Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the First Quarter Ended March 31, 2024

(Unaudited)

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	**March 31, 2024**	December 31, 2023
ASSETS			
Cash and cash equivalents		**85,207**	32,258
Trade and other receivables	3	**8,317**	47,877
Current tax asset		**3,915**	4,685
Risk management asset	11	**2,196**	1,584
Prepaid expenses and deposits		**4,028**	5,919
Total current assets		**103,663**	92,323
Property, plant and equipment, net	4	**310,106**	313,461
Restricted cash		**18,518**	16,518
Prepaid expenses and deposits		**3,151**	3,538
Total non-current assets		**331,775**	333,517
TOTAL ASSETS		**435,438**	425,840
LIABILITIES			
Trade and other payables		**13,812**	13,287
Risk management liability	11	**6,032**	8,405
Loans and borrowings	5	**6,427**	4,828
Total current liabilities		**26,271**	26,520
Provisions for decommissioning		**10,553**	10,760
Lease obligation		**104**	111
Loans and borrowings	5	**74,355**	76,375
Deferred tax liabilities		**16,305**	14,329
Total non-current liabilities		**101,317**	101,575
TOTAL LIABILITIES		**127,588**	128,095
EQUITY			
Share capital		**143,692**	143,963
Contributed surplus		**13,261**	13,194
Retained earnings		**150,897**	140,588
TOTAL EQUITY		**307,850**	297,745
Commitments	9		
TOTAL LIABILITIES AND EQUITY		**435,438**	425,840

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

On behalf of the Board:

M. Bruce Chernoff	Michael Mayder
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	2024	2023
Revenues			
Power generation		**34,768**	-
Realized gain on power swaps	11	**1,171**	-
Unrealized gain on power swaps	11	**648**	-
Total power generation and swaps		**36,587**	**-**
Expenses			
Operating		**17,561**	5,006
Realized loss on natural gas swaps	11	**955**	-
Unrealized gain on natural gas swaps	11	**(2,337)**	-
General and administrative		**1,765**	1,561
Depreciation and amortization	4	**3,629**	2,009
Total expenses		**21,573**	8,576
Operating income (loss)		**15,014**	(8,576)
Other income, net	6	**32**	19,963
Finance expense, net	7	**(1,344)**	(1,356)
Income before income taxes		**13,702**	10,031
Income tax expense			
Current income tax		**1,239**	1,432
Deferred income tax		**1,976**	848
Total income tax expense		**3,215**	2,280
Net and comprehensive income		**10,487**	7,751
Earnings per share	8		
Basic		**0.21**	0.15
Diluted		**0.18**	0.14

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	Total
Equity at December 31, 2023	50,593	143,963	13,194	140,588	297,745
Net income	-	-	-	10,487	10,487
Repurchase of common shares for cancellation	(86)	(311)	-	(178)	(489)
Share-based compensation	-	-	264	-	264
Stock options settled	154	-	(193)	-	(193)
Stock options exercised	20	40	(4)	-	36
Equity at March 31, 2024	**50,681**	**143,692**	**13,261**	**150,897**	**307,850**
Equity at December 31, 2022	50,168	143,473	12,831	112,350	268,654
Net income	-	-	-	7,751	7,751
Repurchase of common shares for cancellation	(7)	(14)	-	(10)	(24)
Share-based compensation	-	-	148	-	148
Stock options settled	73	-	(58)	-	(58)
Stock options exercised	35	95	(14)	-	81
Equity at March 31, 2023	50,269	143,554	12,907	120,091	276,552

