



ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2016

March 16, 2017

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FOREIGN EXCHANGE

In this Annual Information Form ("AIF"), unless otherwise specified, all references to "dollars" or to "\$" are to Canadian dollars and all references to "US dollars" or to "US\$" are to United States dollars. The closing, low, high and average rates for the US dollar at the end of each of the three years ended December 31 are expressed as the number of US dollars required to purchase one Canadian dollar. These exchange rates are based on those published on the Bank of Canada's website, as follows:

	Year ended December 31,		
	2016	2015	2014
Rate at end of period	0.7448	0.7227	0.8620
Average rate during period	0.7545	0.7820	0.9053
High	0.7972	0.8527	0.9399
Low	0.6854	0.7148	0.8579

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements that are not historical in nature and are forward-looking statements. These forward-looking statements include statements relating to our plans, strategies, objectives, expectations, intentions, resources, pending and proposed projects and business activities. All statements other than statements of historical fact may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "anticipate", "could", "expect", "might", "plan", "project", "predict", "potential", "may", "will", "should", "believe", "estimate", "forecast" and "intends". Such statements are subject to certain known and unknown risks, uncertainties and assumptions pertaining to the ability of Maxim Power Corp. ("MAXIM" or the "Corporation") to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, power plant availability, competitive factors in the power industry and prevailing economic conditions in the regions in which the Corporation operates. Such risks, uncertainties and assumptions may cause actual results to differ materially from those in forward-looking statements. We believe that the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These statements speak only as to the date of this document.

In particular, this document contains forward-looking statements pertaining to the following:

- projections of future revenues;
- future capital expenditure programs;
- projections of market prices and fuel supply costs;
- expectations regarding the cost of capital and the ability to raise capital;
- projections of cost savings; and
- treatment under Governmental regulatory regimes.

Actual results could differ materially from those expressed or implied in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this document:

- operational risk relating to the Corporation's facilities;
- estimates for fuel supply and costs, power prices and sector activity levels;
- changes to the regulatory environments in the jurisdictions in which the Corporation operates;
- counterparty credit risk of non-performance;
- competition for, among other things, capital, acquisitions and skilled personnel;
- assessments of development projects, acquisitions, and divestitures;
- industry risk including demand for electricity and increased competition;
- volatility in foreign exchange or interest rates; and
- the other factors discussed under the Risk Factors section of this AIF.

These factors should not be construed as exhaustive. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. MAXIM does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

CORPORATE STRUCTURE

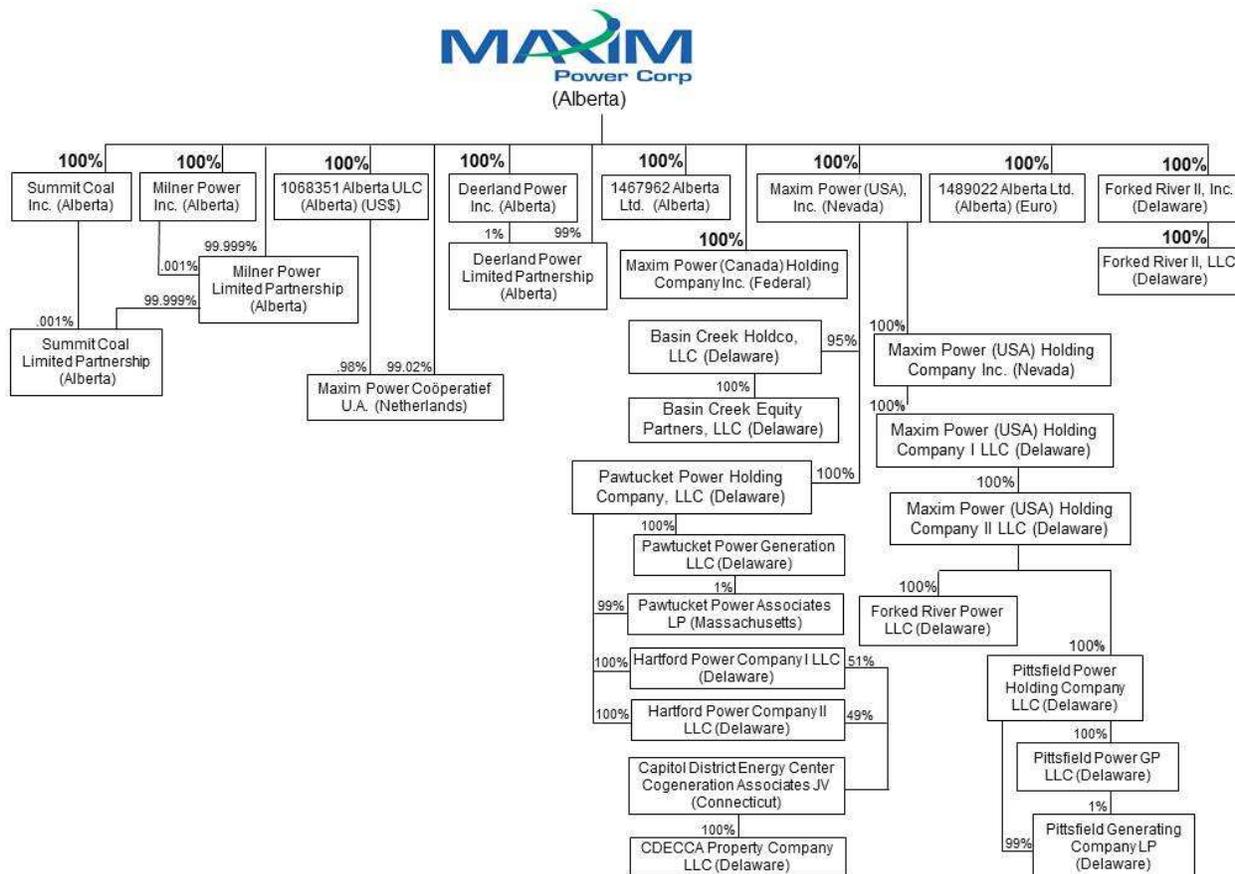
General

The Corporation was formed on March 2, 2010 pursuant to the laws of Alberta upon the amalgamation of Maxim Power Corp. and 1494423 Alberta Ltd. and the subsequent amalgamation on such date of such amalgamated company with EarthFirst Canada Inc. The Corporation is a reporting issuer in the provinces of Alberta, British Columbia and Ontario. The Common Shares are listed for trading on the Toronto Stock Exchange under the trading symbol "MXG".

The head, principal and registered office of MAXIM is located in Calgary, Alberta, at Suite 1210, 715 - 5th Avenue S.W., Calgary, Alberta T2P 2X6.

Intercorporate Relationships

The following diagram sets out the inter-corporate relationships among MAXIM and each of its material direct and indirect subsidiary entities, including the jurisdiction of incorporation or formation of each such entity and the percentage of votes of each class of securities of each such entity owned, controlled or directed by MAXIM as at the date hereof. On December 23, 2016, MAXIM announced that it had entered into an agreement with respect to the sale of Maxim Power (USA), Inc. ("MUSA"). As at the date hereof, this transactions has not been completed (See Business and Properties – Recent Developments on page five):



BUSINESS AND PROPERTIES

Business of MAXIM

MAXIM is an Independent Power Producer ("IPP") engaged in the acquisition and development, ownership and operation of power generation facilities and the resultant sale of generating capacity and electricity energy.

MAXIM's business is currently focused on power projects that are up to 550 MW in size and those which utilize natural gas for fuel.

At December 31, 2016, MAXIM had seven power plants in Alberta and the United States, having 603 MW of electric generating capacity. Of the seven plants, all five plants in the United States, with generating capacity of 446 MW are currently pending sale.

General Development of the Business

In 2017, MAXIM intends to continue its IPP strategy through the advancement of its development initiatives comprised of the expansion and development of power generation facilities in the Alberta, including the Milner expansions and Buffalo Atlee, Deerland Peaking Station ("Deerland") projects, as well as Summit Coal ("Summit"), a metallurgical mine development project. Supply and demand for electricity, reserve margins, tariff structures, and the regulatory environment will be key fundamental factors in determining the pace at which MAXIM will pursue opportunities.

Recent Developments

2017

On February 6, 2017, the Corporation received the approval of its shareholders for the previously announced sale by MAXIM of its wholly-owned subsidiary, MUSA, to an affiliate of Hull Street Energy, LLC., which encompasses substantially all of MAXIM's assets. The sale of MUSA was approved by approximately 99.6% of the common shares voted at the special meeting of shareholders. The sale of MUSA is anticipated to close during the first quarter of 2017, subject to receipt of all applicable regulatory approvals, completion of the buyers financing, third party consents and the satisfaction of other closing conditions customary for a transaction of this nature.

Changes in the Business 2014 – 2016

2016

On December 23, 2016, the Corporation 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, for an implied enterprise value of US\$106.0 million inclusive of anticipated working capital. Net proceeds to MAXIM after accounting for debt and transaction costs are anticipated to be US\$84.0 million.

MUSA sale proceeds will be held by MAXIM for strategic corporate purposes, including providing the potential opportunity for MAXIM to invest in new projects in Alberta's power market which is expected to undergo significant reforms in the coming years.

On December 2, 2016, the Corporation closed the sale of 100% of its interest in COMAX France S.A.S. and its parent MAXIM Power B.V. to Vine Luxembourg SARL, an affiliate of Basalt Infrastructure Partners LP, for €47.1 million including the assumption of €23.4 million of net debt resulting in sales proceeds of €23.7 million, €6.0 million of which is contingent on certain future events. These events include the French government finalizing its energy policy and the terms of new contracts for cogeneration electricity generation in France. As of the date hereof, any potential new regulations have not been announced.

The immediate sales proceeds from the sale of COMAX France S.A.S. of approximately €17.7 million were used to reduce net debt in MAXIM's North American operations and fund transaction costs. Upon closing this transaction, the borrowing limit on MAXIM's Canadian bank facilities was reduced from \$25.0 million to \$13.5 million.

On November 23, 2016 the Government of Alberta ("GoA") announced its plan to transition Alberta's energy-only market to a capacity market structure. The capacity market will help to ensure that there is sufficient supply adequacy as over 6,000 MW of coal generation retires by 2030. The new market structure is expected to reduce price volatility while compensating power plant owners with monthly capacity payments for making their capacity available in the energy and ancillary services market. The Alberta Electric Systems Operator ("AESO") is engaging stakeholders in determining the design and implementation of the capacity market is expected to conduct the first auction in 2019 with a contract delivery year targeted for 2021. The AESO has suggested they will need new capacity in 2021.

On September 28, 2016, the Alberta Utilities Commission ("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 AESO Line Loss Rule. The Decision confirms the Corporation's view that the AUC's proceedings will establish compensation to Milner that will include an accounting for the time value of money. The Corporation estimates that overpayments of approximately \$42.0 million were made by Milner to the AESO for the period January 1, 2006 to December 31, 2016, based on calculations established by information currently available on the public record. As at December 31, 2016, the implementation date of the new rule under Module B and the amount and timing of compensation under Module C cannot be determined.

On September 26, 2016, the Corporation announced that the Federal Energy Regulatory Commission ("FERC") issued an order approving a Stipulation and Consent Agreement ("Settlement Agreement") that resolves and closes all matters alleged in the Staff Notice of Alleged Violations issued in November of 2014. The Settlement Agreement resolves three investigations conducted by the FERC Office of Enforcement, all claims and allegations arising from these investigations, and FERC's lawsuit captioned FERC v. Maxim Power Corporation et. al. No. 3:15-cv-30133-MGM (D. Mass.) relating to one of the investigations. Pursuant to the Settlement Agreement, MAXIM neither admits nor denies any of the violations alleged by FERC. MAXIM has agreed to make settlement payments of US\$4.0 million for a civil penalty and US\$4.0 million in disgorgement, payable in three equal installments over a two-year period.

On March 23, 2016, as a result of record low Alberta power prices, which have undermined profitability for a prolonged period, the Corporation had made the decision to dial down operations at HR Milner ("M1") and temporarily suspend generation. On June 29, 2016, the Corporation resumed the generation of electricity at M1 as it was determined that it was economic to do so through fixed price firm commodity swaps for Alberta Power.

