Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the First Quarter Ended March 31, 2022

(Unaudited)

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	**March 31, 2022**	December 31, 2021
ASSETS			
Cash and cash equivalents		**35,106**	13,550
Trade and other receivables		**13,415**	20,766
Risk management asset	10	**10,864**	708
Prepaid expenses and deposits		**1,187**	1,256
Asset held for sale	3	**3,760**	-
Total current assets		**64,332**	36,280
Property, plant and equipment, net	3	**286,539**	260,590
Restricted cash		**6,196**	6,196
Deferred tax assets		**-**	179
Other assets		**7,502**	9,192
Total non-current assets		**300,237**	276,157
TOTAL ASSETS		**364,569**	312,437
LIABILITIES			
Trade and other payables		**21,176**	19,216
Risk management liability	10	**625**	453
Total current liabilities		**21,801**	19,669
Provisions for decommissioning		**10,507**	11,733
Lease obligation		**197**	203
Loans and borrowings	4	**83,570**	53,650
Deferred tax liabilities		**4,926**	-
Total non-current liabilities		**99,200**	65,586
TOTAL LIABILITIES		**121,001**	85,255
EQUITY			
Share capital		**143,709**	144,106
Contributed surplus		**12,731**	12,676
Retained earnings		**87,128**	70,400
TOTAL EQUITY		**243,568**	227,182
Commitments and Contingencies	7, 8		
Subsequent event	3		
TOTAL LIABILITIES AND EQUITY		**364,569**	312,437

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 Operations and Comprehensive Income

For the three months ended March 31
(in thousands of Canadian dollars, except for per share amounts)

	Note	**2022**	2021
Revenues			
Power generation		**36,147**	30,030
Realized gain (loss) on power swaps	10	**2,730**	(5,528)
Unrealized loss on power swaps	10	**(87)**	(498)
Total power generation and swaps		**38,790**	24,004
Expenses (income)			
Operating		**24,817**	14,608
Realized gain on natural gas swaps	10	**(3,200)**	(758)
Unrealized gain on natural gas swaps	10	**(10,104)**	(1,267)
General and administrative		**1,486**	1,337
Depreciation and amortization		**2,105**	1,793
Other income, net		**-**	(28,212)
Total expenses		**15,104**	(12,499)
Operating income		**23,686**	36,503
Finance expense, net	5	**1,683**	1,821
Income before income taxes		**22,003**	34,682
Deferred income tax expense		**5,105**	8,256
Net and comprehensive income		**16,898**	26,426
Earnings per share	6		
Basic		**0.34**	0.53
Diluted		**0.28**	0.43

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	Retained earnings (deficit)	Total
Equity at December 31, 2021	50,096	144,106	12,676	70,400	227,182
Net income	-	-	-	16,898	16,898
Repurchase of common shares for cancellation	(167)	(483)	-	(170)	(653)
Share-based compensation	-	-	119		119
Stock options exercised	146	86	(64)	-	22
Equity at March 31, 2022	**50,075**	**143,709**	**12,731**	**87,128**	**243,568**
Equity at December 31, 2020	49,802	143,584	12,431	(8,105)	147,910
Net income	-	-	-	26,426	26,426
Share-based compensation	-	-	108	-	108
Stock options settled in cash	-	-	(14)	-	(14)
Stock options exercised	8	19	(3)	-	16
Equity at March 31, 2021	49,810	143,603	12,522	18,321	174,446

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 Cash Flows

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

	Note	**2022**	2021
Cash flows from operating activities:			
Net income		**16,898**	26,426
Adjustments for items not involving cash or operations:			
Depreciation and amortization		**2,105**	1,793
Share-based compensation		**119**	108
Unrealized gain on commodity swaps	10	**(10,017)**	(769)
Stock option settlement		**-**	(14)
Deferred income tax expense		**5,105**	8,256
Finance expense, net	5	**1,683**	1,821
Funds generated from operating activities before change in non-cash working capital		**15,893**	37,621
Change in non-cash working capital	9	**6,027**	(1,518)
Net cash generated from operating activities		**21,920**	36,103
Cash flows from financing activities:			
Issuance of loans and borrowings	4	**30,000**	-
Repayment of loans and borrowings		**-**	(10,750)
Proceeds from exercise of stock options		**22**	16
Repurchase of common shares for cancellation		**(653)**	-
Interest and bank charges		**(1,564)**	(1,430)
Net cash generated from (used in) financing activities		**27,805**	(12,164)
Cash flows from investing activities:			
Property, plant and equipment additions	3	**(31,699)**	(10,991)
Interest income	5	**47**	29
Change in non-cash working capital	9	**3,388**	9,086
Net cash used in investing activities		**(28,264)**	(1,876)
Foreign exchange gain on cash and cash equivalents		**95**	8
Increase in cash and cash equivalents		**21,556**	22,071
Cash and cash equivalents, beginning of period		**13,550**	12,261
Cash and cash equivalents, end of period		**35,106**	34,332

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

1. Reporting entity

Maxim Power Corp. is incorporated in the province of Alberta, Canada. Maxim Power Corp., together with its subsidiaries ("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 1800, 715 – 5 Avenue S.W., Calgary, Alberta, Canada, T2P 2X6.

Interim results will fluctuate due to plant maintenance schedules, seasonal demand for electricity, and changes in energy and commodity prices.

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, 2021 annual audited financial statements available at www.sedar.com.

MAXIM's Board of Directors approved these unaudited condensed consolidated interim financial statements on May 10, 2022.

(b) Significant accounting policies and use of judgements and estimates

The use of judgments and estimates in the preparation of these unaudited condensed consolidated interim financial statements have 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, 2021.

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, 2021.

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

3. Property, plant and equipment, net

	Land	Generating Facilities	Equipment	Right-of-use Asset	Assets under Construction	Total
Cost						
Balance, December 31, 2020	4,077	230,252	3,248	333	22,686	260,596
Additions	-	13,830	-	-	74,747	88,577
Impairment	-	-	-	-	(5,347)	(5,347)
Revisions to decommissioning provisions	-	1,706	-	-	-	1,706
Proceeds from option agreement	(317)	-	-	-	-	(317)
Assets in-service	-	1,049	-	-	(1,049)	-
Balance, December 31, 2021	3,760	246,837	3,248	333	91,037	345,215
Additions	-	4,190	11	-	27,498	31,699
Capitalized interest	-	-	-	-	295	295
Revisions to decommissioning provisions	-	(180)	-	-	-	(180)
Transferred to asset held for sale (a)	(3,760)	-	-	-	-	(3,760)
Balance, March 31, 2022	-	250,847	3,259	333	118,830	373,269
Accumulated depreciation						
Balance, December 31, 2020	-	73,641	2,885	131	-	76,657
Depreciation	-	7,931	12	25	-	7,968
Balance, December 31, 2021	-	81,572	2,897	156	-	84,625
Depreciation	-	2,056	8	41	-	2,105
Balance, March 31, 2022	-	83,628	2,905	197	-	86,730
Property, plant and equipment, net						
December 31, 2021	3,760	165,265	351	177	91,037	260,590
March 31, 2022	-	167,219	354	136	118,830	286,539

(a) Asset held for sale

On April 5, 2022, the Corporation closed the sale of land wholly owned by Forked River II, LLC in the amount of $2,965 USD, net of closing costs.

