Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the First Quarter Ended March 31, 2019

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Corporation's independent auditor has not performed a review of the accompanying unaudited condensed consolidated interim financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards.

(signed) "M. Bruce Chernoff"	*(signed) "Michael R. Mayder"*
M. Bruce Chernoff	Michael R. Mayder
Chief Executive Officer	President and Chief Financial Officer
MAXIM Power Corp.	MAXIM Power Corp.

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

	Note	**March 31, 2019**	December 31, 2018
ASSETS			
Cash and cash equivalents		**38,069**	22,246
Short-term investment	4	**11,735**	41,552
Trade and other receivables		**3,289**	6,260
Prepaid expenses, deposits and other assets	3,5	**1,064**	480
Total current assets		**54,157**	70,538
Property, plant and equipment, net		**87,527**	71,877
Right-of-use assets	3,5	**116**	-
Restricted cash		**7,849**	7,795
Deferred tax assets		**14,547**	14,547
Other assets	3,5,8a	**7,732**	7,431
Total non-current assets		**117,771**	101,650
TOTAL ASSETS		**171,928**	172,188
LIABILITIES			
Trade and other payables		**7,080**	6,671
Lease obligation	3,5	**85**	-
Total current liabilities		**7,165**	6,671
Provisions for decommissioning		**17,961**	16,977
Lease obligation	3,5	**82**	-
Total non-current liabilities		**18,043**	16,977
TOTAL LIABILITIES		**25,208**	23,648
EQUITY			
Share capital		**151,292**	151,430
Contributed surplus		**11,913**	11,839
Deficit		**(16,485)**	(14,729)
TOTAL EQUITY		**146,720**	148,540
Commitments and Contingencies	8,9		
TOTAL LIABILITIES AND EQUITY		**171,928**	172,188

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

On behalf of the Board:

M. Bruce Chernoff	Wiley Auch
CEO and Chairman of the Board	Director

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income (Loss)

For the three months ended March 31
(in thousands of Canadian dollars)

	Note	**2019**	2018
Revenue		**8,199**	-
Expenses			
Operating		**8,478**	1,289
General and administrative		**829**	1,199
Depreciation and amortization		**818**	1,300
Other expense, net		**261**	198
Operating loss		**(2,187)**	(3,986)
Finance income, net	7	**(393)**	(447)
Net loss and comprehensive loss		**(1,794)**	(3,539)
Earnings per share	6		
Basic earnings		**(0.03)**	(0.06)
Diluted earnings		**(0.03)**	(0.06)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

(in thousands of Canadian dollars, except common share data)

	Number of common shares (thousands)	Share capital	Contributed surplus	Deficit	Total
Equity at December 31, 2018	52,526	151,430	11,839	(14,729)	148,540
Net loss	-	-	-	(1,794)	(1,794)
Repurchase of common shares for cancellation	(48)	(138)	-	38	(100)
Share-based compensation	-	-	74	-	74
Equity at March 31, 2019	**52,478**	**151,292**	**11,913**	**(16,485)**	**146,720**
Equity at December 31, 2017	54,624	157,471	11,517	(20,314)	148,674
Net loss	-	-	-	(3,539)	(3,539)
Share-based compensation	-	-	123	-	123
Equity at March 31, 2018	54,624	157,471	11,640	(23,853)	145,258

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31
(in thousands of Canadian dollars)

	Note	**2019**	2018
Cash flows from operating activities:			
Net loss		**(1,794)**	(3,539)
Adjustments for items not involving cash or operations:			
Depreciation and amortization		**818**	1,300
Share-based compensation		**74**	123
Finance income, net	7	**(393)**	(447)
Funds used in operating activities before changes in working capital		**(1,295)**	(2,563)
Change in non-cash working capital from operations	10	**768**	(569)
Net cash used in operating activities		**(527)**	(3,132)
Cash flows from financing activities:			
Repurchase of common shares for cancellation		**(100)**	-
Payment of lease obligation	5	**(20)**	-
Interest and bank charges	7	**(38)**	(36)
Net cash used in financing activities		**(158)**	(36)
Cash flows from investing activities:			
Property, plant and equipment additions		**(15,791)**	(963)
Purchase of short-term investment		**-**	(25,000)
Proceeds from withdrawal of short-term investment	4	**30,000**	-
Reinvested interest income from short-term investment		**(183)**	(291)
Interest income	7	**399**	500
Change in non-cash working capital	10	**2,006**	869
Net cash generated from (used in) investing activities		**16,431**	(24,885)
Unrealized foreign exchange gain on cash and cash equivalents		**77**	-
Increase (decrease) in cash and cash equivalents		**15,823**	(28,053)
Cash and cash equivalents, beginning of period		**22,246**	51,264
Cash and cash equivalents, end of period		**38,069**	23,211

1. Reporting entity

Maxim Power Corp. is incorporated in the province of Alberta, Canada. Maxim Power Corp. and its subsidiaries (together "MAXIM" or the "Corporation") is an independent power producer, which acquires or develops, owns and operates power and power related projects in Alberta. The Corporation’s common shares trade on the Toronto Stock Exchange under the symbol "MXG". MAXIM’s registered office is Suite 1210, 715 – 5 Avenue S.W., Calgary, Alberta, Canada, T2P 2X6.

2. Basis of preparation and statement of compliance

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. The unaudited condensed consolidated interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's December 31, 2018 annual audited financial statements, available at www.sedar.com.

MAXIM's Board of Directors approved these unaudited condensed consolidated interim financial statements on May 9, 2019.

(b) Use of estimates and judgements:

The use of judgments and estimates in the preparation of these unaudited condensed consolidated interim financial statements has been applied consistently for all periods presented and are unchanged from the judgments and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2018.

3. Significant accounting policies

Except as noted below, the significant accounting policies used in the preparation of these unaudited condensed consolidated interim financial statements have been applied consistently for all periods presented and are unchanged from the policies disclosed in the notes to the consolidated financial statements for the year ended December 31, 2018.

On January 1, 2019, the Corporation adopted Leases ("IFRS 16"), as well as the amendments to Income Taxes ("IAS 12"), Employee Benefits ("IAS 19"), Borrowing Costs ("IAS 23"), Investments in Associates and Joint Ventures ("IAS 28"), Business Combinations ("IFRS 3") and Financial Instruments ("IFRS 9"). With the exception of IFRS 16, the adoption of these amendments had no impact to the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2019 or comparative periods.

IFRS 16: Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases.

