" has the meaning provided in Condition 7.3.

"**Conversion Price Floor**" means US$7.6540 per Common Share, as adjusted in accordance with Condition 7.2 with references to "Initial Conversion Price" in Condition 7.2 being read as references to "Conversion Price Floor" for purposes of this definition only.

"**Conversion Right**" has the meaning provided in Condition 7.1.

"**Convertible Subordinated Debentures**" means:

(a) the CAD$90,000,000 aggregate principal amount of 6.0% convertible unsecured subordinated debentures of Universal Energy Group Ltd. issued on 2 October 2007, as such debentures were assumed by the Issuer;

(b) the CAD$330,000,000 aggregate principal amount of 6.0% convertible unsecured subordinated debentures of Just Energy Income Fund issued on 5 May 2010, as such debentures were assumed by the Issuer; and

(c) the CAD$100,000,000 aggregate principal amount of 5.75% convertible unsecured subordinated debentures of the Issuer issued on 22 September 2011.

"**Corporate Action**" has the meaning provided in Condition 7.2.12.

"**Credit Agreement**" means the Fifth Amended and Restated Credit Agreement, dated as of 2 October 2013, by and among, inter alia, Just Energy Ontario L.P. and Just Energy (U.S.) Corp. as borrowers, Canadian Imperial Bank of Commerce, as administrative agent, and certain financial institutions, as lenders, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"**Credit Facilities**" means, one or more credit or debt facilities (including, without limitation, the credit facilities under the Credit Agreement), commercial paper facilities or issuance or incurrence of other Indebtedness, in each case, with banks or other lenders or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), debt securities or letters of credit (including letters of guarantee), in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time.

"**Currency Exchange Protection Agreement**" means, in respect of a person, any foreign exchange contract, currency swap agreement, futures contract, currency option or other similar agreement or arrangement designed to protect such person against fluctuations in currency exchange rates.

"**Current Market Price**" means (as calculated by the Issuer), in respect of a Common Share at a particular date, the Volume Weighted Average Price of a Common Share for a period of five consecutive Scheduled Trading Days ending on the Scheduled Trading Day immediately preceding such date; provided that if at any time during the said five-Scheduled Trading Day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

(a) if the Reference Stock to be issued does not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Reference Stock shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the first date on which the Reference Stock is traded ex the relevant Dividend or other entitlement on the Relevant Stock Exchange (in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit); or

(b) if the Reference Stock to be issued does rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Reference Stock shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the amount of Dividend per Common Share (in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit),

and provided further that if on each of the said five Scheduled Trading Days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Reference Stock to be issued do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the first date on which the Reference Stock are traded ex-the relevant Dividend or other entitlement on the Relevant Stock Exchange (in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit), and provided further that, if the Volume Weighted Average Price of a Common Share is not available on one or more of the said five Scheduled Trading Days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"**Dividend**" means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Reference Stock or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

(a) where:

(i) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Reference Stock or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Reference Stock as at the first date on which the Reference Stock are traded ex- the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, as the case may be, the Fair Market Value of such other property or assets as at the date of first public announcement of such Dividend or capitalisation or, in any such case, if later, the date on which the number of shares of Reference Stock (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined; or

(ii) there shall be any issue of Reference Stock by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Reference Stock as at the first date on which the Reference Stock are traded ex- the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, in any such case, if later, the date on which the number of shares of Reference Stock to be issued and delivered is determined;

(b) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any member of the Group shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Reference Stock by or on behalf of the Issuer or any member of the Group, the weighted average price per Common Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the closing prices of the Reference Stock on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five Scheduled Trading Days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Reference Stock at some future date at a specified price or where a tender offer is made, on the five Scheduled Trading Days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Common Share, a minimum price per Common Share or a price range or formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Reference Stock purchased, redeemed or bought back by the Issuer or, as the case may be, any member of the Group (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Reference Stock determined as aforesaid and (ii) the number of shares of Reference Stock so purchased, redeemed or bought back. Notwithstanding the foregoing, no purchase, redemption or buy back of share capital of the Issuer shall constitute a Dividend, if such purchase, redemption or buy back is made in accordance with the rules of the TSX relating to normal course issuer bids or the terms and conditions attaching to any preferred shares as the case may be.

"**DTC**" means the Depository Trust Company.

"**Early Redemption Amount**" means the outstanding principal amount of the relevant Bonds together with applicable accrued and unpaid interest in accordance with the relevant provision of Condition 8.

"**Election Date**" has the meaning given to it in Condition 7.8.3.

"**Encumbrance**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under personal property security legislation (or equivalent statutes) of any jurisdiction.

"**Euroclear**" means Euroclear Bank SA/NV.

"**Extraordinary Resolution**" has the meaning provided in the Trust Deed.

"**Fair Market Value**" means, with respect to any property on any date, the fair market value of that property determined as follows:

(a) where such property comprises cash amounts or cash Dividends, the fair market value shall be determined in good faith by the Issuer provided that (i) the Fair Market Value of a cash Dividend shall be the amount of such cash Dividend, and (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; or

(b) where such property comprises Securities, Spin-Off Securities, options, warrants or other rights, the fair market value shall be determined in good faith by an Independent Financial Adviser provided that (i) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined in good faith by an Independent Financial Adviser), the Fair Market Value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five Scheduled Trading Days on the relevant market commencing on such date (or, if later, the first such Scheduled Trading Day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded, or (ii) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Common Share, the dividend yield of a Common Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof.

Such amounts shall, in the case of (a)(i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (a)(i) and (a)(ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

"**Final Maturity Date**" means 29 July 2019.

"**Fixed Exchange Rate**" means US$1.0000 = CAD$1.0966.

"**Further Bonds**" means any further Bonds issued pursuant to Condition 18 and consolidated and forming a single series with the then Outstanding Bonds.

"**GAAP**" means generally accepted accounting principles as in effect from time to time as set forth in the opinions and pronouncements of the Canadian Institute of Chartered Accountants ("**CICA**"), which shall mean for greater certainty, International Financial Reporting Standards, as issued by the International Accounting Standards Board to the extent adopted by the CICA.

"**Group**" means the Issuer and its Restricted Subsidiaries from time to time.

"**Hedging Obligations**" means, with respect to any specified person, the obligations of such person under:

(a) Interest Rate Agreements,

(b) Currency Exchange Protection Agreements and

(c) Commodity Price Protection Agreements, and

in each case entered into for the purpose of managing risks in the ordinary course of business and not for speculative purposes.

"**High Yield Indenture**" means the indenture dated as of 12 December 2012 made between Just Energy Group Inc., the note guarantors party thereto and Computershare Trust Company of Canada in relation to the issuance of CAD$105,000,000 9.75% senior unsecured notes due 2018.

"Historical Dividend" means an amount calculated in accordance with the following formula:

$$HD = D \times \frac{ICP}{OICP}$$

where HD = the Historical Dividend;

D = CAD$ 0.84;

OICP = the Initial Conversion Price (before any adjustments pursuant to Condition 7.2); and

ICP = the Initial Conversion Price, after the making of any adjustments required to be made up to the date of calculation pursuant to Condition 7.2 (but excluding adjustments pursuant to Conditions 7.2.2 and 7.2.9).

"**Indebtedness**" means with respect to any specified person, any indebtedness of such person (excluding accrued expenses and trade payables), whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) to the extent the obligation supported by any such letter of credit would otherwise constitute Indebtedness;

(c) in respect of bankers' acceptances;

(d) representing Capital Lease Obligations or Attributable Debt in respect of Sale and Leaseback Transactions;

(e) representing the balance deferred and unpaid of the purchase price of any property or services due more than six (6) months after such property is acquired or such services are completed (excluding any amounts that are payable as of the Closing Date); or

(f) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a statement of financial position of the specified person prepared in accordance with GAAP. In addition, the term "**Indebtedness**" includes all Indebtedness of others secured by an Encumbrance on any asset of the specified person (whether or not such Indebtedness is assumed by the specified person) and, to the extent not otherwise included, the guarantee by the specified person of any Indebtedness of any other person.

"**Independent Financial Adviser**" means an independent financial institution of international repute appointed by the Issuer at its own expense and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed) and, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or prefunded and/or secured to its satisfaction against the costs, fees and expenses of such adviser appointed by the Trustee following notification to the Issuer, such adviser appointed by the Trustee.

"**Initial Conversion Price**" has the meaning provided in Condition 7.1.

"**Intercreditor Agreement**" means the fifth amended and restated intercreditor agreement dated 2 October 2013 between, inter alia, Canadian Imperial Bank of Commerce, as Collateral Agent, certain lenders, suppliers and hedge counterparties, Just Energy Ontario L.P. and Just Energy (U.S.) Corp, as borrowers under the Credit Agreement, and the Issuer and certain of its Subsidiaries as guarantors, as amended, supplemented, restated or replaced from time to time.

"**Interest Payment Date**" has the meaning provided in Condition 6.1.

"**Interest Period**" has the meaning provided in Condition 6.1.

"**Interest Rate Agreement**" means, for any person, any interest rate swap agreement, interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, or other similar agreement designed to protect such person against fluctuations in interest rates.

"**London Stock Exchange**" means the London Stock Exchange plc.

"**Market Disruption Event**" means (a) a failure by the principal U.S. or Canadian national or regional securities exchange or trading system on which the Reference Stock is then listed or quoted to open for trading during its regular trading session or (b) the occurrence or existence for more than one half-hour period in the aggregate on any Scheduled Trading Day for the Reference Stock of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the NYSE or the TSX or otherwise) in the Reference Stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m. (New York City time) on such Scheduled Trading Day.

"**Maturity**" means, when used with respect to any Bond, the date on which the principal of such Bond or an installment of principal becomes due and payable as therein or herein provided.

"**Minimum Conversion Price**" has the meaning provided in Condition 7.2.12.

"**New Issue**" has the meaning provided in Condition 7.2.14.

"**NYSE**" means the New York Stock Exchange and includes any successor thereto.

"**Offering Circular**" means the offering circular to be dated as soon as reasonably practical after the Closing Date prepared by the Issuer in connection with the listing of the Bonds on the PSM.

"**Officers' Certificate**" means a certificate of the Issuer signed by any two (2) officers of the Issuer, one of whom shall be the president or the chief financial officer.

"**Optional Redemption Date**" has the meaning provided in Condition 8.2.

"**Optional Redemption Notice**" has the meaning provided in Condition 8.2.

"**Outstanding**" has the meaning given to "outstanding" in the Trust Deed.

"**Permitted Encumbrances**" means:

(a) Encumbrances on assets of the Issuer or of its Restricted Subsidiaries securing Indebtedness under Credit Facilities in an aggregate principal amount not to exceed the greater of the amounts set forth in clause (1) of the definition of "Permitted Debt" in the High Yield Indenture;

(b) Encumbrances in favour of the Issuer or any of its Restricted Subsidiaries;

(c) Encumbrances on property of a person existing at the time such person is merged with or into, amalgamated with, consolidated with, or acquired by, the Issuer or any Subsidiary of the Issuer; provided that such Encumbrances were in existence prior to the contemplation of such merger, amalgamation, consolidation or acquisition and do not extend to any assets other than those of the person merged into, amalgamated with, consolidated with, or acquired by the Issuer or the Subsidiary;

(d) Encumbrances on property (including Capital Stock) existing at the time of acquisition of the property by the Issuer or any Subsidiary of the Issuer; provided that such Encumbrances were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(e) Encumbrances to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(f) Encumbrances existing on the Closing Date;

(g) Encumbrances in respect of claims for unpaid wages, vacation pay, worker's compensation, unemployment insurance premiums, pension plan contributions, employee or non-resident withholding tax source deductions, realty taxes (including utility charges and business taxes which are collectable like realty taxes), unremitted goods and services taxes, provincial sales taxes, customs duties or similar statutory obligations, but only if the obligations secured by such Encumbrances are paid before they become delinquent or they are being contested diligently and in good faith by appropriate proceedings by that person for which reasonable reserves under GAAP are maintained;

(h) undetermined or inchoate Encumbrances, rights of distress and charges incidental to current operations which relate to obligations not yet due, or if due, they are not yet delinquent or the validity of which is being contested diligently and in good faith by appropriate proceedings by that person or they do not exceed CAD$15,000,000 in the aggregate;

(i) Encumbrances and statutory deemed trusts for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested diligently and in good faith by appropriate proceedings; provided that any reserve or other appropriate provision as is required under GAAP has been made therefor;

(j) Encumbrances arising at law, such as bankers', carriers', warehousemen's, landlords', builders', contractors', and mechanics' Encumbrances, and rights of set-off or similar rights as to deposit accounts, in each case, incurred in the ordinary course of business;

(k) Encumbrances securing obligations with respect to any Treasury Management Arrangement;

(l) subdivision agreements, development agreements, servicing agreements, utility agreements and other similar agreements with authorities affecting the development, servicing or use of real property and Encumbrances securing indemnities or other obligations under any such agreements;

(m) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, utility lines, communication lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such person;

(n) the rights of any tenant, occupant or licensee under any lease, occupancy agreement or license in respect of real property entered into in the ordinary course of business that do not interfere with any business being operated by the Issuer or any of its Restricted Subsidiaries on such real property;

(o) Encumbrances granted by the Issuer or any of its Restricted Subsidiaries in favour of: (i) a natural gas distribution company to whom the Issuer or a Restricted Subsidiary delivers volumes of natural gas and with whom the Issuer or such Restricted Subsidiary has an agreement providing for the delivery of such natural gas by such distribution company to a customer of the Issuer or its Restricted Subsidiaries, and (ii) an electricity distribution company which delivers electricity to customers for and on behalf of the Issuer or any of its Restricted Subsidiaries and with whom the Issuer or such Restricted Subsidiary has an agreement in connection therewith;

(p) Encumbrances in respect of operating leases entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business to the extent constituting Encumbrances under the personal property security legislation or equivalent legislation in any applicable jurisdiction;

(q) Encumbrances arising by reason of a judgment or order that does not give rise to an Event of Default;

(r) Encumbrances created for the benefit of (or to secure) the Bonds;

(s) Encumbrances created by the reservations, limitations, provisos and conditions, if any, expressed in any original or subsequent grants from the Crown and any statutory limitations, exceptions, reservations and qualifications;

(t) Encumbrances granted by the Issuer or any of its Restricted Subsidiaries in connection with participation in an unincorporated joint venture in favour of the other participants in such joint venture; provided (i) such Encumbrances are limited to the interest of the Issuer or such Restricted Subsidiary, as the case may be, in the assets or products of such joint venture and (ii) each other participant in such joint venture has given a corresponding Encumbrance on its interest in the joint venture in favour of the Issuer or such Restricted Subsidiary, as the case may be;

(u) Encumbrances to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; provided, however, that:

  (i) the new Encumbrance shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Encumbrance arose, could secure the original Encumbrance (plus improvements and accessions to, such property or proceeds or distributions thereof); and

  (ii) the Indebtedness secured by the new Encumbrance is not increased to any amount greater than the sum of (xx) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (yy) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(v) Encumbrances securing Hedging Obligations;

(w) Encumbrances granted in connection with Capital Lease Obligations, mortgage financings or Purchase Money Obligations of the Issuer or any of its Restricted Subsidiaries, in each case specifically encumbering the assets subject to the relevant obligation, to the extent such Indebtedness is permitted under clause (4) of the definition of "Permitted Debt" in the High Yield Indenture, and further provided such Encumbrances are not extended to any other assets of the Issuer or any of its Restricted Subsidiaries;

(x) without duplication, Encumbrances granted by the Issuer and the Restricted Subsidiaries in accordance with the Intercreditor Agreement; and

(y) Encumbrances securing Indebtedness of the Issuer or any of its Restricted Subsidiaries in an aggregate principal amount not to exceed the greater of CAD$20,000,000 and 1% of Consolidated Total Assets at any one time outstanding.

