

FORM 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Not applicable.

Item 1 - Security and Reporting Issuer

- 1.1 **State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.**

Maxim Power Corp. ("**Maxim**")
1210, 715 - 5 Avenue S.W.
Calgary, Alberta T2P 2X6

This report relates to common shares in the capital of Maxim ("**Common Shares**").

- 1.2 **State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.**

Not applicable.

Item 2 - Identity of the Acquiror

- 2.1 **State the name and address of the acquiror.**

M. Bruce Chernoff and Alpine Capital Corp. ("**Alpine**")
Suite 3230, 421 - 7th Avenue S.W.
Calgary, Alberta T2P 4K9

- 2.2 **State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.**

On September 10, 2019 Maxim, as borrower, and Alpine, a company that is majority owned by Mr. Chernoff, and Prairie Merchant Corporation ("**Prairie Merchant**" and together with Alpine, the "**Lenders**"), as lenders, entered into a loan agreement (the "**Original Loan Agreement**") with Maxim, and certain other subsidiaries of Maxim, pursuant to which Maxim may borrow up to \$75 million from the Lenders (the "**Convertible Loan**"). Pursuant to the terms of the Original Loan Agreement, amounts drawn under the Convertible Loan, including accrued but unpaid interest that has been capitalized, to a maximum of \$75 million, was convertible, in whole or in part, into Common Shares at a conversion price of \$1.90 per Common Share at the election of each Lender, such right exercisable at any time during the term of the Convertible Loan or within 10 business days of receipt of any repayment notice from Maxim.

On October 3, 2019, the Lenders, Maxim and certain of its subsidiaries, amended the Original Loan Agreement (the "**Amended Loan Agreement**"), to, among other things, increase the conversion price of the Convertible Loan from \$1.90 per Common Share to \$2.25 per Common Share. Other than the adjustment to the conversion price, all other provisions with respect to the conversion of

the Convertible Loan to Common Shares are the same. As a result of the adjustment to the conversion price of the Convertible Loan, the maximum number of Common Shares that may be acquired by Alpine on conversion of the Convertible Loan, is reduced from 19,736,842 Common Shares to 16,666,667 Common Shares (being Alpine's 50% share of the Convertible Loan).

The conversion right may be exercised by each Lender separately, and any non-electing Lender will be entitled to the repayment of any amounts outstanding under the Convertible Loan, based on its pro-rata commitment under the Convertible Loan (being 50% to Alpine and 50% to Prairie Merchant). Upon the conversion of \$75 million of amounts owing under the Convertible Loan into Common Shares, the conversion right expires and will not apply to additional indebtedness under the Convertible Loan that may be drawn on a revolving basis or otherwise exceeds \$75 million.

The Convertible Loan requires minority shareholder approval as required by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and the rules of the Toronto Stock Exchange. If such approval is not received, or all other conditions to the Convertible Loan are not otherwise satisfied or waived, the Convertible Loan will terminate, and no funds would be advanced thereunder and no Common Shares may be issuable to the Lenders.

A special meeting of shareholders of Maxim to approve the Convertible Loan will be held on October 15, 2019 (or any other date if adjourned or postponed).

2.3 State the names of any joint actors.

Alpine is a company that is majority owned by Mr. Chernoff. Mr. Chernoff also indirectly owns Common Shares through Kai Commercial Trust, a trust of which Mr. Chernoff is a majority unitholder and Common Shares through Caribou Capital Corp., a company of which Mr. Chernoff has a majority beneficial interest.

Item 3 - Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

Mr. Chernoff (indirectly through Alpine) has made a commitment to fund up to 50% of the maximum principal amount of the Convertible Loan, representing a maximum aggregate commitment of \$37.5 million. Assuming the full \$37.5 million principal amount of the Convertible Loan attributable to Alpine is fully drawn and converted into Common Shares, Alpine would acquire 16,666,667 Common Shares at a conversion price of \$2.25 per share (subject to minority shareholder approval of the Convertible Loan as required by MI 61-101 and the rules of the Toronto Stock Exchange).

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

See Item 3.1.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Before giving effect to the Convertible Loan, Mr. Chernoff (through Kai Commercial Trust, Alpine and Caribou Capital Corp.) owned an aggregate of 13,826,050 Common Shares representing approximately 26.4% of the issued and outstanding Common Shares. After giving effect to the Convertible Loan, Mr. Chernoff (through Kai Commercial Trust, Alpine and Caribou Capital Corp.) continues to own an aggregate of 13,826,050 Common Shares, with a right to acquire up to 16,666,667 additional Common Shares, should the full amount of the Convertible Loan be drawn, representing approximately 35.6% of the then issued and outstanding Common Shares assuming the full conversion of the Convertible Loan, including the conversion of any principal amounts attributable to Prairie Merchant thereunder (44.2% of the then issued and outstanding Common Shares assuming the full conversion of the Convertible Loan attributable to Alpine only and excluding the conversion of any principal amounts attributable to Prairie Merchant thereunder).