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	**2024**	2023
Cash flows from operating activities:			
Net income		**10,487**	7,751
Adjustments for items not involving cash or operations:			
Depreciation and amortization	4	**3,629**	2,009
Share-based compensation		**264**	148
Unrealized gain on commodity swaps	11	**(2,985)**	-
Stock option settlement		**(193)**	(58)
Income tax expense		**3,215**	2,280
Income tax paid		**(469)**	(5,170)
Finance expense, net	7	**1,344**	1,356
Funds generated from operating activities before change in non-cash working capital		**15,292**	8,316
Change in non-cash working capital	10	**43,175**	1,449
Net cash generated from operating activities		**58,467**	9,765
Cash flows from financing activities:			
Repayment of loans and borrowings	5	**(713)**	(713)
Proceeds from exercise of stock options		**36**	81
Repurchase of common shares for cancellation		**(489)**	(24)
Interest and bank charges	7	**(2,060)**	(2,097)
Net cash used in financing activities		**(3,226)**	(2,753)
Cash flows from investing activities:			
Property, plant and equipment additions	4	**(570)**	(4,285)
Interest income	7	**1,069**	685
Change in non-cash working capital	10	**(2,818)**	(3,471)
Net cash used in investing activities		**(2,319)**	(7,071)
Foreign exchange gain on cash and cash equivalents	7	**27**	16
Increase (decrease) in cash and cash equivalents		**52,949**	(43)
Cash and cash equivalents, beginning of period		**32,258**	51,378
Cash and cash equivalents, end of period		**85,207**	51,335

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

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

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.

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, 2023 annual audited consolidated financial statements available at www.sedarplus.ca.

MAXIM's Board of Directors approved these unaudited condensed consolidated interim financial statements on May 7, 2024.

(b) Material 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, 2023.

The material 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, 2023.

3. Trade and other receivables

	March 31, 2024	December 31, 2023
Trade receivables	7,196	28,371
Insurance receivable	-	18,031
Other receivables	33	45
Realized risk management receivable	1,088	1,430
Total accounts receivable	8,317	47,877

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

4. Property, plant and equipment, net

	Facilities and Equipment	Right-of-use Asset	Assets under Construction	Total
Cost				
Balance, December 31, 2022	241,844	202	147,335	389,381
Additions	531	-	26,890	27,421
Capitalized interest	-	-	1,473	1,473
Assets in-service	164,886	-	(164,886)	-
Impairment	-	-	(2,002)	(2,002)
Disposal of equipment	(195)	-	-	(195)
Revisions to decommissioning provisions	(89)	-	-	(89)
Balance, December 31, 2023	406,977	202	8,810	415,989
Additions	570	-	-	570
Revisions to decommissioning provisions	(296)	-	-	(296)
Balance, March 31, 2024	407,251	202	8,810	416,263
Accumulated depreciation				
Balance, December 31, 2022	92,778	55	-	92,833
Depreciation	9,665	30	-	9,695
Balance, December 31, 2023	102,443	85	-	102,528
Depreciation	3,621	8	-	3,629
Balance, March 31, 2024	106,064	93	-	106,157
Property, plant and equipment, net				
December 31, 2023	304,534	117	8,810	313,461
March 31, 2024	301,187	109	8,810	310,106

5. Loans and borrowings

	Bank Term Facility #1	Fixed Rate Constuction Facility	Convertible Loan Facility	Total
Balance, December 31, 2022[(1)]	26,362	30,000	29,438	85,800
Repayment of loans and borrowings	(2,850)	-	-	(2,850)
Balance, December 31, 2023	23,512	30,000	29,438	82,950
Less: deferred financing costs				(1,747)
Net loans and borrowings, net of deferred financing costs				81,203
Less: current portion, net of deferred financing costs				(4,828)
Balance December 31, 2023, non-current portion, net of deferred financing costs				76,375

(1) Excluding deferred financings costs.

	Bank Term Facility #1	Fixed Rate Constuction Facility	Convertible Loan Facility	Total
Balance, December 31, 2023[(1)]	23,512	30,000	29,438	82,950
Repayment of loans and borrowings	(713)	-	-	(713)
Balance, March 31, 2024	22,799	30,000	29,438	82,237
Less: deferred financing costs				(1,455)
Net loans and borrowings, net of deferred financing costs				80,782
Less: current portion, net of deferred financing costs				(6,427)
Balance March 31, 2024, non-current portion net, of deferred financing costs				74,355

(1) Excluding deferred financings costs.

