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## Maxim Power Corp. Announces 2015 Second Quarter Financial and Operating Results

**CALGARY, Alberta (August 6, 2015)** – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the second quarter ended June 30, 2015. The unaudited condensed consolidated interim financial statements, accompanying notes and Management Discussion and Analysis will be available on SEDAR and on MAXIM's website on August 6, 2015. All figures reported herein are Canadian dollars unless otherwise stated.

### FINANCIAL HIGHLIGHTS

	Three Months Ended June 30		Six Month Ended June 30	
	2015	2014	2015	2014
<i>(\$ in thousands except per share amounts)</i>				
<b>Revenue</b>	\$ 23,027	\$ 19,138	\$ 70,548	\$ 88,270
<b>Adjusted EBITDA <sup>(1)</sup></b>	7,025	(3,604)	13,621	12,969
<b>Adjusted net income (loss) <sup>(1)</sup></b>	18	(4,566)	(6,135)	(751)
<b>Per share – basic and diluted</b>	\$ 0.00	\$ (0.08)	\$ (0.11)	\$ (0.01)
<b>Net income (loss) attributable to shareholders</b>	2,581	(4,325)	(3,346)	(838)
<b>Per share – basic and diluted</b>	\$ 0.05	\$ (0.08)	\$ (0.06)	\$ (0.02)
<b>FFO <sup>(2)</sup></b>	3,455	(3,922)	8,440	11,079
<b>Per share - basic and diluted</b>	\$ 0.06	\$ (0.07)	\$ 0.16	\$ 0.20
<b>Electricity Deliveries (MWh)</b>	123,636	219,644	361,685	557,865
<b>Net Generation Capacity (MW) <sup>(3)</sup></b>	778	785	778	785
<b>Average Alberta market power price (\$ per MWh)</b>	\$ 57.22	\$ 42.43	\$ 43.20	\$ 51.46
<b>Average Milner realized power price (\$ per MWh)</b>	\$ 143.14	\$ 51.73	\$ 88.75	\$ 65.06
<b>Average Northeast US realized power price (US\$ per MWh)</b>	\$ 50.27	\$ 56.65	\$ 114.22	\$ 234.02

(1) Select financial information was derived from the unaudited condensed consolidated interim financial statements and is prepared in accordance with GAAP, except adjusted EBITDA and adjusted net income (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 income (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 income (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 second quarter of 2015, revenue, adjusted EBITDA, adjusted net income, net income attributable to shareholders and FFO have increased when compared to the same quarter in 2014. The increase in these financial measures is primarily due to higher realized power prices at HR Milner generating facility ("M1") and higher generation in the Northeastern U.S. The increases in adjusted net income, net income attributable to shareholders and FFO were partially offset by costs incurred in the restructuring of Alberta operations.

On a year-to-date basis, revenue, adjusted net income, net income attributable to shareholders and FFO decreased in 2015 when compared to 2014. The decrease in these financial measures is primarily due to lower generation in Alberta as a result of suppressed market prices, lower realized Northeast U.S. power prices and lower revenue in France in the first quarter. Adjusted net income, net income attributable to shareholders and FFO also decreased as a result of costs incurred in the restructuring of Alberta operations.

## **ALBERTA UTILITIES COMMISSION ("AUC") LOSS FACTOR DECISION**

As previously reported, the AUC rendered its decision on Module A of Phase 2 of the Corporation's complaint related to the Alberta Electric Systems Operator's ("AESO") Line Loss Rule for contravening the Transmission Regulations and being unjust, unreasonable, unduly preferential, arbitrarily or unjustly discriminatory and inconsistent with or in contravention of the 2003 Electric Utilities Act (AUC Decision 2014-110). The decision states that the AESO has the requisite authority to grant such relief and that monetary relief will be granted to the Corporation for the period January 1, 2006 to the date a new rule takes effect. MAXIM anticipates that these proceedings will establish compensation to MAXIM as early as the first quarter of 2016. As at the date of this press release, an estimate of this amount cannot be made.

## **FEDERAL ENERGY REGULATORY COMMISSION ("FERC") INQUIRY**

As previously reported, the Corporation has been responding to the FERC inquiry since the latter part of 2013. During the first quarter, FERC issued an Order to Show Cause ("Show Cause Order") concerning certain offers to supply electricity during July and August of 2010. The preliminary findings of the Office of Enforcement, the Notice of Alleged Violations and the Show Cause Order do not constitute findings of FERC. In the second quarter of 2015, FERC issued an Order Assessing Civil Penalties ("Penalties Order") concerning the Show Cause Order. The Penalties Order has assessed penalties of US\$5 million against MAXIM and US\$50 thousand against an employee. MAXIM has filed an election with FERC that requires FERC to initiate a judicial proceeding in which a federal district court will review the facts and the law de novo. In the third quarter of 2015, FERC filed a petition seeking a court order to affirm these civil penalties related to certain offers to supply electricity during July and August of 2010. MAXIM intends to vigorously defend itself and is confident it can demonstrate that the conduct set forth in the Show Cause Order did not violate FERC's anti-manipulation rule or any other rule.