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Mr. Chernoff (through Kai Commercial Trust, Alpine and Caribou Capital Corp.) has ownership and/or control over 13,826,050 Common Shares representing approximately 26.4% of the currently issued and outstanding Common Shares. Furthermore, Mr. Chernoff (indirectly through Alpine) has made a commitment to fund up to 50% of the maximum principal amount of the Convertible Loan, representing a maximum aggregate commitment of \$37.5 million. Assuming the full \$37.5 million principal amount of the Convertible Loan attributable to Alpine is fully drawn and converted into Common Shares, Alpine would acquire 16,666,667 Common Shares at a conversion price of \$2.25 per share. If the 16,666,667 Common Shares issuable on conversion of the full amount of the Convertible Loan attributable to Alpine are issued, Mr. Chernoff (through Kai Commercial Trust, Alpine and Caribou Capital Corp.) would have ownership and/or control over 30,492,717 Common Shares, representing approximately 35.6% of the then issued and outstanding Common Shares assuming the full conversion of the Convertible Loan, including the conversion of any principal amounts attributable to Prairie Merchant thereunder (44.2% of the then issued and outstanding Common Shares assuming the full conversion of the Convertible Loan attributable to Alpine only and excluding the conversion of any principal amounts attributable to Prairie Merchant thereunder).

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

- 3.6 **If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.**

Not applicable.

- 3.7 **If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 **If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 - Consideration Paid

- 4.1 **State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

Mr. Chernoff (indirectly through Alpine) has made a commitment to fund up to 50% of the maximum principal amount of the Convertible Loan, representing a maximum aggregate commitment of \$37.5 million. Assuming the full \$37.5 million principal amount of the Convertible Loan attributable to Alpine is fully drawn and converted into Common Shares, Alpine would acquire 16,666,667 Common Shares at a conversion price of \$2.25 per share. As at the date hereof, no funds have been advanced under the Convertible Loan.

- 4.2 **In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 4.1 above.

- 4.3 **If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 - Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer.

The provision of the Convertible Loan was made in furtherance of Mr. Chernoff's investment objectives. Mr. Chernoff may, from time to time, as market opportunities exist or develop, increase (including by way of the conversion of the portion of the Convertible Loan attributable to Alpine) or decrease his ownership in Common Shares as permitted by applicable securities laws.

Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

As of the date of this report, Mr. Chernoff does not have any plans or future intentions which relate to or would result in any of the matters described in clauses (a) through (k) above; provided however Alpine may, at its discretion, exercise the conversion right under the Convertible Loan and acquire additional Common Shares as a result thereof in the future.

Item 6 - Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

As summary of the material terms of the Convertible Loan, as amended, is set forth below:

Summary of Terms:	Convertible Loan
Loan:	\$75 million revolving loan.
Use:	Repayment of a concurrent construction loan (the " Construction Loan ") provided by the Lenders, fund development of Maxim's gas-fired power project (" M2 ") under an engineering procurement and construction contract with up to \$5 million available for general administrative expenses and continued project development activities.
Conditions:	Customary for transaction of this nature and including disinterested shareholder and Toronto Stock Exchange approval for the Convertible Loan.
Conversion Right:	Amount drawn under Convertible Loan, including accrued but unpaid interest that has been capitalized, to a maximum of \$75 million, is convertible, in whole or in part, into Common Shares at a conversion price of \$2.25 per Common Share at the election of each Lender, such right exercisable at any time during the term of the Convertible Loan or within 10 business days of receipt of any repayment notice from Maxim. The conversion right may be exercised by each Lender separately, and any non-electing Lender will be entitled to the repayment of any amounts outstanding under the Convertible Loan, based on its pro-rata commitment under the Convertible Loan (being 50% to Alpine and 50% to Prairie Merchant).
Term:	12 months from date of initial advance under the Construction Loan (Maxim may extend the term by up to two 6 month terms upon Maxim providing notice to extend no later than 2 months before the maturity date, subject to satisfaction of certain conditions including payment of an extension fee).
Interest:	12% per annum (subject to increase by 3% per annum upon a default). At Maxim's election, interest may accrue until M2 is commissioned and commences commercial power production.
Security:	First lien secured over all present and after acquired property of Maxim and the other loan parties, thereto, subject to an agreement to subordinate to a financial institution lender who may provide between \$25 million - \$50 million of financing to Maxim on terms and conditions more favorable than the applicable loan.
Assignment by Lenders:	Lenders may assign their rights and obligations under the Amended Loan Agreement to an affiliate, or, with the prior written consent of the administrative agent under the Amended Loan Agreement, to any other third party.

Item 7 - Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

As a result of the adjustment to the conversion price of the Convertible Loan from \$1.90 per share to \$2.25 per share, the maximum number of Common Shares, and resulting percentage ownership of Mr. Chernoff (including Alpine), as described herein, may be different from those described in the early warning report filed by the undersigned on September 11, 2019.

Item 8 - Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 - Certification

Certificate

I, as the acquiror, certify that the statements made in this report are true and complete in every respect.

Date: October 4, 2019

Per: (signed) "*M. Bruce Chernoff*" (on his own
behalf and on behalf of Alpine Capital Corp.)