4. Loans and borrowings

	March 31, 2022	December 31, 2021
Bank Term Facility #1	28,500	28,500
Fixed Rate Construction Facility (a)	30,000	-
Convertible Loan Facility	29,438	29,438
	87,938	57,938
Less: deferred financing costs	(4,368)	(4,288)
Total long-term loans and borrowings, net of deferred financing costs	83,570	53,650

(a) Fixed Rate Construction Facility

During the first three months of 2022, the Corporation fully drew the Fixed Rate Construction Facility in the amount of $30,000. This facility is non-revolving, available only for the construction of the CCGT expansion of M2, with amortization required over five years commencing on completion of the CCGT expansion of M2. This facility currently bears interest at a fixed rate of 6.09%.

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

5. Finance expense, net

	March 31, 2022	March 31, 2021
Interest expense and bank charges (a)	1,409	1,550
Amortization of deferred financing costs	449	398
Gain on interest rate swap (note 10)	(61)	(4)
Accretion of provisions	28	13
Foreign exchange gain	(95)	(107)
Finance expense	1,730	1,850
Interest income	(47)	(29)
Total finance expense, net	1,683	1,821

(a) During the first three months of 2022, the Corporation paid interest and fees of $1,059 (March 31, 2021 - $1,059) under the convertible loan facility, provided by two significant shareholders of the Corporation, one of whom is also the Chief Executive Officer and Chair of the Board and the other of whom is the Vice Chair of the Board.

6. Earnings per share

	March 31, 2022	March 31, 2021
Weighted average number of common shares (basic)	50,085,211	49,807,135
Effect of convertible loan facility	13,083,736	13,083,736
Effect of exercisable stock options	1,117,667	454,831
Weighted average number of common shares (diluted)	64,286,614	63,345,702

	March 31, 2022	March 31, 2021
Net income (basic)	16,898	26,426
Finance expense on the convertible loan facility, net of tax	913	987
Net income (diluted)	17,811	27,413

	March 31, 2022	March 31, 2021
Earnings per share:		
Basic	0.34	0.53
Diluted	0.28	0.43

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

7. Commitments

(a) The Corporation has entered into contracts for engineering, construction, maintenance and procurement of equipment for the CCGT expansion of M2. These contracts have a remaining minimum commitment totaling $13,490 as at March 31, 2022.

(b) The Corporation has entered into a natural gas transportation service agreement from June 1, 2020 to May 31, 2025 to deliver natural gas to M2. The total remaining commitment from this five-year contract as at March 31, 2022 is $12,507 over the next four years as follows:

2022	2,961
2023	3,948
2024	3,948
2025	1,650
	12,507

8. Contingencies

For the current significant outstanding contingencies, refer to Note 20 of the annual audited consolidated financial statements.

9. Change in non-cash working capital

	March 31, 2022	March 31, 2021
Operating activities		
Trade and other receivables	7,351	(871)
Prepaid expenses and deposits	69	188
Trade and other payables	(1,393)	(835)
	6,027	(1,518)

	March 31, 2022	March 31, 2021
Investing activties		
Trade and other payables	3,352	9,086
Non-current deposits	36	-
	3,388	9,086

10. Financial risk management

The Corporation's risk management process, oversight and techniques are the same as those described in the Corporation's 2021 annual consolidated financial statements.

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)

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

10. Financial risk management (continued)

The Corporation is required to recognize and disclose the fair value of financial assets and liabilities. The Corporation's financial assets and financial liabilities that are not risk management swaps or options or loans and borrowings are all classified as Level I under the fair value hierarchy as they are based on unadjusted quoted prices in active markets for identical instruments.

The fair value of the loans and borrowings are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. The fair value of amounts outstanding under the Senior Credit Facilities approximates the carrying value as it bears a floating rate of interest and the margin charged by the lenders is indicative of current credit spreads. The subordinated Convertible Loan Facility includes monthly interest at a fixed rate that the Corporation would expect to pay for similar financing transactions and accordingly the fair value approximates the carrying value.

(a) Commodity risk management swaps

The fair values of the power and natural gas commodity swaps are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. The Corporation determined the fair value of the swaps by applying the market approach using market settled forward prices as reported by the Natural Gas Exchange for forward contracts of comparable term at the reporting date.

Realized loss (gain) on commodity swaps

	March 31, 2022	March 31, 2021
Realized loss (gain) on power swaps	(2,730)	5,528
Realized gain on natural gas swaps	(3,200)	(758)
Total realized loss (gain) on commodity swaps	(5,930)	4,770

Unrealized gain on commodity swaps

	March 31, 2022	March 31, 2021
Unrealized loss on power swaps	87	498
Unrealized gain on natural gas swaps	(10,104)	(1,267)
Total unrealized gain on commodity swaps	(10,017)	(769)

Loss (gain) on commodity swaps

Total realized and unrealized loss (gain) on commodity swaps	(15,947)	4,001

(a) Interest rate swaps

The Corporation manages interest rate exposure in accordance with the provisions under the Senior Credit Facilities, by entering into interest rate swaps. The fair values of the interest rate swaps are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. As at March 31, 2022, the Corporation has interest rate swaps with a nominal value of $8,250 until November 2022 at 3.82%.

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

10. Financial risk management (continued)

Realized loss on interest rate swaps

	March 31, 2022	March 31, 2021
Total realized loss on interest rate swaps	5	9

Unrealized gain on interest rate swaps

	March 31, 2022	March 31, 2021
Total unrealized gain on interest rate swaps	(66)	(13)

Gain on interest rate swaps

Total realized and unrealized gain on interest rate swaps	(61)	(4)

(b) Carrying amount of risk management asset and liabilities

Current risk management asset

	March 31, 2022	December 31, 2021
Natural gas commodity swaps	10,812	708
Interest rate swaps	52	-
Total carrying amount of current risk management asset	10,864	708

The carrying amount of current risk management asset represents the unrealized asset from the natural gas commodity and interest rate swaps.