In the event that a Encumbrance meets the criteria of more than one of the categories of Permitted Encumbrances described in paragraphs (a) through (y) above, the Issuer may classify, or later reclassify, such Encumbrance in whole or in part in any manner that complies with this definition, including by allocation to more than one other type of Permitted Encumbrance.

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(b) the Stated Maturity of such Permitted Refinancing Indebtedness is either (i) later than the Stated Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, or (ii) more than ninety (90) days after the Final Maturity Date of the Bonds;

(c) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(d) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is Subordinated Indebtedness, such Permitted Refinancing Indebtedness has a Stated Maturity later than the Maturity Date of the Bonds, and is subordinated in right of payment to the Bonds on terms at least as favourable to the holders of Bonds as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(i) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is Secured Indebtedness, no material additional security is granted in respect thereof; and (ii) if such Indebtedness is unsecured Indebtedness, no security is granted in respect thereof.

"**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

"**Presentation Date**" means a day which is or falls after the relevant due date for payment, but, if the due date for payment is not or was not a business day, is or falls after the next following such business day.

"**Prevailing Rate**" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined by the Issuer, or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall prescribe.

"**Professional Securities Market**" means the Professional Securities Market of the London Stock Exchange.

"**Property**" means with respect to any person, any interest of such person in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible, including Capital Stock in, and other securities of, any other person.

"**Purchase Money Obligation**" means any Indebtedness assumed as, or issued and incurred to provide funds to pay, all or part of the purchase price (which shall be deemed to include any costs of design, construction, installation or improvement) of any Property.

"**Recognized Stock Exchange**" means a "recognized stock exchange" for purposes the Canada Income Tax Act, R.S.C. 1985 (5th supp.) c. 1, ss. 248(1) and ss. 262(4), as amended.

"**Record Date**" means, in respect of a payment on the Bonds, the immediate business day prior to the due date for the relevant payment.

"**Redemption Shares**" has the meaning provided in Condition 8.4.

"**Redemption Market Price**" means, in respect of a Common Share at a particular date, the Volume Weighted Average Price of a Common Share on the Relevant Stock Exchange for a period of 20 consecutive Scheduled Trading Days prior to the 2nd Scheduled Trading Day before the Final Maturity Date.

"**Reference Date**" means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Reference Stock**" means the Common Shares of the Issuer.

"**Register**" has the meaning provided in Condition 4.

"**Relevant Currency**" means Canadian dollars or, if at the relevant time or for the purposes of the relevant calculation or determination, the TSX is not the Relevant Stock Exchange, the currency in which the Reference Stock are quoted or dealt in on the Relevant Stock Exchange at such time.

"**Relevant Date**" means, in respect of any Bond whichever is the later of:

(a) the date on which payment in respect of it first becomes due; and

(b) if the full amount payable has not been received by the Principal Paying, Transfer and Conversion Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders.

"**Relevant Page**" means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

"**Relevant Stock Exchange**" means the TSX or, if at the relevant time the Reference Stock is not at that time listed and admitted to trading on the TSX, the NYSE, or, if the Reference Stock is listed on neither the TSX nor the NYSE, the principal stock exchange or securities market on which the Reference Stock is then listed, admitted to trading or quoted or accepted for dealing.

"**Restricted Subsidiary**" means any Subsidiary of the Issuer (or, where applicable, another person) that is not an Unrestricted Subsidiary.

"**Retroactive Adjustment**" has the meaning provided in Condition 7.4.

"**Sale and Leaseback Transaction**" means, with respect to any person, an arrangement relating to Property, now owned or hereafter acquired whereby the Issuer or any Restricted Subsidiary transfers such Property to a person (other than the Issuer or a Restricted Subsidiary) and the Issuer or a Restricted Subsidiary leases it from such person, but shall exclude the sale of real property and leaseback thereof for a period not to exceed one year.

"**Scheduled Trading Day**" means a day on which the Relevant Stock Exchange is scheduled to be open for trading for its trading sessions provided that, for the purposes of determining amounts due on exchange of the Bonds only, a "Scheduled Trading Day" means a day on which (i) there is no Market Disruption Event and (ii) trading in the Reference Stock generally occurs on the Relevant Stock Exchange for its trading sessions.

"Secured Indebtedness" means:

(a) all Indebtedness of the Issuer or any of its Restricted Subsidiaries under Credit Facilities;

(b) all Hedging Obligations secured by the Encumbrances securing Credit Facilities;

(c) Capital Lease Obligations of the Issuer or any of its Restricted Subsidiaries;

(d) for the purposes of Article 6 only, all Indebtedness of the Issuer or any of its Restricted Subsidiaries under any Treasury Management Agreements, to the extent that such Indebtedness is secured by Encumbrances.

"**Securities**" means any securities including, without limitation, shares, options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer.

"**Securities Act (Ontario)**" means the Securities Act (Ontario) R.S.O. 1990, C.S.5, as amended.

"**Settlement Method**" means, with respect to the conversion of Bonds, Cash Settlement or Stock Settlement as elected by the Issuer.

"**Share Redemption Option**" has the meaning provided in Condition 8.4.

"**Share Redemption Option Notice**" has the meaning provided in Condition 8.4.

"**Share Trustee-Custodian**" has the meaning provided in the Trust Deed.

"**Shareholders**" means the registered holders of Reference Stock.

"**Specified Date**" has the meaning provided in Condition 7.2.6 and 7.2.7.

"**Spin-Off**" means:

(a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or

(b) any issue, transfer or delivery of any property or assets (including cash or shares or Securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class pursuant in each case to any arrangements with the Issuer or any member of the Group involving a transfer of assets to such entity or other person.

"**Spin-Off Securities**" means equity securities of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity securities of an entity other than the Issuer.

"**Stated Maturity**" means, with respect to any principal amount on any Indebtedness, the date on which the payment of principal was scheduled to be finally repaid, redeemed or repurchased in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"**Stock Settlement**" has the meaning provided in Condition 7.8.3.

"**Stock Settlement Amount**" means the number of shares of Reference Stock required to be delivered by the Issuer for Stock Settlement being determined by dividing the principal amount of the Bond by the applicable Conversion Price.

"**Stock Settlement Election**" means an election of the Issuer for Stock Settlement.

"Subordinated Indebtedness" means Indebtedness of the Issuer or of any of its Restricted Subsidiaries that is contractually subordinated to the Bonds, including the Convertible Subordinated Debentures.

"**Tax Redemption Date**" has the meaning provided in Condition 8.3.

"**Tax Redemption Event**" has the meaning provided in Condition 8.3.

"**Tax Redemption Notice**" has the meaning provided in Condition 8.3.

"**Tax Redemption Event Period**" means the period commencing on the date of the Tax Redemption Notice and ending prior to the Tax Redemption Date.

"**Subsidiary**" means:

(a) an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership (and "control" for this purpose means the power to direct the management and policies of the entity whether through the ownership of voting capital, by contract or otherwise); or

(b) an entity treated as a subsidiary in the financial statements of any person pursuant to the Accounting Principles.

"**Transaction Documents**" means the Trust Deed and the Agency Agreement.

"**Treasury Management Arrangement**" means any agreement or other arrangement governing the provision of treasury or cash management services, including deposit accounts, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services, cash pooling or netting or setting off arrangements and other cash management services.

"**TSX**" means the Toronto Stock Exchange and includes any successor thereto.

"**UKLA**" means the UK Financial Services Authority in its capacity as competent authority for the purposes of the UK Financial Services and Markets Act 2000.

"**Unrestricted Subsidiary**" means any Subsidiary of the Issuer that is an "Unrestricted Subsidiary" as defined in and pursuant to the terms of the High Yield Indenture.

"**Volume Weighted Average Price**" means, in respect of a Common Share, Security or, as the case may be, a Spin-Off Security on any Scheduled Trading Day, the order book volume-weighted average price of a Common Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Common Share) from Bloomberg page VAP for the Relevant Stock Exchange or (in the case of a Security (other than Reference Stock) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by the Issuer on such Scheduled Trading Day, provided that, if on any such Scheduled Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Common Share, Security or a Spin-Off Security, as the case may be, in respect of such Scheduled Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Scheduled Trading Day on which the same can be so determined by the Issuer or, if any doubt shall arise as to the appropriate calculation of such price, following consultation between the Issuer and an Independent Financial Adviser, a written determination of such Independent Financial Adviser, which shall be conclusive and binding on all parties.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(a) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(b) the then outstanding principal amount of such Indebtedness.

References to "**CAD$**" and "**Canadian dollars**" are to the lawful currency for the time being of Canada. References to "**US$**" and "**US dollars**" are to the lawful currency for the time being of the United States of America.

References to "**equity securities**" has the meaning provided in section 89(1) of the Securities Act (Ontario).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or reenactment.

References to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

For the purposes of Condition 7.4 and Condition 12 only, (a) references to the "issue" of Reference Stock or Reference Stock being "issued" shall include the transfer and/or delivery of Reference Stock, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any member of the Group, and (b) Reference Stock held by or on behalf of the Issuer or any member of the Group (and which, in the case of Conditions 7.2.3 and 7.2.5, do not rank for the relevant right or other entitlement) shall not be considered as or treated as "in issue" or "issued" or entitled to receive any Dividend, right or other entitlement.

4 REGISTRATION

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside of the United Kingdom (or such other office as agreed to between the Issuer and the Registrar) in which shall be entered the principal amount and certificate numbers of the Bonds and their dates of issue, the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of Bonds. Each holder of such Bonds shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

5 TRANSFER OF BONDS

5.1 *Transfer*

Bonds may, subject to applicable securities laws, the terms of the Agency Agreement and Conditions 5.2 and 5.3, be transferred in whole or in part in an Authorised Denomination by lodging the Certificate issued in respect of the relevant Bond (with the form of transfer in respect thereof (substantially in the form of Schedule 5 to the Trust Deed) duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will, within seven Business Days (as defined in Condition 5.4) of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of the principal amount of Bonds (being one or more Bonds), deliver a new Certificate for the un-transferred balance to the transferor), at the specified office of the Paying, Transfer and Conversion Agent, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary uninsured mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by ordinary uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

5.2 *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Paying, Transfer and Conversion Agent being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Principal Paying, Transfer and Conversion Agent and the Trustee.

5.3 *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 20 consecutive Scheduled Trading Days immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 8.2 or 8.3, (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 7.8.1, (iii) in respect of which a holder has exercised its right to require the Issuer to redeem pursuant to Condition 8.7 or (iv) during the period of 15 calendar days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

5.4 *Business Day*

In this Condition 5, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in the place of the specified office of the Registrar.

6 INTEREST

6.1 *Interest Rate*

The Bonds bear interest from (and including) the Closing Date at the rate of 6.5 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 29 January and 29 July in each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 29 July 2014.

Where interest is required to be calculated for any period which is not an Interest Period it shall be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

"**Interest Period**" means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

6.2 *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 7.10) or (ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 11, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the principal in respect of the Bond is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 6.1 (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying, Transfer and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day.

7 CONVERSION OF BONDS

7.1 *Conversion Right*

Subject to and as provided in these Conditions, each Bond shall entitle the holder to convert (a "**Conversion Right**") such Bond in accordance with, and subject to, the settlement provisions of Condition 7.8.

The number of shares of Reference Stock to be issued on exercise of a Conversion Right in respect of each US$200,000 in principal amount of Bonds shall be determined by dividing US$200,000 by the Conversion Price in effect on the relevant Conversion Date. No fractional Common Shares shall be issued, and any fractional Common Share resulting from the conversion will be rounded down to the next whole Common Share.

The initial conversion price is US$9.3762 per Common Share (being CAD$10.2819 translated into USD at the Fixed Exchange Rate) (the "**Initial Conversion Price**").

The Initial Conversion Price is subject to adjustment in the circumstances described in Condition 7.2 and the applicable Conversion Price on the relevant Conversion Date shall be determined in accordance with Condition 7.3.

A Bondholder may exercise the Conversion Right in respect of an Authorised Denomination by delivering the Certificate representing such Bond, together with a Conversion Notice to the specified office of any Paying, Transfer and Conversion Agent in accordance with Condition 7.8 and making any payment required to be made as provided in Condition 7.8, whereupon the Issuer shall, subject to Condition 7.8.3, procure the delivery to or as directed by the relevant Bondholder of Reference Stock credited as paid-up in full as provided in this Condition 7.

Subject to, and as provided in these Conditions, a Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (the "**Conversion Period**") (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 30 May 2014 (being the date falling four months and one day after the Closing Date) to the close of business on the business day falling 22 business days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 8.2 or 8.3 prior to the Final Maturity Date, then up to (and including) the close of business on the 7th calendar day before the date fixed for redemption thereof pursuant to Condition 8.2 or 8.3, unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the close of business on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a business day, the immediately preceding business day; provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day.

Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 11 or (ii) in respect of a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Condition 8.7.

A Conversion Right may not be exercised by a Bondholder in circumstances where the relevant Conversion Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

7.2 ***Adjustment of Initial Conversion Price***

Upon the happening of any of the events described below, the Initial Conversion Price shall be adjusted, subject to any necessary prior approval of the NYSE, TSX and any other applicable securities regulatory authority and subject to and provided in these Conditions, as follows:

7.2.1 If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Reference Stock, the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A}{B}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the effective date of such consolidation, reclassification or subdivision as the case may be;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the effective date of such consolidation, reclassification or subdivision as the case may be;

A is the aggregate number of shares of Reference Stock in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of shares of Reference Stock in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

7.2.2 If and whenever the Issuer shall pay or make any cash Dividend (in excess of the Historical Dividend) to Shareholders, the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A - B}{A}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the Current Market Price of one share of Reference Stock on the Effective Date; and

B is the portion of the cash Dividend (in excess of the Historical Dividend) attributable to one share of Reference Stock, with such portion being determined by dividing the amount in cash of the aggregate Dividend (in excess of the Historical Dividend) by the number of shares of Reference Stock entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Reference Stock or any depositary or other receipts or certificates representing Reference Stock by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of shares of Reference Stock in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Reference Stock, or any Reference Stock represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the cash amount of the relevant Dividend is capable of being determined as provided herein.