During the second half of 2016, the Corporation realized \$6.3 million in gains on commodity swaps for Alberta Power. Including these gains, M1 realized an average price of \$30.23 per MWh during the quarter, which is a 61% premium to the \$18.28 settled spot price in Alberta over the same time frame. These commodity swaps and M1's existing coal inventory at site allowed M1 to realize positive cash-flows during the second half of the year. As at the date of this report, the Corporation has sold a net 75 MW of fixed price Alberta power from January 1, 2017 until the March 31, 2017 of fixed price Alberta power at a price of approximately \$31 per MWh.

2015

In 2015, the Corporation continued to respond to the FERC inquiry that commenced in the latter part of 2013. On July 1, 2015, FERC filed a petition seeking a court order to affirm civil penalties of US\$5.0 million against the Corporation related to certain offers to supply electricity during July and August of 2010. On September 4, 2015, MAXIM filed its motion to dismiss FERC's petition. On September 25, 2015, FERC filed its opposition to MAXIM's motion to dismiss. On December 17, 2015 MAXIM and FERC appeared before the court for oral argument on the motion to dismiss.

On November 26, 2015, the AUC rendered its decision on Module B of Phase 2 of the line loss rule and directed the 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. 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.

On November 22, 2015, the Government of Alberta announced its Climate Leadership Plan. This Plan recommended that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy. By 2030, the Province targeted to have renewable sources such as wind and solar account for up to 30% of Alberta's wholesale power market.

On November 12, 2015, the Corporation received approval to construct and operate the Milner expansion project ("M3") from Alberta Environment and Parks. M3 is an 86 MW natural gas-fired cogeneration power plant to be located adjacent to MAXIM's existing M1 facility.

On October 30, 2015, the Corporation entered into an agreement to sell emissions credits used to offset the production of sulphur dioxide ("SO2 Credits") for \$5.5 million. The agreement subsequently closed on November 3, 2015. The SO2 Credits had a carrying value of \$nil and as such, the proceeds of \$5.5 million were recognized as a gain in the fourth quarter of 2015.

On June 25, 2015, the Government of Alberta amended the Specified Gas Emitters Regulation ("SGER"). The price for emission fund credits increased from \$15 per tonne of carbon dioxide ("CO2") to \$20 per tonne on January 1, 2016 and will increase to \$30 per tonne on January 1, 2017. Over that same period, intensity reduction stringencies, which require lowering production of CO2 relative to a baseline, will now be 15% below baseline as of January 1, 2016, increasing to 20% on January 1, 2017.

On June 18, 2015, MAXIM entered into a termination and mutual release agreement that cancels the terminal services agreement ("TSA") between Ridley Terminals Inc.'s and MAXIM's wholly owned subsidiary, Summit. The TSA was entered into on December 9, 2011 and provided Summit with capacity at Ridley Terminals to ship coal through this port for a period of ten years. Pursuant to the termination agreement, MAXIM forgoes certain benefits under the TSA, including a deposit, while eliminating future commitments of \$63.2 million.

In May 2015, the Corporation implemented measures to reduce costs at M1. The Corporation reduced its fuel costs by terminating a coal supply agreement that was set to expire in December 2015 and by entering into a new short-term agreement with another coal supplier for lower-priced thermal coal.

On May 5, 2015, MAXIM entered into an amended and restated credit agreement with the Bank of Montreal ("BMO") that provided a \$40.0 million revolving credit facility in two tranches. Under the first tranche, MAXIM can borrow up to \$25.0 million subject to the book value of the Corporation's Canadian accounts receivable balance and property, plant and equipment. Under the second tranche, MAXIM can borrow up to \$15.0 million, under the same terms of the first tranche, and subject to twelve month trailing earnings before interest, taxes, depreciation and amortization ("EBITDA") being equal to or greater than \$15.0 million and MAXIM being in compliance with all financial covenants for a minimum of two consecutive quarters.

On April 16, 2015, MAXIM closed the sale of its 2012 and 2013 Emission Performance Credits, for a total cash consideration of \$3.4 million, resulting in a nominal gain on sale.

On February 12, 2015, the AUC approved MAXIM's application to construct and operate the M3. M3 is an 86 MW natural gas-fired cogeneration power plant to be located adjacent to MAXIM's existing M1 facility. This expansion will increase the generating capacity at M1 from 150 MW to 236 MW.

On February 4, 2015, the ISO-New England ("ISO-NE") announced the conclusion of the Forward Capacity Market auction (FCA 9). The amount paid to existing power system resources commencing in June 2018 will be US\$9.55/kW per month for the Capital District Energy Centre Cogeneration Associates power plant ("CDECCA") and the Pittsfield Generating Company L.P. ("Pittsfield") and US\$11.08/kW per month for the Pawtucket facility ("Pawtucket"), which represents an increase of 198% and 245% respectively, from the rate of US\$3.209/kW per month from June 2014 to May 2015.

On January 14, 2015, Alberta Environment and Sustainable Resource Development approved MAXIM's application to recognize 115,237 tonnes of emission performance credits ("Emission Performance Credits") pertaining to Alberta's Greenhouse Gas Reduction Program, which were generated by MAXIM in 2013. MAXIM has estimated the value of these Emission Performance Credits to be up to \$14.15 per tonne. These Emission Performance Credits provide a future benefit to MAXIM as they can be sold in the Alberta emissions market or used as an offset against greenhouse gas emissions from coal-fired generation.

2014

In 2014, the Corporation continued to respond to the FERC inquiry that commenced in the latter part of 2013. On November 3, 2014, FERC issued a Notice of Alleged Violations concerning the Office of Enforcement inquiry.

On July 17, 2014, the Corporation closed the sale of its wholly-owned subsidiary, MAXIM Power (B.C.) Inc., to Village Farms International Inc., for a total cash consideration of \$5.2 million, which included working capital closing adjustments. MAXIM Power (B.C.) Inc. owned and operated the Vancouver Landfill Power Project, a 7.4 MW electrical and 9.1 MW thermal energy landfill gas cogeneration project in Delta, BC.

On June 4, 2014 the AUC approved MAXIM's application to convert the fuel source for M2 from coal to natural gas and to increase the generating capacity of the proposed expansion from 500 MW to 520 MW.

On April 16, 2014, the AUC upheld the complaint made by the Corporation that the current AESO Line Loss Rules contravene the Transmission Regulation are unjust, unreasonable, unduly preferential, arbitrarily or unjustly discriminatory and inconsistent with or in contravention of the 2003 Electric Utilities Act (AUC Decision 2014-110).

Significant Acquisitions

There were no significant acquisitions by the Corporation or any significant probable acquisitions by the Corporation within, or since the completion of, the most recently completed financial year of the Corporation.

Business Strategy and Objectives

MAXIM's business strategy is to capitalize on opportunities in the independent power market, primarily through an active program of acquisition and development of power plants. In 2016, the Corporation began focusing on improving its liquidity and on Canadian operations which has resulted into the sale of COMAX S.A.S. and pending sale of MUSA. The key elements of MAXIM's strategy include the following:

- actively pursuing the acquisition and development of power projects that are generally up to 550 MW in size with exceptions for opportunities which offer multiple, standardized or replicable projects within a certain geographic area;
- focusing primarily on geographic area of Canada subsequent to the completion of the pending sale of MUSA;
- developing projects by aggregating the necessary elements such as commercial arrangements, technology and financial capital to obtain satisfactory rates of returns; and
- maintaining competitive advantages through the utilization of commercially proven technologies for burning carbon-based fuel; leveraging its capabilities through strategic relationships; optimizing its capital structure to realize the lowest cost of capital, and establishing and maintaining business processes to support efficient and effective capital deployment and asset optimization.

MAXIM "aggregates" the required elements of projects that include long-term, contracted commercial arrangements (power purchase arrangement's and fuel supply agreements), capital and technology to provide an energy solution for customers. MAXIM seeks to deliver creative energy solutions to customers largely under wholesale and bilateral contract arrangements. Target customers are typically industrial/commercial, load serving entities, and intermediaries such as government sponsored power pools.

MAXIM's business model is built around the functional competencies (a "competency-based approach") required to assess power markets, identify project related opportunities and allocate capital to power projects which deliver the best risk adjusted returns. MAXIM achieves competitive advantage through optimizing each of the business model elements.

MAXIM's human capital is a management team that has the necessary experience to identify markets and develop project opportunities therein. The assessment of customers' energy needs and the solutions that satisfy those needs requires a combination of technical, commercial and financial skills. MAXIM's organizational structure encompasses the necessary functional skill-sets to aggregate the elements of successful power projects. These key skill-sets are operations, corporate development, corporate services and finance. By continuously improving its business processes, MAXIM seeks to ensure that human and financial capital are effectively allocated to maximize shareholder returns.

MAXIM must access financial capital to acquire or develop energy solutions which have long-term economic lives. The business model is capital intensive and at times, capital can be scarce. Accordingly, MAXIM employs a capital allocation model which is critical to ensuring that project and corporate returns are maximized and risks are appropriately managed.

MAXIM sources the appropriate technology, usually reciprocating engines, gas or steam turbines, for conventional generation and cogeneration. The market for the supply of these technologies is well developed and competitive.

Deregulation in the power industry has eliminated the traditional barriers to entry and is allowing IPPs, such as MAXIM, to invest in power generation capacity. In spite of weaker market fundamentals over the last few years, North American energy consumption and demand for new capacity are still projected to grow substantially over the next two decades providing new investment opportunities for IPPs.

Current Power Operations – North America

Alberta, Canada

Grande Cache, Alberta

MAXIM owns and operates M1, a 150 MW coal-fired generation facility near the town of Grande Cache, Alberta. The coal consumed by M1 is sourced as needed using current inventory and spot purchases. M1 is able to burn natural gas for up to 50% of its overall fuel requirements. Electricity produced from M1 is sold to the AESO.

Gold Creek, Alberta

Gold Creek is a waste heat energy converter generator system, and produces approximately 6.5 MW of power. The Gold Creek generation facility is currently not running, pending an increase in power prices.

Other Operations

Grande Cache, Alberta

Summit controls metallurgical coal leases in the Grande Cache area of Alberta for Summit Mine 14 and Mine 16S. Mine 14 has measured and indicated coal resources of 121 million tonnes (refer to the 2013 Technical Report which has been filed on MAXIM's profile on the SEDAR website at www.sedar.com). The resource has significant value both as a fuel source for MAXIM's existing M1 facility and for the sale of metallurgical coal. Mine 16S is located 30 kilometers northwest of Mine 14 and represents 29% of Summit's total area of coal leases. A technical report has not been prepared for M16S.

Please see **Appendix B** for a summary of the 2013 Technical Report.

United States – Operating Segment Pending Sale

Montana, USA

In April, 2005, MAXIM acquired the 55 MW Basin Creek Project ("Basin Creek"). Basin Creek provides electricity under a twenty year Capacity and Energy Sales Agreement, with an expiry date of November 2026, to Northwestern Corporation ("Northwestern") who is the default electricity supplier in the State of Montana. Basin Creek is configured with nine Caterpillar G16CM34 natural gas-fired reciprocating engines, each rated at approximately 6 MW. Caterpillar Power Generation Systems, LLC ("CPGS") operates and maintains the plant under a twenty year Operating and Maintenance Agreement. The Operating and Maintenance Agreement became effective May 16, 2006 when the plant commenced commercial operations.

Connecticut, USA

On October 1, 2006, MAXIM closed the acquisition of CDECCA, a 62 MW natural gas fired combined cycle cogeneration plant located in Hartford, Connecticut. CDECCA provides peaking energy to the New England power market. It also provides steam and chilled water to the State of Connecticut Department of Public Works under a ten year contract expiring March 2019. Like the Pawtucket and Pittsfield facilities described below, CDECCA receives forward capacity and energy payments from ISO-NE.

New Jersey, USA

On April 17, 2008, MAXIM acquired the 87 MW Forked River combustion turbine power plant ("Forked River") in Ocean County New Jersey for US\$21.1 million. This is a natural gas-fired, dual fuel capable, simple cycle facility with 2 GE Frame 6B gas turbines. In conjunction with this purchase, MAXIM entered into a ten year tolling agreement for the entire capacity of the plant with FirstEnergy Solutions Corp., which is a subsidiary of FirstEnergy Corp. and an affiliate of Jersey Central Power & Light Company, until April 2018. An agreement was also entered into with the adjacent Oyster Creek Nuclear Generating Station to provide station blackout services. Commencing in May 2018, Forked River will receive forward capacity and electricity payments in the PJM market.