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

5. Loans and borrowings (continued)

(a) Senior Credit Facility Financial Debt Covenants

Commencing on March 31, 2024, the Corporation is required to maintain an annualized debt service coverage ratio of not less than 1.25:1.00 determined as at the last day of each financial quarter. On December 31, 2024, four quarters of results will be achieved, and the calculation will be determined as at the last day of each financial quarter on a rolling four quarter basis.

Commencing on March 31, 2024, the Corporation is required to maintain an annualized debt (Senior Credit Facilities) to earnings before interest, taxes, depreciation and amortization below 3.00:1.00, determined as at the last day of each financial quarter. On December 31, 2024, four quarters of results will be achieved, and the calculation will be determined as at the last day of each financial quarter on a rolling four quarter basis.

MAXIM shall ensure that, as at the end of each financial quarter, the tangible assets of MAXIM, Milner Power II LP, Miner Power LP, and Prairie Lights Power LP, are not less than the lesser of: (a) 95% of consolidated tangible assets; and (b) consolidated tangible assets (less any consolidated tangible assets attributed to Summit Coal Inc. and Summit Coal LP).

In addition, MAXIM is subject to customary non-financial covenants in its Senior Credit Facility and Subordinated Credit Facility. As at March 31, 2024, MAXIM is in compliance with all applicable debt covenants.

6. Other income, net

	March 31, 2024	March 31, 2023
Business interruption insurance claim	-	18,150
Property insurance claim	-	5,807
Demolition, incidental and investigation costs	-	(3,977)
Other income (expenses)	32	(17)
Total other income, net	32	19,963

7. Finance expense, net

	March 31, 2024	March 31, 2023
Interest expense and bank charges (a)	2,060	1,642
Amortization of deferred financing costs	291	335
Accretion of provisions	89	80
Foreign exchange gain	(27)	(16)
Finance expense	2,413	2,041
Interest income	(1,069)	(685)
Total finance expense, net	1,344	1,356

(a) During the first three months of 2024, the Corporation paid interest and fees of $1,068 (March 31 2023 - $1,059) under the convertible loan facility, provided by two significant shareholders of the Corporation, one of whom is also the Chair of the Board and the other of whom is the Vice Chair of the Board.

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

8. Earnings per share

	March 31, 2024	March 31, 2023
Weighted average number of common shares (basic)	50,578,826	50,203,194
Effect of convertible loan facility	13,083,736	13,083,736
Effect of exercisable stock options	493,393	764,548
Weighted average number of common shares (diluted)	64,155,955	64,051,478

	March 31, 2024	March 31, 2023
Net income (basic)	10,487	7,751
Finance expense on the convertible loan facility, net of tax	895	902
Net income (diluted)	11,382	8,653

	March 31, 2024	March 31, 2023
Earnings per share:		
Basic	0.21	0.15
Diluted	0.18	0.14

9. Commitments

(a) The Corporation has entered into contracts for maintenance and equipment of M2. These contracts have a remaining minimum commitment totaling $550 as at March 31, 2024.

(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, 2024 is $5,152 over the next two years as follows:

2024	3,312
2025	1,840
	5,152

10. Change in non-cash working capital

	March 31, 2024	March 31, 2023
Operating activities		
Trade and other receivables	39,560	1,264
Prepaid expenses and deposits	2,278	567
Trade and other payables	1,337	(382)
	43,175	1,449

	March 31, 2024	March 31, 2023
Investing activities		
Trade and other payables	(818)	(3,471)
Restricted cash	(2,000)	-
	(2,818)	(3,471)

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

11. Financial risk management

The Corporation's risk management process, oversight and techniques are the same as those described in the Corporation's 2023 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)

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 loans and borrowings at March 31, 2024 is $79,969 (December 31, 2023 - $80,255).