"**Effective Date**" means, in respect of this paragraph 7.2.2, the first date on which the Reference Stock is traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Reference Stock or any depositary or other receipts or certificates representing Reference Stock, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Reference Stock is traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

7.2.3 If and whenever the Issuer shall issue Reference Stock to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Reference Stock, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Reference Stock (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per share of Reference Stock which is less than 92.5 per cent. of the Current Market Price per share of Reference Stock on the Effective Date, the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A + B}{A + C}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the number of shares of Reference Stock in issue on the Effective Date;

B is the number of shares of Reference Stock which the aggregate consideration (if any) receivable for the Reference Stock issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of shares of Reference Stock deliverable on the exercise thereof, would purchase at such Current Market Price per share of Reference Stock; and

C is the number of shares of Reference Stock to be issued or, as the case may be, the maximum number of shares of Reference Stock which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph 7.2.3, the first date on which the Reference Stock is traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

7.2.4 If and whenever the Issuer shall issue any Securities (other than Reference Stock or options, warrants or other rights to subscribe for or purchase any Reference Stock) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Reference Stock or options, warrants or other rights to subscribe for or purchase Reference Stock), the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A - B}{A}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the Current Market Price of one share of Reference Stock on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one share of Reference Stock. Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph 7.2.4, the first date on which the Reference Stock is traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

7.2.5 If and whenever the Issuer shall issue (otherwise than as mentioned in paragraph 7.2.1, 7.2.2 or 7.2.3 above) wholly for cash or for no consideration any Reference Stock (other than Reference Stock issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Reference Stock) or issue or grant (otherwise than as mentioned in sub-paragraph 7.2.3 above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Reference Stock (other than the Bonds, which term shall for this purpose include any Further Bonds), in each case at a price per share of Reference Stock which is less than 92.5 per cent. of the Current Market Price per share of Reference Stock on the date of the first public announcement of the terms of such issue or grant, the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A + B}{A + C}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the number of shares of Reference Stock in issue immediately before the issue of such Reference Stock or the grant of such options, warrants or rights;

B is the number of shares of Reference Stock which the aggregate consideration (if any) receivable for the issue of such Reference Stock or, as the case may be, for the issue or grant of such options, warrants or rights and for the Reference Stock to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per share of Reference Stock; and

C is the number of shares of Reference Stock to be issued pursuant to such issue of such Reference Stock or, as the case may be, the maximum number of shares of Reference Stock which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph 7.2.5, the date of issue of such Reference Stock or, as the case may be, the grant of such options, warrants or rights.

7.2.6 If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity (otherwise than as mentioned in paragraphs 7.2.3, 7.2.4 or 7.2.5 above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term for this purpose shall include any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Reference Stock (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Reference Stock, and the consideration per share of Reference Stock receivable upon conversion, exchange, subscription or redesignation is less than 92.5 per cent. of the Current Market Price per share of Reference Stock on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A + B}{A + C}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the number of shares of Reference Stock in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Reference Stock which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such issue, less the number of such Reference Stock so issued, purchased or acquired);

B is the number of shares of Reference Stock which the aggregate consideration (if any) receivable for the issue of such Securities (or, as the case may be, the grant of any such rights) and for the Reference Stock to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Reference Stock to be issued or to arise from any such redesignation would purchase at such Current Market Price per share of Reference Stock; and

C is the maximum number of shares of Reference Stock to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of shares of Reference Stock which may be issued or arise from any such redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this paragraph 7.2.6, the "**Specified Date**") such number of shares of Reference Stock is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided), then for the purposes of this paragraph 7.2.6, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph 7.2.6, the date of issue of such Securities or, as the case may be, the grant of such rights.

7.2.7 If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) as are mentioned in sub-paragraph 7.2.6 above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per share of Reference Stock receivable has been reduced and is less than 92.5 per cent. of the Current Market Price per share of Reference Stock on the date of the first public announcement of the proposals for such modification, the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A + B}{A + C}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the number of shares of Reference Stock in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Reference Stock which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such Securities, less the number of such Reference Stock so issued, purchased or acquired);

B is the number of shares of Reference Stock which the aggregate consideration (if any) receivable for the issue of such Securities (or, as the case may be, the grant of any such rights) and for the Reference Stock to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per share of Reference Stock or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and

C is the maximum number of shares of Reference Stock which may be issued or otherwise made available upon conversion or exchange of such Securities, as so modified, or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit for any previous adjustment under this paragraph 7.2.7 or paragraph 7.2.6 above;

provided that if at the time of such modification (as used in this paragraph 7.2.7, the "**Specified Date**") such number of shares of Reference Stock is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this paragraph 7.2.7, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

7.2.8 If and whenever the Issuer or any member of the Group or, at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group, any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Initial Conversion Price falls to be adjusted under paragraphs 7.2.2, 7.2.3, 7.2.5 or 7.2.6 above or 7.2.9 below (or would fall to be so adjusted if the relevant issue or grant was at less than 92.5 per cent. of the Current Market Price per share of Reference Stock on the relevant Scheduled Trading Day) or under paragraph 7.2.4 above), the Initial Conversion Price shall be adjusted based on the following formula:

$$CP_1 = CP_0 \times \frac{A - B}{A}$$

where:

CP_0 is the Initial Conversion Price in effect immediately prior to the open of business on the Effective Date;

CP_1 is the Initial Conversion Price in effect immediately after the open of business on the Effective Date;

A is the Current Market Price of one Reference Stock on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Reference Stock.

Such adjustment shall become effective on the Effective Date.

"**Effective Date**" means, in respect of this paragraph 7.2.8, the first date on which the Reference Stock is traded ex-rights on the Relevant Stock Exchange.

7.2.9 If a Change of Control shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Initial Conversion Price shall be determined as set out below, but in each case adjusted, if appropriate, under the foregoing provisions of this Condition 7.2:

$$CP_1 = CP_0 / (1 + (IP \times c/t))$$

where:

CP_0 = means the Initial Conversion Price in effect immediately prior to Change of Control

CP_1 = means the Initial Conversion Price in effect immediately after Change of Control

IP = means 22.5 per cent. (expressed as a fraction)

c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

7.2.10 If the Issuer shall provide the Bondholders with a Tax Redemption Notice, then upon any exercise of Conversion Rights, where the Conversion Date falls on or after the date of the Tax Redemption Notice and prior to the Tax Redemption Date, the Initial Conversion Price shall be determined as set out below, but in each case adjusted, if appropriate, under the foregoing provisions of this Condition 7.2:

$$CP_1 = CP_0 / (1 + (IP \times c/t))$$

where:

CP_0 = means the Initial Conversion Price in effect immediately prior to the issuance of the Tax Redemption Notice

CP_1 = means the Initial Conversion Price in effect immediately after the issuance of the Tax Redemption Notice

IP = means 22.5 per cent. (expressed as a fraction)

c = means the number of days from and including the Tax Redemption Date to but excluding the Final Maturity Date

t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

7.2.11 If the Issuer determines in its absolute discretion that an adjustment should be made to the Initial Conversion Price as a result of one or more circumstances not referred to above in this Condition 7.2 (even if the relevant circumstance is specifically excluded from the operation of paragraphs 7.2.1 to 7.2.10 above), the Issuer may, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Initial Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall, subject to prior approval of the NYSE and/or the TSX and any other applicable securities regulatory authority, be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph 7.2.11 if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Initial Conversion Price.

Notwithstanding the foregoing provisions, subject to prior approval of the NYSE and/or the TSX and any other applicable securities regulatory authority:

(a) where the events or circumstances giving rise to any adjustment pursuant to this Condition 7.2 have already resulted or will result in an adjustment to the Initial Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Initial Conversion Price or where more than one event which gives rise to an adjustment to the Initial Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and

(b) such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Initial Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to paragraphs 7.2.3, 7.2.5, 7.2.6 and 7.2.7, the following provisions shall apply:

(a) the aggregate consideration receivable or price for Reference Stock issued for cash shall be the amount of such cash;

(b) without duplication, (x) the aggregate consideration receivable or price for Reference Stock to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Reference Stock to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant date of first public announcement as referred to in paragraphs 7.2.3, 7.2.6 or 7.2.7, as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per share of Reference Stock upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be);

(c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of (a) above) or the relevant date of first public announcement (in the case of (b) above);

(d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Reference Stock or Securities or options, warrants or rights, or otherwise in connection therewith; and

(e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

7.2.12 For greater certainty, other than pursuant to Condition 7.2.1, the Initial Conversion Price and the Conversion Price Floor shall not be reduced (unless an exemption, permission or consent is granted by the TSX as stated below) pursuant to any of Conditions 7.2.2 through to 7.2.8 and Condition 7.2.10, to below the level permitted by applicable laws and regulations from time to time (if any), including the rules of the TSX (the "**Minimum Conversion Price**"). As at the Closing Date, the Issuer was subject to the rules of the TSX and pursuant to these rules the Minimum Conversion Price is CAD$7.1344 (being the volume weighted average price of the Common Shares on the TSX for the five dealing days prior to 22 January 2014 (the date on which the Issuer notified the TSX of the issue of the Bonds), less a discount of 15 per cent), and converted into U.S. dollars based on the Prevailing Rate. The Issuer undertakes to use commercially reasonable efforts to obtain any exemption, permission or consent to make any adjustment to the Initial Conversion Price and the

Conversion Price Floor below the Minimum Conversion Price pursuant to any of Conditions 7.2.2 through to 7.2.8 and Condition 7.2.10.

7.2.13 If the Issuer (or any member of the Group) shall undertake or otherwise permit, or cause to occur, any corporate action (each a "**Corporate Action**") which would require the Issuer (using its commercially reasonable efforts) to obtain any exemption, permission or consent (an "**Authorisation**") to make any adjustment to the Initial Conversion Price and the Conversion Price Floor below the Minimum Conversion Price as set out in Condition 7.2.12 and any such Authorisation is not granted, then the provisions of Condition 7.2.14 shall apply.

7.2.14 Where the subject matter of the Corporate Action is the grant, issue or offer of Reference Stock or any Securities (or any options, warrants or other rights to subscribe for or purchase any Reference Stock or Securities) (each a "**New Issue**") then contemporaneously with any such New Issue, the Issuer shall, to the extent it is legally able to do so, and subject to TSX approval, procure that each Bondholder shall be extended the same rights under the New Issue as are granted or otherwise provided to the Shareholders. The number of Reference Stock or Securities (or any options, warrants or other rights to subscribe for or purchase any Reference Stock or Securities) that each Bondholder shall be entitled to receive, subscribe for or otherwise purchase shall be calculated and determined on the basis of the number of shares of Reference Stock which such Bondholder would have been entitled to had such Bond been converted immediately prior to the record date of such New Issue.

7.3 ***Conversion Price Determination***

The applicable conversion price per Common Share on the relevant Conversion Date (the "**Conversion Price**") shall be determined as follows:

(a) if on the five preceding Scheduled Trading Days the Volume Weighted Average Price of the Reference Stock (translated into US dollars at the Prevailing Rate on each Scheduled Trading Day) is equal or less than the Initial Conversion Price (as it may have been adjusted pursuant to Condition 7.2), the applicable Conversion Price shall be the Initial Conversion Price (as it may have been adjusted pursuant to Condition 7.2);

(b) if on the five preceding Scheduled Trading Days the arithmetic average VWAP of the Reference Stock is greater than the Initial Conversion Price (translated into US dollars at the Prevailing Rate on each Scheduled Trading Day) (as it may have been adjusted pursuant to Condition 7.2), the Conversion Price shall be calculated as follows:

Conversion Price =

where:

iVWAP	=	the arithmetic average of the 5 preceding Scheduled Trading Days VWAP of the Reference Stock translated into US dollars at the Prevailing Rate on each day;
ICP	=	Initial Conversion Price (as it may have been adjusted pursuant to Condition 7.2); and
ISF	=	US$200,000 divided by the Initial Conversion Price (as it may (Incremental Share Factor) have been adjusted pursuant to Condition 7.2);

provided that if the Conversion Price is lower than the Conversion Price Floor the Conversion Price shall equal the Conversion Price Floor.

7.4 ***Retroactive Adjustments***

If the Conversion Date in relation to the conversion of any Bond shall be after the record date in respect of any reclassification or subdivision as is mentioned in paragraph 7.2.1 above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraph 7.2.2, 7.2.3, 7.2.4 or 7.2.8 above, or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in paragraph 7.2.5 and 7.2.6 above or of the terms of any such modification as is mentioned in paragraph 7.2.7 above, but before the relevant adjustment to the Initial Conversion Price becomes effective under Condition 7.2 above (each such adjustment, a "**Retroactive Adjustment**") in circumstances where such Bond is to be converted into Reference Stock, then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the converting Bondholder, in accordance with the instructions contained in the relevant Conversion Notice, such additional number of shares of Reference Stock (if any) (the "**Additional Reference Stock**") as, together with the Reference Stock issued on conversion of the relevant Bonds (together with any fraction of a Reference Stock not so issued), is equal to the number of shares of Reference Stock which would have been required to be issued on such conversion if the relevant adjustment to the Initial Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

7.5 ***Decision of an Independent Financial Adviser***

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, following consultation between the Issuer and an Independent Financial Adviser, a written determination of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties.

7.6 ***Share or Option Plans and Dividend Reinvestment Plans***

No adjustment will be made to the Initial Conversion Price where Reference Stock or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees, officers, directors, consultants, Shareholders and/or any other eligible persons, in each case, of the Issuer or any member of the Group or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any stock option plan, stock purchase plan or stock bonus plan (including without limitation the Restricted Share Grant Plan, the Share Option Plan, the Deferred Compensation Plan and the Performance Bonus Plan, each such term as defined in the Credit Agreement) approved by the Shareholders or any dividend reinvestment plan of the Issuer in effect, or any other securities based compensation arrangement (as contemplated by the rules of the TSX), or similar plan or scheme to the foregoing.

7.7 ***Rounding Down and Notice of Adjustment to the Conversion Price***

On any adjustment, the resultant Conversion Price, if not an integral multiple of US$0.01, shall be rounded down to the nearest whole multiple of US$0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 17 and to the Trustee promptly after the determination thereof.

7.8 ***Procedure for Exercise of Conversion Rights and Settlement Method***

7.8.1 Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the Certificate in respect of such Bond to the specified office of any Paying, Transfer and Conversion Agent, at its own expense, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from the Registrar or any Paying, Transfer and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Registrar or the Paying, Transfer and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

A Conversion Right may only be exercised in respect of an Authorised Denomination.

