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Maxim Power Corp. Announces 2016 Financial and Operating Results

CALGARY, Alberta (March 16, 2017) – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the fourth quarter and year ended December 31, 2016. The audited consolidated financial statements, accompanying notes and Management Discussion and Analysis ("MD&A") will be available on SEDAR and on MAXIM's website on March 16, 2017. All figures reported herein are Canadian dollars unless otherwise stated.

The Financial Highlights below include the results from Comax France S.A.S. ("COMAX") to December 2, 2016, the date the segment was sold, and Maxim Power (USA), Inc. ("MUSA") to December 31, 2016, both of which are recorded as discontinued operations in MAXIM's financial statements. Refer to MAXIM's audited consolidated financial statements and MD&A for further details.

FINANCIAL HIGHLIGHTS

	Three Months Ended December 31		Twelve Months Ended December 31	
	2016	2015	2016	2015
<i>(\$ in thousands except per share amounts)</i>				
Revenue	\$ 21,149	\$ 32,792	\$ 94,558	\$ 123,045
Adjusted EBITDA ⁽¹⁾	(2,878)	8,219	2,232	19,501
Net loss attributable to shareholders	(17,411)	(65,155)	(53,800)	(77,418)
Per share – basic and diluted	\$ (0.32)	\$ (1.20)	\$ (0.99)	\$ (1.43)
FFO ⁽¹⁾	(3,367)	4,444	(6,507)	10,263
Per share - basic and diluted	\$ (0.06)	\$ 0.08	\$ (0.12)	\$ 0.19
Net Generation Capacity (MW) ⁽²⁾	603	778	603	778
Average Alberta market power price (\$ per MWh)	\$ 22.03	\$ 21.19	\$ 18.28	\$ 33.34
Average Milner realized power price (\$ per MWh)	\$ 34.58	\$ 22.52	\$ 30.23	\$ 64.33
Average Northeast US realized power price (US\$ per MWh)	\$ 47.22	\$ 41.83	\$ 41.44	\$ 61.85

(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") 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. Funds from operating activities before changes in working capital ("FFO") is provided to assist management and investors in determining the Corporation's cash flows generated from operations before the cash impact of working capital fluctuations. Adjusted EBITDA and FFO do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

(2) 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 fourth quarter of 2016, revenue decreased primarily as a result of the sale of COMAX closing on December 2, 2016. Adjusted EBITDA decreased primarily as a result of a prior year sale of SO₂ environmental credits in the Canadian segment, which did not recur in 2016, and an increase in costs related to strategic alternatives in 2016 in addition to the lower revenues noted

above. FFO decreased primarily from lower revenues and an increase in costs related to strategic alternatives in the current year. Net loss attributable to shareholders was negatively impacted by all of these factors, however was lower in 2016 primarily due to impairments recognized in the Canadian segment in the prior year.

On a year-to-date basis, revenue, adjusted EBITDA and FFO have decreased and net loss attributable to shareholders improved when compared to 2015. The decrease in revenue is primarily due to lower Alberta pool prices, lower realized Northeast U.S. power price and the sale of COMAX as noted above. In addition to these unfavorable revenue items, amounts owing relating to the FERC Settlement Agreement, a prior year sale of SO2 environmental credits and an increase in costs related to strategic alternatives have caused a decrease in adjusted EBITDA and FFO. Net loss attributable to shareholders was lower in 2016 primarily due to impairments recognized in the Canadian segment in the prior year, partially offset by the unfavorable factors noted above.

AGREEMENT TO SELL COMAX

As previously reported on December 2, 2016, the Corporation announced that it had closed the sale of 100% of its ownership interest in COMAX to Vine Luxembourg SARL ("Vine"), an affiliate of Basalt Infrastructure Partners LP, for immediate net sales proceeds of approximately €17 million after accounting for debt and transaction costs. The agreement with Vine provides for a contingent payment of up to a further €6 million upon certain future events occurring. MAXIM will advise going forward, as applicable, on developments related to receipt of this contingent consideration.

