# HR MILNER EXPANSION PROJECT

## Maxim Power Corp.

**Introducing the HR Milner Expansion**

Maxim Power Corp. ("MAXIM") proposes to construct and operate a single unit, 500 megawatt (MW) coal-fired power generation facility to help address Alberta's growing power needs. The Milner Expansion Project is expected to generate 3,500,000 megawatt-hours of electricity. We plan to seek approvals for the facility to be located on the site of the existing 150 MW HR Milner Generating Station, approximately 20 km north of Grande Cache, Alberta. Activities related to the Project will occur primarily on the existing power plant site, with little additional surface disturbance. Once commissioned, the new plant is expected to operate for 30 years.

**A Base Load Power Generation Facility**

A base load facility generates electricity to meet requirements on a continuous basis. Allowing for maintenance, MAXIM expects the facility will operate approximately 90% of the year. The technology selected for the Milner Expansion Project is a pulverized coal combustion system combined with a high temperature and high pressure ("supercritical") steam generator. The Milner Expansion Project will be the most efficient coal-fired generating plant in Canada, with an efficiency that is approximately 18 to 20 percent better than the average efficiency of existing coal-fired generating units in Alberta and about 15 percent better than units installed between 1980 and 2000.

**Alberta's Electricity Industry**

Alberta's electricity industry has been evolving since the provincial government began deregulating electrical power generation in the mid 1990's. Independent power producers now compete to develop cost-effective and environmentally responsible facilities to satisfy demand.

As of the end of September 2006, Alberta's installed generating capacity was listed at approximately 11,000 MW[1] while neighbouring provinces are capable of supplying an additional 950 MW. Alberta's peak demand is expected to approach 10,400 MW in 2008 and grow 3 to 4 percent per year on average. The Alberta Electric System Operator estimates that Alberta will require an additional 4,000 MW of new generation capacity by 2017 to serve growing demand while retiring older, less efficient facilities and maintaining extra capacity to meet demand during planned and unplanned facility outages.

**Air Quality**

The Milner Expansion Project will incorporate an advanced emission control system that will be designed to limit emissions to strict provincial guidelines. Technology incorporated into the design of the Project includes a desulphurization unit for control of sulphur dioxide, a selective catalytic reduction unit for control of nitrogen oxides, activated carbon injection for mercury control and banks of fabric filters to capture particulate emissions.

**Water**

The Milner Expansion Project requires water for a number of purposes including steam generation, cooling, dust control, ash removal, emissions control and employee use. Water required for the Project will be withdrawn from the Smoky River and will be well within our existing water license volumes. A new intake structure along the Smoky River adjacent to the plant is contemplated. This new intake will be the subject of separate applications to provincial and federal regulators.

**Electric Transmission**

The additional electric energy generated by the Milner Expansion Project will require the construction of a new 240 kilovolt line which is anticipated to parallel existing lines on Crown land until the ultimate connection to the provincial grid. Expansion of the electric transmission system in Alberta is a regulated activity and will require applications and consultation activities that are separate from the Milner Expansion Project. These activities are carried out by the Alberta Electric System Operator and the affected transmission facility owner, in this case ATCO Electric. Stakeholders will have the opportunity to provide comment on these plans and participate in regulatory proceedings regarding these activities once they are brought forward by the respective parties.

**Coal Supply**

Alberta coal resources have traditionally been the foundation of the province's electricity supply, and we believe coal will continue to provide a low-cost fuel for electricity generation.

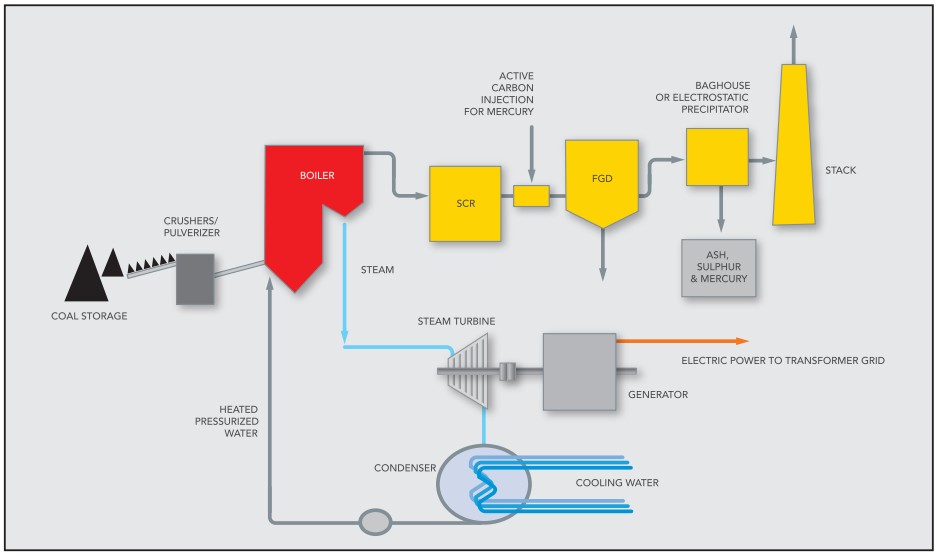
The Milner Expansion Project will source its fuel from a combination of local and regional supplies. MAXIM has been advancing the #14 Mine Project over the past two years, including a comprehensive public involvement process which culminated in the submission of regulatory applications in August 2007. Regional supplies will continue to be delivered to the Project site using existing rail infrastructure, although new offloading facilities at the plant site are contemplated.

