

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Maxim Power Corp. ("MAXIM" or the "Corporation")
Suite 1210, 715 – 5 Avenue S.W.
Calgary, Alberta T2P 2X6

2. Date of Material Change:

October 3, 2019.

3. News Release:

A news release was issued on October 3, 2019 by, or on behalf of, the Corporation and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

On October 3, 2019, MAXIM announced that it, and certain of its subsidiaries, entered into an agreement to amend the Corporation's previously announced \$75 million, one-year, 12% per annum, revolving, secured convertible loan (the "**Convertible Loan**").

5. Full Description of Material Change:

5.1 – Full Description of Material Change:

On October 3, 2019, MAXIM announced that it, and certain of its subsidiaries, entered into an agreement to amend the previously announced Convertible Loan.

The amendments to the Convertible Loan are as follows:

- The conversion price of the Convertible Loan has been increased from \$1.90 per share to \$2.25 per share. The new conversion price represents a 32% premium to the five-day volume-weighted average price ("**VWAP**") of MAXIM's common shares prior to amending the Convertible Loan versus the original conversion price of \$1.90 per share that represented a 6% premium to the five-day VWAP on the date of the Convertible Loan of September 10, 2019.
- The term of the Convertible Loan, which was initially a 12-month term from date of the initial advance under the Construction Loan (as defined below), with an option of MAXIM to extend the term by six months, has been amended to provide MAXIM an additional option to extend the Convertible Loan for a further six months (for a total extension of 12 additional months), in each case upon MAXIM providing notice no later than two months before the applicable maturity date, subject to satisfaction of certain conditions including payment by MAXIM of an extension fee equal to 0.25% of the total available borrowing amount under the Convertible Loan.

The remaining terms and conditions of the Convertible Loan are unchanged from those described in MAXIM's management information circular and proxy statement dated September 13, 2019 (the

"Information Circular"). There have been no amendments or changes to the Construction Loan (defined below), also described in the Information Circular.

The lenders in respect of the Convertible Loan are Alpine Capital Corp. ("**Alpine**") and Prairie Merchant Corporation ("**Prairie Merchant**" and together with Alpine the "**Lenders**"). Each of the Lenders is a "related party" of the Corporation pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Convertible Loan is subject to, among other things, the "minority shareholder approval" requirements under MI 61-101 which require the approval of shareholders of MAXIM, excluding the Lenders and their respective associates and affiliates, and as required by the rules and policies of the Toronto Stock Exchange (the "**TSX**"). MAXIM has scheduled a special meeting (the "**Meeting**") of shareholders for 9:00 am (Calgary time) on October 15, 2019 whereat Disinterested Shareholders (as defined below) of MAXIM will be asked to consider a resolution to approve the Convertible Loan (the "**Loan Resolution**").

A special committee of independent directors of MAXIM (the "**Special Committee**") has, with the assistance and guidance of its independent legal advisors, reviewed and participated in the negotiations of the Convertible Loan, including the amendments thereto, as well as the previously announced \$22 million one-year, 12%, revolving secured loan between the Corporation, certain of its subsidiaries, and the Lenders (the "**Construction Loan**").

The Special Committee has, subsequent to making its initial recommendations, reviewed and considered the terms of the Convertible Loan, as amended, and has re-affirmed its recommendation to the board of directors of the Corporation (the "**Board**") with respect to the Convertible Loan, including that the Convertible Loan, as amended, is in the best interests of the Corporation and that shareholders, other than the Lenders (including their associates and affiliates and any other persons required to be excluded in determining approval of the Loan Resolution in accordance with MI 61-101 and the rules of the TSX) (collectively, the "**Disinterested Shareholders**"), vote for the Loan Resolution. The Board, after considering the recommendations of the Special Committee has, among other things, re-affirmed its previous recommendation that the Disinterested Shareholders vote for the Loan Resolution (with Mr. Chernoff, who majority owns Alpine, and Mr. Wilson, who owns and controls Prairie Merchant, abstaining).

The Corporation previously received conditional approval from the TSX for the Convertible Loan, including with respect to the issuance and listing of the Common Shares issuable thereunder. The Corporation has notified the TSX of the above-noted amendments, including a decrease to the number of Common Shares that may be issuable under the Convertible Loan as a result of the increased conversion price (being up to 33,333,334 Common Shares versus up to 39,473,684 Common Shares prior to the amendment). Listing of such Common Shares is subject to meeting TSX listing requirements.