(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 gain on commodity swaps

	March 31, 2024	March 31, 2023
Realized gain on power swaps	(1,171)	-
Realized loss on natural gas swaps	955	-
Total realized gain on commodity swaps	(216)	-

Unrealized gain on commodity swaps

	March 31, 2024	March 31, 2023
Unrealized gain on power swaps	(648)	-
Unrealized gain on natural gas swaps	(2,337)	-
Total unrealized gain on commodity swaps	(2,985)	-

Gain on commodity swaps

Total realized and unrealized gain on commodity swaps	(3,201)	-

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

11. Financial risk management (continued)

(b) Carrying amount of risk management asset and liabilities

Current risk management asset

	March 31, 2024	December 31, 2023
Power commodity swaps	2,196	1,584
Total carrying amount of current risk management asset	2,196	1,584

The carrying amount of current risk management asset represents the unrealized asset from the power commodity swaps.

Current risk management liability

	March 31, 2024	December 31, 2023
Natural gas commodity swaps	6,032	8,369
Power commodity swaps	-	36
Total carrying amount of current risk management liability	6,032	8,405

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated May 7, 2024 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, 2024 and the audited consolidated financial statements and MD&A for the year ended December 31, 2023. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting, under IFRS Accounting Standards, as set out in Part 1 of the CPA Canada Handbook of the Chartered Professional Accountants of Canada ("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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BUSINESS OF MAXIM

MAXIM is an independent power producer engaged in the development, ownership and operation of power generation facilities and the resultant sale of generating capacity and electricity. As at the date of this MD&A, MAXIM has one power generating facility, Milner 2 ("M2"), a natural gas-fired power plant with 300 MW of maximum electric generating capacity in Canada. The M2 power plant is a 300 MW state-of-the-art combined cycle gas-fired power plant that was commissioned in the fourth quarter of 2023 and is situated at the HR Milner ("Milner") generating station site near Grande Cache, Alberta.

OVERALL PERFORMANCE

Highlights

During the first quarter of 2024, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"(1)) of $10.5 million and $15.9 million, respectively, as compared to net income of $7.8 million and Adjusted EBITDA(1) of $11.7 million, respectively, in the same period of 2023. Net income and Adjusted EBITDA(1) in 2024 increased as compared to the same period in 2023 primarily due to M2 continuing operations in the first quarter of 2024, while it was offline in the first quarter of 2023 due to the non-injury fire which occurred on September 30, 2022 ("Non-Injury Fire"), partially offset by business interruption insurance claims in the first quarter of 2023.

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

MAXIM's current normal course issuer bid ("NCIB") program is for the August 31, 2023 to August 30, 2024 period. Under this NCIB, the Corporation may purchase for cancellation up to 2,526,477 common shares of the Corporation. Collectively under this program and as of the date of this MD&A, the Corporation has repurchased and cancelled 137,624 common shares for $0.6 million at a weighted average price of $4.47 per share. MAXIM's NCIB program is limited to $2.0 million for the 2024 calendar year under the senior credit facility. Any excess is subject to approval from the lenders under the senior credit facility.

As previously reported, MAXIM submitted an additional insurance claim for a delay in start up related to the Non-Injury Fire under its Course of Construction ("COC") insurance policy, which includes a provision for Delay in Start Up ("DSU") coverage relating to the Combined Cycle Gas Turbine ("CCGT") expansion of M2. The Corporation has received a denial of coverage under this policy from the insurer and is currently evaluating its options in relation to this claim. No amounts have been recognized by the Corporation in the financial statements in relation to the DSU claim.

Quarterly Financial Highlights

Three months ended March 31 ($000's, unless otherwise noted)	2024	2023
Revenue	34,768	-
Net income	10,487	7,751
Basic net income per share ($ per share)	0.21	0.15
Diluted net income per share ($ per share)	0.18	0.14
Adjusted EBITDA (1)	15,922	11,731
Total generation (MWh)	476,531	-
Total fuel consumption (GJ)	3,918,186	21,546
Average Alberta market power price ($ per MWh)	99.30	142.00
Average realized power price ($ per MWh)	72.96	-
Non-current liabilities	101,317	95,823
Total assets	435,438	382,622

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

Financial Results

During the first quarter of 2024, revenues, Adjusted EBITDA(1) and net income increased as compared to 2023 primarily due to M2 continuing operations in the first quarter of 2024, while it was offline in the first quarter of 2023 due to the Non-Injury Fire. Increases to net income and Adjusted EBITDA(1) in the first quarter of 2024 was partially offset by the cessation of business interruption claims due to the resumption of operations of M2, as compared to the first quarter of 2023.