A Conversion Notice, once delivered, shall be irrevocable.

If the delivery of the relevant Certificate and Conversion Notice as described in the foregoing paragraph is made after the end of normal business hours or on a day which is not a business day, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Registrar and the Paying, Transfer and Conversion Agents and the relevant Bondholder.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be the business day immediately following the date of the delivery of the relevant Certificate and the Conversion Notice as provided in this Condition 7.8.1.

7.8.2 A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue, registration and transfer taxes and duties arising on conversion, other than any capital, stamp, issue, registration and transfer taxes and duties payable in the USA or Canada for Reference Stock listed on the NYSE or the TSX solely in respect of the allotment or issue of any Reference Stock in respect of such exercise which shall be paid by the Issuer. If the Issuer shall fail to pay any capital, stamp, issue, registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer, as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

The Trustee shall not be responsible for determining whether any such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or any interest therein in connection with the exercise of Conversion Rights by it.

7.8.3 Upon exercise of a Conversion Right by a Bondholder, the Issuer may make an election (a "**Cash Settlement Election**") to satisfy the Conversion Rights exercised in respect of any Bonds by making or procuring payment on its behalf to the relevant Bondholder of a sum in cash (a "**Cash Settlement**") determined in accordance with 7.8.7. The Issuer shall, on the 3rd business day following the day of receipt of a Conversion Notice (the "**Election Date**"), deliver a notice (the "**Settlement Election Notice**"), through the Trustee and Paying, Transfer and Conversion Agent, to the converting holder specifying the Settlement Method elected by the Issuer with respect to the conversion of the Bond.

If the Issuer does not deliver a Settlement Election Notice by the Election Date the Issuer shall no longer have the right to make a Cash Settlement Election and the Issuer shall be deemed to have elected to settle by providing new and/or existing Common Shares of the Issuer ("**Stock Settlement**") in respect of the relevant Conversion Right.

A Cash Settlement Election shall be irrevocable.

7.8.4 The Issuer shall use the same Settlement Method for all conversions occurring on a given Conversion Date. The Issuer shall not have any obligation to use the same Settlement Method with respect to conversions that occur on different Conversion Dates. If more than one Bond shall be surrendered for conversion at one time by the same holder, the Conversion Right with respect to such Bonds shall be computed on the basis of the aggregate principal amount of the Bonds so surrendered.

7.8.5 The Stock Settlement Amount shall be determined by Issuer promptly following the Election Date. Promptly after such determination of the relevant Stock Settlement Amount, the Issuer shall notify the Trustee of the relevant Stock Settlement Amount.

7.8.6 The Issuer shall deliver (in respect of a Stock Settlement Election) the relevant number of shares of Reference Stock due in respect of the Conversion Right on the third business day immediately following the relevant Election Date.

7.8.7 If the Issuer has made a Cash Settlement Election, the amount payable by the Issuer shall be the Cash Settlement Amount, together with any other amount payable by the Issuer to such Bondholder pursuant to these Conditions in respect of or relating to the relevant exercise of Conversion Rights, including any interest payable pursuant to Condition 7.10, as calculated by the Issuer.

"**Cash Settlement Amount**" means an amount in US dollars per US$200,000 in principal amount of Bonds calculated in accordance with the following formula:

where:

CSA =	the Cash Settlement Amount;
Pn =	the Volume Weighted Average Price of one share of Reference Stock on the nth dealing day of the Cash Settlement Calculation Period; and
Prevailing Raten =	the Prevailing Rate on the nth dealing day of the Cash Settlement Calculation Period;

provided that if any Dividend or other entitlement in respect of the Reference Stock is announced, whether on or prior to or after the relevant Conversion Date in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the relevant Conversion Date and if on any dealing day in the Cash Settlement Calculation Period the price determined as provided above is based on a price ex-Dividend or ex-any other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per share of Reference Stock as at the Effective Date relating to such Dividend or entitlement (or, if that is not a dealing day, the immediately preceding dealing day), determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

If there is a Retroactive Adjustment to the Conversion Price following the exercise of Conversion Rights by a Bondholder, in circumstances where a Cash Settlement Election is or was made in respect of such exercise, the Issuer shall pay to the relevant Bondholder an additional amount (the "**Additional Cash Settlement Amount**") equal to the Current Market Price of such number of shares of Reference Stock as is equal to the number of shares of Additional Reference Stock that would have been required to be issued or transferred and delivered to the relevant Bondholder pursuant to Condition 7.4 had a Cash Settlement Election not been made in respect of the relevant exercise of Conversion Rights.

7.8.8 The Issuer shall pay (in respect of a Cash Settlement) the relevant cash consideration due in respect of the Conversion Right on the day immediately following the last day of the Cash Settlement Calculation Period.

7.8.9 Reference Stock to be issued on exercise of Conversion Rights will be issued, in "book-entry" form eligible for deposit at CDS and DTC (or any successor licensed clearance and settlement facility applicable to the Reference Stock listed on the TSX or the NYSE, respectively) and the Reference Stock will be issued in the name of the CDS or DTC participant (with reference to the Bondholder's account with such CDS or DTC participant) as may be advised by the relevant Bondholder.

The Reference Stock to be issued on exercise of Conversion Rights will not be available for issue (i) to, or to a nominee for, Euroclear Bank SA/NV or Clearstream Banking, société anonyme or any other person providing a clearance service within the meaning of section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depositary receipts within the meaning of section 93 of the Finance Act 1986 of the

United Kingdom, in each case at any time prior to the "abolition day" as defined in section 111 (1) of the Finance Act 1990 of the United Kingdom.

Reference Stock to be issued on exercise of Conversion Rights will be issued in uncertificated form or, if the above clearing systems are not operational, in either certificated form or in the form of a Direct Registration System ("**DRS**") Advice. Where Reference Stock is to be issued in certificated form or in the form of a DRS Advice, a certificate or DRS Advice in respect thereof will be dispatched by mail free of charge (but uninsured and at the risk of the recipient) to the relevant Bondholder or as it may direct in the relevant Conversion Notice within 28 days following the relevant Conversion Date.

7.9 ***Reference Stock***

7.9.1 Reference Stock (including any Additional Reference Stock) issued upon exercise of Conversion Rights will be fully paid and will in all respects rank pari passu with the fully paid Reference Stock in issue on the relevant Conversion Date or, in the case of Additional Reference Stock, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Reference Stock or, as the case may be, Additional Reference Stock will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions, Dividends or payments for which the record date or other due date for the establishment of entitlement falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.

7.9.2 Save as provided in Condition 7.10, no payment or adjustment shall be made on exercise of Conversion Rights for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

7.10 ***Interest on Conversion***

If any notice requiring the redemption of the Bonds is given pursuant to Condition 8.2 on or after the 15th business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any Dividend or distribution payable in respect of the Reference Stock where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 6.1 on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a US dollar account in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

7.11 ***Purchase or Redemption of Reference Stock***

The Issuer or any member of the Group may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Reference Stock) or any receipts or certificates representing the same without the consent of the Trustee or the Bondholders.

7.12 ***No Duty to Monitor***

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or as to the amount of any adjustment actually made, and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

7.13 ***Change of Control***

Within five business days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 17 (a "**Change of Control Notice**"). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to accept the Change of Control Offer in respect of their Bonds pursuant to Condition 8.7. The Change of Control Notice shall also specify:

7.13.1 all reasonable information in the possession of the Issuer and reasonably obtainable by the Issuer and material to Bondholders concerning the Change of Control;

7.13.2 the Initial Conversion Price immediately prior to the occurrence of the Change of Control and the Conversion Price applicable during the Change of Control Period on the basis of the Initial Conversion Price in effect immediately prior to the occurrence of the Change of Control;

7.13.3 the closing price of the Reference Stock as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;

7.13.4 the last day of the Change of Control Period;

7.13.5 the Change of Control Payment Date; and

7.13.6 such other information relating to the Change of Control as the Trustee may reasonably require.

None of the Trustee, Paying, Transfer and Conversion Agent or the Registrar shall be required to take any steps to monitor or ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

7.14 ***Tax Redemption Event***

If a Tax Redemption Event shall occur and the Issuer gives notice thereof to the Trustee and to the Bondholders in accordance with Condition 8.3. the Tax Redemption Notice shall (in addition to specifying the applicable Early Redemption Amount) contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions. The Tax Redemption Notice shall also specify:

7.14.1 all reasonable information in the possession of the Issuer and reasonably obtainable by the Issuer and material to Bondholders concerning the Tax Redemption Event;

7.14.2 the Initial Conversion Price immediately prior to the date of issue of the Tax Redemption Notice and the Conversion Price applicable during the Tax Redemption Event Period on the basis of the Initial Conversion Price in effect immediately prior to the date of the Tax Redemption Notice;

7.14.3 the closing price of the Reference Stock as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Tax Redemption Notice;

7.14.4 the last day of the Tax Redemption Event Period; and

7.14.5 such other information relating to the Tax Redemption Event as the Trustee may reasonably require.

None of the Trustee, Paying, Transfer and Conversion Agent or the Registrar shall be required to take any steps to monitor or ascertain whether a Tax Redemption Event or any event which could lead to a Tax Redemption Notice being issued has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

8 REDEMPTION AND PURCHASE

8.1 *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date (subject to the Issuer's right to exercise the Share Redemption Option on the Final Maturity Date pursuant to Condition 8.4). The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 8.2 or Condition 8.3 (subject, in the case of redemption pursuant to Condition 8.3, to the provisions of Condition 8.5) and may only be redeemed, at the option of the Bondholders, prior to the Final Maturity Date in accordance with Condition 8.7.

8.2 *Redemption at the Option of the Issuer*

On giving not less than 45 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 17, the Issuer may redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued and unpaid interest up to (but excluding) such date if at any time prior to the date the Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

For the purposes of this Condition, the principal amount of the Bonds originally issued shall be the aggregate of the principal amount of the Bonds, including any Further Bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds.

8.3 *Redemption for Taxation Reasons*

The Bonds may be redeemed (subject to the provisions of Conditions 7.14 and 8.4) at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the Bondholders in accordance with Condition 17 on the date specified in the Tax Redemption Notice (the "**Tax Redemption Date**") at its principal amount together with accrued and unpaid interest up to (but excluding) the Tax Redemption Date, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that it has or will become obliged to pay additional amounts in respect of any payments of interest in respect of the Bonds as provided or referred to in Condition 10 as a result of any change in, or amendment to, the laws or regulations of Canada or the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking commercially reasonable measures available to it (the "**Tax Redemption Event**"), provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8.3, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (1) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall accept (without liability for so doing) such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Bondholders.

8.4 *Share Redemption Option*

8.4.1 Provided no Event of Default has occurred and is continuing, the Issuer shall have the right to redeem each Bond on the Final Maturity Date by electing (at its sole discretion) to:

(a) make a cash payment of the principal amount of each Bond; or

(b) (i) deliver a number of shares of Reference Stock per US$200,000 in principal amount of Bonds (at its sole discretion) which number of shares shall be no greater than US$200,000 divided by the Initial Conversion Price (as adjusted by Condition 7.2) (the "**Redemption Shares**"); and

(ii) pay the Additional Cash Amount (if any)

(the "**Share Redemption Option**").

The "**Additional Cash Amount**" means the difference between (i) the principal amount of the Bond and (ii) 95 per cent. of the product (rounded to the nearest forth decimal) of (x) the Redemption Market Price and (y) the number of Redemption Shares, such product being converted into US dollars at the Prevailing Rate on the day of calculation as determined by the Paying, Transfer and Conversion Agent. For the avoidance of doubt no payment shall be required if the amount in (ii) is greater than the amount in (i).

8.4.2 The Issuer may exercise the Share Redemption Option by giving notice to the Trustee and the Bondholders in accordance with Condition 17 (the "**Share Redemption Option Notice**").

8.4.3 The Share Redemption Option Notice must be published not less than 30 calendar days and not more than 60 calendar days prior to the Final Maturity Date and state either that there is to be a cash payment per bond or state the number of Redemption Shares per Bond.

8.4.4 Not later than the Final Maturity Date, the Issuer shall notify the Trustee and the Bondholder in accordance with Condition 17 (where Redemption Shares are to be issued) of the number of Redemption Shares to be delivered in relation to each US$200,000 in principal amount of Bonds and the Additional Cash Amount (if any) payable in relation to each US$200,000 in principal amount of Bonds.

8.4.5 Bonds must be surrendered prior to the issue of Redemption Shares.

8.4.6 No interest shall accrue on any Additional Cash Amount. In relation to the delivery of Redemption Shares, Condition 7.8 shall apply mutatis mutandis.

8.4.7 If any Event of Default shall occur and be continuing prior to the delivery of the Redemption Shares the relevant Bonds shall be redeemed for cash in accordance with Condition 8.1.

8.4.8 The Issuer shall be entitled to waive at any time prior to the exercise of the Share Redemption Option the right to exercise the Share Redemption Option by giving notice in accordance with Condition 17.

8.5 ***Bondholders' Tax Option***

If the Issuer gives a Tax Redemption Notice as provided in Condition 8.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed or converted pursuant to such Tax Redemption Notice and that the provisions of Condition 10 shall not apply in respect of any payment of interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts as provided or referred to in Condition 10 shall be payable in respect thereof pursuant to Condition 10, and all payments of interest to be made in respect of the Bonds shall be made subject to the deduction or withholding of Canadian or United Kingdom (as the case may be) taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8.5, the relevant Bondholder must deliver such Bond(s) (if applicable) together with a duly completed and signed notice of election in the form (for the time being current) obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "**Bondholder's Tax Exercise Notice**") on or before the date falling 15 days prior to the Tax Redemption Date at the specified office of any Paying, Transfer and Conversion Agent.

8.6 ***Redemption Notices***

Any Optional Redemption Notice or Tax Redemption Notice shall (subject in the case of Condition 8.3) be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, and the applicable Early Redemption Amount, which shall be a business day, (ii) the Conversion Price, (iii) the aggregate principal amount of the Bonds Outstanding and the closing price of the Reference Stock as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or Tax Redemption Notice, and (iv) the last day on which Conversion Rights may be exercised by Bondholders and (v) the amount of accrued interest payable in respect of each Bond on the Optional Redemption Date or Tax Redemption Date as applicable.