[1] Wind resources are not included in this estimate as wind cannot be "turned on" to meet demand.

Tel: 1-403-263-3021
Email: maxim@maximpowercorp.com
www.maximpowercorp.com/milnerexpansion.htm

MAXIM Power Corp

## The Coal-to-Electricity Process




### Process Description

In a coal-fired power plant, the coal is burned to produce steam, and the steam is used to produce power in a turbine, which in turn drives an electrical generator. There are many steps in the coal-to-electricity process. First, coal is delivered to the power plant, and placed in a storage pile. When required, the coal is transported by conveyor to crushers and pulverizers, which grind it into a fine powder. This pulverized coal is then blown into the furnace with hot air where it burns. Heavier materials contained in the coal that do not burn in the furnace fall to the bottom where they are removed. This material is called "bottom ash." The lighter materials that do not burn pass through the furnace in the exhaust gas and are removed by the emission control equipment. This material is called "fly ash."

The heat created by burning coal is used to turn water into steam. The steam generated in the boiler flows to a steam turbine where it is converted to shaft energy that turns an electrical generator. Once the steam passes through the steam turbine, most of the useful energy has been used. At this point, the remaining steam flows to a condenser, where it is converted back to water for reuse in the boiler. We expect to use 5 million cubic meters of water per year, well within our existing water license volumes.

The exhaust gas exiting the boiler passes through emission control equipment, which is located between the boiler and the exhaust stack. Modern emission control facilities such as those proposed for the HR Milner Expansion Project are very efficient and will place the project among the cleanest and most environmentally responsible coal-fired power plants in North America. Once the exhaust gas has passed through emissions control equipment, it is discharged from the stack.

The ash disposal location will need to be finalized in conjunction with aboriginal, local and government stakeholders. Current estimates indicate that ash quantities could amount to as much as 230,000 metric tonnes per year.

### Proposed Project Schedule

The Project schedule contemplates submission of the required permit applications in the third quarter of 2008, followed by a regulatory review period. If the regulatory review agencies grant their approvals, the Project would be constructed over a 3.5 year period once the commercial aspects of the Project are secured.

### Health, Safety and Environment

MAXIM takes pride in conducting its business in a healthy, safe and environmentally responsible manner. MAXIM recognizes and accepts its responsibility as an energy company to develop resources with an awareness of the environmental, economic and social needs and expectations of all stakeholders. MAXIM applies its standards of business conduct equally to employees and contractors.

### Stakeholder Involvement

MAXIM believes that public involvement goes beyond merely informing people of plans. MAXIM plans to provide stakeholders and the public with an opportunity for open communication and dialogue, which should result in thoroughly informed decisions and a plant development that reflects the values of interested and affected parties. MAXIM will consult with and listen to directly-affected and interested stakeholders before submitting applications to the Alberta Utilities Commission (AUC) and Alberta Environment (AENV). MAXIM will respond to all concerns, questions and requests for additional information, indicating what action has been or will be taken, if required, addressing any identified concerns.

### About Maxim Power Corp.

Based in Calgary, Alberta, MAXIM is an Independent Power Producer, which acquires or develops, owns and operates innovative and environmentally responsible power projects. MAXIM now owns and operates 34 power plants in Western Canada, United States and France, having 585 MW of electric and 132 MW of thermal generating capacity. Upon closing recently announced transactions, MAXIM will own 35 power plants having 755 MW of electric and 132 MW of thermal generating capacity. MAXIM's business strategy is to grow through the development and acquisition of power projects which utilize hydrocarbon based fuels and renewable resources. MAXIM trades on the TSX under the symbol "MXG". For more information about MAXIM, visit our website at **www.maximpower.com.**

Tel: 1-403-263-3021
Email: maxim@maximpowercorp.com
www.maximpowercorp.com/milnerexpansion.htm

MAXIM Power Corp