Massachusetts, USA

On August 6, 2008, MAXIM completed the acquisition of Pittsfield and its 181 MW electric generating facility located in Pittsfield, Massachusetts for US\$56.3 million. Pittsfield provides peaking energy to the New England power market and receives forward capacity and energy payments from ISO-NE.

Rhode Island, USA

On November 10, 2005, MAXIM acquired Pawtucket, a 64 MW, natural gas fired combined cycle cogeneration plant located in Pawtucket, Rhode Island, USA. The plant is equipped with a GE Frame 6B Gas Turbine with water injection and an ABB Steam Turbine.

Information on MAXIM after the sale of COMAX S.A.S. and MUSA

The sale of COMAX S.A.S. and MUSA positions MAXIM to invest in generating assets in Alberta, transitioning MAXIM's business from a North America focus to an Alberta-centric focus. The GoA has made several key policy announcements since November 2015 that collectively transform Alberta's power market from a market with a strong dependence on coal-fired generation for base-load production of electricity to a market that incentivizes investment in new renewable and gas-fired generation to replace coal-fired generation by 2030. These announcements include redesigning the market structure to attract the estimated \$20 to \$30 billion of investment required for this transition by the introduction of capacity payments and reduced price volatility, which in turn increases certainty for both investors and consumers.

North American Financing Arrangements

As at December 31, 2016, the Corporation has a bank facility with BMO comprised of a \$13.5 million revolving credit facility (\$40.0 million – December 31, 2015). Total borrowings under this facility are not to exceed the sum of 90% of the book value of the Corporation's Canadian accounts receivable balance and 50% of the book value of the Corporation's North American PP&E. The borrowing limit at December 31, 2016 was \$13.5 million. As at December 31, 2016, the carrying amount of the loan was \$nil (December 31, 2015 - \$nil) and MAXIM has issued letters of credit of \$12.5 million (December 31, 2015 - \$11.4 million) on the facility. The amount available to draw against this facility at December 31, 2016 was \$1.0 million (December 31, 2015 - \$13.6 million). The facility matures on April 30, 2017.

As at December 31, 2016, MAXIM breached the following financial covenants in relation to its Canadian bank facilities: Debt Service Coverage Ratio, minimum equity, interest coverage and minimum EBITDA. Management obtained a waiver for the December 31, 2016 covenant breaches from the bank subsequent to year end. Accordingly, the issued letters of credit of \$12.5 million and the \$nil drawn against this facility are unaffected by these covenant breaches as at December 31, 2016.

This credit facility bears interest based on the lenders' rates for Canadian prime commercial loans or Bankers' Acceptances rates. This facility is also subject to covenants, in particular the Corporation's borrowings are limited by six key financial covenants set forth herein: "Funded Debt to Bank EBITDA", "Debt Service Coverage Ratio", "Interest Coverage", an "Equity Limit", "Minimum EBITDA" and "Funded Debt to Capital".

The following is a summary of the ratios as calculated in accordance with the covenants as at December 31, 2016:

Net Funded Debt to Bank EBITDA not to exceed 2.00x	0x
Debt Service Coverage Ratio not less than 1.00x	(0.08)x
Interest Coverage Ratio not less than 8.00x	(32.84)x
Funded Debt to Capital not greater than 0.60	0.22x
Minimum EBITDA \$3 million	(\$3) million
Minimum Equity \$154 million	\$129 million

The Corporation has granted security, which includes a general security agreement constituting a first priority security interest on all of its present and after acquired property and assets in Canada and the U.S. (excluding the Basin Creek generation facility). Each of the Corporation's material U.S. subsidiaries has granted a limited recourse guarantee of the Corporation's obligations.

MAXIM entered into a construction and term loan agreement dated March 31, 2005 in respect to Basin Creek. On June 30, 2006, the construction and term loan balance of US\$28.0 million was converted to a term loan. The term loan has a fixed interest rate of 6.95% per annum and will mature on June 30, 2026. Quarterly principal and interest repayments began on September 30, 2006. At December 31, 2016, Basin Creek had an outstanding balance of US\$17.2 million which is currently included in the pending sale of the U.S. operating segment. Security for the loan includes a mortgage on the property, assignment of contracts and pledge of membership interest.

Segmented Revenue Details

The following table identifies each business segment's contribution to revenue:

Business Segment	2016 Revenue	2015 Revenue
	%	%
Canada	7%	16%
United States – Pending sale	59%	52%
France – Sold in 2016	34%	32%

Non-GAAP Measures

Refer to page 25 of the MD&A for information on non-GAAP Measures

Mechanics of Power and MAXIM's Power Stations

Generation, Transmission and Distribution

A typical power system is comprised of generation, transmission and distribution components. Power generating plants produce electricity by converting various forms of energy such as coal, natural gas, wind, nuclear, hydro and solar into electricity. Generating plants need to respond immediately to fluctuations in demand because of the limited ability of power systems to efficiently store electricity. The interconnection of transmission and distribution components forms a power grid, which enables electricity to be transferred from suppliers to consumers.

Seasonality and Cyclical

The business of MAXIM is cyclical due to the supply and demand of electricity which is largely impacted by weather conditions. Alberta power demand tends to be higher during winter and summer peak load months and is further affected by supply constraints such as outages at other Alberta generation facilities. Similarly, results in the Northeast U.S. tend to trend with weather based demand with higher earnings during the winter and summer peak periods versus non-peak periods.

Sources of Fuel and Operations and Maintenance Arrangements

In Alberta, M1 requires steam to operate its turbine. The Corporation manages operations at the facility, in which coal and natural gas are used to heat a boiler which produces steam. M1 sources its coal from various suppliers around Alberta on an as-needed basis. M1 is able to burn natural gas for up to 50% of its overall fuel requirements.

The Basin Creek is fuelled by natural gas and produces electricity under a tolling agreement with Northwestern that allows MAXIM to provide its generating capacity for a fixed fee. Northwestern is responsible for the purchase and delivery of natural gas required to generate power. Operation and maintenance of the plant is provided by CPGS under a twenty year Operations and Maintenance Agreement expiring in 2026 with the option to extend the agreement for an additional five to ten years.

CDECCA, Pawtucket, Forked River and Pittsfield have dual-fuel capabilities (natural gas and fuel oil) for electricity production and are operated by PurEnergy LLC. Forked River is contracted under a ten year tolling agreement for the entire capacity of the plant with FirstEnergy Solutions Corp. until 2018. Pittsfield, Pawtucket and CDECCA are currently eligible for Forward Capacity Market Payments and energy payments from ISO-NE. CDECCA also provides steam and chilled water for thermal customers.

Employees

MAXIM currently has a total of 83 full-time employees, including those at M1. This workforce is supplemented with contractors when needed. MAXIM had a collective agreement in place from January 1, 2013 to December 31, 2016 with the United Utility Workers Association covering approximately 48 employees at M1. As of the date hereof, a new agreement has not been entered into, however the Corporation is actively working to come to terms with the association.

Code of Conduct Policy

MAXIM's Code of Conduct Policy (the "Policy") was approved by the Board of Directors in March 2016.

MAXIM's principle objective in directing and managing its business and affairs is to enhance shareholder value. MAXIM directors, officers, employees and consultants aim to achieve this objective while upholding the highest level of ethical conduct and meeting responsibilities as good corporate citizens. The Policy applies to and has been adopted by MAXIM, its wholly owned subsidiaries and MAXIM-operated joint ventures and partnerships when MAXIM is responsible for the management of the entity.

The Policy emphasizes MAXIM's commitment to the highest standard of ethical conduct expected of all its directors, officers, employees and consultants in all countries in which MAXIM operates. All are responsible for complying with the Policy and its associated corporate policies and all are expected to act in a manner that will enhance MAXIM's reputation for honesty, integrity and reliability. The Policy sets out standards of behaviour expected from its officers, directors, employees and consultants, relating to compliance with laws, ethical business conduct, competition, employment practices, health, safety and environment, conflict of interest, confidential information, and fiscal integrity and responsibility. All officers, directors, employees and consultants are asked to certify annually their review of, and compliance with, the provisions contained in the Policy.

Health, Safety and Environment Corporate Management System Standards

In 2008, MAXIM introduced its amended Health, Safety and Environment ("HS&E") Management System Standards. The HS&E Management System is an organizing framework for the management of HS&E issues inherent in MAXIM's business operations. It is an integral part of the Corporation's overall business management system, and all MAXIM operations are to be conducted in a manner that protects the health and safety of our employees and all people in the communities where we operate. MAXIM is committed to providing a safe and healthy working environment and protecting the public interest with standards and programs that meet or exceed industry standards and applicable government codes, standards and regulations, in all jurisdictions in which we do business. The following principles reflect MAXIM's values towards health, safety and the environment. These principles guide the conduct of MAXIM at all levels of our organization and in all geographies.

MAXIM will:

- Hold all employees and contractors responsible and accountable for satisfying MAXIM's HS&E commitments;
- Integrate health, safety and environment management into all aspects of our business; and
- Understand the health, safety and environment impacts of our operations, and manage our business on the premise that all incidents that could result in harm to people, property or the environment can be prevented.

MAXIM's Commitment:

- Establish and maintain clearly defined safety and environmental management policies;
- Manage our operations in a safe manner by recognizing and assessing hazards and applying effective controls;
- Make safety a prime consideration in every decision made and every action taken;
- Make safe conduct a condition of employment;
- Comply with health and safety legislation and guidelines;
- Set objectives and targets in an effort to continually improve the performance of our health, safety and environmental management program;
- Identify risks and reduce the potential for accidents and emergency situations; and
- Implement emergency response plans that will protect the health and safety of workers, the public and environment.

This management system is continually monitored and periodically reviewed through a system of internal inspections and audits and external reviews.

RISK FACTORS

Readers should carefully consider the risk factors set forth below as well as the other information contained and incorporated by reference in this AIF. For a further discussion of risk factors affecting MAXIM please refer to "Risk Factors" in the MAXIM's Management Discussion & Analysis for its most recently completed financial year which has been filed on MAXIM's SEDAR profile at www.sedar.com, and which discussion is incorporated by reference herein. Investors should carefully consider the risks described below before making an investment decision relating to the Common Shares, or otherwise in MAXIM.

MAXIM's activities involve certain risks. The summary provided below describes the main risks known to MAXIM, but readers are cautioned that this list may not be exhaustive, as there may be some risks that are unknown.

General

Marketability of MAXIM's services may be affected by numerous factors, some of which are beyond the control of MAXIM. These factors include competition, demand fluctuations, price levels, the proximity, capacity, and physical properties of processing equipment and supplies and government regulation. Electricity operations (production, pricing, marketing and transportation) are, or may in the future be, subject to extensive controls and regulations imposed by various levels of government which may be amended from time to time.

Power Prices

A substantial portion of MAXIM's revenues are directly tied to the market price for electricity in the markets in which MAXIM operates. Market electricity prices are impacted by a number of factors, including: the price of fuel, the strength of the economy, the management of generation and the amount of excess generating capacity relative to load in the market. Additionally, load in the market can be materially impacted by weather conditions. As a result, future electricity prices and price volatility can have a material adverse effect on MAXIM.

Coal Supply

Based on current low power prices in Alberta there is minimal risk that there would be a material adverse effect on MAXIM if coal supply could not be procured.

Smaller Business

Subsequent to the sale of COMAX S.A.S. and prior to the sale of MUSA MAXIM's assets had production nameplate capacity of approximately 603 MW. Subsequent to the sale of MUSA, MAXIM will have production nameplate capacity of approximately 157 MW from its developed assets in Alberta. MAXIM's revenues, income generating activities and asset base will be materially smaller than prior to the sale of MUSA and, as such, MAXIM's business may be subject to increased risks related to the reduced asset base, geographic concentration and revenue generating capability. For the year ended December 31, 2016, the assets subject to the sale of MUSA and COMAX S.A.S. accounted for approximately 93% of MAXIM's consolidated revenues. Other than revenue generated from energy trading activities, MAXIM anticipates that its only revenue generating assets subsequent to the Transaction will be M1.

Industry Risks

MAXIM's continuing operations are currently subject to risks as Canada and Alberta continue to focus on phasing out coal-fired generation and moving forward on natural gas-fired generation capacity and renewable power. These risks are being mitigated with the Corporation's development projects which include converting M1 from a coal-fired to a natural gas-fired facility, including increasing the existing natural gas-fired capacity via M3 and other projects such as Buffalo Atlee, Deerland and M2.