8.7 ***Redemption at the Option of Bondholders upon a Change of Control***

Following the occurrence of a Change of Control, the Issuer will make an offer (the "**Change of Control Offer**"), in writing to each Bondholder (with a copy to the Trustee), to purchase each Bond on the terms set out herein (the "**Change of Control Offer Notice**"). Pursuant to the Change of Control Offer Notice, the Issuer will be required to offer payment in cash equal to the principal amount of each Bond together with accrued and unpaid interest up to (but excluding) the Change of Control Payment Date (the "**Change of Control Offer Price**"). To exercise their right to accept the Change of Control Offer, the holder of the relevant Bond must deliver the Certificate relating to such Bond(s) to the specified office of the Registrar or any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying, Transfer and Conversion Agent (a "**Change of Control Payment Exercise Notice**"), at any time during the Change of Control Period. The "**Change of Control Payment Date**" shall be the fourteenth calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a US dollar account with a bank in Toronto or London as specified by the relevant Bondholder in the relevant Change of Control Payment Exercise Notice.

A Change of Control Payment Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Payment Exercise Notices delivered as aforesaid on the Change of Control Payment Date.

8.8 ***Purchase***

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any member of the Group may at any time purchase any Bonds in the open market or otherwise at any price. Such Bonds may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered to any Paying, Transfer and Conversion Agent for cancellation.

8.9 ***Cancellation***

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any member of the Group may be surrendered to any Paying, Transfer and Conversion Agent for cancellation and, if so surrendered, shall be cancelled.

8.10 ***Multiple Notices***

If more than one notice of redemption is given pursuant to this Condition 8, the first of such notices to be given shall prevail.

9 PAYMENTS

9.1 ***Principal***

Payment of principal in respect of the Bonds and payment of accrued interest payable on redemption of the Bonds (other than on an Interest Payment Date) will be made to the persons shown in the Register at the close of business on the Record Date and subject to the surrender of the certificate issued in respect of the relevant Bond at the specified office of any Paying, Transfer and Conversion Agent by transfer to a US$ account maintained by the payee with a bank in Toronto or London.

Payment of all other amounts will be made as provided in these Conditions.

9.2 ***Payments Subject to Fiscal Laws***

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 10.

9.3 ***Presentation Date***

A holder shall be entitled to present a Bond for payment only on a Presentation Date and shall not be entitled to any further interest or other payment if the due date for payment is not a Presentation Date or if the relevant Bond is presented for payment after the due date.

9.4 ***Paying, Transfer and Conversion Agents, etc.***

The initial Paying, Transfer and Conversion Agents and their initial specified offices are listed in the Trust Deed. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying, Transfer and Conversion Agent and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent, (ii) maintain a Paying, Transfer and Conversion Agent (which may be the Principal Paying, Transfer and Conversion Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive (to the extent that at least one member state does not require a Paying, Transfer and Conversion Agent with an office in that member state to so withhold or deduct amounts for or on account of tax, whether pursuant to European Council Directive 2003/48/EC, under the laws of that member state or otherwise) and (iii) maintain a Paying, Transfer and Conversion Agent with a specified office in at least two major European cities approved by the Trustee (which may, for the avoidance of doubt, be the same Paying, Transfer and Conversion Agent maintained for the purposes of sub-paragraph (ii)). Notice of any change in the Paying, Transfer and Conversion Agents or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

9.5 ***No Charges***

None of the Paying, Transfer and Conversion Agents shall make or impose on a Bondholder any charge or commission in relation to any payment in respect of the Bonds or any conversion of the Bonds.

9.6 ***Fractions***

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

9.7 ***Common Share Interest Payment Election***

The Issuer may elect, subject to regulatory approval (including the approval of the TSX) and provided that no Event of Default has occurred and is continuing, from time to time to satisfy its obligation to pay all or any part of the interest on the Bonds (the "**Interest Obligation**"), on the relevant Interest Payment Date, by procuring (i) the sale of a number of shares of Reference Stock, (ii) the delivery to the Share Trustee-Custodian of the proceeds of the sale of the Reference Stock along with cash (if any) from the Issuer in sufficient amount to satisfy all or any part, as the case may be, of the Interest Obligation, and (iii) the payment to Bondholders of the proceeds and cash (if any), in accordance with the terms of the Trust Deed.

10 TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Bond:

(a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of the holder having some connection with Canada or the United Kingdom, as the case may be, otherwise than merely by holding the Bond; or

(b) (in the case of a payment on redemption) if the Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Bond for payment on the last day of the period of 30 days following the Relevant Date; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law (whether or not of a Member State of the European Union) implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying, Transfer and Conversion Agent.

References in these Conditions and the Trust Deed to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

This Condition 10 shall not apply in respect of payments of interest on any Bonds which are the subject of an election by the relevant Bondholder pursuant to Condition 8.3.

11 EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested by holders of not less than 25 per cent. in principal amount of the Bonds then Outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to it being indemnified and/or prefunded and/or secured to its satisfaction), give notice in writing to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together with accrued and unpaid interest, if any of the following events (each an "**Event of Default**") shall have occurred and is continuing:

11.1 ***Non-Payment:*** (i) the Issuer fails to pay all or any part of the principal of any of the Bonds when the same shall become due and payable, whether at maturity, upon redemption or otherwise; or (ii) the Issuer fails to pay any interest in respect of any of the Bonds as and when the same shall become due and payable, and such failure continues for a period of thirty calendar days;

11.2 ***Conversion Rights:*** subject to Condition 7.8.3, the Issuer fails to deliver or procure the delivery of the Reference Stock when the same shall become deliverable upon the conversion of any Bonds in accordance with Condition 7.8 or 7.9 and such failure continues for a period of 10 calendar days;

11.3 ***Breach of Other Obligations:*** the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in the Bonds or the Transaction Documents which default, in each case, continues for more than 30 calendar days after the date on which written notice specifying such failure shall have been given to the Issuer by the Trustee (except where the Trustee shall have certified to the Issuer that it considers such default to be incapable of remedy, where no such notice or continuation shall be required);

11.4 ***Enforcement Proceedings:*** a distress, attachment or execution (other than distraint or attachment imposed by any government, authority or agent prior to enforcement foreclosure) is levied against, or an encumbrancer takes possession of all or a substantial part of the property or assets of the Issuer or all or a substantial part of the property or assets of any Restricted Subsidiary and is not (i) discharged or stayed within 60 calendar days in the case of the Issuer and 90 calendar days in the case of a Restricted Subsidiary; or (ii) being contested in good faith on the basis of legal advice provided by reputable independent counsel in the relevant jurisdiction or jurisdictions and by appropriate proceedings;

11.5 ***Security Enforced:*** a receiver, administrative receiver, administrator, manager or other similar officer is appointed over the whole or a substantial part of the undertaking, property or assets of the Issuer or any Restricted Subsidiary and in any such case such possession or appointment is not stayed or terminated or the debt on account of which such possession was taken or appointment made is not discharged or satisfied within 60 calendar days in the case of the Issuer and 90 calendar days in the case of a Restricted Subsidiary of such appointment or the issue of such order;

11.6 ***Insolvency:*** the Issuer or any Restricted Subsidiary (i) enters into any negotiations relating to the restructuring or rescheduling of its Indebtedness following an event of default under the Credit Agreement; or (ii) is unable or admits inability to pay its debts as they fall due or stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts as they mature; or (iii) applies for or consents to the appointment of an administrator, administrative receiver, liquidator, manager or receiver or other similar officer in respect of the Issuer or any Restricted Subsidiary or over the whole or substantially all of the undertaking, property, assets or revenues of the Issuer or any Restricted Subsidiary; or (iv) proposes or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all the debts of the Issuer or any Restricted Subsidiary, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders or (y) in the case of a Restricted Subsidiary, not arising out of the insolvency of such Restricted Subsidiary and under which all or substantially all of its assets are transferred to another member or members of the Group or to a transferee or transferees which immediately upon such transfer become(s) a Restricted Subsidiary;

11.7 ***Winding up, Disposals:*** (a) an administrator is duly appointed, an order is made by a competent court or an effective resolution passed for the winding up or dissolution or administration of the Issuer or any Restricted Subsidiary (and where possible is not discharged within 15 days), or the Issuer or any Restricted Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, or (b) the Issuer or any Restricted Subsidiary sells or disposes of all or substantially all of its assets or business whether as a single transaction or a number of transactions, related or not, other than a disposal of assets or business on arm's length terms by the Issuer or such Restricted Subsidiary as the case may be;

11.8 ***Expropriation:*** any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates (excluding any distraint or attachment prior to enforcement or foreclosure) all or substantially all of the assets or shares of the Issuer or any Restricted Subsidiary other than for Fair Market Value;

11.9 ***Illegality:*** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Transaction Documents; or

11.10 ***Analogous Events:*** any event occurs which under the laws of Canada or, in the case of any Restricted Subsidiary, the laws of the relevant Restricted Subsidiary's place of incorporation or principal place of business has an analogous effect to any of the events referred to in paragraphs 11.4 to 11.7 above,

provided that the Trustee shall (in the case of paragraphs 11.3, 11.9 and 11.10 above and paragraphs 11.4 to 11.8 above, only as they relate to a Restricted Subsidiary) have certified that, in its opinion, such event is materially prejudicial to the interests of the Bondholders.

12 UNDERTAKINGS

12.1 *Undertakings of the Issuer*

Whilst any Conversion Right remains exercisable, the Issuer irrevocably undertakes to do the following, save with the approval of an Extraordinary Resolution or unless otherwise required by applicable laws and regulations:

12.1.1 issue, allot and deliver Reference Stock on exercise of Conversion Rights and at all times keep available for issue free from pre-emptive or other similar rights such number of shares of Reference Stock as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into Reference Stock to be satisfied in full in accordance with these Conditions;

12.1.2 not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

(a) by the issue of fully paid Reference Stock or other Securities to the Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Reference Stock or other Securities on a capitalisation of profits or reserves; or

(b) by the issue of Reference Stock paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or

(c) by the issue of fully paid equity securities (other than Reference Stock) to the holders of equity securities of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity securities (other than Reference Stock); or

(d) by the issue of Reference Stock or any equity securities to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives (or, in the case of an issue or payment up of Securities in connection with a Change of Control, will give) rise to an adjustment to the Initial Conversion Price or is (or, in the case of any issue or payment up of Securities in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made;

12.1.3 use all reasonable endeavours to not in any way modify the rights attaching to the Reference Stock with respect to voting, dividends or liquidation nor issue any other class of equity securities carrying any rights which are more favourable than such rights attaching to the Reference Stock but so that nothing in this Condition 12.1.3 shall prevent:

(a) the issue of any equity securities to employees (including officers, directors and consultants) whether of the Issuer or any of the Issuer's Subsidiaries or associated companies or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any stock option plan, stock purchase plan or stock bonus plan approved by the Shareholders or any dividend reinvestment plan of the Issuer in effect, or similar plan or scheme to the foregoing.

(b) any consolidation, reclassification or subdivision of the Reference Stock or the conversion of any Reference Stock into securities or vice versa; or

(c) any modification of such rights which is not, in the determination in good faith of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or

(d) any alteration to the articles of the Issuer made in connection with the matters described in this Condition 12 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Reference Stock, dealt with under such procedures); or

(e) any issue of equity securities where the issue of such equity securities results or would, but for relating to roundings or the carry forward of adjustments or, where comprising Reference Stock, the fact that the consideration per Common Share receivable therefor is at least 92.5 per cent. of the Current Market Price per Common Share on the relevant date, otherwise result, in an adjustment to the Conversion Price; or

(f) any issue of equity securities or modification of rights attaching to the Reference Stock where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine in good faith what (if any) adjustments should be made to the Initial Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined in good faith either that no adjustment is required or that an adjustment to the Initial Conversion Price is required and, if so, the new Initial Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly); or

(g) without prejudice to Condition 7.2.9 and Condition 8.7, the amendment of the articles of the Issuer following a Change of Control to ensure that any Bondholder exercising its Conversion Right after the occurrence of a Change of Control will receive the same consideration for the Reference Stock arising on conversion as it would have received had it exercised its Conversion Right at the time of the occurrence of the Change of Control; or

(h) without prejudice to any rule of law or legislation (including applicable regulations made under the Canada Business Corporations Act or any other provision of that or any other legislation), the conversion of Reference Stock into, or the issue of any Reference Stock in, uncertificated form (or the conversion of Reference Stock in uncertificated form to certificated form) or the amendment of the articles of the Issuer to enable title to securities in the Issuer (including Reference Stock) to be evidenced and transferred without a written instrument or any other alteration to the articles of the Issuer made in connection with the matters described in this Condition 12.1.3 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Reference Stock, dealt with under such procedures);

12.1.4 not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on conversion of the Bonds, Reference Stock could not, under any applicable law then in effect, be legally issued as fully paid;

12.1.5 not reduce its issued share capital or capital redemption reserve or any uncalled liability in respect thereof except (1) pursuant to the terms of issue of the relevant share capital or (2) by means of a purchase or redemption of share capital of the Issuer or (3) as permitted by the Canada Business Corporations Act, as applicable, or (4) where the reduction does not involve any distribution of assets to Shareholders or (5) by way of transfer to reserves as permitted under applicable law or (6) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction or (7) where the reduction is permitted by applicable law and results (or, in the case of a reduction in connection with a Change of Control, will result) in an adjustment to the Initial Conversion Price or is (or, in the case of a reduction in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made, provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase, redeem or buy back its Reference Stock and any depositary or other receipts or certificates representing Reference Stock without the consent of Bondholders;

12.1.6 if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates (as defined in section 1(1) of Securities Act (Ontario) or any modification or re-enactment thereof) of the offeror) to acquire all or a majority of the issued Common Share capital of the Issuer, or if a plan is proposed with regard to such acquisition, give notice of such offer or plan to the Trustee and the Bondholders at the same time as any notice thereof is sent to its Shareholders (or as soon as reasonably practicable thereafter) that details concerning such offer or plan may be obtained from the specified offices of the

Paying, Transfer and Conversion Agents and, where such an offer or plan has been recommended by the Board of Directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such plan has become effective, use its reasonable endeavours to procure that a like offer or plan is extended to the holders of any Reference Stock issued during the period of the offer or plan arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds (which like offer or plan in respect of such Bondholders shall entitle any such Bondholders to receive the same type and amount of consideration it would have received had it held the number of shares of Reference Stock to which such Bondholder would be entitled assuming it were to exercise its Conversion Rights in the relevant Change of Control Period);

12.1.7 ensure that the Reference Stock issued upon conversion of the Bonds will as soon as practicable be admitted to trading on the NYSE and the TSX in accordance with their respective rules, and shall use commercially reasonable efforts to maintain or cause the maintenance of such listing on either the TSX or the NYSE in accordance with their respective rules provided that, (i) if at any time the Issuer determines that it can no longer reasonably comply with the requirements for listing the Reference Stock on the TSX or the NYSE, or if maintenance of such listing becomes unduly onerous, it will not be required to maintain a listing of the Reference Stock on the TSX or the NYSE and, if it is no longer listed on both the NYSE and the TSX, it will obtain and maintain a listing of such Reference Stock on another Recognized Stock Exchange, and (ii) in connection with the completion of a merger, amalgamation, arrangement, business combination or take-over bid involving the Issuer, the Issuer shall use commercially reasonable efforts to ensure that the shares of the successor entity to the Issuer are listed on the TSX or the NYSE or another Recognized Stock Exchange and that appropriate amendments are made to these Conditions and the Trust Deed as are necessary, to the reasonable satisfaction of the Trustee, to ensure that the Bonds may be converted into shares of such successor entity, mutatis mutandis, in accordance with and subject to these Conditions as so amended;

12.1.8 as soon as reasonably practical after the Closing Date, deliver to the UKLA, for its approval, copies of the Offering Circular and to take such other steps as may be reasonably required for the purpose of obtaining a listing of the Bonds on the PSM. For so long as any Bond remains Outstanding, use all reasonable endeavours to maintain such listing of the Bonds on the Professional Securities Market, provided that, if at any time the Issuer determines that it is unable to list or can no longer reasonably comply with the requirements for listing the Bonds on the Professional Securities Market, or if maintenance of such listing becomes unduly onerous, it will not be required to obtain or maintain a listing of the Bonds on the Professional Securities Market and will use all reasonable endeavours to obtain and maintain a listing of such Bonds on another Recognized Stock Exchange: and

12.1.9 subject to the provisions of Conditions 7.2.12, 7.2.13 and 7.2.14, prior to effecting or permitting any corporate action which would require an adjustment to the Initial Conversion Price pursuant to Condition 7.2, the Issuer will obtain any necessary approval from the TSX, the NYSE and any other Relevant Stock Exchange for such adjustment to the Conversion Price and for any required additional listing of Reference Stock and other Securities issuable upon exercise of Conversion Rights of Bonds then Outstanding.

