

JUST ENERGY GROUP INC.

(the “Company”)

\$160 Million Convertible Debenture

On October 5, 2016, Just Energy issued \$160 million of convertible unsecured senior subordinated debentures (the “6.75% convertible debentures”). The 6.75% convertible debentures bear interest at an annual rate of 6.75%, payable semi-annually in arrears on June 30 and December 31 in each year, and have a maturity date of December 31, 2021. Each \$1,000 principal amount of the 6.75% 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 107.5269 common shares of Just Energy, representing a conversion price of \$9.30, subject to certain anti-dilution provisions. Holders who convert their debentures will receive accrued and unpaid interest for the period from and including the date of the latest interest payment up to, but excluding, the date of conversion.

The 6.75% convertible debentures will not be redeemable at the option of the Company on or before December 31, 2019. After December 31, 2019 and prior to December 31, 2020, the 6.75% 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, provided that the weighted average trading price of the common shares of Just Energy on the Toronto Stock Exchange (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% of the conversion price. On or after December 31, 2020, the 6.75% 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 conversion feature of the 6.75% convertible debentures has been accounted for as a separate component of shareholders’ deficit in the amount of \$8.0 million. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of \$2.1 million and reduced the equity component of the convertible debentures by this amount. The remainder of the net proceeds of the 6.75% convertible debentures has been recorded as long-term debt, which is being accreted up to the face value of \$160,000 over the term of the 6.75% convertible debentures using an effective interest rate of 9.1%. If the 6.75% convertible debentures are converted into common shares, the value of the conversion will be reclassified to share capital along with the principal amount converted.