(Amounts in thousands of Canadian dollars except as otherwise noted)

3. Significant accounting policies (continued)

Effective January 1, 2019, the Corporation adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under Leases IAS 17 ("IAS 17") and related interpretations. On adopotion, management elected to use the following practical expedients permitted under the standard:

- Apply the practical expedient permitted to measure the right-of-use asset at the amount equal to the lease liability and sublease asset. Therefore there was no impact to retained earnings;
- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than twelve months as at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of a low dollar value (less than $6); and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease;

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation measures its lease liability and sublease asset initially at the present value of the lease payments that are not paid or received at the commencement date, discounted using the Corporation's incremental borrowing rate. The lease liability and sublease asset are measured at amortized cost using the effective interest method. It is remeasured if there is a change in future lease payments.

The following table reconciles the Corporation’s operating lease obligations at December 31, 2018, as previously disclosed in the Corporation’s consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments disclosed as at December 31, 2018	509
Variable portion of operating lease commitments disclosed as at December 31, 2018	(293)
Discount impact using the incremental borrowing rate at January 1, 2019	(12)
Recognition exemption for low-value leases	(17)
Lease liability recognized on January 1, 2019	187

(Amounts in thousands of Canadian dollars except as otherwise noted)

3. Significant accounting policies (continued)

The impacts of the adoption of IFRS 16 as at January 1, 2019 are as follows:

	As reported December 31, 2018	IFRS 16 adjustment	Balance on Adoption as at January 1, 2019
ASSETS			
Cash and cash equivalents	22,246	-	22,246
Short-term investment	41,552	-	41,552
Trade and other receivables	6,260	-	6,260
Prepaid expenses, deposits and other assets (i)	480	25	505
Total current assets	70,538	25	70,563
Property, plant and equipment, net	71,877	-	71,877
Right-of-use assets (ii)	-	131	131
Restricted cash	7,795	-	7,795
Deferred tax assets	14,547	-	14,547
Other assets (i)	7,431	31	7,462
Total non-current assets	101,650	162	101,812
TOTAL ASSETS	172,188	187	172,375
LIABILITIES			
Trade and other payables	6,671	-	6,671
Lease obligation (iii)	-	83	83
Total current liabilities	6,671	83	6,754
Provisions for decommissioning	16,977	-	16,977
Lease obligation (iii)	-	104	104
Total non-current liabilities	16,977	104	17,081
TOTAL LIABILITIES	23,648	187	23,835
EQUITY			
Share capital	151,430	-	151,430
Contributed surplus	11,839	-	11,839
Deficit	(14,729)	-	(14,729)
TOTAL EQUITY	148,540	-	148,540
TOTAL LIABILITIES AND EQUITY	172,188	187	172,375

i) Sublease asset

On adoption, the Corporation reassessed the classification of its sublease contract previously classified as operating leases under IAS 17. The Corporation concluded this sublease is a finance lease under IFRS 16 and as a result a $56 finance lease was recognized on adoption of IFRS 16, of which, the current portion is $25.

ii) Right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, net of the sublease asset, on January 1, 2019 for $131.

(Amounts in thousands of Canadian dollars except as otherwise noted)

3. Significant accounting policies (continued)

iii) Lease obligation

On adoption, the Corporation recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. Under the principles of the new standard these leases have been measured at the present value of the remaining lease payments, discounted using the Corporation’s incremental borrowing rates at January 1, 2019. The Corporation's incremental borrowing rate as at January 1, 2019 was 5.45%. Leases with a remaining term of less than twelve months and low-value leases were excluded. Total lease liabilities of $187 were recorded as at January 1, 2019, of which $83 is the current portion.

4. Short-term investment

During the first quarter of 2019, $30,000 was withdrawn from the Corporation's short-term investment account and transferred into the Corporation's demand deposit account, and is classified under cash and cash equivalents in the Corporation's Condensed Consolidated Interim Statements of Financial Position.

5. Right-of-use asset, lease liability and sublease asset

The following table presents the right-of-use asset, lease liability and sublease asset from the adoption of IFRS 16:

	Right-of-use asset	Sublease asset (a)	Lease liability
Net book value on January 1, 2019	131	56	(187)
Depreciation and amortization	(15)	-	-
Principle payments	-	(6)	20
Net book value on March 31, 2019	116	50	(167)
Current	-	26	(85)
Long-term	116	24	(82)
Net book value on March 31, 2019	116	50	(167)

(a) The sublease asset is presented under current and long-term other assets.

6. Earnings per share

The calculation of basic and diluted earnings per share the three months ended March 31, 2019 was based on the net loss of $1,794 (March 31, 2018 – $3,539) and weighted average number of common shares outstanding for the period of 54,609,495 (March 31, 2018 – 54,623,825).

The effects of exercisable stock options on diluted earnings per share were $nil for the three months ended March 31, 2019 (March 31, 2018 – $nil) as they were antidilutive.

(Amounts in thousands of Canadian dollars except as otherwise noted)

7. Finance income, net

	March 31, 2019	March 31, 2018
Interest expense and bank charges	38	36
Accretion of provisions	45	24
Foreign exchange gain	(77)	(7)
Finance expense	6	53
Interest income (a)	(399)	(500)
Total finance income, net	(393)	(447)

(a) Includes interest income on cash and cash equivalents, short-term investment and restricted cash.

8. Commitments

(a) Milner Power Limited Partnership ("MPLP") is responsible for the decommissioning and remediation of the power station lands at Milner and the present value of these amounts have been recorded in provisions. The Balancing Pool has agreed to reimburse MPLP for the first $15,000 in decommissioning expense.

For the three months ended March 31, 2019, the Corporation has billed the Balancing Pool for $19, of which $2 has been collected for remediation of certain lands at Milner. As at March 31, 2019, on a life-to-date basis, the Corporation has billed the Balancing Pool for $4,140, of which $4,123 has been collected for remediation of certain lands at Milner. The present value of the residual balance of $7,528 has been recorded in other assets. Should there be a material breach of environmental laws by MPLP during the period of ownership, then MPLP is required to contribute fully to the incremental costs caused by such material breach.

(b) The Corporation has entered into a natural gas transportation service agreement from November 1, 2020 to October 31, 2028 for the Deerland peaking station development project whereby it is committed to reimburse out-of-pocket costs of the counterparty for the construction of the project. The maximum authorization of expenditure is $1,570, and $15 has been incurred by the counterparty as at March 31, 2019. The Corporation has an additional commitment of $798 regarding the service portion of the contract.

(c) The Corporation has entered into capital contracts for engineering and procurement of equipment for the natural gas expansion project. These contracts expire in 2019 with commitments totaling $2,857.