Electric energy projects involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Corporation is dependent upon the creditworthiness and delivery obligations of its counterparties. The failure of such parties to conduct their business in accordance with contract terms and conditions could have a material negative impact on MAXIM's financial results.

The Corporation's operations are subject to the risks normally incidental to a power project's operations, including equipment malfunctions, technical risks and operational upsets. These risks have been mitigated by performance, insurance and warranty conditions in place with MAXIM's current equipment suppliers for the term of the contracts. In accordance with customary industry practice, MAXIM is not, and will not be, fully insured against all of these risks, nor is all such risks insurable.

MAXIM has exposure to market fluctuations in the demand for and price of electricity, generating capacity and thermal energy, and is exposed to the risk of operational problems with facilities and extensive government regulation relating to price, taxes, royalties, exports and many other aspects of the electric and thermal energy business. The Corporation is also subject to a variety of waste disposal, pollution control and similar environmental laws. Most of these risks are managed by well-structured contracting provisions that require MAXIM's customers to guarantee minimum demand charge payments for capacity and by the project host undertaking to supply fuel and permitting requirements. MAXIM assumes price risk for sales to the AESO and ISO-NE.

Power generation operations are subject to the risk normally encountered by companies engaged in activity utilizing mechanical and thermal-fired electricity generation techniques, including unusual and unexpected power draws, mechanical difficulties and other conditions involved in the generation of energy using these methods. Although adequate precautions to minimize risk are routinely taken, power generation operations are subject to hazards such as equipment failure or failure of power distribution systems being served which may result in service interruption. Such interruption may adversely affect the ability of MAXIM to fulfill its duties under existing power generation contracts and regulated tariffs, and may affect its ability to attract new customers. In addition, the existing power distribution system in the areas served or to be served by MAXIM may not be capable of effectively utilizing all of the power supplied by MAXIM.

MAXIM has exposure to the risk that natural gas used to power certain U.S. facilities may not be available. The Corporation mitigates this risk by using turbines with dual fuel capability. All turbines used in Northeast U.S. facilities (CDECCA, Pawtucket, Forked River and Pittsfield) may be operated using natural gas or fuel oil. When the risk for restricted access to natural gas is high, the facilities offer their electricity based on fuel oil prices to compensate for the higher cost of the alternate fuel.

MAXIM purchases its power generation equipment from third party manufacturers. The cost of future equipment purchases may be higher than currently envisaged due to unforeseen circumstances including fluctuations in currency exchange rates. Such unforeseen circumstances and currency fluctuations may have an adverse impact on MAXIM's future earnings potential.

Regulation of Industry

MAXIM's activities are subject to complex and stringent energy, environmental and other governmental laws and regulations. The construction and operation of power generation facilities require numerous permits, approvals and certificates from appropriate federal, provincial/state and local governmental agencies, as well as compliance with environmental protection legislation and other regulations. While management of MAXIM believes that it has obtained the requisite approvals for MAXIM's existing operations and that MAXIM's business is operated in accordance with applicable laws, MAXIM remains subject to a varied and complex body of laws and regulations that both public officials and private individuals may seek to enforce. Existing laws and regulations may be revised or new laws and regulations may become applicable to MAXIM that may have a negative effect on MAXIM's business and results of operations. MAXIM may be unable to obtain all necessary licenses, permits, approvals and certificates for proposed projects, and completed facilities may not comply with all applicable permit conditions, statutes or regulations. In addition, regulatory compliance for the construction of new facilities is a costly and time-consuming process. Intricate and changing environmental and other regulatory requirements may necessitate substantial expenditures to obtain permits. If a project is unable to function as planned due to changing requirements or local opposition, it may create expensive delays or loss of value in a project. In addition, the GoA plans to transition the current energy-only market to a capacity market. The general view is positive, however final details are not yet known and there is a risk related to the final market outcome.

Restrictions on Use of Proceeds

In the course of MAXIM's business, MAXIM has entered into various agreements that may restrict its ability to use the net proceeds from the sale of MUSA for certain purposes. MAXIM has indemnity obligations with respect to various contracts and agreements entered into by MAXIM, including the purchase agreement, the purchase and sale agreement entered into with respect to the COMAX S.A.S sale, and its settlement of previously outstanding investigations against the Corporation by FERC, which, in connection with their terms, limit the Corporation's ability to, among other things, distribute cash to its shareholders for certain periods of time. MAXIM is also obligated through an agreement with the Balancing Pool to post security in the event MAXIM's equity value (as defined and determined in accordance with that agreement) is less than \$100 million at the relevant dates of determination until such time as MAXIM's decommissioning and reclamation obligations for M1 are satisfied. As a result of the foregoing, MAXIM intends to manage its cash balances (assuming completion of the sale of MUSA) to ensure that MAXIM complies with its covenants and obligations, including those set forth above, which may restrict the use of proceeds from the transaction for certain purposes, including cash dividends and/or distributions to its Shareholders for certain periods of time.

Foreign Operations

MAXIM is currently conducting business in Canada and U.S. In addition, the Corporation has a contingent asset related to regulations of France's power generation industry under the sale of the France operating segment. Any changes in government policies could have an impact on MAXIM's business ventures in such jurisdictions. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation and regulation, taxation, royalties, duties, rates of exchange, inflation, exchange control, repatriation of earnings and civil unrest. There are no assurances that the economic and political conditions in the countries in which MAXIM operates and intends to operate will continue as they are at the present time. The effect of these factors cannot be accurately predicted.

Project Development

MAXIM's project development activities may not be successful. The development of power generation facilities and power related projects is subject to substantial risks. In connection with the development of a power generation facility, MAXIM must generally obtain necessary power generation equipment, governmental permits and approvals, fuel supply and transportation agreements, sufficient equity capital and debt financing, electrical interconnection agreements, site agreements and construction contracts, and access to power grids. Failure to obtain any of the foregoing may result in increased costs or termination of projects, which may lead to a write down of the carrying amount of projects. MAXIM mitigates these risks by using skilled staff, hiring consultants, contracting certain activities on a turn-key basis, and following a disciplined model of managing capital at risk on a progressive basis.

Competition

The electricity production industry is competitive in all phases. MAXIM, as an independent participant in that industry, faces competition from other independent companies and major companies engaged in electricity production and sale. MAXIM holds no proprietary interests in the technology utilized by it in the power generation business and accordingly there are no barriers impeding new competitors from entering into the same business or utilizing the same technology as MAXIM or different power generation technologies. MAXIM mitigates this risk through strategic relations, optimizing its capital structure to lower its cost of capital and effective capital deployment and asset optimization.

Management

MAXIM strongly depends, and will continue to depend, on the business and technical expertise of its management. The unexpected loss of any of MAXIM's key management personnel may have a serious impact on MAXIM's business. At present, no employee has a key-man insurance policy in place. All members of MAXIM's management have entered into non-competition and non-disclosure agreements with MAXIM.

Financing

MAXIM may require additional financing to proceed with its business activities; however, there is no assurance that adequate financing will be available on acceptable terms, if at all. Should MAXIM be unable to obtain financing for its development initiatives, it may be necessary to write down the carrying value of certain development initiatives.

From time to time, MAXIM may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which may increase MAXIM's debt levels above industry standards for companies of similar size. Depending upon future capital plans, MAXIM may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither MAXIM's articles nor its by-laws limit the amount of indebtedness that MAXIM may incur. The level of MAXIM's indebtedness from time to time could impair the ability of MAXIM to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

For further information, please refer to the forward-looking financial information on page 2 of MAXIM's management discussion and analysis ("MD&A") for the year ended December 31, 2016 which has been filed on MAXIM's SEDAR profile at www.sedar.com.

Dividend Record

MAXIM has no dividend record and MAXIM does not anticipate paying dividends in the foreseeable future. In the future, any decision to pay dividends on the Corporation's shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such time.

Sale of Additional Shares

MAXIM may issue additional shares in the future. It is not possible to predict the size of future issuances of shares or the effect, if any, that future issuances of shares will have on the market price of its shares.

Power Sales Agreements and Sale of Electricity on a Merchant Basis

MAXIM depends largely on its electricity energy customers. Some of its power generation facilities currently rely on one or more power sales agreements with one or more utility or other customers for all or substantially all of such facility's revenue. Other facilities operate on a merchant basis, selling their energy into spot markets. The profitability of a merchant power plant is largely impacted by the price of electricity, the cost of fuel, and the efficiency with which the plant converts fuel into electricity, which is commonly referred to as plant heat rate. The loss of any one power sales agreement with any of its customers could have a negative effect on MAXIM's results of operations. In addition, any material failure by any customer to fulfill its obligations under a power sales agreement or any supplier under a fuel supply agreement could have a negative effect on the cash flow available to MAXIM and its results of operations.

MAXIM's 156.5 MW generating capacity in Alberta operates on a merchant basis and is exposed to fluctuating Alberta power prices, which at times can exhibit extreme price volatility. Of the 156.5 MW of merchant capacity in Alberta, 150 MW is generated from a coal-fired facility. The remaining 6.5 MW generates electricity from waste heat generation and is currently idle awaiting an increase in power prices in order to resume generating power.

In the United States and currently pending sale, Basin Creek provides electricity under a twenty year Capacity and Energy Sales Agreement with Northwestern until 2026, and Forked River is under a ten year tolling agreement with FirstEnergy Solutions Corp. until 2018. CDECCA, Pittsfield and Pawtucket each receive forward capacity and energy payments from the ISO-NE. These three plants provide energy to the New England power market where they are exposed to the price of electricity and cost of natural gas. Forked River is eligible to received forward capacity and energy payments in the PJM market following the expiry of the toll. CDECCA also provides steam and chilled water under a ten year contract to the State of Connecticut Department of Public Works which expires in 2019.

The loss of any one power sales agreement with any of these customers could have a negative effect on MAXIM's results of operations. In addition, any material failure by any customer to fulfill its obligations under a power sales agreement or any supplier under a fuel supply agreement could have a negative effect on the cash flow available to MAXIM and its results of operations.

INDUSTRY CONDITIONS AND REGULATORY ENVIRONMENT

The following describes certain industry conditions applicable to MAXIM.

The Market

Historically, the power generation industry has been largely characterized by electric utility monopolies producing electricity for a captive customer base. Industry trends and regulatory initiatives have transformed the markets into more competitive markets where end users or those who serve electric load, purchase electricity from a variety of suppliers, including non-utility generators, power marketers, public utilities and others. This trend has created opportunities for investment in generation power facilities by IPPs such as MAXIM.

Regulatory Regime

The construction and operation of power projects are subject to extensive federal, provincial, state and local laws, rules, regulations and guidelines in Canada and abroad, all of which are subject to governmental review and revision from time to time. These legislative regimes have adopted regulations to, among other things; ensure the reliability of electric systems and the exchange of electricity, safety, the protection of the environment and the regulation of land use. The laws, rules, regulations and guidelines applicable to MAXIM primarily involve the generation of electricity, the marketing and selling of electricity, the discharge of emissions into the water and air, waste disposal and water use, but also include, among other things, wetlands preservation, endangered species, and noise regulations. In many cases the laws, rules, regulations and guidelines applicable to MAXIM require lengthy and complex processes for obtaining licenses, permits and approvals from federal, provincial, state and local authorities.

Non-compliance with laws, rules and regulations can result in the imposition of civil or criminal fines or penalties and may result in orders to cease activities or to comply with additional measures to ensure future compliance with such laws, rules and regulations. Specifically, environmental laws can impose clean-up or other remedial obligations in the event of a release of pollutants or contaminants into the environment, and regulatory bodies overseeing wholesale electricity markets can impose financial penalties.

Environmental Regulations

MAXIM's operations must comply with a complex and evolving body of environmental and occupational health and safety laws and regulations ("EHS Laws"). The EHS Laws concern, among other things, air emissions, climate change, discharges to soil, surface water and ground water, noise control, the generation, handling, storage, transportation, and disposal of hazardous substances and wastes, the investigation and remediation of contamination, indoor air quality and worker health and safety. Although the Corporation makes all efforts to do so, it may not be able to meet all EHS Laws and could be subject to fines, penalties or other liabilities arising from actions imposed under EHS Laws. In addition, the Corporation's costs associated with staying in compliance with EHS Laws could increase in the future.