Average realized power prices compared to average market power prices were lower in the first quarter of 2024 due to an unplanned outage in January 2024 at M2 coinciding with higher market power prices.

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

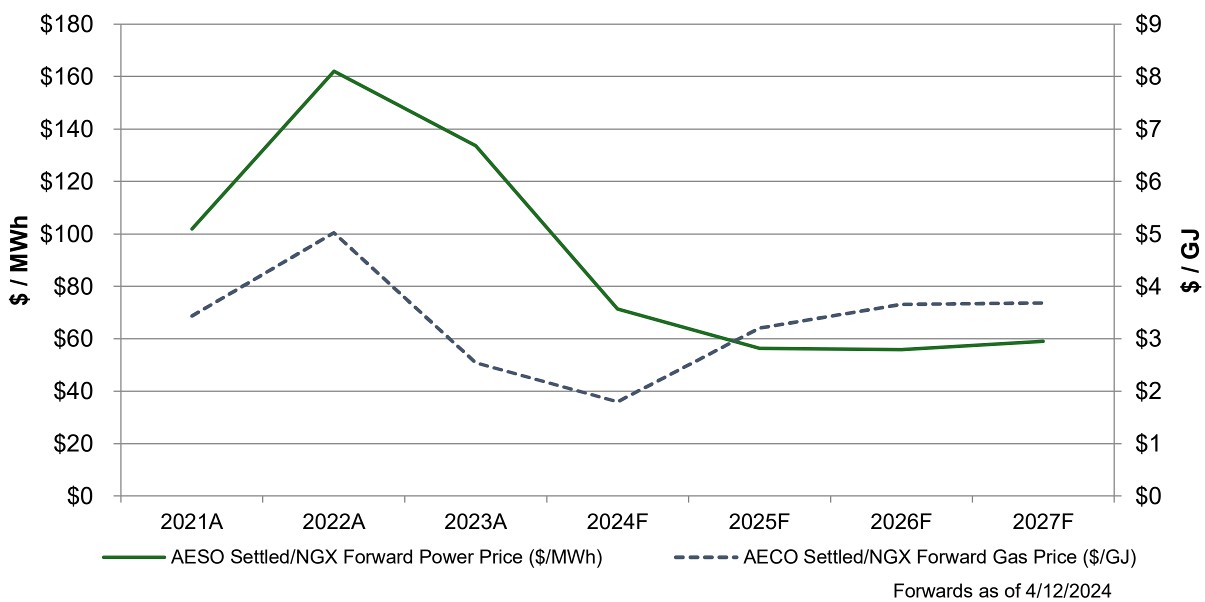
OUTLOOK

Alberta Power Price

The following commentary represents FLI and users are cautioned that actual results may vary. Refer to the discussion of FLI on page 4 for further details.

In 2021, management observed increased power prices as a result of higher demand for electricity due to increased economic activity in Alberta in reaction to higher oil prices, reduced negative impact from COVID-19 and the 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. Power prices continued to increase in 2022 for the same reasons as 2021, and were further elevated due to higher carbon tax and natural gas prices compared to 2021, and certain unit outages affecting generation supply. 2023 power prices were lower than 2022 due to increased renewable generation which has been partially offset by increased load, unit outages and higher carbon taxes. The graph also shows forward power prices continuing to decline in 2024 and 2025, relative to 2023, as a result of expectations that new wind and solar generation projects will come online as will new gas-fired generation projects. Forward power prices are expected to stabilize in 2025 after the last of the large gas-fired generation projects, which are currently under construction, reach commercial operation.

Near-term (2024) natural gas forward prices have fallen significantly, primarily as a result of softening of supply/demand fundamentals world-wide. Longer-term (2025+) natural gas forward prices are consistent with the range of historical prices and in line with management's expectations.