12.2 ***Compliance Certificates***

The Issuer has undertaken in the Trust Deed to deliver to the Trustee at least annually a certificate signed by two of its directors or authorised officers, as to there not having occurred an Event of Default or Potential Event of Default (as defined in the Trust Deed) since the date of the last such certificate which is continuing or if such event has occurred and is continuing as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 12, nor be liable to any person for relying on such certificates.

13 PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 9 within a period of 6 years in the case of principal and five years in the case of interest from the appropriate Relevant Date, subject as otherwise provided in these Conditions.

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 6 years following the due date for payment thereof.

14 REPLACEMENT OF BONDS

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying, Transfer and Conversion Agent or the Registrar for the time being subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Paying, Transfer and Conversion Agent and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER, SUBSTITUTION

15.1 ***Meetings of Bondholders***

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being Outstanding (or not less than two thirds in principal amount of the Bonds for the time being Outstanding at any meeting of which includes any of the matters specified in the proviso to paragraph 16 of Schedule 4 to the Trust Deed being (i) changing the maturity date of the Bonds; or (ii) reducing or cancelling the principal amount of, or interest on, the Bonds or changing the method of calculation thereof; or (iii) changing the currency of any payment in respect of the Bonds; or (iv) cancelling or modifying the right to convert the Bonds into Reference Stock (except in accordance with the Conditions) or cancelling or modifying the Change of Control provisions or modifying the circumstances in which the Bonds may be converted at the option of the Issuer or shortening the Conversion Period; or (v) modifying the provisions concerning the quorum required at a meeting of Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing; or (vi) changing the governing law of the Bonds; or (vii) amending any of the aforementioned provisions), or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes any of the matters specified in the proviso to paragraph 16 of Schedule 4 to the Trust Deed (as set out above) in which case the necessary quorum will be two or more persons holding or representing not less than one third in principal amount of the Bonds for the time being Outstanding. Any Extraordinary Resolution duly passed at a meeting of Bondholders shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

15.2 ***Modification and Waiver***

The Trustee may agree, without the consent of the Bondholders to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency

Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default should not be treated as such, provided that, in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and, if the Trustee so requires, shall be notified to the Bondholders promptly in accordance with Condition 17.

15.3 ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Bondholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds, subject to (i) the Bonds continuing to be convertible into Reference Stock, mutatis mutandis, as provided in these Conditions, with such amendments as the Trustee shall consider appropriate, (ii) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

15.4 ***Entitlement of the Trustee***

Where, in connection with the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

15.5 ***Regulatory Approval***

Any modification of any of the provisions of the Trust Deed or trust deed supplemental to the Trust Deed is subject to the approval of the Relevant Stock Exchange, the TSX and any other applicable securities regulatory authority before such modification becomes effective.

15.6 ***Enforcement***

The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such steps, proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16 THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking any actions, steps or proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit.

Subject to the terms of the Trust Deed, the Trustee may rely without liability to Bondholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in accordance with the terms of the Trust Deed.

17 NOTICES

Notices to Bondholders will be valid if published through the electronic communication system of Bloomberg. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

18 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities, either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them and the first date on which Conversion Rights may be exercised) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

19 INTEREST ACT CANADA

For the purposes of the Interest Act (Canada) and disclosure under such act, whenever interest to be paid under the Bonds is to be calculated on the basis of a year of 365 days or 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 365, 360 or such other period of time, as the case may be.

20 UK CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the UK Contracts (Rights of Third Parties) Act 1999.

21 GOVERNING LAW AND JURISDICTION

21.1 *Governing Law*

The Trust Deed, the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

21.2 *Jurisdiction*

The courts of England have jurisdiction to settle any dispute arising out of or in connection with the Trust Deed or the Bonds (including any dispute relating to the existence, validity or termination of the Trust Deed or the Bonds or any non-contractual obligation arising out of or in connection therewith) (a "**Dispute**").

The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to proceedings in relation to a Dispute in such courts whether on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take proceedings in relation to a Dispute in any other court of competent jurisdiction. To the extent allowed by law, the Trustee and the Bondholders may take concurrent proceedings in any number of jurisdictions.

21.3 ***Agent for Service of Process***

The Issuer has irrevocably appointed Fasken Martineau LLP of 17 Hanover Square, London W1S 1HU, United Kingdom as its agent in England to receive service of process in any proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bond contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Conditions the Bonds. The following is a summary of certain of those provisions. References to Conditions are to the Conditions of the Bonds.

1 Exchange

The Global Bond is exchangeable for definitive Bonds if: (a) the Common Depositary or any successor to the Common Depositary notifies the Issuer in writing that it is at any time unwilling or unable to continue to act as a depositary and a successor depositary is not appointed by the Issuer within 90 days of receipt of such notice by the Issuer; or (b) either Euroclear or Clearstream, Luxembourg (or any other clearing system (an "**alternative clearing system**") as shall have been designated by the Issuer on behalf of which the Bonds evidenced by the Global Bond may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient individual definitive Bonds to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders.

The Conditions are modified as follows in so far as they apply to the Bonds in respect of which the Global Bond is issued:

2 Meetings

The registered holder of the Global Bond shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US$200,000 in principal amount of Bonds in respect of which the Global Bond is issued.

3 Conversion

Subject to the requirements of Euroclear and Clearstream, Luxembourg (or any alternative clearing system), the Conversion Right attaching to Bonds in respect of which the Global Bond is issued may be exercised by the presentation of one or more Conversion Notices (by facsimile) duly completed by or on behalf of an accountholder in such system with an entitlement to such Bond. Deposit of the Global Bond with the Conversion Agent together with the relevant Conversion Notice shall not be required. The provisions of Condition 7 of the Bonds will otherwise apply. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of the Global Bond.

4 Payments

Payments of principal and interest (if any) in respect of Bonds represented by the Global Bond will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying, Transfer and Conversion Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Only the duly registered holder of the Bonds is entitled to payments on Bonds in respect of which the Global Bond is issued.

5 Trustee's Powers

In considering the interests of Bondholders while the Global Bond is registered in the name of a nominee for a clearing system the Trustee may, to the extent it considers it appropriate to do so in the circumstances: (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds; and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Bond is issued.

6 Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its redemption, conversion or purchase by the Issuer will be effected by reduction in the principal amount of the Bonds in the Register.

7 Redemption at the Option of the Bondholders

The Bondholders' option to have the Bonds redeemed early in Condition 8 may be exercised by the holder of the Global Bond giving notice to the Principal Paying, Transfer and Conversion Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Bond for endorsement or exercise within the time limits specified in such Conditions.

8 Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices required to be given to Bondholders may be given by their being delivered to the relevant clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

9 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 9 within a period of six years in the case of principal and five years in the case of interest from the relevant date of payment thereof, subject as otherwise provided in the Conditions. Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within six years following the due date for payment thereof.

TAXATION

Certain Canadian federal income tax considerations

The following is a general summary of the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada), as amended (the "**Tax Act**") generally applicable to a holder who acquires Bonds, including entitlement to all payments thereunder, pursuant to these Listing Particulars and who, for the purposes of the Tax Act, and at all relevant times, holds the Bonds and will hold the Common Shares issuable on the conversion, redemption or maturity of the Bonds as capital property and deals at arm's length with the Issuer and is not affiliated with the Issuer (a "**Holder**"). Generally, the Bonds and Common Shares will be considered to be capital property to a Holder provided the Holder does not acquire or hold the Bonds or Common Shares in the course of carrying on a business or as part of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act, (iii) that is a "specified financial institution" as defined in the Tax Act or (iv) that makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in the Bonds and Common Shares. In addition, this summary does not address the deductibility of interest by a holder who has borrowed money or otherwise incurred debt in connection with the acquisition of the Bonds and Common Shares.

This summary is based on the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and our understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all.

This summary also assumes that all of the Bonds are issued more than five years prior to the date on which the principal of a Bond or an instalment of principal becomes due and payable and that the Common Shares qualify as "prescribed securities" for the purposes of clause 212(i)(b)(vii)(E) of the Tax Act as it applied to the 2007 taxation year.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Bonds or Common Shares, and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. Consequently, Holders and prospective Holders of Bonds and Common Shares should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring Bonds and Common Shares pursuant to these Listing Particulars, having regard to their particular circumstances.

Holders Resident in Canada

The following portion of the summary applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a "**Resident Holder**").

Certain Resident Holders who might not otherwise be considered to hold their Bonds or Common Shares as capital property may, in certain circumstances, be entitled to have the Bonds and the Common Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such Resident Holder, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Holders considering making this election should consult their own tax advisors.

Taxation of Interest on Bonds

A Resident Holder of Bonds that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Bonds that accrues (or is deemed to accrue) to it to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder (whether received or receivable in money or Common Shares) before the end of that taxation year, including on a conversion, redemption or repayment at maturity, except to the extent that such interest was included in computing the Resident Holder's income for the taxation year or a preceding taxation year.

Any other Resident Holder, including an individual, will be required to include in computing income for a taxation year all interest on the Bonds that is received or receivable by the Resident Holder (whether received or receivable in money or Common Shares) in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), including on a conversion, redemption or repayment at maturity, except to the extent that the interest was included in the Resident Holder's income for the taxation year or a preceding taxation year. In addition, if such Resident Holder has not otherwise included interest on a Bond in computing the Resident Holder's income at periodic intervals of not more than one year, such Resident Holder will be required to include in computing income for a taxation year any interest that accrues to the Resident Holder on the Bond up to the end of any "anniversary day" (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Resident Holder's income for that year or a preceding year. For this purpose, an anniversary day means the day that is one year after the day immediately preceding the date of issue of a Bond, the day that occurs at every successive one year interval from that day and the day on which the Bond is disposed of.

If interest has accrued on a Bond, a Resident Holder who disposes of or converts the Bond for consideration equal to its fair market value will generally be entitled to deduct in computing income for the year of disposition an amount equal to any such interest included in income for that or any preceding year to the extent that no amount was received or became receivable by the Resident Holder in respect of the interest so accrued.

A Resident Holder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay the refundable tax of $6\frac{2}{3}$ per cent. on its "aggregate investment income", which, as defined in the Tax Act, includes interest income.

Exercise of Conversion Right

Generally, a Resident Holder who converts a Bond into Common Shares pursuant to the conversion right will be deemed not to have disposed of the Bond and, accordingly, will not be considered to realise a capital gain (or capital loss) on such conversion.

The aggregate cost to a Resident Holder of the Common Shares acquired on the conversion of a Bond will generally be equal to the Resident Holder's adjusted cost base of the Bond immediately before the conversion subject to the discussion above regarding cash in lieu of a fraction of a Common Share. The adjusted cost base to a Resident Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at the time.

Disposition of Bonds

A disposition or deemed disposition of a Bond by a Resident Holder, including a redemption, a cash settlement of a Resident Holder's right of conversion, payment on maturity or purchase for cancellation, but not including the conversion of a Bond into Common Shares pursuant to the Resident Holder's right of conversion as described above, will generally result in the Resident Holder realising a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (which do not include any accrued interest and other amounts included in the Resident Holder's income on such disposition or deemed disposition as discussed below) are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "Taxation of Capital Gains and Capital Losses".

If the Issuer pays any amount upon the redemption, purchase or maturity of a Bond by issuing Common Shares to the Resident Holder, the Resident Holder's proceeds of disposition of the Bond will be equal to the fair market value, at the time of disposition of the Bond, of the Common Shares and any other consideration so received (which proceeds do not include any accrued interest and other amounts included in the Resident Holder's income on such disposition or deemed disposition as discussed below). The Resident Holder's adjusted cost base of the Common Shares so received will be equal to the fair market value of such Common Shares received on the date of redemption, purchase or maturity. The adjusted cost base to a Resident Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Resident Holder as capital property at that time.

Any amount paid by the Issuer as a penalty or bonus because of the redemption or purchase for cancellation of a Bond will generally be deemed to be interest received at the time of the payment by the Resident Holder to the extent that such amount can reasonably be considered to relate to, and does not exceed the value of, at the time of the payment, the interest that, but for the redemption or purchase for cancellation, would have been paid or payable by the Issuer on the Bond as interest for a taxation year of the Issuer ending after the time of the payment.

Upon a disposition or deemed disposition of a Bond, interest accrued thereon to the date of disposition, to the extent that such interest has not otherwise been included in computing the income of the Resident Holder, will be included in computing the income of the Resident Holder as described above under "*Holders Resident in Canada—Taxation of Interest on Bonds*", and will be excluded in computing the Resident Holder's proceeds of disposition of the Bond.

Receipt of Dividends on Common Shares

Dividends received or deemed to be received on the Common Shares by a Resident Holder who is an individual (other than certain trusts) will be included in computing the individual's income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from "taxable Canadian corporations" (as defined in the Tax Act) such as the Issuer, including the enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act) paid by "taxable Canadian corporations". A dividend will be eligible for the enhanced gross-up and dividend tax credit if the recipient receives written notice (which may include a notice published on the Issuer's website) from the Issuer designating the dividend as an "eligible dividend". There may be limitations on the ability of the Issuer to designate dividends as eligible dividends.