Current risk management liability

	March 31, 2022	December 31, 2021
Power commodity swaps	625	440
Interest rate swaps	-	13
Total carrying amount of current risk management liability	625	453

The carrying amount of current risk management liability represents the unrealized liability from the power commodity and interest rate swaps.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 10, 2022 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, 2022. This MD&A should be read in conjunction with the audited consolidated financial statements and MD&A for the year ended December 31, 2021. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard 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"). MAXIM occasionally refers to non-GAAP and other financial measures in the MD&A which are not standardized measures and may not be comparable to other reporting issuers. See the Non-GAAP and other financial measures section for more information. The MD&A contains Forward-Looking Information ("FLI"). This information is based on certain estimates and assumptions and involve risks and uncertainties. Actual results may differ materially. See the FLI section of this MD&A for additional information.

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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OVERALL PERFORMANCE

Highlights

In 2022, MAXIM continued progress on the engineering and construction of the Combined Cycle Gas Turbine ("CCGT") expansion of Milner 2 ("M2") and is pleased to report that the project remains on schedule to commission in December 2022. Recent milestones include 45% of expected construction labour hours expended and significant advancement of piping and welding of the heat recovery steam generator components, near completion of natural gas pipeline construction and associated balance of plant. Additional milestones during the first quarter of 2022 included near completion of the main stack. The estimated project cost is currently $142.0 million as of the date of this MD&A. Estimated costs have increased from the $136.0 million previously reported due to increased expenditures related to the natural gas pipeline, construction support, procurement and control systems integration. As of March 31, 2022, MAXIM has incurred $103.9 million of capital investment in relation to the CCGT expansion of M2 and has funded this spending with existing cash on hand, cash flow from operating activities and debt.

During the first quarter of 2022, MAXIM recorded net income of $16.9 million as compared to $26.4 million in the same period of 2021. A significant portion of the decrease is the result of the recognition of the second Line Loss Proceeding payment from the Alberta Electric System Operator in 2021, partially offset by the Corporations unrealized and realized natural gas and power swap gains in 2022.

During the first quarter of 2022, MAXIM recorded adjusted earnings before interest, taxes, depreciation and amortization, ("Adjusted EBITDA" (1)) of $15.9 million as compared to Adjusted EBITDA of $9.4 million in the same period of 2021. A significant portion of the increase was due to higher generation volumes and gains from realized power and natural gas swaps, partially offset by higher fuel and Operations and Maintenance ("O&M") costs. M2 generated 393,591 MWh and realized average power prices of $91.84 per MWh in the first quarter of 2022, resulting in revenues of $36.1 million, as compared to the same period in 2021 when it generated 324,490 MWh and realized average power prices of $92.54 per MWh, resulting in $30.0 million in revenues.

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP and Other Financial Measures.

MAXIM continues its fourth normal course issuer bid ("NCIB") program for August 25, 2021 to August 24, 2022 period. Under this NCIB, the Corporation may purchase for cancellation up to 2,400,000 common shares of the Corporation. Collectively under this program and as of the date of this MD&A, the Corporation has repurchased and cancelled 277,285 common shares for $1.1 million, of which 259,965 common shares were repurchased and cancelled in 2022 for $1.0 million. MAXIM's NCIB program is limited to $1.0 million per calendar year under the senior credit facility. Any excess is subject to approval from the lenders under the senior credit facility.

Quarterly Financial Highlights

Three months ended March 31 ($000's, unless otherwise noted)	2022	2021
Revenue	36,147	30,030
Net income	16,898	26,426
Basic net income per share ($ per share)	0.34	0.53
Diluted net income per share ($ per share)	0.28	0.43
Adjusted EBITDA (1)	15,893	9,423
Total generation (MWh)	393,591	324,490
Total fuel consumption (GJ)	4,179,531	3,597,341
Average Alberta market power price ($ per MWh)	89.80	95.45
Average realized power price ($ per MWh)	91.84	92.54
Total assets	364,569	262,384

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP Measures and Other Financial Measures.

Financial Results

During the first quarter of 2022, revenues and Adjusted EBITDA(1) increased as compared to 2021 primarily due to higher generation, realized gains on power and natural gas commodity swaps and increased availability of M2. These favourable variances were partially offset by higher fuel costs due to higher generation volumes and higher per unit natural gas costs in 2022 as compared to the same period in 2021.

Net income decreased in 2022 as compared to 2021, with a significant portion due to the recognition of the second payment from the Line loss Proceedings in 2021, partially offset by unrealized gains from natural gas swaps in 2022 and the same factors impacting Adjusted EBITDA (1).

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP and Other Financial Measures.

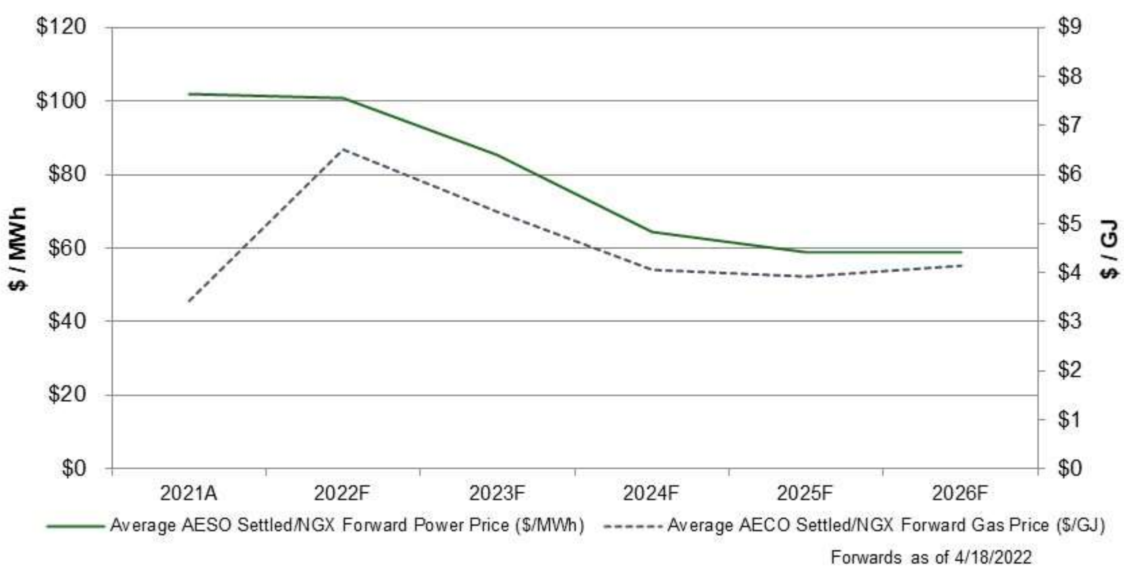
OUTLOOK

Alberta Power Price

This following commentary represents FLI and users are cautioned that actual results may vary. Refer to the discussion of FLI on page 5 for further details.

