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Maxim Power Corp. Announces 2016 Third Quarter Financial and Operating Results

CALGARY, Alberta (November 10, 2016) – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the third quarter ended September 30, 2016. The unaudited condensed consolidated interim financial statements, accompanying notes and Management Discussion and Analysis ("MD&A") will be available on SEDAR and on MAXIM's website on November 10, 2016. All figures reported herein are Canadian dollars unless otherwise stated.

The Financial Highlights below include the results from COMAX France S.A.S. ("COMAX") to September 30, 2016, which are recorded as discontinued operations in MAXIM's financial statements. Refer to MAXIM's unaudited condensed consolidated financial statements and MD&A for further details.

FINANCIAL HIGHLIGHTS

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
<i>(\$ in thousands except per share amounts)</i>				
Revenue	\$ 23,578	\$ 19,705	\$ 48,775	\$ 65,743
Adjusted EBITDA ⁽¹⁾	2,763	(2,339)	5,110	11,282
Adjusted net loss ⁽¹⁾	(11,128)	(8,917)	(27,716)	(15,922)
Per share – basic and diluted	\$ (0.20)	\$ (0.16)	\$ (0.51)	\$ (0.29)
Net loss attributable to shareholders	(20,032)	(8,917)	(36,389)	(12,263)
Per share – basic and diluted	\$ (0.37)	\$ (0.16)	\$ (0.67)	\$ (0.23)
FFO ⁽²⁾	(4,435)	(2,621)	(3,140)	5,819
Per share - basic and diluted	\$ (0.08)	\$ (0.05)	\$ (0.06)	\$ 0.11
Electricity Deliveries (MWh)	323,481	173,812	508,720	453,562
Net Generation Capacity (MW) ⁽³⁾	778	778	778	778
Average Alberta market power price (\$ per MWh)	\$ 17.94	\$ 26.09	\$ 17.02	\$ 37.43
Average Milner realized power price (\$ per MWh)	\$ 34.47	\$ 40.01	\$ 27.25	\$ 83.52
Average Northeast US realized power price (US\$ per MWh)	\$ 41.33	\$ 43.86	\$ 40.19	\$ 70.81

⁽¹⁾ Select financial information was derived from the unaudited condensed consolidated interim financial statements and is prepared in accordance with GAAP, except adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted net loss. Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows before interest, income taxes, and depreciation and amortization and certain other income and expenses. Adjusted net loss is used to compare MAXIM's results among reporting periods without consideration of unrealized gains and losses and to evaluate MAXIM's performance attributable to shareholders. Adjusted EBITDA and adjusted net loss do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

⁽²⁾ Funds from operating activities before changes in working capital ("FFO") is an Additional GAAP measure provided to assist management and investors in determining the Corporation's cash flows generated from operations before the cash impact of working capital fluctuations.

⁽³⁾ Generation capacity is manufacturer's nameplate capacity net of minority ownership interests of third parties and uncontacted capacity on contracted generating facilities.

OPERATING RESULTS

During the third quarter of 2016, revenue and adjusted EBITDA increased as a result of higher generation volumes in the Northeast U.S. and at the Milner generating facility ("M1"). Adjusted EBITDA also increased as a result of the realized gain from the commodity swaps at M1. Adjusted net loss and net loss attributable to shareholders increased and FFO decreased as a result of the amounts owing related to the Federal Energy Regulatory Commission ("FERC") Settlement Agreement (refer to FERC Inquiry section below). This was partially offset by the favourable factors impacting adjusted EBITDA noted above. Net loss attributable to shareholders also decreased as a result of the impairment of the France operating segment.

On a year-to-date basis, revenue, adjusted EBITDA and FFO have decreased and adjusted net loss and net loss attributable to shareholders increased when compared to 2015. The changes in these financial measures are primarily due to lower Alberta pool prices, lower realized Northeast U.S. power prices in the first quarter of 2016, and amounts owing relating to the FERC Settlement Agreement (refer to FERC Inquiry section below). This was partially offset by favourable ongoing impacts of cost cutting initiatives implemented in the second quarter of 2015 and realized gains from the commodity swap at M1. Net loss attributable to shareholders also decreased as a result of the impairment of the France segment.

AGREEMENT TO SELL COMAX

As previously reported on September 13, 2016, the Corporation announced that it has entered into an agreement to sell 100% of its ownership interest in COMAX and its parent, Maxim Power Europe B.V., to Vine Luxembourg SARL, an affiliate of Basalt Infrastructure Partners LP, for EUR 47 million including the assumption of EUR 23 million of net debt resulting in sales proceeds of approximately EUR 24 million, EUR 6 million of which is contingent on certain future events. As at the date of this press release, the amount and timing of the contingent payment cannot be determined. The sale of COMAX is scheduled to close during the fourth quarter of 2016, subject to regulatory approvals and customary closing conditions. COMAX sale proceeds will be used to reduce net debt in MAXIM's North American operations.

