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

**CALGARY, Alberta (March 28, 2016)** – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the fourth quarter ended and year ended December 31, 2015. The audited consolidated financial statements, accompanying notes and Management Discussion and Analysis will be available on SEDAR and on MAXIM's website on March 28, 2016. All figures reported herein are Canadian dollars unless otherwise stated.

### FINANCIAL HIGHLIGHTS

	Three Months Ended December 31		Twelve Months Ended December 31	
	2015	2014	2015	2014
<i>(\$ in thousands except per share amounts)</i>				
<b>Revenue</b>	\$ 32,792	\$ 30,437	\$ 123,045	\$ 142,915
<b>Adjusted EBITDA <sup>(1)</sup></b>	8,219	(1,401)	19,501	14,998
<b>Adjusted net loss <sup>(1)</sup></b>	(2,305)	(6,588)	(18,227)	(8,121)
<b>Per share – basic and diluted</b>	\$ (0.04)	\$ (0.12)	\$ (0.34)	\$ (0.15)
<b>Net loss attributable to shareholders</b>	(65,155)	(6,860)	(77,418)	(9,113)
<b>Per share – basic and diluted</b>	\$ (1.20)	\$ (0.13)	\$ (1.43)	\$ (0.17)
<b>FFO <sup>(2)</sup></b>	4,444	(90)	10,263	13,600
<b>Per share - basic and diluted</b>	\$ 0.08	\$ -	\$ 0.19	\$ 0.25
<b>Electricity Deliveries (MWh)</b>	252,595	249,252	788,092	1,010,811
<b>Net Generation Capacity (MW) <sup>(3)</sup></b>	778	776	778	776
<b>Average Alberta market power price (\$ per MWh)</b>	\$ 21.19	\$ 30.47	\$ 33.34	\$ 49.42
<b>Average Milner realized power price (\$ per MWh)</b>	\$ 22.52	\$ 36.49	\$ 64.33	\$ 64.10
<b>Average Northeast U.S. realized power price (US\$ per MWh)</b>	\$ 41.83	\$ 81.78	\$ 61.85	\$ 139.51

- (1) Select financial information was derived from the audited consolidated financial statements and is prepared in accordance with GAAP, except adjusted 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 uncontracted capacity on contracted generating facilities.

## **OPERATING RESULTS**

During the fourth quarter of 2015, revenue, adjusted EBITDA and FFO have increased and adjusted net loss has decreased when compared to the same quarter of 2014. The increase in revenue is primarily due to higher generation in the Northeast U.S. and France, partially offset by a decline at H.R. Milner Generating Facility ("M1"). The decline at M1 was primarily driven by the weakening in the Alberta pool price. The \$21 average Alberta market price was the lowest quarterly price since deregulation in 2001.

In addition to the factors in the paragraph above, adjusted EBITDA and FFO have also increased and adjusted net loss decreased from the sale of emissions credits used to offset the production of sulphur dioxide ("SO<sub>2</sub> Credits") and cost cutting initiatives at M1 and in the corporate offices.

Net loss attributable to shareholders has increased compared to the same quarter of 2014 due to asset impairment charges on goodwill and assets under construction, as well as the reversal of previously recognized deferred tax assets. These charges resulted from lower commodity prices (Alberta power and metallurgical coal) and higher emissions taxes in Alberta. The impact of these was partially offset by the recognition of M1's remaining unsold SO<sub>2</sub> Credits.

On an annual basis, revenue and FFO decreased whereas adjusted net loss and net loss attributable to shareholders increased when compared to 2014. The change in these financial measures is primarily due to lower Alberta power prices and lower realized Northeast U.S. power prices. The \$33 annual average Alberta market price was the lowest annual price since deregulation of Alberta's power market in 2001. In addition, revenue was further decreased as a result of the M1 cooling tower outage in the second half of 2015, however this was partially offset in other financial measures by lower fuel and variable operating costs. Further, costs incurred in the restructuring of Alberta operations resulted in an increase in adjusted net loss and a decrease in FFO. Finally, net loss attributable to shareholders also increased due to the previously mentioned asset impairment charges on goodwill and assets under construction, as well as the reversal of previously recognized deferred tax assets.

On an annual basis, adjusted EBITDA increased when compared to 2014. Adjusted EBITDA increased primarily due to the sale of SO<sub>2</sub> Credits, partially offset by the factors impacting revenue in the paragraph above.

## **MILNER DIALING DOWN OF OPERATIONS**

On March 23, 2016, MAXIM temporarily suspended the generation of electricity at M1. The decision to dial down the operations at M1 was due to record low Alberta power prices, which have undermined profitability for a prolonged period. Dialing down the operations at M1 resulted in a temporary layoff of 75% of the plant staff for an undetermined period. MAXIM intends to maintain a smaller operating team to undertake maintenance and plant modifications for an expected resumption of generation as power market conditions improve. A significant improvement in Alberta power prices, and/or cost reductions will be required to justify resuming operations. MAXIM will also consider:

- The estimated impact of the recent notices of intent to return several Power Purchase Arrangements ("PPA"s) to the Balancing Pool by the PPA buyers, and the uncertain outcome of the Balancing Pool's examination of its options, and;
- The phasing in of higher levies associated with the Specified Gas Emitters Regulation ("SGER") which began on January 1, 2016.

MAXIM will actively monitor the Alberta power market to determine the appropriate time to economically resume generation activities at M1 while continuing to advance its initiatives to convert M1 from coal to natural gas.