In 2021, management observed increased power prices as a result of higher demand for electricity due to higher oil prices, reduced impact from coronavirus and return of dispatch control of six coal-fired units, totaling 2,380 MW of generation capacity, from the Balancing Pool to independent power producers. This increase is reflected in actual power prices for 2021 as shown in the graph below. The graph also shows forward power prices declining starting in 2022 as a result of expectations that new wind generation projects from the Alberta government renewable energy program will come online along with certain new gas-fired projects. Forward power prices are forecasted to begin to stabilize in 2024.

Near-term (2022 and 2023) natural gas forward prices have risen significantly in recent months, primarily as a result of geopolitical issues and tightening supply/demand fundamentals world-wide. Longer-term (2024+) natural gas forward prices are consistent with the range of historical prices and in line with management's expectations.



DEVELOPMENT INITIATIVES

The Corporation maintains optionality for all of its development initiatives in order to maximize shareholder value, including outright sale, joint venture, build and operate or pace development process to hold certain initiatives as future opportunities.

Current Project Developments

Management has commenced construction of the heat recovery technology required to expand M2 into a CCGT facility in 2021. The CCGT expansion of M2 will increase total generation capacity and operational efficiency resulting in lower O&M costs per MWh. Upon completion, the CCGT expansion of M2 will capture waste heat that would otherwise exhaust into the atmosphere and turn it into useful low carbon electricity for the Alberta power grid. The CCGT expansion of M2 will reduce the intensity of carbon emissions by more than 60% compared to the legacy coal-fired HR Milner ("Milner") facility. The total anticipated costs for the CCGT construction and commissioning is currently $142.0 million excluding borrowing costs and is expected to be in service by December 2022. In the first quarter of 2022, MAXIM has spent $27.4 million on capital investment related to the CCGT expansion of M2.

The current estimated M2 CCGT project costs of $142.0 million includes all costs estimated to be spent on the CCGT expansion project from 2020 to present. Financing costs and historical costs of $4.9 million incurred prior to 2020 are not included in this estimate. As at March 31, 2022, the Corporation has spent $103.9 million towards the estimated $142.0 million project costs, excluding financing costs.

Future Development Initiatives

All future development initiatives are at various stages of development and subject to, among other things, financing, development and permitting of necessary electrical transmission and fuel supply infrastructure, equipment procurement and various other commercial contracts. As at the date of this MD&A, no definitive commitments on these future development initiatives have been made.

In addition to M2 and the existing Milner facility, MAXIM has permits to develop an incremental 346 MW of gas-fired power generation at the Milner site. MAXIM also has a wind development project, Buffalo Atlee, which has the potential for up to 200 MW of wind generation capacity. In the third quarter of 2021, MAXIM installed a new meteorological tower on the site lands to further expand and improve the quality of the project's wind resource data.

Other Development Initiatives

On April 5, 2022, the Corporation closed the sale of the 31 acre Forked River land parcel ("FR Land") for US$3.0 million net of customary closing costs.

Summit Coal LP ("SUMMIT") is a wholly owned subsidiary of MAXIM that owns metallurgical coal leases for Mine 14 and Mine 16S located north of Grande Cache, Alberta. Current estimates for Mine 14 are 18.9 million tonnes of low-mid volatile metallurgical coal reserves with a mine life of seventeen years based on the NI 43-101 technical report filed on SEDAR on March 21, 2013. Mine 16S is located 30 kilometers northwest of Mine 14 and represents 1,792 hectares or 29% of SUMMIT's total area of coal leases. A NI 43-101 Technical Report has not been prepared for Mine 16S.

In February 2022, MAXIM entered into a contract with an undisclosed counterparty who will be paying for and advancing the remaining required approvals for construction and operation of the Mine 14 project, in exchange for the option to purchase SUMMIT under pre-agreed terms and conditions. The initial term of the contract is twelve months with a potential extension of an additional twelve months if both parties agree the remaining Mine 14 permits and approvals can not be obtained within the initial term. At this time, there is no certainty that the counterparty will elect to purchase SUMMIT.

MAXIM maintains the flexibility to manage the timing of its development initiatives. MAXIM accounts for its development projects as assets under construction included in property, plant and equipment once technical and economic feasibility is established. If a project has not yet met, or no longer meets these criteria, any capitalized costs for the project are expensed in the period.

FORWARD-LOOKING INFORMATION

FLI and forward looking statements included in this MD&A are provided to inform the Corporation's shareholders and potential investors about management's assessment of the Corporation's future plans and operations. This information may not be appropriate for other purposes.

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.

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 and FLI 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 or FLI, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws. Certain information in this MD&A is 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 of capital and contractors to execute its development initiatives, the availability and price of energy commodities, government and regulatory decisions including carbon pricing, power plant availability, competitive factors in the power industry, foreign exchange and tax rates, the impact of pandemics, prevailing economic conditions in the regions that the Corporation operates, operational efficiency and planned or unplanned plant outages and the other risks described herein and under the heading "Risk Factors" in the Corporation's most recently filed annual information form filled on SEDAR at www.sedar.com.