DEVELOPMENT AND BUSINESS INITIATIVES

The Corporation maintains optionality for all of its development and business 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.

Future Business Initiatives

All future growth 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 business initiatives have been made.

MAXIM has the 400 MW Prairie Lights Power gas-fired power generation development project located near Grande Prairie, Alberta, which is in the early stages of development. MAXIM also has a wind development project, Buffalo Atlee, which has the potential for up to 200 MW of power generation capacity. In recent years, MAXIM installed a new meteorological tower on the site lands to further expand and improve the quality of the project's wind resource data. The Corporation continues to monitor changes to provincial and federal government regulations as they relate to opportunities to develop and construct natural gas and wind power projects.

Other Business Initiatives

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 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.

As previously reported, MAXIM entered into a contract with Valory Resources Inc. ("Valory") 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 contract expires in February 2025. At this time, there is no certainty that Valory will elect to purchase SUMMIT.

MAXIM maintains the flexibility to manage the timing of its business 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”, “intend”, “believe”, “expect”, “will”, “may”, “project”, “predict”, “potential”, “could”, “might”, “should”, “will” 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 and are expressly qualified by this cautionary statement. Specifically, this MD&A contains forward-looking statements concerning, among other things, outlook for commodity prices and changes in market rules. 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 and capacity under simple cycle or combined cycle, 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.sedarplus.ca.

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 and general and administrative expenses will be funded by positive cashflows from operating activities and existing cash on hand. MAXIM estimates total capital expenditures to be incurred in 2024 of approximately $8.0 million. These expenditures primarily relate to sustaining capital spending of M2.
- The Corporation will continue to have access to its credit facilities and not be in default.
- MAXIM’s continued 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) ($000's unless otherwise noted)	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023
Revenue	34,768	38,990	2,468	-
Net income (loss)	10,487	19,477	(4,897)	5,964
Basic earnings (loss) per share ($ per share)	0.21	0.39	(0.10)	0.12
Diluted earnings (loss) per share ($ per share)	0.18	0.32	(0.10)	0.11
Adjusted EBITDA(1)	15,922	31,512	(1,545)	8,988
Average realized power price ($ per MWh)	72.96	81.61	78.03	-
Total fuel consumption (GJ)	3,915,660	3,855,880	436,985	961
Total generation (MWh)	476,531	485,222	31,627	-

Quarter ended: (unaudited) ($000's unless otherwise noted)	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022
Revenue	-	-	57,091	48,380
Net income (loss)	7,751	(7,156)	23,970	8,565
Basic earnings (loss) per share ($ per share)	0.15	(0.14)	0.48	0.17
Diluted earnings (loss) per share ($ per share)	0.14	(0.14)	0.39	0.15
Adjusted EBITDA(1)	11,731	1,697	39,739	18,781
Average realized power price ($ per MWh)	-	-	203.68	123.79
Total fuel consumption (GJ)	21,546	17,878	2,943,544	4,119,567
Total generation (MWh)	-	-	280,289	390,813

Quarter over quarter revenue, Adjusted EBITDA(1) and net income are affected by planned and unplanned outages, market demand, power and natural gas prices, weather conditions and the 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 fluctuated in 2022, 2023 and 2024 due to variations in generation volumes of M2 and realized power prices. Revenue and net income decreased in the fourth quarter of 2022 and first nine months of 2023 as a result of the Non-Injury Fire at M2.

In addition to the factors noted above, net income is affected by certain non-cash and non-recurring transactions as follows:

- The first quarter of 2024 included $3.2 million of net commodity swap gains and $3.2 million of income tax expense.
- The fourth quarter of 2023 included other income of $20.7 million in relation to the insurance claim, net of air inlet filter house expenses, $2.0 million of asset impairment charge, $6.4 million of income tax expense and $5.0 million of net commodity swap losses.
- The third quarter of 2023 included other income of $5.2 million in relation to the insurance claim, net of air inlet filter house expenses, $1.5 million of income tax recovery and $1.4 million of net commodity swap losses.
- The second quarter of 2023 included other income of $18.5 million in relation to the insurance claim, net of air inlet filter house expenses, and $1.9 million of income tax expense.
- The first quarter of 2023 included other income of $20.0 million in relation to the insurance claim, net of air inlet filter house expenses, and $2.3 million of income tax expense.
- The fourth quarter of 2022 included other income of $11.4 million in relation to the insurance claim, net of air inlet filter house expenses, a $7.9 million loss on write-off of the air inlet filter house and $2.1 million of income tax recovery.
- The third quarter of 2022 included $3.4 million of net commodity swap losses and $7.1 million of income tax expense.