Taxable dividends received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

A Resident Holder that is a corporation will include dividends received or deemed to be received on Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends. Certain corporations, including a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 33⅓ per cent. on dividends received or deemed to be received on Common Shares to the extent such dividends are deductible in computing taxable income. This tax will generally be refunded to the corporation at a rate of CAD$1 for every CAD$3 of taxable dividends paid while it is a private corporation or a subject corporation.

Disposition of Common Shares

A disposition or a deemed disposition of a Common Share by a Resident Holder (except to the Issuer) will generally result in the Resident Holder realising a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. Generally, the adjusted cost base to the Resident Holder of Common Shares will be determined by averaging the cost of such shares with the adjusted cost base of all other Common Shares held by such Resident Holder as capital property. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada—Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realised by a Resident Holder in a taxation year must be included in the Resident Holder's income for the year, and one-half of any capital loss (an "**allowable capital loss**") realised by a Resident Holder in a taxation year must be deducted from taxable capital gains realised by the Resident Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realised in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realised by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable for a refundable tax of 6⅔ per cent. on investment income, including taxable capital gains.

Capital gains realised by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

Holders Not Resident in Canada

The following discussion applies to a Holder who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, is neither resident nor deemed to be resident in Canada and does not, and is not deemed to, use or hold the Bonds or Common Shares, in carrying on a business in Canada (a "**Non-Resident Holder**"). In addition, this discussion does not apply to an insurer who carries on an insurance business in Canada and elsewhere or an "authorised foreign bank" (as defined in the Tax Act).

The following portion of this summary is also not applicable to a Non-Resident Holder that is at any time a "specified shareholder" (as defined in subsection 18(5) of the Tax Act) of the Issuer or that does not at any time deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Issuer. Generally, for this purpose, a "specified shareholder" is a person that owns, has a right to acquire or is otherwise deemed to own, either alone or together with persons with whom such person does not deal at arm's length for purposes of the Tax Act, shares of the Issuer's capital stock that either (i) give the holders of such shares 25 per cent. or more of the votes that could be cast at an annual meeting of the shareholders or (ii) have a fair market value of 25 per cent. or more of the fair market value of all of the issued and outstanding shares of the Issuer's capital stock. Such Non-Resident Holders should consult their own tax advisors.

Taxation of Interest on Bonds

A Non-Resident Holder will not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Issuer as, on account or in lieu of payment of, or in satisfaction of, interest (whether paid in money or Common Shares), premium or principal on the Bonds.

Exercise of Conversion Right

A Non-Resident Holder will not be subject to tax under the Tax Act on a conversion of a Bond if the Bond does not constitute "taxable Canadian property" (as defined in the Tax Act and discussed below under the subheading "*Holders Not Resident in Canada—Dispositions of Bonds and Common Shares*") of the Non-Resident Holder at the time of conversion.

Generally, the conversion of a Bond into Common Shares on the exercise of a conversion right by a Non-Resident Holder will be deemed not to constitute a disposition of the Bond and, accordingly, a Non-Resident Holder will not recognise a gain or a loss on such conversion (even if the Bond constitutes "taxable Canadian property" (as defined in the Tax Act and discussed below) of the Non-Resident Holder at the time of conversion).

Disposition of Bonds and Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realised by such Non-Resident Holder on a disposition of a Bond or a Common Share, as the case may be, unless the Bond or Common Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Generally, provided the Common Shares are listed on a "designated stock exchange" for purposes of the Tax Act (which currently includes the TSX) at the time a Bond or Common Share, as the case may be, is disposed of, the Bond or the Common Share, as the case may be, will not constitute taxable Canadian property to a Non-Resident Holder at such time, unless at any time during the 60-month period immediately preceding the disposition: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal with at arm's length, or (c) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length held a membership interest directly or indirectly through one or more partnership, owned 25 per cent. or more of the issued shares of any class or series of the Issuer's capital stock; and (ii) more than 50 per cent. of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (a) real or immovable property situated in Canada, (b) "Canadian resource properties" (as defined in the Tax Act), (c) "timber resource properties" (as defined in the Tax Act), and (d) options in respect of, or interests in or rights in property described in (a) to (c). Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares could be deemed to be taxable Canadian property to a Non-Resident Holder. A Non-Resident Holder whose Bonds or Common Shares are taxable Canadian property should consult their own tax advisors with respect to the consequences of disposing of a Bond or a Common Share.

Receipt of Dividends on Common Shares

Where a Non-Resident Holder receives or is deemed to receive a dividend on the Common Shares, the amount of such dividend will be subject to Canadian withholding tax at the rate of 25 per cent. of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention. Where the Non-Resident Holder is a resident of the United Kingdom who is entitled to benefits under the Canada-United Kingdom Tax Convention (1978) and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15 per cent.

Certain United Kingdom tax considerations

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs ("HMRC") generally published practice and are not intended to be a complete analysis of all tax considerations relating to the Bonds. They relate only to the UK withholding tax treatment of repayment of the principal and interest and dividends payable on the Bonds and/or Common Shares. They do not deal with any other UK tax implications of acquiring, holding or disposing of the Bonds (or their conversion) or the Common Shares. Bondholders who are in any doubt as to their own tax position should consult their professional advisers. It is assumed that there will not be any substitution of the Issuer, whether under Condition 15.3 or otherwise.

Bondholders (whether corporate or non-corporate) are in particular recommended to seek their own professional advice on the tax treatment in their hands of acquiring, holding and exercising rights under the Terms and Conditions of the Bonds.

Withholding Tax

The Bonds will constitute "quoted Eurobonds" so long as they carry a right to interest and are, and continue to be, listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a "recognised stock exchange". Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and are admitted to trading on the London Stock Exchange. HMRC have confirmed that securities that are admitted to trading on the Professional Securities Market satisfy the condition of being admitted to trading on the London Stock Exchange. While the Bonds remain quoted Eurobonds, interest on the Bonds will be payable without withholding or deduction for or on account of United Kingdom income tax.

If the Bonds were at any time to cease to meet the definition of quoted Eurobonds, interest may have to be paid under deduction of income tax at the basic rate (currently 20 per cent.) if the interest has a UK source, and subject to any directions to the contrary from HMRC in respect of any relief as may be available pursuant to the provisions of any applicable double taxation treaty and subject to any other exemption that may be available to any particular Bondholder. The Terms and Conditions of the Bonds provide that, in these circumstances, the Issuer would be obliged to pay such additional amounts as will result in the receipt by the Bondholders of the amounts which would otherwise have been receivable had no such withholding or deduction been made. However, in this event and subject to the satisfaction of certain conditions, the Issuer would be entitled to redeem the Bonds unless Bondholders agree to waive their rights to these additional payments.

The Issuer will not be required to withhold or deduct any amount for or on account of UK tax from dividend payments on the Common Shares.

Provision of Information

Bondholders should note that where any interest on the Bonds is paid to them (or to any person acting on their behalf) by any person in the UK acting on behalf of the Issuer (a "**Paying Agent**") or is received by any person in the UK acting on behalf of the relevant Bondholder (other than solely by clearing or arranging the clearing of a cheque) (a "**Collecting Agent**"), then the Paying Agent or the Collecting Agent (as the case may be) may, in certain circumstances, be required to supply to HM Revenue and Customs details of the payment and certain details relating to the Bondholder (including the Bondholder's name and address). These provisions will apply irrespective of whether the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the Bondholder is resident in the UK for UK tax purposes. Where the Bondholder is not so resident, the details provided to HM Revenue and Customs may, in certain circumstances, be passed by HM Revenue and Customs to the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each EU member state is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual or certain other residual entities resident in that other member state. For a transitional period, however, Austria and Luxembourg may instead apply withholdings in relation to such payments, deducting tax at the rate of 35 per cent., unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependant or associated territories of certain member states, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to an individual resident in a member state. In addition, the member states have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependant or associated territories in relation to payments made by a person in a member state to an individual or certain other residual entities resident in one of those territories.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the European Commission's advice on the need for changes to the Savings Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. On 2 March 2012, the European Commission published a second report in which it referred to there being an "urgent" need to update the Savings Directive; despite a commitment by the European Council to agree changes on the Directive by the end of 2013, no such agreement was reached. If any of those proposed changes are made in relation to the Savings Directive, they would amend or broaden the scope of the requirements described above.

UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No SDRT should be payable on the issue, transfer or conversion of a Bond nor on the issue or transfer of a Common Share so long as there is no register of the Bonds or Common Shares kept in the UK and, in the case of the Common Shares, provided that the Common Shares are not paired with shares issued by a body corporate incorporated in the UK.

No stamp duty should be payable on the issue or conversion of a Bond or Common Share or on the transfer of a Bond or Common Share, provided that (i) any transfer documents are executed and retained outside the UK and (ii) there is no register of Common Shares kept in the UK.

IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION, YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER.

THIS SUMMARY DOES NOT DETAIL THE INCOME, TAX CORPORATION TAX OR CAPITAL GAINS TAX CONSEQUENCES OF A HOLDING OR DISPOSAL OF COMMON SHARES NOR THE TAX CONSEQUENCES OF A CONVERSION, DISPOSAL OR REDEMPTION OF THE BONDS.

GENERAL INFORMATION

1 Listing

Application has been made to the Financial Conduct Authority ("**FCA**") in its capacity as competent authority under the FSMA for the Bonds to be admitted to the Official List of the UKLA. Application has been made to the London Stock Exchange for the Bonds to be admitted to trading on the Professional Securities Market. It is expected that admission of the Bonds to the Official List and admission to trading of the Bonds on the Professional Securities Market will be granted on or around 12 June 2014. It is expected that dealings in the Bonds will commence on or around 12 June 2014. The Bonds are fully paid, are free from all liens and are currently and will continue to be freely transferable on admission to trading on the Professional Securities Market.

The Issuer has, pursuant to the Conditions, undertaken to apply to have the Common Shares issuable upon conversion of the Bonds admitted for trading on the TSX and the NYSE. The Issuer has further undertaken to use commercially reasonable efforts to maintain or cause the maintenance of such listings provided that, if at any time the Issuer determines that it can no longer reasonably comply with the requirements for listing the Common Shares on the TSX or NYSE, or if maintenance of such listing becomes unduly onerous, it will not be required to maintain a listing on the TSX or the NYSE. If the Common Shares are no longer listed on both the NYSE and TSX, the Issuer is required to obtain and maintain a listing of the Common Shares on another Recognised Stock Exchange (as defined in the Conditions).

2 Stock Exchange

The listing of the Bonds on the London Stock Exchange will be expressed in US dollars as a percentage of their principal amount (exclusive of accrued interest). Transactions will normally be effected for settlement in US dollars for delivery on the third business day in London after the date of the transaction.

3 Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds. The creation and issue of the Bonds has been authorised by a resolution of the board of directors of the Issuer dated 21 January 2014.

4 Expenses

The Issuer estimates that the total expenses related to the admission to trading of the Bonds will be approximately £7,200.

5 Clearing

The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The Common Code for the Bonds is 101669963. The International Securities Identification Number for the Bonds is XS1016699636. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

6 Yield

The yield to maturity of the Bonds is 6.5 per cent. per annum, payable semi-annually in equal instalments in arrears. The yield is calculated as at the Closing Date and on the basis of the issue price of the Bonds. It is not an indication of future yield.

7 Subordination

Pursuant to Condition 2, indebtedness evidenced by the Bonds (including principal and interest) is subordinated to the payment in full of the Secured Indebtedness (as defined in the Conditions) so that, upon any distribution of the assets of the Issuer or on any dissolution, winding up, total liquidation or reorganisation or other similar proceedings relative to the Issuer:

(a) all Secured Indebtedness shall first be paid in full before any payment is made on account of the principal of, premium, if any, or interest on, or other obligations in connection with the indebtedness evidenced by the Bonds;

(b) any payment or distribution of the assets of the Issuer to which Bondholders (or the Trustee on behalf of the Bondholders) would be entitled to except for the subordination provisions summarised in this paragraph 7 shall be paid by the trustee in bankruptcy, receiver or other liquidating agent making such payment directly to the holders of the Secured Indebtedness (or to their representatives or trustees, if applicable); and

(c) the Issuer will not make any payment, and the Bondholders (or the Trustee on behalf of the Bondholders) will not be entitled to demand any payment or benefit, at any time when a default permitting a holder of the Secured Indebtedness to demand payment or accelerate the maturity of the Secured Indebtedness has occurred and is continuing or the Secured Indebtedness has been accelerated, unless such Secured Indebtedness has been paid in full.

8 Financial and Trading Position

There has been no material adverse change in the prospects of the Issuer since 31 March 2014 (being the date to which the last published audited financial information of the Issuer has been prepared), nor has there been any significant change in the financial or trading position of the Issuer Group since 31 March 2014.

9 Financial Information

The consolidated financial statements of the Issuer have been audited without qualification for the three financial years ended 31 March 2014 by Ernst & Young LLP, Ernst & Young Tower, 222 Bay Street, Toronto, Ontario M5K 1J7, Canada, the partners of which are members of the Chartered Professional Accountants of Ontario.

10 Working Capital

The Issuer is of the opinion that, taking into account the proceeds of the Bonds and the finance available to it under the Credit Agreement, the CAD$330 Million Convertible Debentures, the CAD$100 Million Convertible Debentures and the CAD$105 Million Senior Unsecured Note, the Issuer Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date hereof.

11 Related Party Transactions

Save for the related party transactions set out in: (a) Note 24 to the consolidated financial statements of the Issuer for the financial year ended 31 March 2012; (b) Note 25 to the consolidated financial statements of the Issuer for the financial year ended 31 March 2013; and (c) Note 26 to the consolidated financial statements of the Issuer for the financial year ended 31 March 2014, each as set out in "*Financial Information on the Issuer Group*", there were no related party transactions entered into by the Company during the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 and during the period up to the date of these Listing Particulars.

12 Options, RSGs, DSGs and PBGs outstanding

(a) As 30 May 2014, being the last practicable date prior to the publication of these Listing Particulars, there are:

(i) 500,000 options over Common Shares outstanding pursuant to the Option Plan, of which 100,000 are vested and 400,000 are unvested. These options are held by a service provider to the Issuer;

(ii) 2,835,793 RSGs outstanding pursuant to the RSG Plan, of which 2,329,911 are vested and 505,882 are unvested. The RSGs are held by the Issuer's officers, employees, consultants and service providers;

(iii) 119,917 DSGs outstanding pursuant to the DSG Plan, of which 73,307 are vested and 46,610 are unvested. The DSGs are held by the Issuer's non-management directors; and

(iv) 365,288 PBGs outstanding pursuant to the PBG Plan, of which 61,146 are vested and 304,142 are unvested. The PSGs are held by the Issuer's officers, employees, consultants and service providers.