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's operating cashflow is largely dependent on electric power and natural gas prices. Management forecasts that cash flows for operating, general and administrative expenses will be funded by its operating activities and existing cash on hand. MAXIM estimates total capital expenditures to be incurred in 2022 of approximately $65.0 million to $75.0 million. These expenditures will be funded with existing cash on hand, debt and operating cash flows, and primarily relate to expansion of M2 into a CCGT facility and forecasted purchase of capital spares. Refer to the Development Initiatives section on page 4 for further discussion on capital spending.
- MAXIM anticipates compliance with all necessary provincial and federal regulations for environmental and climate change legislation and all necessary requirements of operating permits. Further changes to environmental legislation and operational issues may affect the ability of MAXIM to comply with regulations and may result in unplanned costs and plant outages.
- Other matters and factors described under the Outlook section on page 3.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Highlights

Quarter ended: (unaudited) ($000's unless otherwise noted)	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021
Revenue	36,147	37,418	44,224	44,342
Net income	16,898	4,402	18,092	29,589
Basic net income per share ($ per share)	0.34	0.09	0.36	0.59
Diluted net income per share ($ per share)	0.28	0.08	0.30	0.48
Adjusted EBITDA (1)	15,893	16,915	20,639	21,441
Average realized power price ($ per MWh)	91.84	117.74	105.67	113.96
Total fuel consumption (GJ)	4,179,531	3,366,505	4,390,800	4,137,093
Total generation (MW)	393,591	317,813	418,511	389,101

Quarter ended: (unaudited) ($000's unless otherwise noted)	31-Mar 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020
Revenue	30,030	17,282	17,726	4,460
Net income (loss)	26,426	8,923	498	(1,167)
Basic net income (loss) per share ($ per share)	0.53	0.18	0.01	(0.02)
Diluted net income (loss) per share ($ per share)	0.43	0.18	0.01	(0.02)
Adjusted EBITDA (1)	9,423	3,998	5,698	(1,589)
Average realized power price ($ per MWh)	92.54	51.10	50.68	41.48
Total fuel consumption (GJ)	3,597,341	3,713,241	3,694,579	1,677,148
Total generation (MW)	324,490	338,201	349,756	107,501

Quarter over quarter revenue, Adjusted EBITDA(1) and net income (loss) are affected by planned and unplanned outages, market demand, power and natural gas prices, weather conditions and seasonal nature of Alberta power prices. Alberta power prices tend to be higher during winter and summer peak load months and are further affected by supply constraints such as outages at other Alberta generation facilities. Reported revenue, Adjusted EBITDA(1) and net income began to increase in the third quarter of 2020 due to the commencement of operations of M2 in June 2020. Reported revenue and net income increased in 2021 and 2022 due to the higher generation volumes of M2 and higher realized power prices. In addition to the factors noted above, net income (loss) is affected by certain non-cash and non-recurring transactions as follows:

The first quarter of 2022 included $15.9 million of commodity swap gains and $5.1 million of deferred tax expense.

The fourth quarter of 2021 included $5.1 million of commodity swap losses and $1.4 million of deferred tax expense. The third quarter of 2021 included asset impairment charges of $5.3 million, $1.6 million of deferred tax expense and $4.7 million of commodity swap gains. The second quarter of 2021 included the Line Loss Proceeding payments of $18.6 million, $8.3 million of deferred tax expense and commodity swap losses of $6.3 million. The first quarter of 2021 included the Line Loss Proceeding payments of $27.9 million, $8.3 million of deferred tax expense and commodity swap losses of $4.0 million.

The fourth quarter of 2020 included a Line Loss Proceeding payment of $6.4 million, commodity swap losses of $0.3 million and $3.3 million of deferred tax benefits. The third quarter of 2020 included commodity swap gains of $0.2 million and $0.6 of deferred tax expense. The second quarter of 2020 included commodity swap losses of $0.5 million and $3.8 million of deferred tax benefits.

(1) Adjusted EBITDA is a non-GAAP measure. See Non-GAAP and Other Financial Measures.

FINANCIAL RESULTS OF OPERATIONS

Revenue

Three months ended March 31 ($000's)	2022	2021
Revenue	36,147	30,030

Revenue in the first quarter of 2022 increased by $6.1 million, or 20%, to $36.1 million from $30.0 million in 2021, primarily due to increased generation volumes in 2022. M2 generated 393,591 MWh of electricity in the first quarter of 2022, as compared to 324,490 MWh in 2021. M2 realized prices of $91.84 per MWh in first quarter of 2022, as compared to $92.54 per MWh in 2021.

Plant Operations

Plant operations expenses are grouped into two major categories, fuel and O&M.

Three months ended March 31 ($000's) unless otherwise noted	2022			2021		
	Fuel	O&M	Total	Fuel	O&M	Total
Total	20,023	4,794	24,817	11,458	3,150	14,608
Percent(1)	81%	19%	100%	78%	22%	100%
$ Per MWh(1)	50.87	12.18	63.05	35.31	9.71	45.02
$ Per GJ(1)	4.79	1.15	5.94	3.19	0.88	4.06

The $ per MWh(1) and percentage of plant operation expenses incurred under fuel and O&M changed primarily due to higher $ per gigajoule (“GJ”)(1) as a result of higher fuel prices.

Fuel expenses in the first quarter of 2022 increased by $8.5 million, or 74%, to $20.0 million from $11.5 million in 2021, primarily due to higher fuel costs due to higher $ per GJ(1) and higher generation volumes of M2 as compared to the same period in 2021.

O&M expenses in in the first quarter of 2022 increased by $1.6 million, or 50%, to $4.8 million from $3.2 million in 2021, primarily due to one-time costs incurred to repair certain components of Milner in preparation for the CCGT expansion of M2.

(1) Supplementary financial measures. See Non-GAAP and Other Financial Measures

General and Administrative Expense

Three months ended March 31 ($000's)	2022	2021
Total general and administrative expense	1,486	1,337

General and administration expense in the first quarter of 2022 increased by $0.2 million, or 15%, to $1.5 million from $1.3 million in 2021 primarily due to charitable donations and increased employee compensation as a result of increased headcount.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2022	2021
Total depreciation and amortization expense	2,105	1,793

Depreciation and amortization expense in the first quarter of 2022 increased by $0.3 million, or 17%, to $2.1 million from $1.8 million in 2021, due to the advancement of depreciation of certain components of Milner property plant and equipment.

Other Income, Net

Three months ended March 31 ($000's)	2022	2021
Other income, net	-	(28,212)

In the first quarter of 2022, other income was $nil as compared to $28.2 million in 2021. The decrease is primarily due to the recognition of the second from the Line Loss Proceedings in the first quarter of 2021.

Loss (Gain) on Commodity Swaps

Three months ended March 31 ($000's)	2022	2021
Realized loss (gain) on power swaps	(2,730)	5,528
Realized gain on natural gas swaps	(3,200)	(758)
Total realized loss (gain) on commodity swaps	(5,930)	4,770

Three months ended March 31 ($000's)	2022	2021
Unrealized loss on power swaps	87	498
Unrealized gain on natural gas swaps	(10,104)	(1,267)
Total unrealized gain on commodity swaps	(10,017)	(769)

Total realized and unrealized loss (gain) on commodity swaps	(15,947)	4,001

In the first quarter of 2022, MAXIM realized gains of $5.9 million on Alberta power and natural gas price risk management swaps, as compared to the same period in 2021 which realized losses of $4.8 million. These gains and losses are due to settled Alberta power and natural gas prices deviating from the fixed swap price.