Alpine is majority owned by Mr. M. Bruce Chernoff, a director, Chairman and Chief Executive Officer of the Corporation, who owns or controls (directly or indirectly) 13,826,050 Common Shares (representing approximately 26.4% of the outstanding Common Shares). Prairie Merchant is owned and controlled by W. Brett Wilson, a director and Vice Chairman of the Corporation, who owns or controls (directly or indirectly) 13,724,486 Common Shares (representing approximately 26.2% of the outstanding Common Shares). Each of the Construction Loan and the Convertible Loan constitutes a "related party transaction" under MI 61-101 as each is a transaction where the Corporation borrows money from, or enters into a credit facility with related parties.

As set out in the Corporation's material change report dated September 17, 2019 neither the Construction Loan nor the Convertible Loan were subject to the formal valuation requirements of MI 61-101 and the Construction Loan was exempt from the minority shareholder approval requirements of MI 61-101. In addition, if an issuer materially amends the terms of an outstanding debt or liability owed by or to the related party, or the terms of an outstanding credit facility with the related party, such transaction may also be considered a "related party transaction" for the purposes of MI 61-101. In the event the amendments to the Convertible Loan were considered to be material amendments, thus constituting a "related party transaction", such transaction would be exempt from the formal valuation requirements of MI 61-101 as it does not fall within the types of transactions enumerated in MI 61-101 requiring formal valuations. Notwithstanding the foregoing, in accordance with Section 6.3(2) of MI 61-101, the amendment to the Convertible Loan (if considered a "related party transaction") may be further exempt from the valuation requirements of MI 61-101 as, although the Convertible Loan (including as amended) may result in the subscription of, or issuance to, a security by the Corporation to "related parties", the transaction involves non-cash consideration or assets (the Convertible Loan and any Common Shares issuable on conversion thereof) that are securities of a reporting issuer or are securities of a class for which there is a published market (the TSX) and, when entering into of the amending agreement, neither the Corporation nor, to the knowledge of the Corporation after reasonable inquiry, the Lenders had knowledge of any material information concerning the Corporation or its securities that had not been generally disclosed and each of the Corporation, Mr. Chernoff and Mr. Wilson have further confirmed the same. Neither the Corporation nor any of its officers or directors, after reasonable inquiry, are aware of any prior valuations or bona fide offers that have been completed or received by the Corporation in the past 24 months in respect of the Corporation that relate to the subject matter of or are otherwise relevant to the Convertible Loan (including as amended).

The Convertible Loan (including as amended) constitutes a "related party transaction" for the purposes of MI 61-101, requiring the approval of a majority of Disinterested Shareholders. Similarly, the Convertible Loan (including as amended) requires the approval of a majority of the Disinterested Shareholders in accordance with Sections 604(a)(ii) and 607(g) of the TSX Company Manual.

Based on the Lenders having equal interests in the Convertible Loan, and assuming each of the Lenders fully exercise their conversion right under the Convertible Loan, the Common Shares issuable on conversion of the Convertible Loan would be issued as to 50% to Alpine and 50% to Prairie Merchant. Based on this, and assuming the full \$75 million principal amount of the Convertible Loan is fully drawn and converted into Common Shares at a conversion price of \$2.25 per Common Share, the resulting ownership interest of Mr. Chernoff and Mr. Wilson (calculated as at October 4, 2019 after giving account to the conversion) will be as follows:

Name of Shareholder	Securities Owned, Controlled or Directed	Percentage of the Class of Outstanding Voting Securities of the Corporation⁽¹⁾
M. Bruce Chernoff ⁽²⁾	30,492,717	35.6%
W. Brett Wilson ⁽³⁾	30,391,153	35.5%

Notes:

- (1) Based on 85,721,239 issued and outstanding Common Shares, including 33,333,334 Common Shares issuable assuming the conversion (in full) of \$75 million of the Convertible Loan.
- (2) Includes Common Shares held by entities that are owned or controlled by Mr. Chernoff (including Alpine). Assuming the full \$75 million principal amount of the Convertible Loan is fully drawn and the full amount of the

Convertible Loan attributable to Alpine is converted to Common Shares and no amounts of the Convertible Loan attributable to Prairie Merchant are converted to Common Shares, Mr. Chernoff (inclusive of the entities that are owned or controlled by Mr. Chernoff (including Alpine)) would own or control approximately 44.2% of the then issued and outstanding Common Shares.

- (3) Includes Common Shares held by entities that are owned or controlled by Mr. Wilson (including Prairie Merchant). Assuming the full \$75 million principal amount of the Convertible Loan is fully drawn and the full amount of the Convertible Loan attributable to Prairie Merchant is converted to Common Shares and no amounts of the Convertible Loan attributable to Alpine are converted to Common Shares, Mr. Wilson (inclusive of the entities that are owned or controlled by Mr. Wilson (including Prairie Merchant)) would own or control approximately 44.0% of the then issued and outstanding Common Shares.