9. Contingencies

(a) Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is involved in certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, the Corporation may, based on a cost-benefit analysis, enter into a settlement even though denying any wrongdoing. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated.

9. Contingencies (continued)

The Corporation closed the sale of the France operating segment on December 2, 2016. Under the agreement, the Corporation continues to be subject to the claims received for €1,700 thousand in additional costs from suppliers in France. Costs in relation to these claims and potential claims are only recognized when they become probable, and based on the information presently known, it is the view of the Corporation that these claims and potential claims are without merit. Further under the agreement, the Corporation is subject to performance criteria of certain generating units in the France operating segment until October 31, 2017. The Corporation is responsible to reimburse the buyer of the France operating segment for penalties incurred until that time up to a maximum of €1,500 thousand. Any amounts claimed by the buyer in relation to these two amounts will be reduced by any recoveries attained by the buyer from legal proceedings against third parties that were ongoing at the time of the sale and date of these Consolidated Financial Statements. The Corporation is further subject to tax indemnities until December 2, 2019. In addition, the Corporation is subject to customary closing indemnities until December 2, 2019 to a maximum claim of €3,500 thousand.

The Corporation closed the sale of the United States operating segment on April 3, 2017. Under the sales agreement, the Corporation is subject to tax indemnities with an expiry date in accordance with all applicable statutes of limitations with respect to the matters covered thereby.

Costs in relation to these claims and potential claims are only recognized when they become probable and based on the information presently known, it is the view of the Corporation that no liability currently exists.

The actual outcome of these claims and potential claims, including the timing and amount of any cash outflow or the possibility of reimbursements, is not yet determinable.

(b) Contingent assets

Through its Decision 790-D06-2017 ("Decision"), the Alberta Utilities Commission ("AUC") asserted its position on several matters related to remedy under Module C of Milner Power Inc.'s complaint relating to the Alberta Electric System Operator (“AESO”) Line Loss Rule. The Decision confirms that the same method that was used to calculate 2017 prospective loss factor rates would be used for the retrospective period of January 1, 2006 – December 31, 2016. A single settlement approach will be used whereby the AESO calculates all eleven years before cash is settled. The Decision further confirms that the settlement be effected by reissuing invoices to the original party and that a rider will be applied to transmission rates across the industry to collect any shortfall from the inability to collect from an original party. The Corporation estimates that overpayments of approximately $40,100 were made by Milner Power Inc. to the AESO for the period January 1, 2006 to December 31, 2016, based on calculations established by information currently available on final public record, before accounting for the time value of money. As at March 31, 2019, the precise amount and timing of compensation under Module C cannot be determined.

The Corporation closed the sale of a development project on June 20, 2018. Under the sales agreement, the Corporation is entitled to additional compensation if the purchaser executes a renewable power purchase agreement or begins construction of the project. In addition, the Corporation is entitled to further compensation upon the date of commercial operation. This additional compensation, under both conditions, shall not exceed $2,810. As at March 31, 2019, the precise amount and timing of compensation under the sales agreement cannot be determined.

(Amounts in thousands of Canadian dollars except as otherwise noted)

10. Change in non-cash working capital

	March 31, 2019	March 31, 2018
Operations		
Trade and other receivables	2,971	772
Prepaid expenses and deposits	(552)	56
Trade and other payables	(1,651)	(1,397)
	768	(569)

	March 31, 2019	March 31, 2018
Investing		
Trade and other payables	2,060	869
Restricted cash	(54)	-
	2,006	869

11. Financial instruments, financial risk management and fair value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm’s length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair value measurement of a financial instrument or derivative contract is included in one of three levels as follows:

- Level I: unadjusted quoted prices in active markets for identical assets or liabilities
- Level II: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly
- Level III: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provides the fair values of the financial assets and liabilities in the Corporation's Condensed Consolidated Interim Statements of Financial Position, and is categorized by hierarchical levels and their related classifications.

March 31, 2019	Total carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Cash and cash equivalents	38,069	38,069	-	-
Short-term investment	11,735	11,735	-	-
Trade and other receivables	3,289	3,289	-	-
Restricted cash	7,849	7,849	-	-
Milner decommissioning reimbursement	7,528	-	-	7,528
Total assets	68,470	60,942	-	7,528
Trade and other payables	7,080	7,080	-	
Total liabilities	7,080	7,080	-	-

(Amounts in thousands of Canadian dollars except as otherwise noted)

11. Financial instruments, financial risk management and fair value (continued)

December 31, 2018	Total carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
Cash and cash equivalents	22,246	22,246	-	-
Short-term investment	41,552	41,552	-	-
Trade and other receivables	6,260	6,260	-	-
Restricted cash	7,795	7,795		
Milner decommissioning reimbursement	7,187	-	-	7,187
Total assets	85,040	77,853	-	7,187
Trade and other payables	6,671	6,671	-	-
Total liabilities	6,671	6,671	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 9, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") for the three months ended March 31, 2019. The MD&A should also be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2018. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, under International Financial Reporting Standards ("IFRS"), as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants ("GAAP").

Capitalized and abbreviated terms that are used but not otherwise defined herein are defined in the Glossary of Terms. Throughout this MD&A, dollar amounts within tables are in thousands of Canadian dollars unless otherwise noted.

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FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking information ("FLI") and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of 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, prevailing economic conditions in the regions that the Corporation operates and the other risks described herein and under the heading "Risk Factors" in the Corporations most recently filed annual information form filled on sedar at www.sedar.com. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.

Readers are cautioned that management's expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, MAXIM has made the following assumptions as at the date of this MD&A:

- MAXIM continues to develop the simple cycle stage of Milner 2, a natural gas expansion project ("M2"). This stage is a 204 MW simple cycle gas turbine facility that will be located on the existing HR Milner ("Milner") site, which provides access to existing assets, and will result in a cost-effective solution for new development.
- MAXIM currently anticipates that operation of the existing Milner 150 MW dual fuel-fired (coal and natural gas) facility will be phased out during the latter stages of development of the M2 gas-fired generation capacity.
- Based on settled and forward power and gas prices, MAXIM anticipates generating electricity at the existing Milner facility until late 2019. Milner is a dual-fuel facility that is capable of running on coal up to 144 MW or gas at up to 70 MW. MAXIM has consumed substantially all coal inventory on hand and continues to evaluate market conditions to determine if purchasing additional coal is economical.
- Management forecasts that cash flows for operating, general and administrative expenses will be funded by its existing cash on hand. Based on near final engineering estimates, management forecasts that cash flows for the simple cycle stage of M2 and other developments will be funded with existing cash on hand, operating cash flows, and future financing based upon current forecasts. MAXIM is actively working with lenders to finance a portion of M2 to ensure the Corporation has adequate cashflow to complete the project.
- MAXIM estimates total capital expenditures of approximately $116.5 million to be incurred in 2019, which is an increase of $50.6 million as compared to $65.9 million reported in the prior period. The majority of these expenditures relate to additional costs forecasted to complete construction of the first phase of M2. Refer to the Highlights and Notable Events section on page 3 for further discussion on capital spending.
- In determining potential development sites, management estimates future capacity payments and power prices in Alberta. The actual future capacity and power prices in these areas may be different from expected.
- MAXIM anticipates compliance with all necessary provincial and federal regulations for environmental and climate change legislation. Changes to environmental legislation and operational issues may affect the ability of MAXIM to comply with regulations.