FERC SETTLEMENT

As previously reported on September 26, 2016, the Corporation announced that FERC issued an order approving a Stipulation and Consent Agreement ("Settlement Agreement") that resolves and closes all matters alleged in the Staff Notice of Alleged Violations issued in November of 2014. The Settlement Agreement resolves three investigations conducted by the FERC Office of Enforcement, all claims and allegations arising from these investigations, and FERC's lawsuit relating to one of the investigations. Pursuant to the Settlement Agreement, MAXIM neither admits nor denies any of the violations alleged by FERC. MAXIM has agreed to make settlement payments of US\$4.0 million for a civil penalty and US\$4.0 million in disgorgement, payable in three equal installments over a two-year period.

STRATEGIC REVIEW

Following the agreement to sell COMAX, the Corporation commenced consideration of various strategic and financing alternatives potentially available to MAXIM in relation to its investments in the United States and Canada. MAXIM currently owns and operates 446 MW of generating capacity in the United States and 156 MW of generating capacity in Canada. MAXIM also has permitted power generation development projects totalling up to 996 MW (refer to Growth Initiatives section below) and a permitted metallurgical coal development project in Alberta. MAXIM will provide updates as these considerations progress.

ALBERTA UTILITIES COMMISSION ("AUC") LOSS FACTOR DECISION

On September 28, 2016 the AUC asserted its position through Decision 790-D04-2016 (the "Decision") on several preliminary matters related to remedy under Module C of Milner Power Inc.'s ("Milner") complaint relating to the Alberta Electric System Operator ("AESO") Line Loss Rule. The Decision confirmed, among other things, that the AUC's proceedings will establish compensation to Milner that will include an interest provision at the Bank of Canada Bank Rate plus one and one half percent, and that parties will not be compensated for their cost of participating in the proceedings. MAXIM's internal calculations are that overpayments of \$41.8 million were made by Milner to the AESO over the period from January 1, 2006 to September 30, 2016. In recognition of the possibility of delays in determining the final remedy to Milner, Milner applied to the AUC on November 9, 2016 for interim relief. As at the date of this press release, the implementation date of the new rule under Module B and the amount and timing of compensation under Module C cannot be determined.

ALBERTA POWER PRICE RISK MANAGEMENT

MAXIM is continuing its hedging strategy at M1. As previously reported, the Corporation entered into firm financial swaps for a 100 MW of Alberta power at M1 for a fixed price commencing July 1, 2016 and expiring December 31, 2016. During the third quarter, the Corporation realized a \$3.6 million gain on these swaps. In October 2016, the Corporation entered into firm financial swaps of up to 100 MW for each month in the first quarter of 2017.

GROWTH INITIATIVES

MAXIM is well positioned with growth initiatives to respond to the shift in the anticipated composition of the generation capacity in Alberta, which is driven by the direction of climate policy from the Government of Alberta.

The Corporation is actively developing and has received regulatory approval to construct and operate Milner Expansion ("M3"). M3 adds 86 MW to M1, increasing it to 236 MW through the integration of natural gas-fired generation operating in combined cycle mode at this site, and provides for an orderly transition from coal to natural gas. Total emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particulates at the M1 site will decrease compared to running the existing M1. M3 will be the lowest cost per installed kW project in MAXIM's Alberta development portfolio and potentially one of the most competitive coal to natural gas conversion projects in Alberta.

In addition, MAXIM is advancing development of the Buffalo Atlee wind power project to participate in AESO's renewable electricity program requests for expressions of interest in the first quarter of 2017. This project has the potential for development of up to 200 MW of wind generation capacity. The addition of wind generation to MAXIM's existing portfolio of assets would diversify further potential changes to MAXIM's generation fuel types and provide the potential to offset the impact of potential provincial emissions legislation, once enacted.

The Corporation is also maintaining the option to advance the Milner expansion development project ("M2"), a 520 MW natural gas-fired combined cycle generation facility and Deerland Peaking Station, a 190 MW natural gas-fired peaking facility. The Corporation believes advancement of these projects will occur in the future due to the likely event that additional generating capacity will be required to replace retiring coal-fired units and provide support as intermittent renewable generation is added to the system.

About MAXIM

Based in Calgary, Alberta, MAXIM is an independent power producer, which acquires or develops, owns and operates innovative and environmentally responsible power and power related projects. MAXIM currently owns and operates 39 power plants in Alberta, the United States and France, having 778 MW of electric generating capacity. MAXIM trades on the TSX under the symbol "MXG". For more information about MAXIM, visit our website at www.maximpowercorp.com.

For further information please contact:

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Statements in this release which describe MAXIM's intentions, expectations or predictions, or which relate to matters that are not historical facts are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of MAXIM to be materially different from any future results, performances or achievements expressed in or implied by such forward-looking statements. MAXIM may update or revise any forward-looking statements, whether as a result of new information, future events or changing market and business conditions and will update such forward-looking statements as required pursuant to applicable securities laws.