



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

CALGARY, Alberta (November 7, 2019) – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the third quarter ended September 30, 2019. 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 7, 2019. All figures reported herein are Canadian dollars unless otherwise stated.

FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	\$ 8,488	\$ 7,880	\$ 23,363	\$ 9,989
Net income (loss)	2,204	(3,733)	(3,677)	(4,456)
Net income (loss) per share – basic and diluted	\$ 0.04	\$ (0.07)	\$ (0.07)	\$ (0.08)
Total assets	\$ 189,939	\$ 160,410	\$ 189,939	\$ 160,410

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 nine months ended September 30, 2019 reflect the increased activities as compared to the same periods in 2018.

Net income increased in the third quarter of 2019 when compared to 2018. The change in this financial measure was primarily due to increased generation, lower per unit natural gas costs, gains from commodity swaps and lower depreciation on existing Milner assets as a result of change in useful life estimates in the fourth quarter of 2018. Net loss decreased in the first nine months of 2019 when compared to 2018. The change in this financial measure was primarily due to the same factors impacting the third quarter, partially offset by a reduction in enacted provincial tax rates in 2019 and the non-reoccurrence of a 2018 income tax benefit in 2019.

MILNER 2 ("M2") DEVELOPMENT PROJECT

During the third quarter of 2019, MAXIM entered into an Engineering, Procurement and Construction ("EPC") agreement where the EPC contractor is responsible for delivering a fully operational power plant, 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. MAXIM estimates that total capital expenditures to construct M2, excluding borrowing costs, will be \$144 million of which \$83 million is related to the EPC agreement. MAXIM has the option in the future to increase the capacity of the facility to 300 MW, in conjunction with increasing the efficiency of the facility, by investing capital to expand M2 to operate with combined cycle technology.

FINANCING

On September 10, 2019, MAXIM announced that it entered into two credit agreements with two related parties, Alpine Capital Corp. and Prairie Merchant Corporation, that collectively provide for \$75 million to fully fund the construction and development of Milner 2 ("M2"). The first loan is a \$22 million, one-year, 12% per annum, revolving, secured loan (the "Construction Loan") and the second loan is a \$75 million, one-year, 12% per annum, revolving, secured loan (the "Convertible Loan" together with the Construction Loan, the "Loans"). The term of the Loans may be extended by six months subject to certain conditions. On October 3, 2019, conversion pricing of the Convertible Loan was increased from \$1.90 per share to \$2.25 per share and an additional extension of six months was added to the loan. The Convertible Loan was subsequently approved by disinterested shareholders on October 15, 2019 and was drawn to repay the Construction Loan, which matured and became repayable on October 15, 2019.

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 continued to operate Milner during the third quarter of 2019. Milner generated 150,443 MWh in the third quarter of 2019 and realized power prices of \$56.35/MWh as compared to 136,293 MWh of generation at \$57.76/MWh in the same period in 2018. MAXIM continues to implement cost effective solutions to increase Milner's capacity. During 2019, the Corporation has made modifications to the Milner facility and increased its generation capacity, under gas, from 70 MW to 90 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 September 2, 2019, the deadline to appeal to the Supreme Court of Canada has passed and there is no evidence that any party has sought leave to appeal the Alberta Court of Appeal's decisions. As at September 30, 2019, MAXIM's counsel was engaged to determine if all avenues for appeal by the parties have been exhausted.

RETIREMENT OF PRESIDENT AND CHIEF FINANCIAL OFFICER ("CFO")

On November 7, 2019, MAXIM announced that Michael R. Mayder, President and CFO, will be retiring effective June 30, 2020. MAXIM intends to recruit a new CFO prior to Mr. Mayder's retirement date in order to provide a seamless transition.

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:

Michael R. Mayder, President and CFO, (403) 263-3021

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.

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.