- MAXIM anticipates that it will have a working capital deficit within the next twelve months, subject to the timing of commissioning of the simple cycle stage of M2 and/or terms of future financing. As at the date of this MD&A, the terms of financing for the simple cycle stage of M2 have yet to be finalized.
- Other matters and factors described under the Outlook section on page 8.

OVERALL PERFORMANCE

Highlights and Notable Events

During the quarter MAXIM engaged in a detailed engineering review of the simple cycle stage of its M2 natural gas-fired generation project and as a result is undertaking modifications to the design of the facility which MAXIM believes will enhance the performance, reliability and asset life of the plant. Further, MAXIM anticipates that it will de-risk the project by entering into an agreement for engineering, procurement, and construction ("EPC") services. The EPC contractor will be responsible for delivering a fully operational power plant on an agreed date at an agreed price, subject to conditions that are customary for these forms of agreement. Primarily as a result of various design modifications and the cost of the anticipated EPC agreement, the total M2 project cost will increase to $138.0 million, of which $13.5 million will be paid during 2020 and 2021. MAXIM believes strongly that this asset will be a top performing facility in its class in the Alberta market.

A significant portion of the project's cost increase resulted from design modifications focused on the combustion system and site-specific components required to integrate the equipment MAXIM acquired in 2018 with the existing infrastructure on the Milner site. The combustion system will be modified by the original equipment manufacturer ("OEM") to enable the unit to sustain operations at its highest capacity and efficiency levels across a broader range of fuel quality and ambient temperatures. Coupled with this modification the OEM is guaranteeing the unit's nameplate capacity of 204 MW. The modifications improve the competitiveness of the unit and enhance cash flows through wider operating range capability.

During the quarter MAXIM completed foundation engineering and began work on the foundation for the power plant. MAXIM anticipates it will finalize the target date to commence generating electricity as part of its negotiations with the EPC contractor. MAXIM has the option in the future to increase the capacity of the facility, in conjunction with increasing the overall efficiency of the facility, by further investing capital to upgrade M2 into a combined cycle plant.

MAXIM is confident that it has access to adequate financing to complete the simple cycle stage of M2.

Key Performance Indicators ("KPI")

Three months ended March 31 ($000's, unless otherwise noted)	2019	2018
Revenue	8,199	-
Net loss	(1,794)	(3,539)
Basic and diluted net loss per share ($ per share)	(0.03)	(0.06)
Total generation (MWh)	121,716	-
Average Alberta market power price ($ per MWh)	70.76	34.81
Average Milner realized power price ($ per MWh)	67.29	-

Financial Results

Net loss decreased in the first quarter of 2019 when compared to 2018. The change in this financial measure was primarily due to the resumption of operations at Milner which occurred in June 2018, lower general and administrative personnel costs and lower depreciation on existing Milner assets as a result of a change in useful life in the fourth quarter of 2018.

RESULTS OF OPERATIONS

Revenue

Three months ended March 31 ($000's)	2019	2018
Revenue (1)	8,199	-

(1) All revenues are electricity sales at spot prices, including the impact of line loss credits.

Revenue in the first quarter of 2019 increased from $nil in 2018 to $8.2 million in 2019, due to the resumption of operations at Milner.

Plant Operations

Summary of plant operations expense by type:

Three months ended March 31 ($000's)	2019			2018		
	Fuel	O&M	Total	Fuel	O&M	Total
Total	3,123	5,355	8,478	-	1,289	1,289
Percent	37%	63%	100%	0%	100%	100%

Fuel and Operations and Maintenance ("O&M") expenses in the first quarter of 2019 increased $7.2 million, from $1.3 million in 2018 to $8.5 million in 2019, primarily due to the resumption of operations at Milner.

General and Administrative Expense

Three months ended March 31 ($000's)	2019	2018
Total general and administrative expense	829	1,199

General and administration expense in first quarter of 2019 decreased $0.4 million or 33%, from $1.2 million in 2018 to $0.8 million in 2019, primarily due to general and administrative capital allocations to the M2 project and lower personnel costs.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2019	2018
Total depreciation and amortization expense	818	1,300

Depreciation and amortization expense in the first quarter of 2019 decreased $0.5 million or 38%, from $1.3 million in 2018 to $0.8 million in 2019, primarily due to lower depreciation on existing Milner assets as a result of a change in useful life.

Other Expense, Net

Three months ended March 31 ($000's)	2019	2018
Other expense, net	261	198

Net other expense in the first quarter of 2019 was $0.3 million, which is comparable to the same period in 2018.

Finance Income, Net

Three months ended March 31 ($000's)	2019	2018
Interest expense	38	36
Accretion of provisions	45	24
Foreign exchange gain	(77)	(7)
Finance expense	6	53
Interest income	(399)	(500)
Total finance income, net	(393)	(447)

Net finance income in the first quarter of 2019 was $0.4 million, which is comparable to the same period in 2018.

Financial Position

The following highlights the changes in the Corporation's Unaudited Condensed Consolidated Interim Statement of Financial Position at March 31, 2019 as compared to December 31, 2018.

As at ($000's)	March 31, 2019	December 31, 2018	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents and short-term investment	49,804	63,798	(13,994)	Capital additions for the first stage of the M2 project and operating cash outflows
Trade and other receivables	3,289	6,260	(2,971)	Decreased as a result of timing of collection of receivables
Property, plant and equipment, net	87,527	71,877	15,650	Capital additions, partially offset by depreciation
Future income tax asset	14,547	14,547	-	
Net other assets, net	16,594	15,706	888	Increased as a result of deposits paid for future maintenance and collateral for future natural gas delivery services
Liabilities & Equity				
Trade and other payables	7,080	6,671	409	Higher payables as a result of construction of M2, partially offset by the timing of carbon tax payments
Provision for decommissioning	17,961	16,977	984	Increased as a result of a decrease in discount rates
Equity	146,720	148,540	(1,820)	Primarily due to a net loss for the period

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management has determined that cash flows for operating, general and administrative expenses will be funded by MAXIM's existing cash on hand. Cash flows for the simple cycle stage of M2 and other development capital will be funded by both the Corporation's existing cash on hand, operating cash flows, and future anticipated financing based upon current forecasts. As at the date of this MD&A, MAXIM is actively working with lenders to finance a portion of M2 to ensure the Corporation has adequate cashflow to complete the project.

