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Maxim Power Corp. Announces 2019 Second Quarter Financial and Operating Results

CALGARY, Alberta (August 7, 2019) – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the second quarter ended June 30, 2019. The unaudited condensed consolidated interim financial statements, accompanying notes and Management's Discussion and Analysis ("MD&A") will be available on SEDAR and on MAXIM's website on August 7, 2019. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| <i>(\$ in thousands except per share amounts)</i> | | | | |
| Revenue | \$ 6,676 | \$ 2,109 | \$ 14,875 | \$ 2,109 |
| Net income (loss) | (4,087) | 2,816 | (5,881) | (723) |
| Net income (loss) per share – basic and diluted | \$ (0.08) | \$ 0.05 | \$ (0.11) | \$ (0.01) |
| Total assets | \$ 168,599 | \$ 164,971 | \$ 168,599 | \$ 164,971 |

OPERATING RESULTS

MAXIM's operations are comprised of the HR Milner generating facility ("Milner") and MAXIM's corporate activities. Milner was offline from April 20, 2017 to June 13, 2018 due to unfavourable power market conditions. MAXIM resumed generation of electricity at Milner on June 13, 2018 following improvements in settled and forward power and gas prices. Accordingly, results for the three and six months ended June 30, 2019 reflect the increased activities as compared to the same periods in 2018.

Net loss increased in the second quarter and first six months of 2019 when compared to 2018. The change in this financial measure was primarily due to a reduction in enacted provincial tax rates in 2019 and the non-reoccurrence of a 2018 income tax benefit in 2019. This was partially offset by the resumption of operations at Milner which occurred in June 2018, lower general and administrative personnel costs and lower depreciation on existing Milner assets as a result of a change in useful life in the fourth quarter of 2018.

MILNER 2 ("M2") DEVELOPMENT PROJECT

During the second quarter of 2019, MAXIM began installation of the gas turbine, generator and related systems of its M2 natural gas-fired generation project. MAXIM intends to de-risk the project by entering into an agreement for Engineering, Procurement and Construction ("EPC") services in the third quarter of 2019. The EPC contractor will be responsible for delivering a fully operational power plant early in 2020 for a specified price, subject to conditions that are customary for these forms of agreement.

MAXIM believes strongly that this asset will be a top performing facility in its class in the Alberta market. A significant portion of the project's cost increase from \$138.0 million to \$146.0 million resulted from capitalization of borrowing costs. Site specific equipment to enhance the facility, incremental compliance costs and building enclosure costs also contributed to the increase. MAXIM has the option in the future to increase the capacity of the facility, in conjunction with increasing the efficiency of the facility, by investing capital to expand M2 to operate with combined cycle technology.

CAPACITY MARKET

On July 24, 2019, the Government of Alberta ("GoA") announced its decision to maintain Alberta's energy-only market and end the implementation of a capacity market initiated in 2016. The decision of the GoA does not have a material impact to MAXIM. M2 is an efficient generating unit that responds to energy price volatility that comes from an energy-only market. The GoA will now table the necessary legislation and amend regulations to stop the implementation of the capacity market as soon as possible.

OTHER DEVELOPMENT PROJECTS

MAXIM has permits to construct and operate electric power projects totalling 592 MW of generating capacity in Alberta in addition to the 204 MW project under development. Of this amount, 402 MW of generation capacity is at the Milner site and the remaining 190 MW of generation capacity is for the peaking station at Deerland. MAXIM is currently in the process of amending its permit related to the M2 project which may alter the final amount of permitted generation at the Milner site. MAXIM also has a wind power development project, Buffalo Atlee, which has the development potential of up to 200 MW of wind generation capacity. As at the date of this press release, no definitive commitments have been made on these projects.

MILNER OPERATIONS

MAXIM continues to operate Milner during the second quarter of 2019. Milner generated 96,575 MWh in the second quarter of 2019 and realized power prices of \$69.08/MWh as compared to 21,869 MWh of generation at \$95.61/MWh in the same period in 2018. MAXIM has resolved certain gas supply issues, which had limited Milner's generation capacity up to June 9, 2019. In addition MAXIM made modifications to the Milner facility and increased its generation capacity, under gas, from 70 MW to 80 MW.

MAXIM has consumed substantially all coal inventory on hand and anticipates operating on natural gas for the balance of the year. MAXIM continues to monitor settled and forward power and natural gas prices and as at the date of this press release anticipates generating electricity at the existing Milner facility until late in the first quarter of 2020.

