



## Maxim Power Corp. Announces 2019 Fourth Quarter Financial and Operating Results

**CALGARY, Alberta (March 19, 2020)** – Maxim Power Corp. ("MAXIM" or the "Corporation") (TSX: MXG) announced today the release of financial and operating results for the fourth quarter ended December 31, 2019. The audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis ("MD&A") will be available on SEDAR and on MAXIM's website on March 19, 2020. All figures reported herein are Canadian dollars unless otherwise stated.

### FINANCIAL HIGHLIGHTS

<i>(\$ in thousands except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
<b>Revenue</b>	\$ 4,972	\$ 9,755	\$ 28,335	\$ 19,744
<b>Net income (loss)</b>	(2,173)	8,833	(5,850)	4,377
<b>Net income (loss) per share – basic and diluted</b>	\$ (0.04)	\$ 0.17	\$ (0.11)	\$ 0.08
<b>Total debt</b>	\$ 49,001	\$ -	\$ 49,001	\$ -
<b>Total assets</b>	\$ 225,274	\$ 172,188	\$ 225,274	\$ 172,188

### OPERATING RESULTS

Revenue in fourth quarter of 2019 decreased primarily due to decreased generation volumes. Milner generated 74,181 MWh of electricity in the fourth quarter of 2019, as compared to 146,550 MWh in 2018. Net loss increased in the fourth quarter of 2019 when compared to the same period in 2018. This variance is primarily due to recognizing deferred tax assets in 2018 and the same factor impacting revenue.

Revenue in 2019 increased primarily due to increased generation volumes as a result of a full year of operations at Milner versus seven months of operations in 2018 due to unfavorable power market conditions. Milner also benefited from increased generation capacity under natural gas-only operation and improved reliability. Milner generated 442,916 MWh of electricity in 2019, as compared to 304,711 MWh in 2018. Net loss increased in 2019 when compared to income in 2018. The change in this financial measure was primarily due to the recognition of deferred tax assets in 2018, partially offset by realized gains on commodity risk management activities, increased revenue from a full year of operations at Milner and lower depreciation in 2019.

### MILNER 2 ("M2") DEVELOPMENT PROJECT

During 2019 MAXIM made significant progress on the construction of its 204 MW natural gas-fired power plant at its H.R. Milner site ("M2"). Construction of M2 is approximately 93% complete as of the date of this press release. MAXIM believes strongly that this asset will be a top performing facility in its class in the Alberta market. MAXIM currently estimates that total capital expenditures to construct M2, excluding borrowing costs, will be \$147 million and currently anticipates that M2 will commence commercial operations late in the second quarter of 2020. MAXIM is closely monitoring the potential effects of recent disruptions caused by the novel coronavirus (COVID-19) on M2, including as it relates to access to products, services and labour and other relevant market and economic conditions, which may affect M2, including construction costs and timing of commercial operations thereof. MAXIM has the option in the future to increase the capacity of the facility to approximately 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 December 19, 2019, MAXIM announced that it entered into a credit agreement with ATB Financial ("ATB") for a thirty-five month term that provides for senior debt financing of up to \$44 million to support financing requirements of M2, plus a cash collateralized letter of credit facility of \$8 million to replace MAXIM's current outstanding letters of credit for equal amounts. The loan provides for the financing of M2 under three credit facilities. The Corporation is able to borrow up to \$30 million under a construction loan that has a term of thirty-five months with an amortization requirement of ten years commencing when construction of M2 is complete. The Corporation is also able to borrow up to \$10 million under a revolving credit facility for the construction of M2. Upon completion of construction of M2, this revolving facility will become available for general corporate purposes and the Corporation will be able to access a second revolving credit facility to finance certain short-term working capital requirements up to \$4 million.

During 2019, MAXIM announced that it entered into, amended and subordinated credit agreements with two related parties, Alpine Capital Corp. and Prairie Merchant Corporation, that collectively provide for up to \$75 million to fully fund the construction and development of M2. Alpine Capital Corp. is a company majority owned by M. Bruce Chernoff, a director, Chairman and significant shareholder of the Corporation and Prairie Merchant Corporation is a company owned and controlled by W. Brett Wilson, a director and significant shareholder of MAXIM. The loan is convertible at \$2.25 per share and bears interest at 12% per annum. It is a revolving, secured, credit facility that is subordinated to the ATB credit facilities. The term of the convertible loan ends upon repayment of the ATB credit facilities.

## **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.

## **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 plus 1.5%, will occur in the middle of 2021. On December 3, 2019, the AESO made application to the AUC seeking a Review and Variance of an AUC decision that, if approved, would enable the AESO to pursue year-by-year settlement of the historic period with first payments issued as early as the third quarter of 2020. MAXIM does not anticipate the AUC to rule on the Review and Variance application until the end of the second quarter of 2020.

## About MAXIM

Based in Calgary, Alberta, MAXIM is an Alberta focused independent power producer which currently owns and operates a 150 MW power plant near Grande Cache, Alberta. Milner is nearing the end of its life under federal climate change regulations and is being replaced by M2 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](http://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.