The Corporation has a credit agreement with the Bank of Montreal for a demand facility that requires full cash collateralization for $8.0 million of letters of credit on a non-revolving basis. As at March 31, 2019, the Corporation has $7.9 million of outstanding letters of credit and cash of the same amount was deposited into a restricted bank account maintained by the bank. There are no financial covenants under this credit agreement.

At March 31, 2019, the Corporation had unrestricted cash of $38.1 million and short-term investment of $11.7 million included in the net working capital surplus of $47.0 million. Unrestricted cash balances are invested with one Canadian chartered bank and one Canadian financial institution. Short-term investment balance is invested with a Canadian financial institution yielding the bank's prime rate less 120 basis points and is available with ninety days' notice. During the first quarter of 2019, the Corporation transferred $30.0 million from short-term investment to cash and cash equivalents to continue funding the simple cycle stage of M2's development. Based on current operations and estimated total project costs of $138.0 million. The Corporation anticipates funding the simple cycle stage of M2 with cash on hand, operating cash flows, and financing. This preceding statement represents FLI and users are cautioned that actual results may vary.

Cash flow summary:

Three months ended March 31 ($000's)	2019	2018
Cash on hand, unrestricted, January 1	22,246	51,264
Cash flow used in operations	(527)	(3,132)
Cash flow used in financing	(158)	(36)
Available for investments	21,561	48,096
Cash flow generated from (used in) investing	16,431	(24,885)
Effect of foreign exchange rates on cash	77	-
	38,069	23,211
Short-term investment	11,735	75,429
Net liquidity available, March 31	49,804	98,640

Cash flow used in operations in first quarter of 2019 decreased from $3.1 million in 2018 to $0.5 million in 2019, which is a decrease of $2.6 million. The decrease in outflow is primarily due to favourable cash flows from resuming operations at Milner and lower general and administrative costs in 2019. In addition, fluctuations in working capital represented a cash inflow of $0.8 million in first quarter of 2019, as compared to an outflow of $0.6 million in 2018. See below for further discussion of working capital.

During the first quarter of 2019, MAXIM’s cash flow used in financing increased $0.2 million from $nil in 2018 to $0.2 million in 2019, primarily due to purchasing and cancelling Common Shares of the Corporation under a normal course issuer bid.

MAXIM’s investing activities in the first quarter of 2019 represented a cash inflow of $16.4 million, which primarily consisted of a withdrawal of short-term investments of $30.0 million, net interest income of $0.2 million not reinvested into short-term investment and a change in non-cash working capital of $2.0 million. This amount was partially offset by $15.8 million of development initiatives related to the simple cycle stage of M2.

MAXIM’s investing activities in 2018 represented a cash outflow of $24.9 million, which primarily consisted of a $25.0 million contribution to short-term investment and $1.0 million of sustaining Milner and development initiatives capital in Canada. These amounts were partially offset by a change in non-cash working capital of $0.9 million and interest income of $0.2 million not reinvested into short-term investment.

Working Capital

The Corporation has a working capital surplus of $47.0 million at March 31, 2019, which represents a $16.8 million decrease from the working capital surplus of $63.8 million at December 31, 2018. The total decrease was due to a $16.3 million decrease in current assets and a $0.5 million increase in current liabilities.

The decrease in current assets was due to a net decrease of $14.0 million in unrestricted cash and short-term investment, both of which were primarily used to fund the simple cycle stage of M2 and current operations, and a decrease in accounts receivable of $3.0 million due to timing of collection of receivables. This decrease which was partially offset by a $0.7 million increase to prepaid expenses.

The increase in current liabilities was due to a $0.4 million increase in accounts payable and a $0.1 increase in the lease obligation.

MAXIM anticipates that it will have a working capital deficit within the next twelve months, subject to the timing of commissioning of the simple cycle stage of M2 and/or terms of future financing. As at the date of this MD&A, the terms of financing for the simple cycle stage of M2 have yet to be finalized. This preceding statement represents FLI and users are cautioned that actual results may vary.

Contractual Obligations

In the normal course of operations, MAXIM assumes various contractual obligations and commitments. MAXIM considers these obligations and commitments in its assessment of liquidity. In addition to this, in the first quarter of 2019 MAXIM entered into capital contracts for engineering and procurement of equipment for M2. These contracts expire in 2019 with commitments totaling $2.9 million.

Contingencies

Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is involved in certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, the Corporation may, based on a cost-benefit analysis, enter into a settlement even though denying any wrongdoing. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated.

The Corporation closed the sale of the France operating segment on December 2, 2016. Under the agreement, the Corporation continues to be subject to the claims received for €1.7 million in additional costs from suppliers in France. Costs in relation to these claims and potential claims are only recognized when they become probable and, based on the information presently known, it is the view of the Corporation that these claims and potential claims are without merit. Further under the agreement, the Corporation is subject to performance criteria of certain generating units in the France operating segment until October 31, 2017. The Corporation is responsible to reimburse the buyer of the France operating segment for penalties incurred until that time up to a maximum of €1.5 million. Any amounts claimed by the buyer in relation to these two amounts will be reduced by any recoveries attained by the buyer from legal proceedings against third parties that were ongoing at the time of the sale and date of these Consolidated Financial Statements. The Corporation is further subject to tax indemnities until December 2, 2019 and is subject to customary closing indemnities until December 2, 2019 to a maximum claim of €3.5 million.

The Corporation closed the sale of the United States operating segment on April 3, 2017. Under the sales agreement, the Corporation is subject to tax indemnities with an expiry date in accordance with all applicable statutes of limitations with respect to the matters covered thereby.

The actual outcome of these claims and potential claims, including the timing and amount of any cash outflow or the possibility of reimbursements, is not yet determinable.