EHS Laws vary by location and can fall within federal, provincial, state or municipal jurisdictions. There is a risk that MAXIM has not been or, in the future, will not comply with such requirements. Violations could result in penalties or the curtailment or cessation of operations, any of which could have a material adverse effect on MAXIM's operations, cash flows and financial condition.

For example, the Corporation is required to comply with EHS Laws that restrict emissions of air pollutants. The Corporation's power plants are emissions intensive. Accordingly, the Corporation must invest in pollution control equipment to comply with EHS Laws and report excess emissions to applicable government authorities. The government authorities monitor compliance with these emission limits and use a variety of tools to enforce them, including, but not limited to, administrative orders to control, prevent or stop a certain activity; administrative penalties for violating certain EHS Laws; and regulatory prosecutions.

EHS Laws also apply to the Corporation's wastewater. EHS Laws restrict the type and amount of pollutants that the Corporation's facilities can discharge into receiving bodies of water, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions through administrative orders and penalties and regulatory proceedings. The Corporation has installed all necessary pollution equipment at its power plants to address emissions and discharge limits.

EHS Laws also relate to health and safety. The Corporation's operations involve the use of machinery and equipment, which may result in the exposure to various potentially hazardous substances. Notwithstanding the Corporation's commitment to adhere to EHS Laws, workplace illnesses and accidents, including serious injury and fatalities, may occur. Any serious occurrences of this nature could have a material adverse effect on the Corporation's operations, cash flows and financial condition.

Other EHS Laws regulate the generation, storage, transport and disposal of hazardous waste. These laws require the transportation of hazardous wastes by an approved hauler to an approved waste disposal site. The Corporation has a system for properly handling, storing and arranging for the disposal of the waste it produces in place, but non-compliance remains an inherent risk, and could have a material adverse effect on the Corporation's operations, cash flows and financial condition.

Certain EHS Laws impose joint and several liabilities on certain classes of persons for the costs of investigation and remediation of contaminated properties. Liability may attach regardless of fault or the legality of the original disposal. Some of the Corporation's power plants are located on property previously used for industrial purposes, which do or may require remediation. Although it is the Corporation's view that other parties are responsible for the investigation and remediation of these sites under applicable law and contractual arrangements, it could nevertheless be liable for the costs of future remediation if other responsible parties do not satisfy their obligations. Remediation costs for any contamination, whether known or not yet discovered, could be substantial and thus have a material adverse effect on the Corporation's operations, cash flows and financial condition.

EHS Laws require the Corporation to obtain governmental permits, licenses and approvals. These permits, licenses and approvals may be subject to denial, revocation or modification at various times, including, but not limited to, when the Corporation applies for renewal of existing permits. Failure to obtain or comply with the conditions of permits, licenses and approvals may adversely affect the Corporation's operations, cash flows and financial condition and may subject the Corporation to penalties. In addition, the Corporation may be required to obtain additional operating permits or governmental approvals and licenses, and incur additional costs.

Climate Change Regulations

Canada

In October 2016, the Government of Canada announced a pan-Canadian carbon pricing system that would charge a minimum of \$10 per tonne of greenhouse gas ("GHG") emissions in 2018, rising by \$10 each year to \$50 per tonne by 2022. It is expected that this would not impact Albertans until 2021 when the Alberta \$30 price per tonne on GHG emissions would increase by \$10 to \$40 in order to meet the federal framework.

Alberta

In 2015, the GoA announced its Climate Leadership Plan ("CLP"). The CLP recommends that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy. The GoA targets to have renewable sources comprising of 33% of Alberta's coal-fired generating capacity by 2030. Under the CLP, the GoA has also announced the intention to replace the existing Specified Gas Emitters Regulation with the CCR commencing January 1, 2018. If enacted, the CCR will require coal-fired generators to pay \$30 per tonne of carbon dioxide 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.

On November 3, 2016 the GoA announced its plan to hold its first auction for renewable power contracts early in 2017 as the government moves on its strategy of having thirty per cent of the province's electrical supply coming from renewable sources such as wind, solar and hydro by 2030. The province will hold its first competition beginning in first quarter of 2017, which will see investors bidding to provide up to 400 MW of renewable electricity for 20 years. The winning bidders will be announced by the end of 2017 and projects commissioned in 2019.

On November 23, 2016 the GoA announced its plan to transition Alberta's energy-only market to a capacity market structure. The capacity market will help to ensure that there is sufficient supply adequacy as over 6,000 MW of coal generation retires by 2030. The new market structure is expected to reduce price volatility while compensating power plant owners with monthly capacity payments for making their capacity available in the energy and ancillary services market. The AESO plans to engage stakeholders in determining the design and implementation of the capacity market over 2017 and 2018 and conduct the first auction in 2019 with a contract delivery year targeted for 2021. The AESO has suggested they will need new capacity in 2021.

As at the date of this AIF, uncertainties still exist on the details of the legislation resulting from the CLP. MAXIM currently anticipates that it will continue to be permitted to run M1 at full capacity to December 31, 2019 as a coal, natural gas or dual fuel-fired facility and as a natural gas-fired facility at full capacity thereafter, consistent with the current Federal regulations. MAXIM is awaiting further clarification of the renewable electricity program.

In addition to the GHG regulations, Canadian federal and Alberta provincial environmental regulations are also being developed and/or revised for air pollutants such as SO₂, nitrogen oxides, volatile organic carbons, and particulate matter. No significant changes to these regulations are expected in the near future as both the provincial and federal governments focus on GHG regulations.

United States

The state of environmental regulation in the U.S. remains fluid. The U.S. Congress has not enacted comprehensive climate change legislation, and the future of GHG regulations promulgated by the United States Environmental Protection Agency ("EPA") has been rendered uncertain by ongoing litigation and the recent election of President Donald Trump, who opposed those regulations during the 2016 presidential campaign.

On August 3, 2015, the U.S. EPA announced rules limiting carbon dioxide emissions from new, reconstructed, and existing power plants under the Clean Air Act. For new and reconstructed base load natural gas fired power plants, the rules impose emission limits consistent with the adoption of natural gas combined cycle technology. For existing power plants, the U.S. EPA issued GHG emissions guidelines that must be implemented by the individual states, so limitations for individual emissions sources are not yet determinable. On February 9, 2016 the United States Supreme Court stayed the implementation of the guidelines governing existing power plants' GHG emissions pending the resolution of litigation challenging U.S. EPA's regulations, so individual states are not required to submit their existing source implementation plans to U.S. EPA until after that litigation is resolved. It also remains to be seen whether the new presidential administration will choose to defend those GHG regulations in court, or whether U.S. EPA will seek to rescind or amend those regulations through a new rulemaking process.

MAXIM is in compliance with the Climate Change and Emissions Act (Alberta) and the Regional Greenhouse Gas Initiative, which limit carbon dioxide emissions from facilities located in Alberta and the Northeast U.S., respectively. While future changes to those programs or the approval of state implementation plans regulating existing power plants' GHG emissions have the potential to impact future operations or impose additional costs, no such material changes are foreseeable at this time.

Maintaining Compliance

In connection with the foregoing, management retains professional advisors in jurisdictions in which it operates in order to provide recommendations in respect of limiting environmental impact to the air, land and surface, and protecting against extraordinary threats. As a result, management is of the view that it is in compliance with the various environmental laws to which it is subject. In undertaking its strategic initiatives, management's intent is to follow established procedures, which have been successfully utilized in the past by other industry participants and thus generally accepted by government.

DIVIDEND RECORD AND POLICY

The Corporation has not declared or paid any dividends on any of its shares since incorporation. In the future, any decision to pay dividends on the Corporation's shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such time.

DESCRIPTION OF CAPITAL STRUCTURE

MAXIM is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares without nominal or par value. Holders of Common Shares are entitled to one vote per share at meetings of shareholders of MAXIM, to receive any dividend declared by the Board of Directors and upon liquidation, dissolution or winding-up, to receive, pro-rata, the remaining property of MAXIM upon dissolution. As at the date hereof, 54,301,391 Common Shares are outstanding. There are currently no Preferred Shares outstanding.

MARKET FOR SECURITIES

The Common Shares of MAXIM are listed and posted for trading on the Toronto Stock Exchange Inc. under the symbol "MXG". The following table sets out the monthly high and low trading prices and the total monthly trading volumes for the indicated periods (as reported by TSX InfoSuite):

2016	High	Low	Volume
January	3.15	2.80	1,186,779
February	3.15	2.80	152,080
March	3.03	2.70	174,295

April	2.99	2.76	171,750
May	3.10	2.85	166,302
June	2.92	2.66	198,489
July	2.95	2.80	188,817
August	2.88	2.41	672,987
September	3.32	2.49	489,132
October	3.60	3.12	435,847
November	3.65	3.40	202,367
December	3.74	2.70	395,488

2017

January	2.98	2.74	450,161
February	3.00	2.65	285,005
March 1 - 16	2.81	2.65	502,578

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

No Common Shares of the Corporation are presently held in escrow or are subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

The names and Province or State, and Country of residence of the directors and executive officers of the Corporation, their positions with the Corporation, the period served as a director, and their principal occupations during the past five years are set forth below.

Name and Province or State and Country of Residence	Position and Office Presently Held	Principal Occupation During Past Five Years	Director Since
M. Bruce Chernoff ⁽²⁾ Alberta, Canada	Interim CEO and Chairman of the Board	Chairman of the Board of MAXIM since March 2005 and Interim CEO since June 2016; President and Director of Caribou Capital Corp (a private investment management company). Executive Chairman and CEO of PetroShale Inc. since August 2012.	March 2005
W. Brett Wilson ⁽¹⁾⁽²⁾ Alberta, Canada	Director	Chairman of Canoe 'GO CANADA GO!' Fund Corp. (a mutual fund corporation) since July 2013. Prior thereto Chairman of Canoe Financial, LP (an investment company since October 6, 2010. Chairman of Prairie Merchant Corporation (a private investment management corporation) since September 12, 2009.	March 2005
Wiley Auch ⁽¹⁾⁽²⁾ Alberta, Canada	Director	Chief Financial Officer of Longbow Capital Inc. (a private equity company) since January 11, 2010.	October 2006
Johann Polz ⁽¹⁾ Steyr, Austria	Director	Director, Independent Business Consultant; prior thereto Sales and Marketing Director - Jenbacher Energiesystems AG (a public equipment manufacturing company).	December 2000
Michael R. Mayder Alberta, Canada	Senior Vice-President, Finance and Chief Financial Officer	Senior Vice President, Finance and Chief Financial Officer of MAXIM since September 2014. Prior thereto, held position of Vice-President, Finance and Chief Financial Officer of MAXIM since October 2007.	-

Name and Province or State and Country of Residence	Position and Office Presently Held	Principal Occupation During Past Five Years	Director Since
Jim Pollock Alberta, Canada	Vice President, Corporate Development	Vice President, Corporate Development of MAXIM since September, 2012; Prior thereto, held position of consultant to MAXIM from December 2011 to September 2012; Prior thereto, Head of Trading and Marketing for Moneta Energy Services (a private natural gas storage development company) from September 2010 to December 2011.	-
Dwayne Dychkowski Alberta, Canada	Vice President, U.S. Facilities and Engineering Services	Vice President, U.S. Facilities and Engineering Services of MAXIM since September 2014; Prior thereto, Director, Engineering of MAXIM since August 2010.	-
Rob Watson Alberta, Canada	Vice President, Canadian Facilities	Vice President, Canadian Facilities of MAXIM since September 2014; Prior thereto, Director, Canadian Facilities and Manager Canadian Facilities of MAXIM since October 2008.	-
Tim Workman Alberta, Canada	Vice President and Controller	Vice President and Controller of MAXIM since September 2014; Prior thereto, Controller of MAXIM since May 2011. Manager, Financial Reporting and Analysis of ENMAX Corporation from April 2009 to May 2011.	-
Kim Karran	Corporate Secretary and Senior HR Advisor	Corporate Secretary and Senior HR Advisor since August 2016; Prior thereto, Senior HR Advisor of MAXIM since September 2014. Prior thereto, Vice President, Corporate Services of MAXIM since May, 2007.	-
Rob Schaefer	Corporate Strategy Executive	Corporate Strategy Executive of MAXIM since June 2016; Prior thereto, held position of Executive Vice President of Trading and Marketing for TransAlta Corporation from January 2013 to October 2015 and Executive Vice President of Corporate Development of TransAlta Corporation from September 2011 to January 2013. Partner and Director of Paper Umbrella Private Residences (a property investment company) since 2008.	-

Notes:

- (1) Member of the Audit and Risk Management Committee.
- (2) Member of the Compensation and Environment, Health and Safety Committee.