- The second quarter of 2022 included $1.5 million of net commodity swap losses and $0.2 million of deferred tax expense.

(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)	2024	2023
Power generation revenue	34,768	-

Power generation revenue in the first quarter of 2024 increased by $34.8 million from nil due to higher generation volumes as M2 was offline in the first quarter of 2023 due to the Non-Injury Fire.

Plant Operations

Plant operations expenses are grouped into three major categories, fuel, carbon costs and Operations and Maintenance ("O&M").

Three months ended March 31 ($000's) unless otherwise noted	2024				2023			
	Fuel	Carbon Costs	O&M	Total	Fuel	Carbon Costs	O&M	Total
Total	9,173	2,698	5,690	17,561	920	-	4,086	5,006

Fuel expenses in the first quarter of 2024 increased by $8.3 million to $9.2 million from $0.9 million in 2023, respectively, primarily due to higher generation volumes as M2 was offline in the first quarter of 2023 due to the Non-Injury Fire.

Carbon costs in first quarter of 2024 increased by $2.7 million from nil in 2023, due to higher generation volumes as M2 was offline in the first quarter of 2023 due to the Non-Injury Fire.

O&M expenses in the first quarter of 2024 increased by $1.6 million, or 39%, to $5.7 million from $4.1 million in 2023, primarily due to higher insurance premiums and variable O&M associated with the operation of M2.

General and Administrative Expense

Three months ended March 31 ($000's)	2024	2023
Total general and administrative expense	1,765	1,561

General and administration expense in the first quarter of 2024 increased by $0.2 million, or 13%, to $1.8 million from $1.6 million in 2023, primarily due to increased employee compensation costs and lower general and administrative capital allocations to M2.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2024	2023
Total depreciation and amortization expense	3,629	2,009

Depreciation and amortization expense in the first quarter of 2024 increased by $1.6 million, or 80%, to $3.6 million from $2.0 million in 2023, primarily due to depreciation of the CCGT expansion of M2.

Other Income, Net

Three months ended March 31 ($000's)	2024	2023
Other income, net	(32)	(19,963)

Other income in the first quarter of 2024 was nil as compared to $20.0 million in 2023. The decrease is primarily due to insurance claims in 2023, net of non-capital air inlet filter house costs as a result of the Non-Injury Fire at M2.

Gain on Commodity Swaps

Three months ended March 31 ($000's)	2024	2023
Realized gain on power swaps	(1,171)	-
Realized loss on natural gas swaps	955	-
Total realized gain on commodity swaps	(216)	-

Three months ended March 31 ($000's)	2024	2023
Unrealized gain on power swaps	(648)	-
Unrealized gain on natural gas swaps	(2,337)	-
Total unrealized gain on commodity swaps	(2,985)	-

Total realized and unrealized gain on commodity swaps	(3,201)	-

In the first quarter of 2024, MAXIM realized net gains of $0.2 million, on Alberta power and natural gas price risk management swaps, as compared to the same period in 2023 which realized gains of nil, respectively. These net gains are due to settled Alberta power and natural gas prices deviating from the fixed swap price.

In the first quarter of 2024, MAXIM has unrealized gains of $3.0 million on Alberta power and natural gas price risk management swaps, as compared to the same period in 2023 which had unrealized losses of nil, respectively. These gains 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)	2024	2023
Interest expense and bank charges	2,060	1,642
Amortization of deferred financing costs	291	335
Accretion of provisions	89	80
Foreign exchange gain	(27)	(16)
Finance expense	2,413	2,041
Interest income	(1,069)	(685)
Total finance expense, net	1,344	1,356

Net finance expense in the first quarter of 2024 was $1.3 million, which is comparable to the same period in 2023.