Contingent assets

Through its Decision 790-D06-2017 ("Decision"), released December 18, 2017, the Alberta Utilities Commission asserted its position on several matters related to remedy under Module C of Milner Power Inc.'s complaint relating to the Alberta Electric System Operator ("AESO") Line Loss Rule. The Decision confirms that the new method that was used to calculate 2017 prospective loss factor rates would be used for the retrospective period of January 1, 2006 – December 31, 2016. A single settlement approach will be used whereby the AESO will calculate all eleven years before cash is settled. The Decision further confirms that the settlement be effected by reissuing invoices to the original party and that a rider will be applied to transmission rates across the industry to collect any shortfall from the inability to collect from an original party. The Corporation estimates that overpayments of approximately $40.1 million were made by Milner Power Inc. to the AESO for the period January 1, 2006 to December 31, 2016, based on calculations established using information currently available on the final public record, before accounting for the time value of money. The Corporation anticipates, based on the AESO's current published timelines, that collection of these prior overpayments and the time value of money component at the Bank of Canada Bank Rate +1.5% will occur late in 2019. This timing is subject to appeals by various industry participants. These preceding statements represent FLI and users are cautioned that actual results may vary.

The Corporation has closed the sale of a development project on June 20, 2018. Under the sales agreement, the Corporation is entitled to additional compensation if the purchaser executes a renewable power purchase agreement or begins construction of the project. In addition, the Corporation is entitled to further compensation upon the date of commercial operation. This additional compensation, under both conditions, shall not exceed $2.8 million. As at the date of this MD&A, the precise amount and timing of compensation under the sales agreement cannot be determined.

Capital Resources

The following represents FLI and users are cautioned that actual results may vary. The Corporation is currently estimating capital expenditures of approximately $116.5 million for 2019. The majority of these expenditures relate to costs forecasted to complete construction of the simple cycle stage of M2.

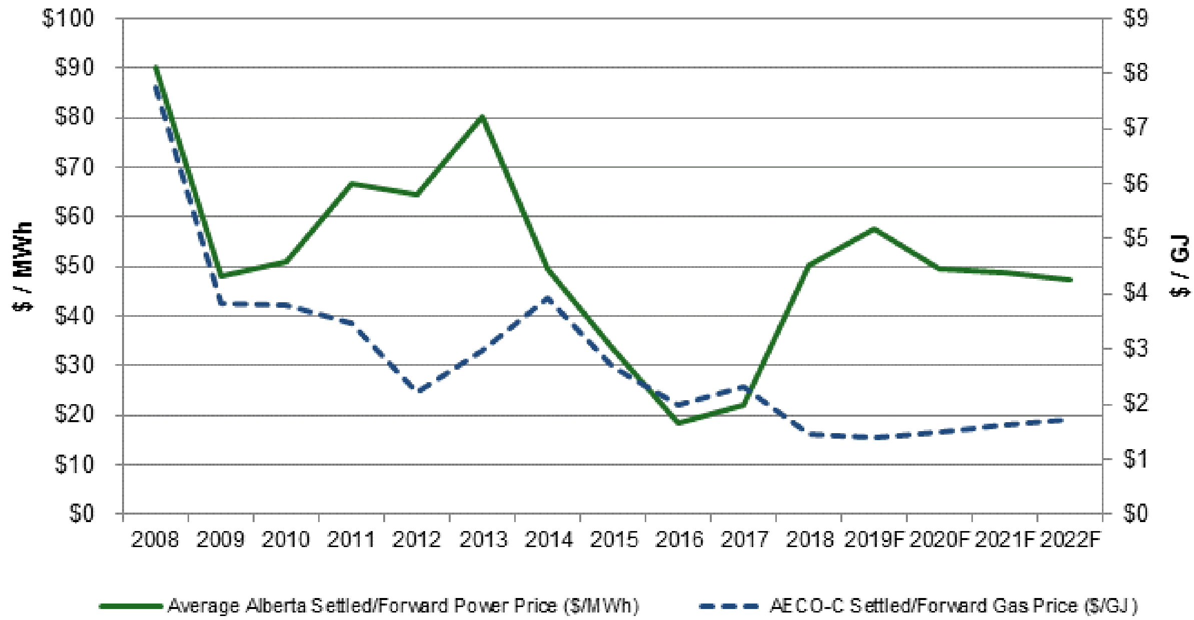
OUTLOOK

Alberta Power Price

The Corporation's outlook is impacted by Alberta electricity and fuel prices. Alberta electricity prices are a key revenue determinant for Milner. As a result of record low Alberta power prices in late 2016 and early 2017, which undermined profitability for a prolonged period, the Corporation had made the decision to suspend operations at Milner in July 2017. From this point, the Corporation continued to monitor both settled and forward power and gas prices. MAXIM observed favourable conditions and, as a result, the Corporation resumed the generation of electricity at Milner on June 13, 2018.

Alberta power prices fluctuate based on the supply of, and demand for electricity within Alberta, the cost of key inputs such as natural gas, and other market factors. The chart on the next page compares the average annual Alberta power price to Alberta natural gas price since 2008. The break in correlation is the result of tighter generation capacity relative to demand beginning in 2011, which led to higher power prices from 2011 to 2013. Commencing in 2014, it was noted that Alberta power prices became more closely correlated to gas prices as new supply came on the system. This trend changed at the beginning of 2018 due to the implementation of a provincial carbon tax and management subsequently observed a change in the power prices in 2018 as a result of dispatch control of seven units returning to independent power producers from the Balancing Pool.

Management expects to see a continued break in correlation between Alberta power prices and Alberta natural gas prices due to the carbon tax, announced conversions of existing generating facilities from coal to gas and the impact of the potential capacity market. It is also expected that natural gas prices will remain suppressed as a result of oversupply within the province which will contribute further to the break in correlation. Based on settled and forward power and gas prices, MAXIM anticipates generating electricity at the existing Milner facility until late 2019.



Capacity Market Transition

On November 23, 2016, the Government of Alberta ("GoA") announced its plan to transition Alberta's energy-only market to an energy and capacity market structure. The capacity market is intended to ensure that there is sufficient supply as over 6,000 MW of coal generation retires by 2030, while still maintaining a competitive energy market within the overall market design. The new market structure is expected to reduce energy price volatility while compensating power plant owners with monthly capacity payments for making their capacity available, in addition to compensating power plant owners for production in the energy market. On June 29, 2018, the AESO published their final comprehensive market design proposal for the capacity market. The final proposal will be the basis to establish new rules and regulations for the new capacity market and create certain amendments to current rules and regulations. The AESO continues to engage stakeholders during the development of market rules to reflect the final market design. The first capacity auction is expected to begin in December 2019 with a contract delivery year targeted to begin on November 1, 2021.

On April 16, 2019, a new political party was elected as leader of the GoA. This party has indicated they will consult whether Alberta should transition to a capacity market or continue as an energy-only market, reporting back to Albertans within 90 days.