(b) Save as disclosed on this "*General Information*" section:

(i) there is no capital of any member of the Issuer Group which is under option or agreed conditionally or unconditionally to be put under option; and

(ii) there are no outstanding convertible securities, exchangeable securities or securities with warrants of the Issuer.

13 Material Contracts

(a) The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer or another member of the Issuer Group within the two years immediately preceding the date of these Listing Particulars and are or may be material and/or contain an obligation or entitlement which is or may be material to the Issuer as at the date of these Listing Particulars:

(i) ***Trust Deed***

On 29 January 2014, the Issuer entered into the Trust Deed with US Bank Trustees Limited (as Trustee) and Elavon Financial Services Limited (UK Branch) (as Share-Trustee Custodian). The Bonds are constituted by the Trust Deed.

Pursuant to the Trust Deed, the Issuer agrees to unconditionally pay or procure to be paid amounts due and payable in respect of the Bonds to or to the order of the Trustee. All monies received by the Trustee in respect of the Bonds or amounts payable under the Trust Deed are to be applied in the following manner: firstly, in paying all invoiced costs, charges and expenses and liabilities incurred by the Trustee and the Share Trustee-Custodian in carrying out their functions under the Trust Deed, secondly, in paying all invoiced costs, charges and expenses and liabilities incurred by the agents in carrying out their functions under the Agency Agreement, thirdly, in paying interest owing on the Bonds, fourthly, in paying principal owing in respect of the Bonds and fifthly, in paying any other amounts owing in respect of the Bonds.

Nothing in the Trust Deed shall relieve the Trustee or Share-Trustee Custodian from any liability which would otherwise attach to it for gross negligence, fraud or wilful default in relation to its duties under the Trust Deed.

The Trust Deed also includes the following provisions:

(A) certain negative covenants which the Issuer undertakes to be bound by for as so long as any Conversion Right is capable of being or becoming exercisable;

(B) certain covenants undertaken by the Issuer for so long as any Bond is outstanding;

(C) provisions whereby the Trustee may agree to certain non-material amendments to the terms of the Trust Deed without the consent of Bondholders;

(D) provisions relating to the appointment and retirement of the Trustee; and

(E) a "common share interest payment election" provision, whereby the Issuer may, in certain circumstances, elect to pay interest owing in respect of the Bonds by issuing new Common Shares.

The Trust Deed is governed by English law.

(ii) ***Agency Agreement***

On 29 January 2014, the Issuer entered into the Agency Agreement with Elavon Financial Services Limited UK Branch (as Principal Paying, Transfer and Conversion Agent), Elavon Financial Services Limited (as Registrar), Elavon Financial Services Limited UK Branch (as Share Trustee-Custodian) and US Bank Trustees Limited (as Trustee).

Pursuant to the Agency Agreement, the Issuer appoints the Principal Paying, Transfer and Conversion Agent, the Registrar and any other agent appointed pursuant to the Agency Agreement as its agents. In certain instances, following an Event of Default, the Trustee may require the agents to act as agents of the Trustee.

The role of the Principal Paying, Transfer and Conversion Agent under the Agency Agreement is summarised as follows: (A) together with any other paying agents appointed, subject to and in accordance with the Conditions, to pay or cause to be paid the amounts due in respect of the Bonds on behalf of the Issuer; and (B) together with any other conversion agent appointed, to accept Conversion Notices and (where relevant) definitive bonds delivered in connection with a Conversion Notice on behalf of the Issuer. The role of the Registrar under the Agency Agreement is to maintain the Register in accordance with the Conditions.

The Issuer agrees to indemnify each agent (and its directors, officers, employees, agents and controlling persons), and each agent agrees to the indemnify the Issuer (and its directors, officers, employees, agents and controlling persons) against certain losses, liabilities, costs, claims, actions, demands or expenses arising from the performance of the obligations in the Agency Agreement.

The Agency Agreement is governed by English law.

(iii) ***Credit Agreement***

As of the date of these Listing Particulars, the Issuer holds a CAD$290 million credit facility to meet working capital requirements, which matures on 2 October 2015. The current syndicate of lenders includes Canadian Imperial Bank of Commerce, Royal Bank of Canada, National Bank of Canada, HSBC Bank Canada, The Bank of Nova Scotia, Toronto Dominion Bank and Alberta Treasury Branches.

Under the terms of the credit facility, the Issuer is able to make use of bankers' acceptances and LIBOR advances at stamping fees that vary between 2.88 per cent. and 4.00 per cent., "prime rate" advances at rates of interest that vary between bank prime plus 1.88 per cent. and bank prime plus 3.00 per cent., and letters of credit at interest rates that vary between 2.88 per cent. and 4.00 per cent. Interest rates are adjusted quarterly based on certain financial performance indicators. The credit facility contains a number of customary covenants, including, without limitation, covenants relating to debt to EBITDA ratios, distribution limitations, dispositions of property, encumbrances, financial assistance, additional debt and prepayment of debt.

The Issuer's obligations under the credit facility are guaranteed by certain of the Issuer's subsidiaries and affiliates, excluding, among others, NHS, HES, and the UK subsidiaries and are secured by a pledge over the assets of the Issuer and the majority of its operating subsidiaries and affiliates.

(iv) ***CAD$330 Million Convertible Debentures Indenture***

In order to fund an acquisition in May 2010, the Issuer issued the CAD$330 Million Convertible Debentures pursuant to the CAD$330 Million Convertible Debentures Indenture. The CAD$330 Million Convertible Debentures bear an interest rate of six per cent. per annum, payable semi-annually in arrears on 30 June and 31 December in each year, with maturity on 30 June 2017. Each CAD$1,000 of principal amount of the CAD$330 Million Convertible Debentures is convertible at any time prior to maturity or on the date fixed for redemption, at the option of the holder, into approximately 55.6 Common Shares of the Issuer, representing a conversion price of CAD$18 per Common Share.

Prior to 30 June 2015, the debentures may be redeemed by the Issuer, in whole or in part, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the current market price of the Common Shares on the date on which notice of redemption is given is not less than 125 per cent. of the conversion price of the debentures. On or after 30 June 2015, and prior to the maturity date, the debentures may be redeemed by the Issuer, in whole or in part, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest.

(v) ***CAD$100 Million Convertible Debentures Indenture***

On 22 September 2011, the Issuer issued the CAD$100 Million Convertible Debentures pursuant to the CAD$100 Million Convertible Debentures Indenture. The CAD$100 Million Convertible Debentures were used for the acquisition of Fulcrum on 1 October 2011. The CAD$100 Million Convertible Debentures bear interest at an annual rate of 5.75 per cent., payable semi-annually on 31 March and 30 September in each year, and have a maturity date of 30 September 2018. Each CAD$1,000 principal amount of the CAD$100 Million Convertible Debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day (as defined in the CAD$100 Million Convertible

Debentures Indenture) immediately preceding the date fixed for redemption, into 56 Common Shares of the Issuer, representing a conversion price of CAD$17.85 per Common Share.

The CAD$100 Million Convertible Debentures are not redeemable at the option of the Issuer on or before 30 September 2014. After 30 September 2014, and prior to 30 September 2016, the CAD$100 Million Convertible Debentures may be redeemed in whole or in part from time to time at the option of the Issuer 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 weighted average trading price of the Common Shares of the Issuer on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is at least 125 per cent. of the conversion price. On or after 30 September 2016, the CAD$100 Million Convertible Debentures may be redeemed in whole or in part from time to time at the option of the Issuer 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.

(vi) ***CAD$105 Million Senior Unsecured Note Indenture***

On 12 December 2012, the Issuer issued the CAD$105 Million Senior Unsecured Note to CPPIB Credit Investments Inc. bearing interest at 9.75 per cent. and maturing in June 2018 pursuant to a trust indenture with Computershare Trust Company of Canada. The indenture contains customary covenants with respect to additional debt incurrence, dividends and asset sales.

(vii) Fulcrum Acquisition Agreement

On 25 August 2011, Just Energy (US) Corp., a subsidiary of the Issuer, entered into the Fulcrum Acquisition Agreement pursuant to which it agreed to acquire all of the issued and outstanding membership units of Fulcrum Retail Holdings LLC. The consideration for the acquisition was approximately US$79.4 million, subject to customary working capital adjustments. Just Energy (US) Corp. also agreed to pay up to US$20 million (the "**Earn-Out Amount**") to the seller 18 months following the closing date (the "**Earn-Out Period**"), provided that certain EBITDA and billed volume targets were satisfied by Fulcrum during the Earn-Out Period. The Earn-Out Amount was to be payable as to at least 45 per cent. in Common Shares, valued at the volume weighted average trading price for the Common Shares for the five consecutive trading days ending on and including the last trading day immediately preceding the closing date of the acquisition (converted into US dollars) (CAD$10.7166), with the balance payable in cash. The Fulcrum Acquisition Agreement contained customary representations, warranties and indemnities. The acquisition closed on 3 October 2013.

(viii) NHS Sale Agreement

On 4 June 2014, the Issuer entered into the conditional NHS Sale Agreement, pursuant to which it agreed to sell the entire issued share capital of National Energy Corporation (which operates the Homes Services Division under the trading name NHS) to Reliance for CAD$505 million subject to certain potential adjustments, including working capital balances, on the completion date. The NHS Sale Agreement is conditional, *inter alia*, on: (A) the repayment of the outstanding balance under the NHS financing arrangements and outstanding debt that was assumed by NHS (please refer to sub-paragraph (c) *"NHS financing"* of paragraph 10 "*Issuer's Financings*" in section "*Just Energy Group Inc.*"); (B) the full and final release of NHS and the Issuer by Reliance of its current claim and the full and final release of Reliance by NHS of its counterclaim (please refer to sub-paragraph (b) *"Reliance Comfort Limited Partnership"* of paragraph 11 "*Litigation*" in the section "*Just Energy Group Inc.*"); and (C) the pay-out of a royalty interest in NHS; and (D) the approval of the transaction by the Canadian Competition Bureau. The NHS Sale Agreement contains customary representations, warranties and indemnities and, subject to the satisfaction of the conditions, it is anticipated that the sale of National Energy Corporation to Reliance by the Issuer shall be completed during 2014.

(b) The following material contracts entered into by the Issuer outside the ordinary course of the business are, or may be, material to the Issuer's ability to meet its obligations to investors in respect of the Bonds:

(i) the Trust Deed;

(ii) the Agency Agreement;

(iii) the Credit Agreement;

(iv) the CAD$330 Million Debentures Indenture;

(v) the CAD$100 Million Debentures Indenture; and

(vi) the CAD$105 Million Senior Unsecured Note Indenture.

14 Employees

The numbers of employees of the Issuer Group at the end of each of the financial years ended 31 March 2012, 2013 and 2014, are set out below, on a "full time equivalent" basis. As at 30 May 2014 (being the last practicable date prior to the of these Listing Particulars), the Issuer Group had approximately 1,500 employees on a "full-time equivalent" basis.

	Period ended		
	31 March 2012	**31 March 2013**	**31 March 2014**
Consumer Division—Canada	536	562	572
Consumer Division—US	324	379	373
Consumer Division—other regions	NIL	NIL	NIL
Total Consumer Energy Division	**860**	**941**	**945**
Commercial Division—Canada	22	26	29
Commercial Division—US	105	98	90
Commercial Division—other regions	10	15	23
Total Commercial Energy Division	**137**	**139**	**142**
Other divisions—Canada	48	47	47
Other divisions—US	9	6	6
Other divisions—other regions	NIL	NIL	NIL
Total other divisions	**57**	**53**	**53**
Administration—Canada	283	290	260
Administration—US	66	79	73
Administration—other regions	NIL	NIL	NIL
Total administration	349	369	333
TOTALS	**1403**	**1502**	**1473**

15 Property, Leases, Plant and Equipment

A breakdown of Issuer's property, plant and equipment by category as at 31 March 2014 is set out in Note 5 of Section C "*Financial Information on the Group*" above. The Home Services Division's equipment has an asset value of CAD$160,856,000 and consists of water heaters, furnaces and air conditioners installed united and provides the basis for the rental revenue earned by Home Services Division.

16 Documents on Display

Copies of the following documents may be inspected during normal business hours at the offices of Fasken Martineau LLP during the 12 months starting on the date on which these Listing Particulars is made available to the public as required by the prospectus rules made by the FCA:

(a) the Articles and By-Laws of the Issuer;

(b) the Issuer's Annual Reports for the years ended 31 March 2012, 31 March 2013 and 31 March 2014, which contain the annual audited consolidated financial statements of the Issuer as at and for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014, together with the notes thereto and the auditors' reports thereon;

(c) the Agency Agreement; and

(d) the Trust Deed.

In addition, these Listing Particulars are also available at the website of the Regulatory News Service operated by the London Stock Exchange at *www.londonstockexchange.com/gbpricenews/marketnews.*

INDEX OF DEFINED TERMS

GLOSSARY AND ABBREVIATIONS

"**attrition**"	customers whose contracts were terminated prior to the end of the term either at the option or the customer or by the Issuer.
"**CCF**"	100 cubic feet.
"**GJs**"	gigajoule.
"**gross margin per RCE**"	represents the energy gross margin realised on the Issuer's customer base, including gains/losses from the sale of excess commodity supply.
"**kWh**"	kilowatt hour.
"**LDC**"	local distribution company; the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.
"**MWh**"	megawatt hour.
"**RCE**"	residential customer equivalent, which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis and, as regards electricity, 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario.
"**Therm**"	100,000 British thermal units.

REGISTERED OFFICE OF THE ISSUER

First Canadian Place
100 King Street West, Suite 2630
Toronto, Ontario M5X 1E1
Canada

AUDITORS OF THE ISSUER

Ernst & Young LLP
Ernst & Young Tower
222 Bay Street
Toronto, Ontario M5K 1J7
Canada

TRUSTEE

US Bank Trustees Limited
125 Old Broad Street
London EC2N 1AR
United Kingdom

PRINCIPAL PAYING, TRANSFER AND CONVERSION AGENT, SHARE TRUSTEE-CUSTODIAN AND REGISTRAR

Elavon Financial Services Limited
125 Old Broad Street
London EC2N 1AR
United Kingdom

LEGAL ADVISERS TO THE ISSUER

As to English law

Fasken Martineau LLP
17 Hanover Square
London W1S 1HU
United Kingdom

As to Canadian law

Fasken Martineau DuMoulin LLP
Bay Adelaide Centre, 2400-333 Bay Street
Toronto, Ontario M5H 2T6
Canada

LEGAL ADVISERS TO THE TRUSTEE

Linklaters LLP
1 Silk Street
London EC2Y 8HQ
United Kingdom

Merrill Corporation Ltd, London
14ZBJ43401