In the first quarter of 2022, MAXIM has an unrealized gain of $10.0 million on Alberta power and natural gas price risk management swaps, as compared to the same period in 2021 which was $0.8 million. These gains and losses are due to Alberta power and natural gas forward prices deviating from the fixed swap price.

Finance Expense, Net

Three months ended March 31 ($000's)	2022	2021
Interest expense and bank charges	1,409	1,550
Amortization of deferred financing costs	449	398
Gain on interest rate swap	(61)	(4)
Accretion of provisions	28	13
Foreign exchange gain	(95)	(107)
Finance expense	1,730	1,850
Interest income	(47)	(29)
Total finance expense, net	1,683	1,821

In the first quarter of 2022, net finance expense was $1.7 million which is comparable to the same period in 2021.

Deferred Income Tax Expense

Three months ended March 31 ($000's)	2022	2021
Total deferred income tax expense	5,105	8,256

In the first quarter of 2022, MAXIM has an income tax expense of $5.1 million as compared to $8.3 million in 2021 due to MAXIM having lower income before taxes in 2022.

Financial Position

The following highlights the changes in the Corporation's Condensed Consolidated Interim Statement of Financial Position at March 31, 2022, as compared to December 31, 2021.

As at ($000's)	March 31, 2022	December 31, 2021	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	35,106	13,550	21,556	Increased as a result of operating and financing activities, partially offset by investing activities
Trade and other receivables	13,415	20,766	(7,351)	Decreased as a result of lower revenues in the month of March 2022 as compared to December 2021
Property, plant and equipment, net and asset held for sale	290,299	260,590	29,709	Increased as a result of capital additions for M2, partially offset by depreciation
Net other assets	25,749	17,531	8,218	Increased as a result of an increase in the unrealized risk management asset
Liabilities & Equity				
Trade and other payables	21,176	19,669	1,507	Increased due to the construction of the CCGT expansion of M2 and payables from the purchase of capital spares
Loans and borrowings	83,570	53,650	29,920	Increased primarily due to a debt issuance on the senior credit facility to fund the CCGT expansion of M2
Net other liabilities	16,255	11,936	4,319	Increased due to the deferred tax liability reflecting deferred tax expense for the quarter
Equity	243,568	227,182	16,386	Increased primarily due to net income for the period

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management is anticipating that cash flows for operating and general and administrative expenses will be funded by MAXIM's existing cash on hand and operating activities. Cash flows for construction of the CCGT expansion of M2 will be funded by the Corporation's existing cash on hand, operating activities and debt. As at March 31, 2022, MAXIM has up to $92.1 million of borrowing capacity remaining under its senior credit facilities and subordinated convertible loan and $35.1 million of unrestricted cash.

Senior Credit Facility

On June 30, 2021, the Corporation entered into an amended and restated credit agreement that increases the senior credit facilities from $42.5 million to $105.0 million to support financing requirements of the CCGT expansion of M2, existing operations, letters of credit and hedging. The $105.0 million facility matures on June 30, 2026 and amounts available under the facility are as follows:

- Bank Term Facility #1 is the remaining original term facility with $28.5 million outstanding and will continue without being repaid until the CCGT expansion of M2 is complete, at which point it will amortize over seven years based on the current anticipated completion date of the project. This facility is fully drawn and no additional amounts are available.
- Revolver Facility #1 is the original $10.0 million revolver which is unchanged and continues to be available for general corporate purposes. This facility is undrawn.
- Revolver Facility #2 increased from $4.0 million to $5.0 million and is available for the CCGT expansion of M2 and operating purposes on a revolving basis, until the CCGT expansion of M2 is completed, and for general corporate purposes on a revolving basis thereafter. This facility is undrawn.
- Bank Construction Facility is a $27.4 million facility and is available only for the CCGT expansion of M2 on a non-revolving basis, with amortization required over ten years commencing on completion of the CCGT expansion of M2. This facility is undrawn.
- Fixed Rate Construction Facility is a $30.0 million facility and is available only for the CCGT expansion of M2 on a non-revolving basis with amortization required over five years commencing on completion of the CCGT expansion of M2. This facility is fully drawn and no additional amounts are available.
- Letter of Credit Facility is a $4.1 million facility and is available to be drawn to issue letters of credit. This facility can be cash collaterized or used to be drawn on to issue or replace letters of credit. As at December 31, 2021, the Corporation has $4.0 million in cash collaterized letters of credit. Cash of the same amount was deposited into a restricted bank account maintained by the bank.

The senior credit facility is secured by the assets of the Corporation, bears interest at fixed rates and Canadian prime rate, bankers acceptance or Canadian dollar offered rate, plus applicable margins.

This amended debt financing is subject to financial covenants and the Corporation is compliant with these covenants as at March 31, 2022. These financial covenants include: a debt service coverage ratio of not less than 1.25:1:00 determined as at the last day of each financial quarter on a rolling four quarter basis, a debt to Adjusted EBITDA ratio of not more than 3.00:1.00 determined as at the last day of each financial quarter on a rolling four quarter basis and a minimum tangible assets of 95% of the consolidated tangible assets held within select entities named under the agreement.

Convertible Loan Facility

On June 30, 2021, the Corporation amended the $75.0 million convertible loan to make it available for the construction of the CCGT expansion of M2 and any wind power projects agreed with the lenders, and to extend the maturity date to September 25, 2026. The convertible loan continues to be subordinated to the Senior Credit Facilities, convertible into common shares at $2.25 per share, at the option of the lenders, bears interest at 12% per annum and is secured by the assets of the Corporation. As at March 31, 2022, MAXIM is in compliance with all covenants related to this facility. The convertible feature of the loan was valued at $nil at the date of issuance and therefore no amount has been reflected as equity on the statements of financial position. As at March 31, 2022, the Corporation has $29.4 million (December 31, 2021 - $29.4 million) outstanding.

The convertible loan was provided by two significant shareholders of the Corporation, one of whom is the Chief Executive Officer and Chair of the Board and the other is Vice Chair of the Board. Total interest and fees paid under this facility in the first quarter of 2022 was $1.1 million (2021 - $1.1 million).

Letter of Credit Facility

The Corporation has a demand credit facility that requires full cash collateralization of letters of credit on a non-revolving basis. As at March 31, 2022, the Corporation has $2.2 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.

Cash flow summary:

At March 31, 2022, the Corporation had unrestricted cash of $35.1 million included in the net working capital surplus(1) of $42.5 million (see working capital on page 12). Unrestricted cash balances are on deposit with two Canadian financial institutions.