## **COMAX FRANCE S.A.S. ("COMAX") CAPITAL PROGRAM**

COMAX has secured debt financing of \$8.9 million (6.4 million Euro) for two 2015 renovation projects. The terms of the loans are favorable with leveraging ranging from 80% to 83% of the project investment and fixed interest rates ranging from 2.8% to 3.5%. Total 2015 capital expenditures related to the two projects in the renovation program in France are anticipated to be \$10.3 million (7.4 million Euro), in addition, \$0.7 million (0.5 million Euro) will be incurred in the first half of 2016 related to these two projects. MAXIM has deferred one additional renovation project, originally included in the 2015 renovation program scope, to the first half of 2016.

## **GOVERNMENT OF ALBERTA SPECIFIED GAS EMITTERS REGULATION ("SGER")**

On June 25, 2015, the Government of Alberta announced that it is amending SGER. The price for emission fund credits increases from \$15 per tonne of carbon dioxide to \$20 per tonne on January 1, 2016 and then to \$30 per tonne on January 1, 2017. Over that same period, intensity reduction stringencies, which require lowering the production of carbon dioxide relative to a baseline, will move from the current level of 12% below the baseline to 15% on January 1, 2016 and then 20% January 1, 2017.

MAXIM is well positioned under the amended regulation. M1 has the flexibility of burning natural gas and coal to manage adherence to its intensity baseline and create resalable emission performance credits. This change, coupled with the previously announced changes on June 10, 2015 to position Milner as a low cost producer of electricity in Alberta, is expected to mitigate any adverse impact associated with the stringency reduction. It is anticipated that increases in industry-wide SGER compliance costs will result in higher Alberta power prices that will ultimately be borne by Alberta power consumers. The Corporation also considers its Buffalo Atlee wind power development project is a potential hedge against further changes to emissions legislation.

## **RESTRUCTURING OF ALBERTA OPERATIONS**

On June 18, 2015, MAXIM entered into a termination and mutual release agreement that terminates the terminal services agreement ("TSA") between Ridley Terminals Inc. and MAXIM's wholly owned subsidiary, SUMMIT Coal Inc. The TSA was entered into on December 9, 2011 and provided SUMMIT with capacity at Ridley Terminals to ship coal through this port for a period of ten years. Pursuant to the termination agreement, MAXIM forgoes certain benefits under the TSA while eliminating commitments of \$63.2 million.

In May 2015, the Corporation implemented measures to reduce costs at M1. The Corporation reduced its fuel costs by terminating a long-term coal supply agreement that was set to expire in December 2015 and by entering into a new agreement with another supplier for a lower price for thermal coal. On an annual basis, this represents savings of \$11.4 million to \$13.4 million. Further, staffing levels at the facility were reduced by 33%. The total cost saving from this reduction, on an annualized basis, is anticipated to be \$3.1 million. These reductions will enable M1 to be profitable during lower priced hours, improve M1's competitiveness across all dispatch hours and provide greater returns for the Corporation over the long-term.

## **RESULTS FROM ANNUAL GENERAL MEETING OF SHAREHOLDERS**

MAXIM held its Annual General Meeting of Shareholders in Calgary on June 4, 2015 (the "Meeting"). The total number of Common Shares represented by Shareholders in person and by proxy was 40,908,046, which represents 75.5% of the Corporation's outstanding Common Shares.

At the Meeting, Shareholders approved each of the following resolutions:

1. Fixing the number of Directors to be elected at the meeting at five;
2. The election of five nominees as Directors of MAXIM to serve until the next annual meeting of shareholders or until their successors are elected or appointed, with shares represented at the Meeting voting by way of ballot in favour of the individual nominees as follows:

<u>Nominee</u>	<u>Votes For</u>
Wiley Auch	93.85%
John Bobenic	99.03%
M. Bruce Chernoff	93.85%
Johann Polz	93.62%
W. Brett Wilson	93.85%

3. The appointment of KPMG LLP to hold office as Auditor of the Company until the next Annual General Meeting of Shareholders at such remuneration as shall be fixed by the Board of Directors.

## **GROWTH INITIATIVES**

### **Milner Expansion ("M3")**

M3 is an expansion project for the existing M1 facility, comprised of an 86 MW natural gas-fired cogeneration power plant to be located adjacent to M1. M3 will increase generating capacity at the Milner site while reducing the total greenhouse gases and air emissions from current levels.

