



## **Maxim Power Corp. Announces 2020 Second Quarter Financial and Operating Results**

**CALGARY, Alberta (August 6, 2020)** – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the second quarter ended June 30, 2020. 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 6, 2020. All figures reported herein are Canadian dollars unless otherwise stated.

### **COMMISSIONING THE MILNER 2 DEVELOPMENT PROJECT**

MAXIM successfully commissioned its 204 MW natural gas-fired power plant ("M2") near Grande Cache, Alberta, on the existing H.R. Milner ("Milner") site. M2 began generating electricity to the Alberta power grid on May 8, 2020. During commissioning, M2 successfully demonstrated its maximum generating capacity and environmental compliance. M2 has been operating as expected.

MAXIM completed construction and commissioning of M2 despite challenging construction conditions related to both weather and the Coronavirus. This project represents an industry leading 16-month construction duration and 21-month total project horizon (from equipment procurement to project completion). M2 is the largest simple cycle natural gas-fired power plant in Alberta.

The M2 project is a testament to the Government of Alberta's ongoing commitment to promote economic development by creating a stable and attractive investment climate. The project created more than 120 jobs during construction and now provides ongoing employment and support of local businesses in the Grande Cache area of Alberta. The government's work to ensure federal carbon policy does not inhibit investment and its introduction of the made-in-Alberta Technology Innovation and Emissions Reduction Regulation program are important to this project and to MAXIM's significant commitment to investing in Alberta's power infrastructure.

The existing Milner facility is currently offline while MAXIM operates M2, however, Milner is permitted to operate at an annual capacity factor of up to 9% until 2029, which is approximately 113,500 MWh per annum.

### **AUC LOSS FACTOR DECISION**

MAXIM continues to expect the Line Loss Proceeding claim payment from the Alberta Electric System Operator ("AESO"). The estimate of \$53 million, comprised of \$40 million of overpayments and \$13 million of interest, is based on information currently available on the public record and the Corporation expects to receive these funds over the next twelve months.

The AESO calculated and released a preliminary adjustment, on July 7, 2020, related to years 2014, 2015 and 2016 of the Line Loss Proceeding, payable to Milner Power LP in the amount of \$6.5 million, which is in line with the Corporation's estimates. The AESO has disclosed that payment of the \$6.5 million is expected to occur before the end of 2020.

## FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Revenue</b>	\$ 4,460	\$ 6,676	\$ 11,718	\$ 14,875
<b>Adjusted EBITDA</b> <sup>(1)</sup>	(1,589)	(785)	606	(1,819)
<b>Net income (loss)</b>	(1,167)	(4,087)	(161)	(5,881)
<b>Net income (loss) per share – basic and diluted</b>	\$ (0.02)	\$ (0.08)	\$ (0.00)	\$ (0.11)
<b>Total generation – Milner (MWh)</b>	-	96,575	42,301	218,292
<b>Total generation – M2 (MWh)</b> <sup>(2)</sup>	107,501	-	107,501	-
<b>Average Alberta market power price (\$ per MWh)</b>	29.90	56.37	48.47	63.56
<b>Average Milner realized power price (\$ per MWh)</b>	-	69.08	171.45	68.08
<b>Average M2 realized power price (\$ per MWh)</b> <sup>(2)</sup>	41.48	-	41.48	-
<b>Total debt</b>	68,970	-	68,970	-
<b>Total assets</b>	\$ 241,896	\$ 168,599	\$ 241,896	\$ 168,599

(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"). 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.

(2) Generation and realized power prices for M2 relate to June 2020 only as the asset was commissioned on June 1.

## OPERATING RESULTS

During the second quarter of 2020, Adjusted EBITDA decreased as compared to 2019, primarily due to lower revenues as a result of commissioning M2, which reduced both M2 and Milner's ability to operate during the second quarter of 2020 and higher per unit fuel costs, partially offset by carbon tax savings from the operation of M2 and lower operations and maintenance ("O&M") costs. Net loss decreased in the second quarter of 2020, primarily due to the recognition of a future tax benefit, partially offset by the higher operating costs, one-time costs to restructure operations and finance expenses.

During the first six months of 2020, Adjusted EBITDA increased as compared to 2019, primarily due to realizing power prices of \$171.45 per MWh at Milner in 2020, as compared to \$68.08 per MWh in 2019, fuel and carbon tax savings as a result of lower generation volumes, lower O&M costs and gains from commodity swaps. Net loss decreased, due to these same factors and the recognition of a future tax benefit, partially offset by one-time costs to restructure operations and finance expenses.

## OTHER DEVELOPMENT PROJECTS

MAXIM has permits to construct and operate electric power projects totalling 536 MW of generating capacity in Alberta, which are in addition to M2. Of this amount, 346 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 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.

## About MAXIM

Based in Calgary, Alberta, MAXIM is one of Canada's largest truly independent power producers. MAXIM's focussing on power projects in Alberta. Its core assets includes, the 204 MW natural gas-fired power plant near Grande Cache, AB, commissioned in 2020, and the adjacent 150 MW H.R. Milner Plant. MAXIM is exploring its option 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, including its currently permitted gas-fired generation capacity in Alberta and permitting of its wind power generation project in Southern Alberta. 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).

For further information please contact:

Hansine Ullberg, 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 Proceeding 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 Proceeding), 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; pandemics, 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.