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

On November 26, 2015, the AUC rendered its decision on Module B of Phase 2 of the line loss rule and has directed the Alberta Electric System Operator ("AESO") to make changes to the current non-compliant rule that has been in effect since January 1, 2006. Further, on February 1, 2016 the AESO filed a plan to revise the rule and incorporate the AUC's findings in the decision on a go forward basis. MAXIM has determined the resulting new rule will align with the loss factor methodology advocated by M1 in its original 2005 Complaint.

Through its decision, the AUC expressly asserted its parallel authority to adjust line loss charges from January 1, 2006 and determine final line loss charges in Module C, which will determine the ultimate financial remedy to M1. MAXIM estimates the compensation that it will be afforded to be approximately \$38 million for the period January 1, 2006 to December 31, 2015 based on information currently available on the public record. This amount excludes compensation for M1's cost of capital and legal costs, which will also be determined in Module C. As at the date of this press release, the implementation date of the new rule under Module B and timing of compensation under Module C cannot be determined.

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

The Corporation, as previously reported, has been responding to the FERC inquiry since the latter part of 2013. On July 1, 2015, FERC filed a petition seeking a court order to affirm civil penalties of US\$5 million related to certain offers to supply electricity during July and August of 2010. FERC has not advanced matters in its preliminary findings relating to 2013. On September 4, 2015, MAXIM filed a motion to dismiss FERC's petition. The court's decision on this motion is anticipated in the second quarter of 2016. MAXIM intends to vigorously defend itself and is confident it can demonstrate that the conduct set forth in FERC's preliminary findings and Show Cause Order did not violate FERC's anti-manipulation rule or any other rule.

## **SALE OF EMISSIONS CREDITS**

On October 30, 2015, the Corporation entered into an agreement to sell SO<sub>2</sub> Credits for \$5 million. The agreement closed on November 3, 2015.

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

COMAX secured debt financing of \$9.5 million (6.4 million Euro) and subsequently completed two 2015 renovation projects. The terms of the loans are favorable with leverage 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 was \$11.3 million (8.0 million Euro), MAXIM has deferred one additional renovation project, originally included in the scope of the 2015 renovation program, to 2016.

## **GOVERNMENT OF ALBERTA'S CLIMATE LEADERSHIP PLAN ("CLP")**

On November 22, 2015, the Government of Alberta announced its Climate Leadership Plan. The CLP recommends that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy.

By 2030, the Province targets to have renewable sources such as wind and solar account for up to 30% of Alberta's wholesale power market and has indicated that it will, through an agency such as the AESO, request proposals by the end of 2016 for the construction and operation of an estimated 300 MW of renewables to be in service by 2019.

Under the CLP, the Government of Alberta has also announced the intention to replace the existing SGER with the Carbon Competiveness Regulation (or "CCR") commencing January 1, 2018. If enacted, the CCR will require coal-fired generators to pay \$30 per tonne of CO<sub>2</sub> on emissions above what Alberta's cleanest natural gas-fired plant would emit to generate the same amount of electricity. This has been estimated at \$18 per MWh for Alberta's coal-fired generation fleet.

MAXIM anticipates that any resulting environmental compliance cost increases from the CCR will either be recovered in the market through higher wholesale power prices or, in the case of M1, incent a higher use of natural gas versus coal.

MAXIM had anticipated that it would be permitted to run M1 at full capacity to December 31, 2019 and at stand-by capacity thereafter until December 31, 2029, consistent with the current Federal regulations. Based on the current forward prices, and assuming the implementation of the CCR, MAXIM has determined it would be uneconomic to operate as a coal-fired facility post 2017 without a material improvement in Alberta wholesale power prices.

Nevertheless, MAXIM believes it is well positioned for this shift in the composition of generation capacity, having permits to own and operate 946 MW of natural gas-fired generation projects in Alberta. The Milner Expansion 2 ("M2") and Milner Expansion ("M3") would increase the installed generation capacity at the existing M1 site by 606 MW to 756 MW. M3 adds 86 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. M2 is permitted as a 520 MW combined cycle natural gas-fired facility. The Deerland Peaking Station ("D1"), MAXIM's project to develop a natural gas-fired peaking facility, represents a further 190 MW and is fully permitted. MAXIM also has a wind development project, Buffalo Atlee ("B1") that has the potential for up to 200 MW of wind generation capacity.

## **GROWTH INITIATIVES**

### **M3**

M3 is a coal-to-gas 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. Before giving effect to the development of M2, M3 will increase the nameplate capacity at the Milner site from 150 MW to 236 MW. Total emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particulates at the M1 site will decrease compared to running the existing M1. In 2015, MAXIM has received approval from the AUC and Alberta Environment and Parks ("AEP") to construct and operate M3.

### **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 would commence pending improved prices in the Alberta power market and satisfactory commercial arrangements.

### **M2**

MAXIM has received the AUC's and AEP's approval to convert the fuel source for its proposed M2 project 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 expansion initiatives at its Forked River site in New Jersey. MAXIM owns approximately 32 acres of land adjacent to the existing facility that can accommodate an additional greenfield expansion. This site is being evaluated for supporting natural gas, water and electrical interconnection infrastructure.

## **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.

## **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 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.

## **CONFERENCE CALL FOR Q4 2015 RESULTS**

MAXIM will host a conference call for analysts and investors on Tuesday, March 29, 2016 at 11:00 am MDT. The call will be hosted by John Bobenic, MAXIM's President and Chief Executive Officer, Mike Mayder, Senior Vice President, Finance and Chief Financial Officer and Tim Workman, Vice President and Controller. To participate in this conference call, please dial (877) 291-4570 or (647) 788-4919 in the Toronto area and refer to MAXIM's Q4 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 March 29, 2016 to April 3, 2016. To access the replay, dial (800) 585-8367 or (416) 621-4642 followed by conference ID 71979036. In addition, the recording will be available commencing March 29, 2016 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.