Exhaust energy from M3's gas turbines will be converted to steam and utilized to generate electricity in the existing M1 steam turbine, displacing coal-sourced steam. M3, before giving effect to the development of Milner Expansion 2 ("M2"), will increase the nameplate capacity at the Milner site from 150 MW to 236 MWs. Total emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particulates at the M1 site will decrease compared to running the existing M1. MAXIM has received approval from the AUC to construct and operate M3. MAXIM's construction and operation of M3 is now pending approval from Alberta Environment and Sustainable Resource Development, which is expected to be received in the third quarter of 2015.

### **Deerland Peaking Station ("D1")**

MAXIM has received regulatory approvals to construct and operate D1, a 190 MW natural gas-fired peaking facility. In May 2015, MAXIM received further regulatory approval to construct and operate the Skaro substation for D1. MAXIM has entered into agreements to secure firm natural gas transportation service for D1. MAXIM expects that full-scale construction of the facility will commence pending commercial arrangements, which the Corporation is actively pursuing, and strengthening of prices in the Alberta power market.

### **M2**

MAXIM has received the AUC's approval to convert the fuel source for M2 from coal to natural gas and to increase the generating capacity of the proposed expansion from 500 MW to 520 MW. The M2 facility is to be located adjacent to the existing 150 MW M1. The existing infrastructure at the M1 site allows MAXIM to leverage benefits including electrical connection, fuel delivery, water licenses, and a skilled operations team.

### **Forked River**

MAXIM continues to advance an expansion initiative at the Forked River site. Based on studies by the local utility, Pennsylvania, New Jersey, Maryland Interconnection has confirmed sufficient local infrastructure to support a potential increase of 100MW at the Forked River site. MAXIM has commenced the process of permitting of the project; configuration, size and timing are being evaluated to ensure the highest value for the expansion project. An expansion of the facility will provide additional capacity to participate in future capacity auctions and realize cost savings because this expansion project will be on the existing Forked River site.

### **Summit Coal Limited Partnership ("SUMMIT")**

SUMMIT is MAXIM's development initiative located north of Grande Cache, Alberta that owns metallurgical coal leases for Mine 14 ("M14") and Mine 16S ("M16S"). Current estimates for M14 are 18.9 million tonnes of low-mid volatile metallurgical coal reserves with a mine life of 17 years based on the NI 43-101 Technical Report filed on SEDAR on March 21, 2013. M16S is located 30 kilometers northwest of M14 and represents 1,792 hectares or 29% of SUMMIT's total area of coal leases. A NI 43-101 Technical Report has not been prepared for M16S.

M14 is permitted for a run-of-mine production rate of up to 1,300,000 tonnes per year. MAXIM has also received approval from the Alberta Energy Regulator to construct and operate a Coal Beneficiation Plant. This Coal Beneficiation Plant, to be located on MAXIM's existing M1

industrial complex, will bifurcate M14's run-of-mine coal into an estimated annual production of 950,000 tonnes of high-quality, low-mid volatile and metallurgical coal for shipment to export markets. These approvals provide SUMMIT with all of the requisite government and regulatory approvals to construct and operate M14. In November 2014, MAXIM received delivery of five pieces of mine equipment including two continuous miners and three shuttle cars. The units are in storage awaiting development of M14. The Corporation expects that the long-run average price forecast for metallurgical coal will allow for the economically viable development of this project.

### **Buffalo Atlee ("B1")**

MAXIM acquired the B1 Power Project, situated near Brooks, Alberta, through an amalgamation with EarthFirst Canada Inc. This project has the potential for development of over 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 provincial emissions legislation.

### **CONFERENCE CALL FOR Q2 2015 RESULTS**

MAXIM will host a conference call for analysts and investors on Friday, August 7, 2015 at 10:00 am MDT. The call will be hosted by John Bobenic, MAXIM's President and Chief Executive Officer, and by Mike Mayder, Senior Vice President, Finance and Chief Financial Officer. To participate in this conference call please dial (877) 291-4570 or (647) 788-4919 in the Toronto area and refer to MAXIM's Q2 Results call. It is recommended that participants call at least ten minutes prior to start time.

A recording of the conference call will be available from August 7, 2015 to August 14, 2015. To access the replay, dial (800) 585-8367 or (416) 621-4642 followed by the conference ID 99777821. In addition, the recording will be available commencing August 7, 2015 in the Investor Relations section of MAXIM's website at [www.maximpowercorp.com](http://www.maximpowercorp.com).

### **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](http://www.maximpowercorp.com).

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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.