In accordance with the rules of the TSX, all fees, including interest (for both the Construction Loan and the Convertible Loan), and other fees payable to the Lenders, as well as the value of the Common Shares issuable on conversion of the Convertible Loan based on the maximum number of Common Shares issuable thereunder multiplied by the deemed value of a Common Share will be deemed to be consideration received by "insiders". In the event the Lenders elect to convert the Convertible Loan, according to the above listed rules of the TSX and the assumptions listed below, the aggregate consideration received by the "insiders" would be equal to the aggregate value of the Common Shares issuable on conversion of the Convertible Loan (\$75,000,000), plus the aggregate amount of fees payable under the Loans (\$1,500,000), totalling \$76,500,000 (84% of the Corporation's market capitalization as at the date of this material change report).

The Corporation used the following assumptions in calculating the total consideration to be received by the "insiders" in accordance with the rules of the TSX: (i) a current market capitalization (pre-conversion) of the Corporation of approximately \$91.1 million; (ii) the Construction Loan (including accrued interest thereon) is repaid from funds drawn under the Convertible Loan; (iii) \$75 million is outstanding on the Convertible Loan (representing the full draw of the Convertible Loan, including interest accrued thereunder) which amount is converted into Common Shares at a conversion price of \$2.25 per share (per the amendment) for deemed consideration equal to \$75,000,000; (iv) the aggregate fees payable in respect of each of the Construction Loan and Convertible Loan are \$1,500,000; and (v) the Convertible Loan is converted at the end of its initial 12 month term. The foregoing is not necessarily indicative of the consideration the Lenders will actually receive, and assumes certain facts including the principal amount of the loans outstanding, the treatment of interest and fees under the Construction Loan and Convertible Loan and the method of valuing the Common Shares potentially issuable on conversion of the Convertible Loan to Common Shares (which will be in lieu of cash repayment of the \$75,000,000 principal amount of the Convertible Loan and does not deduct such amounts as paid by the Lenders for the Common Shares issuable on conversion of the Convertible Loan). In the event the Lenders do not convert the Convertible Loan, they will not realize the value of any Common Shares in the manner described above, and will only receive interest totaling \$8,895,126 and fees totaling \$1,500,000 pursuant to the Convertible Loan and Construction Loan (assuming interest is payable and deferred on \$22 million (representing the full draw of the Construction Loan) for one month and on \$75 million (representing the full draw of the Convertible Loan) for eleven months). In the event the Convertible Loan (as amended) is fully drawn and extended two times pursuant to its terms, each time for an additional six-month period, the Lenders would receive additional fees of \$375,000 and \$10,612,100 in additional interest. Based on the foregoing, the Corporation expects the actual consideration received by insiders may vary.

For further information with respect to various other matters with respect to the Convertible Loan, including the background thereto, the purpose and business reasons therefor and the process of the Special Committee, please also see the Corporation's material change report dated September 17, 2019 and the Information Circular, each available under the Corporation's SEDAR profile at www.sedar.com.

5.2 – Disclosure for Restructuring Transactions:

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business telephone number of an executive officer of the Corporation who is knowledgeable about the material change and this material change report is:

Michael R. Mayder, President and CFO
Tel: (403) 750-9311

9. Date of Report:

October 4, 2019.

Note Regarding Forward-Looking Statements

This document contains forward-looking information. This information relates to future events and the Corporation's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward- looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "continue" or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Corporation's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward- looking information.

MAXIM believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. This document contains forward-looking information concerning, among other things, the date and timing of the Meeting, the business to be conducted at the Meeting and the results of the conversion or partial conversion of the Convertible Loan, including the pro-forma ownership of Mr. Chernoff and Mr. Wilson in such instances. The reader is cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided in this document as a result of numerous known and unknown risks and uncertainties and other factors. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, Disinterested Shareholder approval and regulatory approvals (including TSX).

With respect to forward-looking information contained in this document, the Corporation has made assumptions regarding, among other things: the date and time of the Meeting will not be amended and the timely receipt of any required regulatory approvals (including the TSX). Management of MAXIM has included the above summary of assumptions and risks related to forward-looking information included in

this document in order to provide investors with a more complete perspective on the Corporation's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this document are expressly qualified by this cautionary statement. The forward-looking information contained herein is made as of the date of this document and the Corporation disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.