(1) Working capital is a non-GAAP measure. See Non-GAAP Measures.

Three months ended March 31 ($000's)	2022	2021
Cash on hand, unrestricted, January 1	13,550	12,261
Cash flow generated from operations	21,920	36,103
Cash flow generated from (used in) financing	27,805	(12,164)
Available for investments	63,275	36,200
Cash flow used in investing	(28,264)	(1,876)
Effect of foreign exchange rates on cash	95	8
Unrestricted cash	35,106	34,332
Undrawn Convertible Loan Facility	45,562	45,562
Undrawn Senior Credit Facilities	46,500	14,000
Net liquidity available, March 31 (1)	127,168	93,894

(1) Net liquidity available is a non-GAAP measure. See Non-GAAP Measures.

Cash flow generated from operating activities in the first quarter of 2022 decreased to $21.9 million from $36.1 million in 2021, which is a decrease of $14.2 million. The decrease is primarily due to the receipt of the second payment from the Line Loss Proceedings in 2021 and higher fuel costs in 2022, partially offset by higher revenues and realized gains on commodity swaps and changes in non-cash working capital in 2022. See working capital section on page 12 for further discussion.

During the first quarter of 2022, MAXIM's cash flow generated from financing activities increased $40.0 million to $27.8 million in 2022, from an outflow of $12.2 million in 2021, primarily due to a debt issuance in 2022 and repayment of debt in 2021.

MAXIM's investing activities in the first quarter of 2022 represented a cash outflow of $28.3 million, increasing from $1.9 million in 2021. During the first quarter of 2022, MAXIM spent $31.7 million primarily on advancing engineering and construction of the CCGT expansion of M2 and on capital spares relating to M2, partially offset by changes in non-cash working capital of $3.3 million and interest income of $0.1 million.

MAXIM's investing activities in the first quarter of 2021 represented a cash outflow of $1.9 million. During the first quarter of 2021, MAXIM spent $11.0 million primarily on capital spares relating to M2 and preliminary engineering for the combined cycle phase of M2, partially offset by changes in non-cash working capital of $9.1 million.

The following table represents the net capital of the Corporation:

As at ($000's)	March 31, 2022	December 31, 2021
Loans and borrowings	83,570	53,650
Less: Unrestricted cash	(35,106)	(13,550)
Net debt	48,464	40,100
Shareholders' equity	243,568	227,182
Capital	292,032	267,282
Net debt to capital	16.6%	15.0%

The Corporation uses the percent of net debt to capital to monitor leverage. The increase in net debt to capital from December 31, 2021 to March 31, 2022 is primarily due to increased cashflows from operations and working capital.

Working Capital (1)

The following table represents the working capital surplus of the Corporation:

As at ($000's)	March 31, 2022	December 31, 2021	Difference
Total current assets	64,332	36,280	28,052
Total current liabilities	21,801	19,669	2,132
Working capital surplus(1)	42,531	16,611	25,920

The Corporation has a working capital surplus of $42.5 million at March 31, 2022, which represents a $25.9 million increase from the working capital surplus of $16.6 million at December 31, 2021. The total increase is comprised of a $28.0 million increase in current assets which was partially offset by a $2.1 million increased in current liabilities.

The increase in current assets was due to a net increase of $21.6 million in unrestricted cash, which was primarily due to financing activities and operating income, partially offset by capital spending, an increase in risk management assets of $10.1 million and reclassification of FR Land to assets held for sale of $3.7 million, partially offset by a decrease in accounts receivable of $7.4 million due to decreased revenues.

The increase in current liabilities was due to a $1.9 million increase in accounts payable primarily due to payables relating to increased capital costs from the CCGT expansion of M2 and capital spares and an increase in risk management liabilities of $0.2 million.

(1) Working capital is a non-GAAP measure. See Non-GAAP Measures.

Capital Resources

This following commentary represents FLI and users are cautioned that actual results may vary. The Corporation is currently anticipating capital expenditure costs of approximately $65.0 million to $75.0 million for the full year of 2022. These expenditures primarily relate to advancing engineering and construction for expanding M2 into a CCGT facility and capital spares.

Contractual Obligations and Contingencies

In the normal course of operations, MAXIM assumes various contractual obligations and commitments. MAXIM considers these obligations and commitments in its assessment of liquidity.

As at March 31, 2022	Total	2022	2023-2024	2025-2026	Thereafter
Long-term debt(1)	113,844	5,758	30,150	77,936	-
Long-term contracts(2)	12,507	2,961	7,896	1,650	-
Purchase obligations(3)	13,490	13,490	-	-	-
Total	139,841	22,209	38,046	79,586	-

(1) Long-term debt obligations are comprised of the principal and interest payments related to loans and borrowings on the statement of financial position

(2) Long-term contracts are comprised of natural gas transportation agreements

(3) Purchase obligations include commitments with suppliers for the engineering, construction, procurement and maintenance of M2

For the current significant outstanding contingencies, refer to Note 20 of the 2021 Annual Audited Consolidated Financial Statements.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

MAXIM continues to monitor regulatory initiatives that may impact its existing business. As a result, MAXIM continues to assess its impact on climate change and as a result is exploring low emission power generation projects, including its Buffalo Atlee wind development project and other wind opportunities. In addition, MAXIM is constructing the CCGT expansion of M2 to capture waste heat and turn it into electricity. The impact of this expansion decreases the level of emissions relative to the electricity produced.

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 greenhouse gas stringency and, more remotely, legislation that phases out natural gas-fired generation entirely, similar to the regulatory actions taken in recent years surrounding coal-fired generation.

On December 11, 2020, the Government of Canada announced *Canada's Strengthened Plan for a Healthy Environment and a Healthy* Economy which indicated the government would: "Work with provinces, territories, utilities, industry and interested Canadians to ensure that Canada's electricity generation achieves net-zero emissions before 2035." The cornerstone of this effort will be the clean electricity standard complemented by other policies and programs.

On March 15, 2022, the Government of Canada has released a discussion paper *A Clean Electricity Standard in support of a net-zero electricity sector*, signaling its intent to move forward with regulations to achieve a net-zero electricity system by 2035, and is undergoing consultation to develop a draft regulation by the end of 2022. Management will monitor the progress on this initiative and regularly assess the potential impact to MAXIM.

Provincial Carbon Tax

In 2015, the Government of Alberta ("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 required electricity generators to pay $30 per tonne of carbon dioxide equivalents ("CO2e") on emissions above what Alberta's cleanest natural gas-fired plant would emit to generate the same amount of electricity.