As of March 16, 2017, the directors and executive officers of MAXIM, as a group, beneficially own, or control or direct, directly or indirectly, 23,039,252 Common Shares, or approximately 42% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as set forth below, no director, executive officer or controlling security holder of MAXIM is, as at the date of the AIF, or has been, within the past ten years before the date hereof, a director or executive officer of any other issuer that, while that person was acting in that capacity:

- i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than thirty consecutive days; or

- ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than thirty consecutive days; or
- iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Chernoff was formerly a director of Calmena Energy Services Inc. (a public oilfield service company) which was placed in receivership on January 20, 2015. Mr. Chernoff resigned effective January 15, 2015.

Mr. Wilson was formerly a director of Lightstream Resources Ltd. (a public oil and gas exploration company) which entered into restructuring proceedings under the Company Creditors' Arrangement Act on September 26, 2016. Mr. Wilson resigned effective December 29, 2016.

No director, executive officer or controlling security holder of MAXIM has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

No director, executive officer or controlling security holder of MAXIM has:

- i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or
- ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICT OF INTEREST

Circumstances may arise where members of the Board of Directors or officers of MAXIM are directors or officers of corporations which are in competition to the interests of MAXIM. No assurances can be given that opportunities identified by such board members or officers will be provided to MAXIM. As at the date hereof, MAXIM is not aware of any existing or potential material conflicts of interest between MAXIM or a subsidiary of MAXIM and a director or officer of MAXIM or of a subsidiary of MAXIM.

AUDIT COMMITTEE INFORMATION

The Mandate of the Audit and Risk Management Committee

Please see **Appendix A** for the current Mandate of the Audit and Risk Management Committee for MAXIM as adopted by the Board of Directors on March 16, 2017.

Composition of the Audit and Risk Management Committee

The audit committee is comprised of Messrs. Wiley Auch, Johann Polz, and W. Brett Wilson. The following chart sets out the assessment of each Audit Committee member's independence (in accordance with National Instrument 52-110), financial literacy and relevant educational background and experience supporting such financial literacy. For the purposes of National Instrument 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised during the preparation of the issuer's financial statements.

Name	Independent	Financially literate	Relevant Education and Experience
Wiley Auch	Yes	Yes	<p>Mr. Auch is a Chartered Accountant with extensive corporate finance, financial reporting, treasury, tax and planning experience at a senior management level. He is the CFO of Longbow Capital Inc. a Calgary-based private equity firm. From 2007 to 2009, he was Vice-President and CFO of BlackWatch Energy Services, a publicly traded oilfield services company. From 2003 until 2007, he was Vice-President, Finance and CFO of Gibraltar Exploration Ltd., a private natural gas exploration and production company. Mr. Auch also served as a financial advisor to Enron Canada during its liquidation between March 2002 and March 2004. From 1993 to 2001, he was Managing Director and CFO of FirstEnergy Capital Corp.</p>
W. Brett Wilson	Yes	Yes	<p>Mr. Auch is a Chartered Accountant and has a Bachelor of Commerce from the University of Alberta.</p> <p>Mr. Wilson began his career with Esso Resources where he worked on oilfields from southern Saskatchewan to the Beaufort Sea. In 1985, he completed an MBA at the University of Calgary and began his career as an investment banker specializing in oil and gas transactions with McLeod Young Weir Limited (now Scotia McLeod).</p> <p>Mr. Wilson co-founded Wilson Mackie & Co. in 1991 to provide investment banking services to participants in the Canadian oil and gas industry. In 1993, He co-founded FirstEnergy Capital Corp., a leading full service investment bank focused on institutions and corporations in the Canadian energy industry.</p> <p>Mr. Wilson has served as a governor of the Alberta Stock Exchange, the Investment Dealers Association of Canada and the Calgary Petroleum Club, as well as a director of TransCanada PipeLines Power L.P. from 1996 to 2005. He is Chairman of Prairie Merchant Corporation, a private investment management company, and Canoe 'GO CANADA!' Fund Corp., a mutual fund corporation, in addition to his involvement in a wide variety of community charities.</p>
Johann Polz	Yes	Yes	<p>Mr. Polz is a business consultant in the field of energy conversion and generation. Mr. Polz has held various positions with Swiss and Austrian industrial companies. In 1994, Mr. Polz became the sales and marketing director of Jenbacher Energiesysteme AG in Austria. He was responsible for global sales and marketing of gas engine powered combined heat and power plant equipment. In 1996, in addition to his Austrian responsibilities, Mr. Polz became President of Jenbacher Energiesysteme Ltd., USA, the sales and service organization of Jenbacher for the United States and Canada, where he was responsible for all facets of the company including financial. Mr. Polz has an extensive knowledge of financial and accounting issues, as well as disclosure and internal control procedures.</p> <p>Mr. Polz holds a Masters of Social and Economic Sciences from the University of Economics and Business Administration in Vienna, Austria.</p>

External Auditor Service Fees

The following table sets forth the audit service fees billed by the Corporation to KPMG LLP for the last two fiscal years:

Type of Fees	Fiscal Year Ended December 31,	Aggregate Fees Billed	Nature of Services Performed
Audit fees	2016	\$468,691	Audit of Consolidated Financial Statements of Maxim Power Corp., Audit of French Statutory Statements, review of quarterly reporting, IFRS advisory
	2015	\$432,930	
Audit – Related fees	2016	\$1,458	GHG emissions assurance
	2015	\$nil	
Tax Fees	2016	\$122,795	Canadian, U.S. and International tax matters
	2015	\$67,120	

Pre-Approval of Policies and Procedures

The Audit and Risk Management Committee, typically on an annual basis, approves a budget for audit services to be performed for the Corporation. The budget is set after consultation with management of the Corporation and the Corporation's auditors. In addition, by resolution of the Members on the Audit and Risk Management Committee, the Corporation has the authority to engage KPMG LLP in non-audit services such as tax services and French language translation services of documents to be filed with regulatory bodies. From time to time management of the Corporation may request approval by the committee of additional funding for special projects such as acquisition related advice.

Any changes in accounting policies are discussed in advance of their implementation with either the Chairman of the Audit and Risk Management Committee or the Audit and Risk Management Committee.

LEGAL PROCEEDINGS

MAXIM is occasionally named as a party in claims and legal proceedings which arise during the normal course of its business. MAXIM reviews each of these claims, including the nature of the claim, the amount in dispute or claimed and the availability of insurance coverage. There can be no assurance that any particular claim will be resolved in our favour or that such claim may not have a material adverse effect on MAXIM. For further information, please refer to Note 24 of our audited consolidated financial statements for the year ended December 31, 2016 which financial statements has been filed on MAXIM's SEDAR profile at www.sedar.com and are incorporated by reference herein.

REGULATORY ACTIONS

There are no:

- a) penalties or sanctions imposed against MAXIM by a court relating to securities legislation or by a securities regulatory authority during the most recent completed financial year of MAXIM;
- b) other penalties or sanctions imposed by a court or regulatory body against MAXIM that would likely be considered important to a reasonable investor making an investment decision other than those disclosed hereof in "Changes in the Business 2014-2016" on page five; or
- c) settlement agreements entered into by MAXIM before a court relating to securities legislation or with a securities regulatory authority during the most recent completed financial year of MAXIM.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the insiders, directors or officers of MAXIM, or any associate or affiliate of any of the foregoing, has had an interest in any material transaction with MAXIM since the commencement of the most recently completed financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect MAXIM or any of its subsidiaries.

See "Business and Property – Changes in the Business 2014-2016" on page five for a description of the Corporation's settlement of formally outstanding FERC lawsuit and related investigations.

AUDITORS, TRANSFER AGENT AND REGISTRAR

KPMG LLP, Chartered Accountants, 2700, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 4B9, are the auditors of MAXIM.

Computershare Trust Company of Canada, 600, 530 – 8th Avenue S.W., Calgary, Alberta T2P 3S8 is the registrar and transfer agent of MAXIM.

MATERIAL CONTRACTS

There are no material contracts, other than the contracts entered into in the ordinary course of business, that are material to MAXIM that were entered into within the most recently completed financial year, or before the most recently completed financial year that are still in effect, other than the purchase and sale agreement with respect to the sale of MUSA, which is available on SEDAR under MAXIM's profile at www.sedar.com.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 by MAXIM during, or related to, the Corporation's most recently completed financial year other than KPMG LLP, the Corporation's auditors.

KPMG LLP has confirmed that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of MAXIM's securities, options to purchase MAXIM's securities, and interests of insiders in material transactions, where applicable, is contained in the Information Circular for the most recent meeting of shareholders that involved the election of directors of MAXIM. Additional financial information is provided in MAXIM's comparative consolidated financial statements and Management Discussion and Analysis for the most recently completed fiscal year. The foregoing documents as well as additional information relating to the Corporation may be found on MAXIM's SEDAR profile at www.sedar.com.

GLOSSARY OF TERMS

The following are definitions of certain terms used throughout this AIF.

"**AESO**" means Alberta Electric Systems Operator;

"**AIF**" means Annual Information Form;

"**AUC**" means Alberta Utilities Commission;

"**Bank EBITDA**" means EBITDA that includes only Canadian subsidiaries and select U.S. subsidiaries for the purpose of calculating the Net Funded Debt to Bank EBITDA ratio and Interest Coverage ratio;

"**Basin Creek**" means the Basin Creek generating station, a 55 MW generating facility located in Butte, Montana acquired by Maxim in April 2005;

"**BMO**" means the Bank of Montreal

"**Buffalo Atlee**" means a development project for up to 200 MW wind generation situated near Brooks, Alberta;

"**CCR**" means Carbon Competiveness Regulations

"**CDECCA**" means the CDECCA Power Plant, a 62.1 MW generating facility located in Hartford, CT acquired by MAXIM in October 2006;

"**CLP**" means Climate Leadership Plan

"**Cogeneration**" means the combined, simultaneous generation of heat (usually in the form of hot water or steam) and power (usually in the form of electricity);

"**Combined cycle**" means an electric generating technology in which electricity is produced from otherwise lost waste heat exiting from one or more gas (combustion) turbines. The exiting heat is routed to a conventional boiler or to a heat recovery steam generator for utilization by a steam turbine in the production of electricity. This process increases the efficiency of the electric generating unit;

"**Common Shares**" means the common shares in the capital of the Corporation, as presently constituted;

"**Corporation**" or "**MAXIM**" means Maxim Power Corp.;

"**CO2**" means carbon dioxide

"**CPGS**" means Caterpillar Power Generation Systems, LLC.;

"**Decision**" means decision 790-D04-2016 issued by the AUC;

"**Deerland**" means the development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta;

"**EBITDA**" means Earnings Before Interest, Taxes, Depreciation and Amortization;

"**EHS Laws**" means environmental health and safety laws;

"**Emission Performance Credits**" means emission performance credits generated by facilities that have reduced emission of greenhouse gases by 12% since July 1, 2007;

"**EPA**" means the Environmental Protection Agency;

"**ERCB**" means the Energy and Resource Conservation Board;

"**FERC**" means the Federal Energy Regulatory Commission, a United States federal agency with jurisdiction over interstate electricity sales, wholesale electric rates, hydroelectric licensing, natural gas pricing and oil pipeline rates;

"**Forked River**" means the Forked River generating station, a 87 MW generating facility located in Forked River, New Jersey acquired by MAXIM in April 2008;

"**GHG**" means greenhouse gas;

"**GoA**" means government of Alberta;

"**HS&E**" means health, safety and environment;

"**IPP**" means an Independent Power Producer, a corporation or other entity that owns or operates facilities for the generation of electricity that is purchased at wholesale prices and that is not a rate-regulated electric utility;

"**ISO-NE**" means the independent, non-profit Regional Transmission Organization managing several states in the Northeast United States;

"**M1**" HR Milner, a 150 MW (nameplate capacity) coal-fired generating facility located near the town of Grande Cache, Alberta has been in continuous operation since 1972 and was acquired by MAXIM in March 2005;

"**M2**" means the Milner expansion initiative to develop a 520 MW natural gas-fired generation facility;