ACQUISITION AND DEVELOPMENT INITIATIVES

The Corporation maintains optionality for all of the development initiatives in order to maximize shareholder value including outright sale, joint venture, build and operate or pace development process to hold as future opportunity. MAXIM is continually evaluating its plans for these projects as clarity develops for the transition from the current "energy-only market" to a "capacity market" in Alberta.

M2

During the quarter MAXIM engaged in a detailed engineering review of the simple cycle stage of its M2 natural gas-fired generation project and as a result is undertaking modifications to the design of the facility which MAXIM believes will enhance the performance, reliability and asset life of the plant. Further, MAXIM anticipates that it will de-risk the project by entering into an agreement for EPC services. The EPC contractor will be responsible for delivering a fully operational power plant on an agreed date at an agreed price, subject to conditions that are customary for these forms of agreement. Primarily as a result of various design modifications and the cost of the anticipated EPC agreement, the total M2 project cost will increase to $138.0 million, of which $13.5 million will be paid during 2020 and 2021. MAXIM believes strongly that this asset will be a top performing facility in its class in the Alberta market.

A significant portion of the project's cost increase resulted from design modifications focused on the combustion system and site-specific components required to integrate the equipment MAXIM acquired in 2018 with the existing infrastructure on the Milner site. The combustion system will be modified by the OEM to enable the unit to sustain operations at its highest capacity and efficiency levels across a broader range of fuel quality and ambient temperatures. Coupled with this modification the OEM is guaranteeing the unit's nameplate capacity of 204 MW. The modifications improve the competitiveness of the unit and enhance cash flows through wider operating range capability.

During the quarter MAXIM completed foundation engineering and began work on the foundation for the power plant. MAXIM anticipates it will finalize the target date to commence generating electricity as part of its negotiations with the EPC contractor. MAXIM has the option in the future to increase the capacity of the facility, in conjunction with increasing the overall efficiency of the facility, by further investing capital to upgrade M2 into a combined cycle plant.

MAXIM is confident that it has access to adequate financing to complete the simple cycle stage of M2.

Other Development Initiatives

In addition to the simple cycle stage of M2 and the existing Milner facility, MAXIM has an additional 592 MW of permitted generation capacity in Alberta, of which 402 MW is at the Milner site. In addition, the Corporation's wind development project, Buffalo Atlee, has the potential for up to 200 MW of wind generation capacity. As at the date of this MD&A, no definitive commitments on these projects have been made.

Financing

MAXIM anticipates that it will require new capital (debt and equity), from external sources to finance a portion of the cost of the simple cycle stage of M2. Regarding its other development projects, MAXIM maintains the flexibility to manage the timing of its acquisition and development initiatives. MAXIM accounts for its development projects as assets under construction included in Property, Plant and Equipment ("PP&E"). Capitalization of costs associated with these projects commences once technical and economic feasibility is established. If a project no longer meets these criteria, any capitalized costs for the project are expensed in the period.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

Risks

MAXIM is exposed to risks in potential legislation that have yet to be enacted. Management has assessed that the most significant risks in potential future legislation are: i) Greenhouse Gas ("GHG") stringency requirements on new natural gas-fired generation facilities, ii) GHG stringency requirements on existing natural gas-fired generation components and facilities or coal-to-gas conversions, and more remotely, iii) legislation that phases out natural gas-fired generation entirely, similar to the regulatory actions taken in recent years surrounding coal-fired generation.

Provincial and Federal Legislation

In 2015, the GoA announced its Climate Leadership Plan ("CLP"). The CLP recommended that Alberta move forward on phasing out coal-fired electricity generation by 2030 and encourages more renewable energy. Under the CLP, the GoA replaced the existing Specified Gas Emitters Regulation with the Carbon Competitiveness Incentive Regulation ("CCIR") which came into effect on January 1, 2018. The CCIR requires electricity 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. In 2018, the Government of Canada enacted regulations to create a federal carbon pricing plan. The Greenhouse Gas Pollution Pricing Act became effective on January 1, 2019 and will act as a backstop to any province that has not implemented a compliant carbon pricing regime. Based on the current compliant carbon pricing regime in Alberta, these enacted regulations do not have an impact to carbon emitters in Alberta. If the Alberta provincial government modifies or repeals the price of carbon dioxide emissions, these regulations are anticipated to impact Alberta carbon dioxide emitters.

On April 16, 2019, a new political party was elected as leader of the GoA. This party has indicated that they will reduce the $30 per tonne of carbon dioxide on emissions, discussed in the paragraph above, to $20 per tonne effective January 1, 2020. As of the date of this MD&A, MAXIM is not aware of any amendments or newly enacted legislation from the GoA.

In 2012, the Government of Canada enacted regulations to reduce carbon dioxide emissions from coal-fired generation facilities. These new regulations dictate that power plants built before 1975 are able to operate at full capacity until the earlier of fifty years after the commissioning date and December 31, 2019. Moreover, power plants built after 1974 are able to operate until the earlier of fifty years after the commissioning date and December 31, 2029. The Milner facility was commissioned in 1972, and, accordingly, is allowed to operate to its full capacity to December 31, 2019 (“end of life”). After December 31, 2019, Milner is allowed to operate at an annual capacity factor of up to 9% (using coal in the fuel supply), which is approximately 113,500 MWh per annum, until December 31, 2029. In December 2018, the Government of Canada issued finalized regulations in relation to natural gas-fired units and, more specifically, in relation to coal-to-gas conversions. In the regulations, any generation facility that previously used a boiler in conjunction with coal-fired generation that continues to generate electricity without coal as a fuel source, and instead uses natural gas as a fuel source, will be deemed to be a coal-to-gas conversion and will be subject to CO_2 emissions stringency requirements prospectively commencing at the unit’s end of life as defined in the current federal coal regulations.

As at the date of this MD&A, MAXIM anticipates that it will continue to be permitted to run Milner at full capacity as a dual fuel-fired (coal and natural gas) facility until December 31, 2019 and subsequently at a 9% capacity factor for the next ten years subject to utilizing coal for a portion of the fuel source each year. Alternatively, MAXIM currently anticipates that if Milner does not use coal as a fuel source, it would not comply with the regulations for coal to gas conversions and as such could not operate on natural gas as a fuel source beyond 2019. Management maintains the ability of operating the existing Milner facility as a dual fuel-fired facility at a 9% capacity factor beyond 2019 up to the latter stages of the M2 development project.

