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## Maxim Power Corp. Announces 2016 Second Quarter Financial and Operating Results

**CALGARY, Alberta (August 10, 2016)** – Maxim Power Corp. ("MAXIM" or the "Corporation") announced today the release of financial and operating results for the second quarter ended June 30, 2016. 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 10, 2016. All figures reported herein are Canadian dollars unless otherwise stated.

### FINANCIAL HIGHLIGHTS

(\$ in thousands except per share amounts)	Three Months Ended June 30		Six Month Ended June 30	
	2016	2015	2016	2015
<b>Revenue</b>	\$ 11,613	\$ 23,027	\$ 49,831	\$ 70,548
<b>Adjusted EBITDA <sup>(1)</sup></b>	(3,199)	7,025	2,347	13,621
<b>Adjusted net income (loss) <sup>(1)</sup></b>	(8,579)	18	(16,588)	(6,135)
<b>Per share – basic and diluted</b>	\$ (0.16)	\$ -	\$ (0.31)	\$ (0.11)
<b>Net income (loss) attributable to shareholders</b>	(8,348)	2,581	(16,357)	(3,346)
<b>Per share – basic and diluted</b>	\$ (0.15)	\$ 0.05	\$ (0.30)	\$ (0.06)
<b>FFO <sup>(2)</sup></b>	(4,054)	3,455	1,295	8,440
<b>Per share - basic and diluted</b>	\$ (0.07)	\$ 0.06	\$ 0.02	\$ 0.16
<b>Electricity Deliveries (MWh)</b>	41,264	123,636	265,312	361,685
<b>Net Generation Capacity (MW) <sup>(3)</sup></b>	778	778	778	778
<b>Average Alberta market power price (\$ per MWh)</b>	\$ 15.00	\$ 57.22	\$ 16.55	\$ 43.20
<b>Average Milner realized power price (\$ per MWh)</b>	\$ 19.95	\$ 143.14	\$ 20.86	\$ 88.75
<b>Average Northeast US realized power price (US\$ per MWh)</b>	\$ 32.42	\$ 50.27	\$ 43.23	\$ 114.22

(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 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 2016, revenue, adjusted EBITDA, adjusted net income, net income attributable to shareholders and FFO have decreased in the second quarter of 2016 when compared to 2015. The decrease in these financial measures is primarily due to lower Alberta power prices. Aside from revenue and adjusted EBITDA, these financial measures were partially offset by lower costs related to the restructuring of Alberta operations in the prior year.

On a year-to-date basis, revenue, adjusted EBITDA and FFO have decreased and adjusted net loss and net loss attributable to shareholders increased in the first half of 2016 when compared to 2015. The changes in these financial measures are primarily due to the same factor impacting the second quarter and lower realized Northeast U.S. power prices in the first quarter of 2016. In addition, aside from revenue, the unfavourable movement in these financial measures was partially offset by favourable ongoing impacts of cost cutting initiatives implemented in the second quarter of 2015.

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

On July 21, 2016, the district court ruled on the procedures to be followed in the FERC civil action against the Corporation. The court determined that the action would proceed as a trial de novo subject to the federal rules of civil procedure applicable in an ordinary civil action. The court further determined that the Corporation has a legitimate need for appropriate discovery and directed the Corporation and FERC to develop a discovery plan for the court's approval. The court also denied the Corporation's motion to dismiss the matter.

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

On July 8, 2016, MAXIM's France operating segment secured debt financing of \$1.5 million (€1.0 million) for the completion of the Mirail renovation project. The terms of the loans are favorable with leveraging at 88% of the total project investment and a fixed interest rate of 2.45%. The total cost of the project is expected to be \$1.7 million (€1.2 million).

## **ALBERTA POWER PRICE RISK MANAGEMENT**

On June 28, 2016, the Corporation entered into firm financial swaps for a 100 MW of Alberta power at the Milner generating facility ("M1") for a fixed price commencing July 1, 2016 and expiring December 31, 2016. This allowed the Corporation to resume the economic generation of electricity at M1. The plant staff, which were temporarily laid off in March 2016, were brought back to the plant to resume operations.

## **INTERIM CHIEF EXECUTIVE OFFICER ("CEO")**

On June 2, 2016, the Corporation announced that Mr. John R. Bobenic is no longer serving as CEO of the Corporation. Mr. M. Bruce Chernoff, Chairman of the Board of the Corporation, will be serving as Interim CEO.

## **FRANCE'S ENERGY POLICY**

On May 28, 2016, the French government announced that it will be discontinuing the contract renewal process for cogeneration electricity produced and sold to Electricité de France. This discontinuation has no impact to existing contracts or on planned renovations for 2016 to 2018 as certificates for these renovations were obtained before May 28, 2016. The French government is finalizing its energy policy and the terms of the new contracts for cogeneration electricity generation. As of the date of this press release, market participants do not have visibility to the terms of the new contracts and as such, the impact in 2019 and beyond is not yet determinable.

## **GROWTH INITIATIVES**

MAXIM is well positioned with growth initiatives to respond to the shift in the anticipated composition of the generation capacity in Alberta, which is driven by the direction of climate policy from the Government of Alberta.

The Corporation is actively developing and has received regulatory approval to construct and operate Milner Expansion ("M3"). M3 adds 86 MW to M1, increasing it to 236 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. Total emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particulates at the M1 site will decrease compared to running the existing M1. M3 will be the lowest cost per installed kW project in MAXIM's Alberta development portfolio and potentially one of the most competitive coal to natural gas conversion projects in Alberta.

In addition, MAXIM is advancing development of the Buffalo Atlee wind power project to participate in the anticipated renewable requests for proposals by the Alberta Electric System Operator in late 2016. 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.

The Corporation is also maintaining the option to advance the Milner Expansion 2, a 520 MW natural gas-fired combined cycle generation facility and Deerland Peaking Station, a 190 MW natural gas-fired peaking facility. The Corporation believes advancement of these projects will occur in the future due to the likely event that additional generating capacity will be required to replace retiring coal-fired units and provide support as intermittent renewable generation is added to the system.

### **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).

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.