AGREEMENT TO SELL MUSA

As previously reported on December 23, 2016, the Corporation announced that it had entered into an agreement to sell 100% of its ownership interest in its wholly-owned subsidiary MUSA to an affiliate of Hull Street Energy, LLC, ("Hull Street Energy") for an implied enterprise value of \$106 million USD inclusive of anticipated working capital. Net proceeds to MAXIM after accounting for debt and transaction costs are anticipated to be \$84 million USD. MUSA is MAXIM's wholly-owned subsidiary that owns and operates MAXIM's five natural gas-fired electric generation facilities in the United States. These facilities have an aggregate generating capacity of 446 MW. The transaction is anticipated to close during the first quarter of 2017, subject to all applicable regulatory approvals, completion of the buyer's financing, receipt of third party consents and the satisfaction of other closing conditions customary for a transaction of this nature.

STRATEGIC REVIEW

As previously announced on November 10, 2016, the Corporation commenced consideration of various strategic and financing alternatives potentially available to MAXIM in relation to its investments in the United States and Canada. Following the agreement to sell MUSA, MAXIM currently owns and operates 156 MW of generating capacity in Canada. MAXIM also has permitted power generation development projects totalling up to 996 MW (refer to Growth Initiatives section below) and a permitted metallurgical coal development project in Alberta. MAXIM will provide updates as these considerations progress.

ALBERTA UTILITIES COMMISSION ("AUC") LOSS FACTOR DECISION

On September 28, 2016 the AUC asserted its position through Decision 790-D04-2016 (the "Decision") on several preliminary matters related to remedy under Module C of Milner Power Inc.'s ("Milner") complaint relating to the Alberta Electric System Operator ("AESO") Line Loss Rule. The Decision confirmed, among other things, that the AUC's proceedings will establish compensation to Milner that will include an interest provision at the Bank of Canada Bank Rate

plus one and one half percent, and that parties will not be compensated for their cost of participating in the proceedings. MAXIM estimates that overpayments of \$42.0 million were made by Milner to the AESO over the period from January 1, 2006 to December 31, 2016. In recognition of the possibility of delays in determining the final remedy to Milner, Milner applied to the AUC on November 9, 2016 for interim relief. As at the date of this press release, the implementation date of the new rule under Module B and the amount and timing of compensation under Module C cannot be determined.

ALBERTA POWER PRICE RISK MANAGEMENT

MAXIM is continuing its hedging strategy at M1. As previously reported, the Corporation entered into firm financial swaps for a 100 MW of Alberta power at M1 for a fixed price commencing July 1, 2016 and expiring December 31, 2016. During 2016, the Corporation realized a \$6.3 million gain on these swaps. In the fourth quarter of 2016, the Corporation entered into firm financial swaps netting 75 MW in the first quarter of 2017. As at the date of this press release, the Corporation does not have any financial swaps beyond March 31, 2017.

GROWTH INITIATIVES

MAXIM has four electrical generating development projects in Alberta totalling 996 MW of capacity. These projects are at various stages of the permitting phase, with 796 MW having AUC permits and the remainder in various stages of development. The Corporation is currently evaluating the recently announced market transition in Alberta which, among other things, would shift Alberta's "energy only" power market to a "capacity market" by 2021. MAXIM has not made any definitive commitments to the timing or certainty of advancing development of these projects. MAXIM intends to evaluate its plans for these projects as clarity develops for the Alberta market.

MAXIM also owns a metallurgical coal development initiative located north of Grande Cache, Alberta that in turn owns metallurgical coal leases for M14 and M16S ("SUMMIT"). 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 not made any definitive commitments to the timing or certainty of advancing development of this project.

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 7 power plants in Alberta and the United States, having 603 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.

For further information please contact:

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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.