SELECTED QUARTERLY FINANCIAL INFORMATION

KPI's

Quarter ended: (unaudited) ($000's unless otherwise noted)	March 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018
Revenue	8,199	9,755	7,880	2,109
Net income (loss)	(1,794)	8,833	(3,733)	2,816
Basic and diluted net income (loss) per share ($ per share)	(0.03)	0.17	(0.07)	0.05
Total assets	171,928	172,188	160,410	164,971

Quarter ended: (unaudited) ($000's unless otherwise noted)	March 2018	31-Dec 2017	30-Sep 2017	30-Jun 2017
Revenue	-	-	-	45
Net loss (1)	(3,539)	(12,454)	(3,281)	(10,479)
Basic and diluted net loss per share ($ per share) (1)	(0.06)	(0.23)	(0.06)	(0.19)
Total assets	168,237	169,490	181,236	191,921

(1) Includes net loss and net loss per share of continuing operations only.

Net income (loss) attributable to shareholders is affected by certain non-cash and non-recurring transactions as follows.

The first quarter of 2019 had $nil impact to net loss attributable to shareholders from certain non-cash and non-recurring transactions.

The fourth quarter of 2018 included $8.4 million of future tax benefits related to recognizing deferred assets. The third quarter of 2018 had $nil impact to net loss attributable to shareholders from certain non-cash and non-recurring transactions. The second quarter of 2018 included $6.9 million of future tax benefits related to recognizing $3.5 million of deferred assets and derecognizing $3.4 million of deferred tax liabilities. The first quarter of 2018 had $nil impact to net loss attributable to shareholders from certain non-cash and non-recurring transactions.

The fourth quarter of 2017 had asset impairment charges totaling $7.4 million relating to PP&E. The third quarter of 2017 had a $2.2 million post-closing adjustment reducing the gain on sale of the U.S. operating segment. The second quarter of 2017 had a $33.8 million gain on sale of the U.S. operating segment, a $8.3 million impairment to PP&E and intangible assets and a $4.3 million recovery of claims.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates used in the preparation of the condensed consolidated interim financial statements has been applied consistently for all periods presented and are unchanged from the judgements and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2018.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Adoption of New IAS and Amendments

On January 1, 2019, the Corporation adopted Leases ("IFRS 16"), as well as the amendments to Income Taxes ("IAS 12"), Employee Benefits ("IAS 19"), Borrowing Costs ("IAS 23"), Investments in Associates and Joint Ventures ("IAS 28"), Business Combinations ("IFRS 3") and Financial Instruments ("IFRS 9"). With the exception of IFRS 16, the adoption of these amendments had no impact to the amounts recorded in the Corporation's consolidated financial statements as of January 1, 2019 or comparative periods.

IFRS 16

Effective January 1, 2019, the Corporation adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases. The Corporation adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations. In addition, the Corporation has elected to apply the practical expedient permitted by IFRS 16 to measure the right-of-use asset at the amount equal to the lease liability and sublease asset. Therefore there was no impact to retained earnings. The Corporation has also elected not to recognize right-of-use assets and lease liabilities for low-value assets. On initial application, total net right-of-use assets of $0.1 million were recorded as of January 1, 2019 with a corresponding lease obligation of $0.2 million and sublease asset of $0.1 million, with no net impact on retained earnings.

IFRS Standards Issued Not Yet Effective and Amendments

There are no standards that have been issued, but are not yet effective, that the Corporation anticipates will have a material effect on the consolidated financial statements once adopted.

The IASB has issued the following amendments to May 9, 2019. These amendments have not been applied in preparing MAXIM's first quarter condensed consolidated interim financial statements as the effective date falls in a subsequent period.

Standard amended	Issued Date	Effective Date [1]	Impact on MAXIM
IAS 1 Presentation of Financial Statements	October 2018	January 2020	No impact to MAXIM
IFRS 17 Insurance Contracts	May 2017	January 1, 2021	Not applicable to MAXIM
Conceptual Framework	March 2018	January 1, 2020	No impact to MAXIM

(1) Effective for annual periods beginning on or after effective date

The Corporation does not anticipate that it will early adopt these amendments.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter any related party transactions during the first three months of 2019, with the exception of transactions with the Corporation's Directors and members of the Executive Committee in the normal course of business. These transactions in the normal course of business are detailed in note 26 of the 2018 audited annual financial statements.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design of internal controls over financial reporting ("ICFR") and disclosure controls of the Corporation.

In accordance with National Instrument NI 52-109, the CEO and CFO have filed certifications that ICFR and disclosure controls have been adequately designed, and that there have been no changes in ICFR that materially affected, or are reasonably likely to materially affect ICFR, during the quarter ended March 31, 2019.

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2019	52,478,309
Outstanding share options at March 31, 2019	1,803,202
Total diluted common shares at March 31, 2019	**54,281,511**
Shares purchased and cancelled under NCIB in April 2019	(52,160)
Share options expired in April 2019	(181,571)
Share options granted in April 2019	181,571
Total diluted common shares at May 9, 2019	**54,229,351**

Additional information relating to MAXIM including the Annual Information Form is posted on SEDAR at www.sedar.com under Maxim Power Corp. and at the Corporation's website www.maximpowercorp.com.

GLOSSARY OF TERMS

The following listing includes definitions of certain terms used throughout this MD&A:

AESO	Alberta Electric System Operator
Buffalo Atlee	Buffalo Atlee is a development project for up to 200 MW of wind generation situated near Brooks, Alberta
Capacity	The rated continuous load-carrying ability, expressed in megawatts, of generation equipment, with the exception of "capacity payments" and "capacity market" (throughout the MD&A references to capacity are stated in nameplate capacity)
CCIR	Carbon Competitiveness Incentive Regulation
CEO	Chief Executive Officer
CFO	President and Chief Financial Officer
CLP	Climate Leadership Plan
Decision	Decision 790-D06-2017 issued by the AUC
Deerland	Deerland is a development project for a 190 MW natural gas-fired peaking station located near Bruderheim, Alberta
EPC	Engineering, procurement and construction
FLI	Forward-looking information
GAAP	IFRS, as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants
GHG	Greenhouse gas, which includes carbon dioxide, methane and nitrous oxide
GoA	Government of Alberta
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicators
Milner	HR Milner**,** a 150 MW (nameplate capacity) generating facility located near the town of Grande Cache, Alberta has been in continuous operation since 1972 and was acquired by MAXIM on March 31, 2005
M2	Milner 2, a gas expansion initiative to develop a 520 MW natural gas-fired generating facility, previously known as MGE
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
MW	Megawatt, a measure of electrical generating capacity that is equivalent to one million watts
MWh	Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour
OEM	Original equipment manufacturer
O&M	Operations and maintenance
PP&E	Property, plant and equipment
U.S. or **United States**	The United States of America

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