"**M3**" means the Milner expansion initiative to develop a 86 MW natural gas-fired cogeneration generating facility;

"**Marston**" means Marston & Marston, Inc.;

"**MD&A**" means Management Discussion and Analysis

"**Milner**" means Milner Power Inc.;

"**Mine 14**" means the development project of Summit Coal located north of Grande Cache, Alberta;

"**Mine 16S**" means the development project of Summit Coal containing 1,792 hectares of coal lease and is located 30 kilometres northwest of Mine 14 in the Smokey River Coalfield;

"**MUSA**" means Maxin Power (USA), Inc.;

"**MW**" means Megawatt, a measure of electrical generating capacity that is equivalent to one million watts;

"**MWh**" means Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour;

"**Northwestern**" means Northwestern Corporation, a provider of electricity and natural gas in Montana, South Dakota, and Nebraska;

"**Pawtucket**" means the Pawtucket generating station, a 64 MW electric power plant in Pawtucket, Rhode Island, acquired in November 2005;

"**Peaking Energy**" means capacity of generating equipment normally reserved for operation during the hours of highest daily, weekly, or seasonal loads;

"**Pittsfield**" means the Pittsfield generating station, a 181 MW electric power plant in Pittsfield, Massachusetts, acquired by MAXIM in August 2008;

"**Policy**" means MAXIM's Code of Conduct Policy

"**Preferred Shares**" means the preferred shares in the capital of the Corporation, as presently constituted;

"**PP&E**" means Property, Plant and Equipment;

"**Settlement Agreement**" Stipulation and Consent Agreement that resolves and closes all matters in the Staff Notice of Alleged Violations issued in November of 2014 by FERC;

"**Simple Cycle**" means the power generation from combustion turbine(s) only;

"**Summit**" means Summit Coal is a wholly-owned MAXIM subsidiary, which owns the Mine 14 and Mine 16S development projects;

"**SGER**" means Specified Gas Emitters Regulation

"**SO2**" means sulphur dioxide

"**SO2 Credits**" means Emission credits used to offset the production of SO2

"**TSA**" means Terminal Service Agreement

"**Tolling Agreement**" means an agreement whereby MAXIM imposes tolling charges as compensation for processing natural gas to produce electricity through one of its generating facilities. The counterparty is responsible for procuring the natural gas and owns the electricity generated at the facility;

"**U.S.**", "**USA**" or "**United States**" means the United States of America; and

"**Waste heat**" means by-product heat that would otherwise be ejected into the environment;

Words importing the singular number, where the context requires, include the plural, and vice versa, and words importing any gender include all genders.

APPENDIX A

ADOPTED MARCH 16, 2017

MANDATE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (THE "CHARTER")

General

The Board of Directors (hereafter the "Board") of Maxim Power Corp. (hereafter "MAXIM") has established an Audit and Risk Management Committee (the "Committee") to take steps on its behalf as are necessary to assist the Board in fulfilling its oversight responsibilities regarding:

- the integrity of MAXIM's financial statements and disclosures;
- the risk management and internal control systems of MAXIM;
- the external audit process, including *de minimus* non-audit/audit services
- compliance and ethics;
- investment opportunities and the raising of funds by MAXIM;
- any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

In so doing, it is the Committee's responsibility to maintain an open channel of communication between the Committee, external auditors, and MAXIM management.

The Committee shall report regularly to the Board on Committee activities, issues, and related recommendations.

Membership

The Board will in each year appoint a minimum of three (3) directors as members ("Members") of the Committee, as well as its Chair. All Members of the Committee shall be independent, non-management directors as required by law.

All Members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by MAXIM's financial statements.

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining Members will exercise all its powers.

Meetings

The Committee shall convene at such times and places designated by its Chair.

A majority of the Committee shall be duly convened if all Members are present, or at least a majority of the Members are present. A quorum at a meeting shall consist of at least a majority of Members.

At the invitation of a Member, other Board members, officers or employees of the Corporation, the external auditors, external counsel and other experts or consultants may attend any meeting of the Committee.

Members of the Committee may meet separately with any member of management, the external auditors, internal or external counsel or any other expert or consultant.

A Secretary of the Committee shall be appointed by the Chair of the Committee. The minutes of the Committee will be in writing and duly entered into the books of MAXIM. The minutes of the Committee will be circulated to all members of the Board.

Duties and Responsibilities

Management is responsible for preparing the interim and annual financial statements and financial disclosure of MAXIM and for maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly. The Committee's role is to provide meaningful and effective oversight and counsel to management without assuming responsibility for management's day-to-day duties.

In performance of its duties and responsibilities, the Committee shall have the right as it determines necessary to carry out its duties to engage independent counsel, experts and other advisors, to inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates, and to discuss with the officers of the Corporation, its subsidiaries and affiliates, the external auditors, such accounts, records and other matters as any Member considers appropriate.

MAXIM shall provide appropriate funding, as determined by the Committee, for the payment of compensation to the external auditors and any independent counsel, experts or advisors employed by the Committee and administrative expenses of the Committee.

The Committee shall have the following duties with respect to:

A. Financial Reporting and Disclosure

1. **Audited Annual Financial Statements:** Review the audited annual financial statements, all related MD&A, and earnings press releases for submission to the Board for approval.
2. **Quarterly Review:** Following their review by the external auditor, review the quarterly financial statements, the related MD&A, and earnings press releases for submission to the Board for approval.
3. **Significant Accounting Principles and Disclosure Issues:** Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly MAXIM's financial position and the results of its operations in accordance with Canadian GAAP.
4. **Compliance:** Confirm through discussions with management that Canadian GAAP and all applicable laws, rules and regulations related to financial reporting and disclosure have been complied with.
5. **Legal Events:** Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on MAXIM's financial statements, and the manner in which these have been disclosed in the financial statements.
6. **Off-Balance-Sheet Transactions:** Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on MAXIM's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
7. **AIF:** Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in MAXIM's AIF and all other applicable disclosure documents.
8. **Other Disclosures:** Satisfy itself that adequate procedures are in place for the review of the MAXIM's public disclosure of financial information, other than the public disclosure of the information referred to in sections 1 and 2 above, and at least annually assess the adequacy of design and operating effectiveness of those procedures.

B. Oversight of Risk Management and Internal Controls

9. Adequacy of Policies and Procedures: Review and assess the adequacy of MAXIM's risk management policies and procedures with regard to identification of MAXIM's principal risks annually, and review (at least annually) updates on these risks.
10. Adequacy of Risk Management Processes: Review and assess the adequacy of management's implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board including:
 - MAXIM's method of reviewing major risks inherent in MAXIM's businesses, facilities, and strategic directions
 - The strategies and practices applicable to MAXIM's assessment, management, prevention, and mitigation of risks
 - The risks inherent in MAXIM's tax compliance procedures and policies
 - MAXIM's annual insurance summary including the risk retention philosophy and resulting uninsured exposures
 - The loss prevention policies, risk management programs, disaster response and recovery programs, corporate liability protection programs for Directors and Officers, and standards and accountabilities of MAXIM in the context of competitive and operational considerations
11. Review and Assessment of Internal Control over Financial Reporting: Review and assess the adequacy of design and effectiveness of MAXIM's system of internal control and management information systems through discussions with management and the external auditor. Oversight of system of internal control over financial reporting, by:
 - Reviewing management's process for providing its assessment of the appropriate design and effectiveness of internal control over financial reporting
 - Monitoring and reviewing policies and procedures for internal accounting, financial control and management information;
 - Consulting with the external auditor regarding the adequacy of MAXIM's internal controls;
 - Reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response; and
 - Obtaining from management adequate assurances that all statutory payments and withholdings have been made.

C. The External Audit Process

12. Appointment or Replacement: Recommend the appointment or replacement of the external auditor to the Board, who will consider the recommendation prior to submitting the nomination to the shareholders for their approval.
13. Compensation: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of MAXIM, and the extent of internal audit and other support provided by MAXIM to the external auditor.
14. Reporting Relationships: The external auditor will report directly to the Committee.
15. Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.
16. Transition: Review management's plans for an orderly transition to a new external auditor, if required.

17. **Audit Plan:** Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.
18. **Audit Plan Changes:** Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
19. **Review of Results:** Review, in the absence of management, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
20. **Disagreements with Management:** Resolve any disagreements between management and the external auditor regarding financial reporting.
21. **Material Written Communications:** Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
22. **Interim Financial Statements:** Engage the external auditor to review all interim financial statements and review, in the absence of management, the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.
23. **Other audit matters:** Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
24. **Meeting with External Auditor:** Meet with the external auditor in the absence of management at least quarterly to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
25. **Correspondence:** Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding MAXIM's financial statements or accounting policies.
26. **Independence and Compliance:** At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with MAXIM, including details of all non-audit services provided.

Ensure that the lead audit partner is rotated at least every five years, as required under the rules of the Canadian Public Accountability Board ("CPAB"), and confirm that the external auditor is in compliance with any restrictions or sanctions imposed by the CPAB.
27. **De Minimis Non-Audit/Audit Services:** Pre-approve any non-audit services to be provided to MAXIM or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence.
28. **Hiring Policies:** Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

D. Compliance and Ethics

29. **Filings with Regulatory Authorities:** Review with management MAXIM's relationship with regulators, and the timeliness and accuracy of MAXIM filings with regulatory authorities.
30. **Complaints:** Review with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by MAXIM regarding accounting, internal accounting controls or auditing matters the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.
31. **Fraud:** Oversee investigations of alleged fraud and illegality relating to the MAXIM's finances.

32. Code of Conduct: Review MAXIM's Code of Conduct and confirm that adequate and effective systems are in place to enforce compliance. Ensure the Code of Conduct is disclosed in MAXIM's annual report or information circular at least every three years or following a material amendment. Alternatively, confirm with management that an up-to-date version of the Code of Conduct is disclosed on MAXIM's website.
33. Compliance: Review with management compliance with applicable laws, regulations and tariffs pertaining to energy related marketing activities and physical plant operations other than health, safety, and environment matters. This encompasses the review of internal control systems, which includes policies related to compliance, and the review of compliance incidents.

E. Financial Planning and Investments

34. Strategic Plan: Review and recommend the Strategic Plan, including the annual Operating and Capital Budgets for submission to the Board for approval. Review periodic financial forecasts.
35. Guidelines and Policies: Review and approve guidelines and policies for the investing of cash and marketable securities and review reports from management on the results of such investments against established benchmarks.
36. Additional Funds for Investment: Review and assess management's plans with respect to raising additional funds whether through debt or capital, in accordance with procedures established by the Board from time to time.

F. Other duties currently delegated to the Committee:

37. Senior management expense reports: Review expenses incurred by the Chair of the Board and CEO of MAXIM. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.
38. Related Party Transactions: Review with management all related party transactions and the development of policies and procedures related to those transactions.
39. Charter Adequacy: Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Board.

APPENDIX B**INDEPENDENT TECHNICAL REPORT
DATED MARCH 2013*****Mineral Properties***

Marston (acquired by Golder and Associates ("Golder") in early 2011) was engaged to prepare the No. 14 Mine Project Report which provides an independent evaluation of the coal resources and reserves of Summit as of February 14, 2005 in compliance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). Gary L. Skaggs, P.E., and employee of Marston was the "Qualified Person" under NI 43-101 responsible for preparing the No. 14 Mine Project Report.

More detailed information on the Summit Coal Mine including property description and location, surface and mineral tenure accessibility, climate, infrastructure and topography, history, geological setting, deposit type, mineralization, exploration, drilling, sampling method and approach, sample preparation, analysis and security, data verification, mineral process and metallurgical testing and mineral resource and reserve estimates can be found in the 2013 Technical Report which is incorporated by reference in this AIF and is available under MAXIM's profile on the SEDAR website at www.sedar.com.

This 2013 Technical Report presents the results of three overlapping studies for Summit: the Feasibility Study of the Mine 14 Project, July 2011; the Pre-Feasibility Study ("PFS 2012"), May 2012; and the Pre-Feasibility Study of the Mine 14 Project, March 2013 ("PFS 2013") which incorporated the results of the 2012 exploration program.