On October 30, 2019, the GoA released the Technology Innovation and Emissions Reduction Regulation ("TIER") which replaced CCIR on January 1, 2020. The impacts to the electricity industry are largely similar under TIER and CCIR including a carbon price of $30/tonne for 2020, $40/tonne for 2021 and $50/tonne for 2022 and based on a "good as best gas" intensity limit of 0.37 tonnes of CO2e/MWh above which generators are taxed for carbon emissions, notwithstanding exemptions for new units (until 2023).

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 acts 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 on carbon emitters in the Alberta power market. If the Alberta provincial government modifies or repeals the price of carbon, these regulations are anticipated to impact Alberta carbon emitters. It is expected that the TIER carbon price will rise with the pricing stated in *Canada's Strengthened Plan for a Healthy Environment and a Healthy Economy*, which indicated intentions to increase carbon pricing by $15/tonne, per year, beginning in 2023 until 2030. This increase has not been enacted and management continues to assess the impact to M2 and other development projects.

Additional Federal Restrictions on Carbon Dioxide Emissions

In 2012, the Government of Canada enacted regulations to reduce CO2 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, was allowed to operate to its full capacity to December 31, 2019. After December 31, 2019, Milner is allowed to operate at an annual capacity factor of up to 9% (using coal as a portion of its 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 CO2 emissions stringency requirements prospectively commencing at the unit's end of life as defined in the current federal coal regulations. If Milner ceases to burn coal as part of its fuel mix, then Milner would fall under this provision.

As at the date of this MD&A, MAXIM anticipates that it will continue to be permitted to run Milner at a 9% capacity factor until December 31, 2029 subject to utilizing coal for a portion of its fuel. Alternatively, MAXIM currently anticipates that if Milner does not include coal as a fuel source, it would not comply with the regulations for coal to gas conversions. Management is currently maintaining the ability to operate the existing Milner facility as a dual fuel-fired facility at a 9% capacity factor.

The M2 project, as a new facility, is subject to the TIER carbon tax, but exempt until January 1, 2023, and is not otherwise adversely impacted by any of the provincial or federal legislation above. Starting January 1, 2023, the M2 project will be exposed to carbon tax on emissions greater than 0.37 tonnes of CO2e/MWh. The CCGT expansion of M2 greatly reduces the Corporations exposure to TIER carbon tax through improved efficiency compared to M2 simple cycle operations.

NON-GAAP AND OTHER FINANCIAL MEASURES

Management evaluates MAXIM's performance using a variety of measures. The non-GAAP measures discussed below should not be considered as an alternative to or to be more meaningful than revenue, net income of the Corporation or net cash generated from operating activities, as determined in accordance with GAAP, when assessing MAXIM's financial performance or liquidity.

These measures do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA

Three months ended March 31 ($000's)	2022	2021
GAAP Measures from Condensed Consolidated Interim Statement of Income		
Net income	16,898	26,426
Deferred tax expense	5,105	8,256
Finance expense, net	1,683	1,821
Depreciation and amortization	2,105	1,793
	25,791	38,296
Other income	-	(28,212)
Unrealized gain on commodity swaps	(10,017)	(769)
Share-based compensation	119	108
Adjusted EBITDA	15,893	9,423

Adjusted EBITDA is calculated as described above from its most directly comparable GAAP measure, net income, and adjusts for specific items that are not reflective of the Corporation's underlying operations and excluding other non-cash items.

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows attributable to shareholders before finance expense, income taxes, depreciation and amortization, and certain other non-recurring or non-cash income and expenses. Financing expense, income taxes, depreciation and amortization are excluded from the Adjusted EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA for the quarter ended March 31, 2022 and March 31, 2021 management excluded certain non-cash and non-recurring transactions. In both 2022 and 2021, Adjusted EBITDA excluded all items of other income and expense including: Line Loss Proceeds as well as unrealized gains on commodity swaps and share-based compensation.

Working Capital Surplus

MAXIM defines working capital surplus or deficit as the current assets less current liabilities. Working capital surplus is used to assist management and investors in measuring liquidity. The calculation of working capital surplus is provided on page 12.

Net Liquidity Available

MAXIM defines net liquidity available as its cash and cash equivalents plus undrawn amounts on the Convertible Loan Facility and the Senior Credit Facilities. The calculation of net liquidity availability is included on page 11.

Supplementary Financial Measures

Set forth below is a summary of supplementary financial measures used herein. A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company, (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

Fuel expense and O&M expense, as part of operating expenses ($ per MWh) is fuel expense or O&M divided by MWh.

Fuel expense and O&M expense, as part of operating expenses ($ per GJ) is fuel expense or O&M divided by GJ.

Fuel expenses and O&M expense, as part of operating expenses (Percent) is the percentage breakdown of operating expense.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates used in the preparation of the condensed consolidated interim financial statements have 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, 2021.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Standards Issued Not Yet Effective and Amendments

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

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter any related party transactions during the first three months, with the exception of the convertible loan facility interest and fees (page 11) and 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 10b and 22 of the 2021 Annual Audited Consolidated 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, 2022.

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2022	50,074,861
Issuable shares on conversion of the convertible loan at March 31, 2022	13,083,736
Outstanding share options at March 31, 2022	2,634,448
Total diluted common shares at March 31, 2022	**65,793,045**
Shares purchased and cancelled under NCIB in April 2022	(98,955)
Share options cancelled in April 2022	(17,919)
Share options granted in April 2022	34,770
Issuance of common shares in April 2022	24,350
Share options exercised in April 2022	(24,350)
Total diluted common shares at May 10, 2022	**65,710,941**

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:

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
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLP	Climate Leadership Plan
CO2e	Carbon Dioxide Equivalent
Adjusted EBITDA	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization
FLI	Forward-looking information
FR Land	The 31 acre Forked River land parcel
GAAP	IFRS, as set out in Part 1 of the Handbook of the Chartered Professional Accountants of Canada
GoA	Government of Alberta
IFRS	International Financial Reporting Standards
Milner	HR Milner**,** a 150 MW (nameplate capacity) generating facility located near the town of Grande Cache, Alberta since 1972 and was acquired by MAXIM on March 31, 2005
M2	M2 is a 204 MW simple cycle gas turbine generating facility located at the Milner site near the town of Grande Cache, Alberta and has been in continuous operation since 2020
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
NCIB	Normal course issuer bid
O&M	Operations and maintenance
Summit	Summit Coal LP
TIER	Technology Innovation and Emissions Reduction Regulation
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.