AUC LOSS FACTOR DECISION

As previously reported, MAXIM, through its wholly-owned subsidiary, Milner Power Inc., has an outstanding complaint relating to the Alberta Electric System Operator ("AESO") Line Loss Rule for the period of January 1, 2006 to December 31, 2016. MAXIM anticipates cash proceeds to be approximately \$40 million, based on calculations established using information currently available on the final public record, before accounting for the time value of money. The Corporation anticipates, based on the AESO's current published timelines that the collection of these prior overpayments and the time value of money component at the Bank of Canada Bank Rate +1.5%, will occur in the middle of 2021. Based on the revised timeline issued from the AESO in the second quarter of 2019, MAXIM does not anticipate receiving cash proceeds prior to the middle of 2021. Certain industry participants have sought permission to appeal in the Alberta courts and their applications were denied. As of the date of this press release, MAXIM is unaware of any parties intention to appeal to the Supreme Court of Canada.

NORMAL COURSE ISSUER BID ("NCIB")

MAXIM continues to evaluate options with respect to its liquidity and working capital position to provide the best value to shareholders. The Corporation believes that the current market price of its common shares does not accurately reflect their underlying value. As a result, the Corporation provided notice to the Toronto Stock Exchange ("TSX") of its intention to make a normal course issuer bid to purchase for cancellation up to 2,600,000 Common Shares (refer to "Maxim Power Corp. Announces TSX Acceptance of Normal Course Issuer Bid" news release on May 16, 2019).

The NCIB follows the expiration of MAXIM's previous normal course issuer bid which was effective from May 11, 2018 and expired on May 10, 2019. Under MAXIM's previous normal course issuer bid, MAXIM completed the purchase of 2,213,832 Shares at a weighted average price of \$2.27 per share.

APPOINTMENT OF BRAD WALL TO BOARD OF DIRECTORS

On May 13, 2019, the Corporation announced that Mr. Brad Wall was appointed to the board of directors of MAXIM, effective immediately.

About MAXIM

Based in Calgary, Alberta, MAXIM is an Alberta focused independent power producer which currently owns and operates Milner, a 150 MW power plant near Grande Cache, Alberta. Milner is nearing the end of its life under federal regulations and is being replaced with M2, a state-of-the-art natural gas-fired plant, with anticipated nameplate capacity of 204 MW in simple cycle mode. MAXIM has the option in the future to increase the capacity of M2, in conjunction with increasing the overall efficiency of the facility, by upgrading M2 into a combined cycle plant. In addition, MAXIM continues to explore development options for its remaining permitted gas-fired generation capacity in Alberta and permitting of its wind power generation project. 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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This press release contains forward-looking statements and forward-looking information (collectively "forward looking information") within the meaning of applicable securities laws relating to MAXIM's plans and other aspects of MAXIM's anticipated future operations, management focus, objectives, strategies, financial, operating and production results. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend", "may", "would", "could" or "will" or similar words suggesting future outcomes, events or performance. The forward-looking statements contained in this press release speak only as of the date thereof and are expressly qualified by this cautionary statement. Specifically, this press release contains forward-looking statements relating to: anticipated profitable earnings from development of generation capacity at the Milner site, the anticipated time periods of continued generation of electricity from Milner, the initial generation capacity of the Corporation's new facility at its Milner site, current development cost estimates to complete the same and anticipated completion dates, the Corporation's current estimate of the proceeds payable to the Corporation from the outstanding compliant relating to the AESO Line Loss Rule and the timeline to potentially receive any proceeds therefrom and the Corporation's intentions to purchase common shares pursuant to the NCIB.

Forward-looking statements regarding MAXIM are based on certain key expectations and assumptions of MAXIM concerning, among other things, construction timelines and costs, regulatory decisions (including with respect to the AESO Line Loss), the ability of MAXIM to reliably generate electricity from its projects in the timelines and manners currently contemplated, current and future commodity and electricity prices, the price of MAXIM's common shares, regulatory developments, tax laws, future operating costs, the performance of existing and new facilities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the availability and cost of labor and services, the impact of increasing competition, conditions in general economic and financial markets, effects of regulation by governmental agencies, the ability to obtain financing on acceptable terms which are subject to change based on commodity prices, market conditions, and potential timing delays.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond MAXIM's control. Such risks and uncertainties include, without limitation: construction delays, cost overruns, adverse regulatory decisions, the impact of general economic conditions; volatility in market prices electricity and other commodities such as natural gas; industry conditions; currency fluctuations; environmental risks; incorrect assessments of the value of acquisitions; competition from other producers; the lack of availability of qualified personnel, changes in income tax laws, environmental laws or changes programs relating to the electricity industry in Alberta; hazards such as fire, explosion, and ability to access sufficient capital from internal and external sources.

Management has included the forward-looking statements above and a summary of assumptions and risks related to forward-looking statements provided in this press release in order to provide readers with a more complete perspective on MAXIM's future plans and operations and such information may not be appropriate for other purposes.

MAXIM's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that MAXIM will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward looking statements are made as of the date of this press release and MAXIM disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.