Property Description and Ownership

The coal leases are located in west-central Alberta, Canada, approximately 3.2 km northeast of the town limits of Grande Cache. The lease area can be accessed from the Carconte Creek Exploration Road off Provincial Highway 40, east of Grande Cache. The proposed mine area encompasses the southern end of Grande Mountain and is situated on portions of the Alberta Department of Energy's coal lease numbers 1304090386, 1304090387, and 1304090388. The three leases total approximately 2,781 hectares. The coal leases were renewed in 2004 for a term of 15 years. The current leases expire September 26, 2019 and can be renewed at that time. Summit controls two additional leases (lease numbers 1312050624 and 1312050625) that are located adjacent to the other three. The five leases total approximately 4,877 ha.

The original three leases were transferred in March 2012 from Milner Power Limited Partnership to Summit, which is now the lessee of record. Summit is a wholly owned subsidiary of MAXIM.

Geology and Mineralisation

The overall regional geology type is classified as Complex, with folding and faulting prevalent throughout the coalfield although localized areas within the coalfield express Moderate geology type, allowing it to be conducive to underground coal mining.

The stratigraphy of the coalfield consists of Upper Jurassic and Cretaceous clastic rocks. The stratigraphic units that outcrop in the vicinity are mainly from the Nikanassin Formation and Luscar Group. The Fort St. John Group is also present in the northern and eastern parts of the coalfield. The majority of the coal seams in the area lie within the Grande Cache Member, the middle member of the Gates Formation. The Grande Cache Member contains the economic coal seams, and the proposed Mine 14 would extract coal from the No. 10 Seam and the No. 4 Seam. Other seams within the Project area include the No. 14, No. 12, No. 11, No. 9, No. 8, No. 7, No. 6, No. 5, and No. 3 seams. The geology types within the limits of the Mine 14 area geologic model are Moderate and Complex. The geology within the mine plan boundary is Moderate.

Within the Mine 14 area, both the No. 10 and No. 4 seams contain metallurgical grade, low- to medium volatile matter bituminous coal. The No. 10 Seam is generally ranked a low- to mid-volatile coal, and the No. 4 Seam is generally ranked a mid-volatile coal. Historically, the No. 10 and No. 4 coal seams have exhibited consistent coal quality characteristics within localized areas. The coal quality data for the other seams is limited and not sufficient to characterize these coals. The Mine 14 deposit type within the proposed mine plan footprint is UG. There are potential surface mining areas on the Mine 14 leases adjacent to the Mine 14 mine plan; however, potential environmental constraints will require further evaluation.

The seam thickness for both seams averages about 3.3 meters. In the Mine 14 area, the No. 10 Seam averages 3.2-metres thick, ranging from 2.2 m to 4.2 m whilst the No. 4 Seam averages 3.3-metres thick, ranging from 2.6 m to 4.6 m.

The No. 10 Seam overlies the No. 4 Seam by 62 m to 80 m. The overburden thickness depth overlying the No. 4 Seam varies from approximately 85 m to 520 m.

The seams dip from zero to over 30° in the proposed mine area. The Mine 14 plans, that are the subject of the feasibility study, limit mining to areas where the dip is less than 20°. The PFS 2012 evaluated the potential of extracting some of the resources in downdip areas where the dip is less than 27°. The 2012 drilling program results were incorporated into the PFS 2013. The proposed underground mine extents cover approximately 480 ha.

Exploration Status

Since the late 1950s, a considerable amount of geologic work has been performed throughout the coalfield by various technical individuals. Prior to Summit's exploration, over 3,300 drill holes have been reported as completed in the coalfield; 62 of them are in the Mine 14 lease area and 44 in the Mine 14 Project area. The Mine 14 lease area also has had 750 outcrop data points mapped, and 15 adits driven including two in the No. 10 and No. 4 seams in 1994. The Mine 14 area exploration first began in 1969, and exploration (prior to Summit) was conducted in three major phases: 1969-1970, 1983-1984, and 1993-1994. Summit completed a drilling and bulk outcrop sampling program in 2006, extracted bulk samples from two adits in 2011, and completed an exploration program in 2012.

TABLE 1-1: MINE 14 AREA — EXPLORATION SUMMARY

	Total Number of Drill Holes	Total Meters Drilled-Meters	Average Meters Per Hole	Number of Adits
(Prior to 1995)	62	12,417	200	15
2006 Exploration	11	1,969	179	2
2011 Bulk Samples	0	0	0	2
2012 Exploration	18	6,167	343	0
Sum	91	20,553	235	17

The interpretation of the geology and the calculation of resources or reserves were conducted using computer models. Smoky River Coal Limited ("SRCL") had constructed various geologic models for its internal use and for the 1994 Environmental Permit Application. Golder has constructed and updated its own independent geologic model of the Mine 14 Project area.

Marston, the consulting company that prepared all of the Mine 14 studies since 2005 with the exception of the marketing study, was acquired by Golder in early 2011. This report uses both Marston and Golder interchangeably when referencing the earlier work on various Mine 14 projects, but in both cases, means that Marston prepared the work or performed the evaluation.

Based on Golder's previous review of SRCL's exploration work, the coal sampling methods and coal quality analysis, which was conducted by SRCL, appear to have met or exceeded accepted industry guidelines at the time the exploration activities were conducted. SRCL used the same methods for sample collection, analysis, and security for the Mine 14 lease exploration that it used on its other leases.

The original data files were not available for Golder's review. Golder received copies of 35 drill hole geologist logs and 28 electronic logs pertaining to the Mine 14 area from the Alberta Energy and Utilities Board. M1 furnished copies of various SRCL reports compiled by persons who would meet the requirements of a Qualified Person and a NI 43-101 technical report that discusses the regional geology and coal quality in detail. Based on Marston's previous work for SRCL and more recently GCCC coupled with a site visit to the Mine 14 area that confirmed the outcrop test areas and numerous drill pad locations, Golder is confident that the data is representative of the geology and coal quality. This previous data coupled with the Summit and Golder exploration data is sufficient to support a feasibility study and pre-feasibility study of the Mine 14 area resources.

Development and Operations Status

The Alberta Energy Resources and Conservation Board ("ERCB") - Mine Permit C 2009-6 and the ERCB - Mine License C 2011-9 for Mine 14 have been issued. Several other permits needed to place the mine into operation have been issued or will be issued once the remaining Alberta Mine Financial Security Bond has been posted. M1 received a permit for the coal preparation plant that will be located at the M1 site on May 29, 2013. On August 6, 2013, Summit was issued a Mine License Amendment from the Alberta Energy Regulator to increase annual production rates from 480,000 to 1,300,000 tonnes per year. Room-and-pillar mining utilizing continuous miners is the proposed mining method. A feasibility study was completed for the Project in July 2011. The PFS 2012 was completed for the downdip No. 10 and No. 4 seam resources in May 2012. The results of the 2012 exploration program were incorporated into the PFS 2013. No other development activities have occurred.

Mineral Resource and Mineral Reserve Estimates

A summary of the resources and reserves for the Mine 14 area are presented in Table 1-2: Mine 14 - Classification of Resources, Table 1-3: Mine 14 Reserves Assuming Coal Preparation, and Table 1-4: Mine 14 Reserves – Run of Mine ("ROM") Basis. The classification is in accordance with NI 43-101, CIM Definition Standards (adopted November 27, 2010), and using Geological Survey of Canada Paper 88-21 as a framework for the development and categorization of coal estimates.

The effective date of these estimates is January 2013.

The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves. The resources are in-situ tonnes, whilst the reported reserves are saleable tonnes, in one case for the export metallurgical market including both mining losses as well as processing losses, whilst in the thermal coal case are ROM tonnes with no processing losses. The No. 10 Seam and No. 4 Seam Mineral Resources that have been modified to Mineral Reserves are supported by an economic analysis whereas the Mineral Resources that have not been classified as Mineral Reserves do not have demonstrated economic viability.

TABLE 1-2: MINE 14 — CLASSIFICATION OF RESOURCES

Seam	Deposit Type	ASTM Rank	Measured (ktonnes)	Indicated (ktonnes)	Inferred (ktonnes)
No. 10	Underground/Surface	Low-to Mid- Volatile Bituminous	27,942	7,558	9,410
No. 4	Underground/Surface	Low- to Mid- Volatile Bituminous	34,444	7,757	8,592
No. 9	Underground/Surface	Low- to Mid- Volatile Bituminous		11,359	1,916
No. 8	Underground/Surface	Low- to Mid- Volatile Bituminous		14,450	2,372
No. 7	Underground/Surface	Low- Volatile Bituminous		17,610	3,049
No. 6	Underground/Surface	Low- to Mid- Volatile Bituminous			4,307
No. 5	Underground/Surface	Low- Volatile Bituminous			11,802
No. 3	Underground/Surface	Low- Volatile Bituminous			26,019
Total			62,386	58,734	67,467

TABLE 1-3: MINE 14 — COAL RESERVES ASSUMING PREPARATION

Seam	Deposit Type	ASTM Rank	Proven (ktonnes)	Probable (ktonnes)
No. 10	Underground	Low- to Mid- Volatile Bituminous	3,719	2,335
No. 4	Underground	Low- to Mid- Volatile Bituminous	5,697	2,383
Total			9,416	4,718

TABLE 1-4: MINE 14 — COAL RESERVES ROM BASIS

Seam	Deposit Type	ASTM Rank	Proven (ktonnes)	Probable (ktonnes)
No. 10	Underground	Low- to Mid- Volatile Bituminous	4,985	3,130
No. 4	Underground	Low- to Mid- Volatile Bituminous	7,637	3,194
Total			12,623	6,324

Conclusions

- The economic analysis prepared for the No. 10 and No. 4 seams in PFS 2013 shows that Mine 14 has the potential to be an economically viable project based on the mining and marketing assumptions summarized in the 2013 Technical Report.
- The mine life capital investment including replacement equipment is approximately \$184 million.
- The average cash operating cost is \$77.75 per clean tonne.
- The net present value for the export coal option is \$89 million with an internal rate of return of 33%.
- The data used in the preparation of the 2005 Technical Report combined with the data from Summit's 2006, 2011, and 2012 exploration programs is more than adequate to support the geologic interpretations of seam structure, thickness, and coal quality for the No. 10 and No. 4 seams within the Mine 14 area of the Summit leases as well as for the determination of Measured, Indicated, and Inferred Resources and Proven and Probable Reserves.
- The data and the geologic model based on the data are suitable for No. 10 and No. 4 seam mine planning and the preparation of the feasibility study and PFS, which underpin the 2013 Technical Report.
- The two coal seams are high quality, low- to medium-volatile bituminous coking coal that after coal preparation to reduce the amount of ash should be marketable into the seaborne metallurgical coal market. The ROM coal is suitable as a fuel for M1. The refuse from the coal preparation plant should also be suitable as a fuel for M1 when blended with higher calorific quality coals.
- The maximum 1.3 million tonnes per annum (Mtpa) room-and-pillar mine plan with secondary pillar extraction, utilizing continuous miners to extract the coal, is an economically effective mining method.
- The thickness and quality data for the No. 9, No. 8, and No. 7 seams coupled with reasonable underground or surface mining potential are sufficient for reporting of Indicated Resources. Appropriate studies have not been completed in order to report a higher resource category.
- The thickness data for the No. 6, No. 5, and No. 3 seams and reasonable underground or surface mining potential are sufficient for reporting of Inferred Resources. The uncertainty associated with limited coal quality data prevents reporting of a higher resource category.
- The 2012 exploration program showed that the geology of the areas adjacent to the proposed Mine 14 mine plan limits is complex. The limited drill hole data is not adequate to support a determination of Inferred Resources for any identified coal seams in these adjacent areas.
- As the No. 10 and No. 4 seams approach the axis of the Syncline Hill Syncline and the Syncline Hill Thrust Fault, alternate interpretations of the geology are possible. The dips of the seams could be lower or higher than the dips assumed for 2013 Technical Report, and there may also be faulting present. At some point, additional drilling will be necessary to improve the confidence of the geology interpretation.

Recommendations

Golder recommends that Summit use the various studies, geologic model, and the 2013 Technical Report as a basis for its decision on how to develop the property.

Summit should advance the review of the remaining regulatory approval application for the coal preparation plant and Mine License Amendment in order to receive the approvals in a timely manner.

During future Mine 14 operations, Summit should complete additional infill drilling within the existing downdip mine plan in advance of operations in order to validate the geological model and to support detailed mine engineering plans. Summit needs to validate any site specific restrictions to surface mining with the regulatory authorities that may be applied to surface mining activities within the Mine 14 Project area.