Income Tax Expense

Three months ended March 31 ($000's)	2024	2023
Current tax expense	1,239	1,432
Deferred tax expense	1,976	848
Total income tax expense	3,215	2,280

In the first quarter of 2024, income tax expense increased $0.9 million, to $3.2 million from $2.3 million in 2023 due to MAXIM having higher income before taxes in 2024.

MAXIM claimed $21.3 million of non-capital losses in the 2022 taxation year, which were denied by the Canada Revenue Agency. During the first quarter of 2024, MAXIM filed a notice of appeal to the Tax Court of Canada, appealing the Canada Revenue Agency's assessment. These non-capital losses relate to a portion of the unrecognized deferred tax assets referenced in Note 20(c) of the 2023 Consolidated Financial Statements. MAXIM has paid the tax authorities for the reassessed amount of $4.9 million and, as such, no tax liability exists as a result of claiming these non-capital losses.

Financial Position

The following highlights the changes in the Corporation's Consolidated Statement of Financial Position at March 31, 2024, as compared to December 31, 2023.

As at ($000's)	March 31, 2024	December 31, 2023	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	85,207	32,258	52,949	Increased as a result of operating activities, partially offset by investing and financing activities
Trade and other receivables	8,317	47,877	(39,560)	Decreased as a result of the collection of prior period receivables, including an insurance receivable
Property, plant and equipment	310,106	313,461	(3,355)	Decreased as a result of depreciation, partially offset by asset additions
Other assets(1)	31,808	32,244	(436)	Decreased as a result of lower prepaid expeneses, partially offset by higher restricted cash from the issuance of letters of credit
Liabilities & Equity				
Trade and other payables	13,812	13,287	525	Increased due to the timing of settlement of accounts payable
Loans and borrowings	80,782	81,203	(421)	Decreased due to principal debt repayments, partially offset by amortization of deferred financing costs
Other liabilities(1)	32,994	33,605	(611)	Decreased due to lower risk management liabiltiies, partially offset by the deferred tax liability reflecting deferred tax expense for the quarter
Equity	307,850	297,745	10,105	Increased primarily due to net income for the period

(1) Other assets and other liabilities are non-GAAP measures. See Non-GAAP and Other Financial Measures.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management is anticipating that cash flows for capital spending, operating and general and administrative expenses will be funded by MAXIM's existing cash on hand and operating revenues from the CCGT expansion of M2. As at March 31, 2024, MAXIM has unrestricted cash of $85.2 million and borrowing capacity of up to $85.8 million, subject to certain terms and conditions under each facility, including the remaining $2.1 million letter of credit facility available only for issuing letters of credit, remaining under its senior credit facilities and subordinated convertible loan.

Senior Credit Facility

As at March 31, 2024, the Corporation has a senior credit facility with availability of $40.3 million to support financing requirements of the CCGT expansion of M2, existing operations, letters of credit and hedging. The facility matures on June 30, 2026 and amounts available under the facility are as follows:

- Bank Term Facility #1 is a term facility with $22.8 million outstanding. This facility is fully drawn, and incurs quarterly principal payments of $0.7 million and amortizes over ten years. No additional amounts are available under this facility.
- Revolver Facility #1 is a $10.0 million revolver and is available for general corporate purposes. This facility is undrawn, however availability of $4.2 million was used to issue a cash collateralized letter of credit which reduced availability to $5.8 million.
- Revolver Facility #2 is a $5.0 million revolver and is available for the CCGT expansion of M2, until the CCGT expansion of M2 is completed (as defined in the Corporation’s credit facility), 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. Availability of this facility remains in place for costs incurred from the CCGT expansion of M2 until May 31, 2024. 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 (as defined in the Corporation’s credit agreement). This facility is fully drawn and no additional amounts are available. Repayments of the Fixed Rate Construction Facility are anticipated to commence in the third quarter of 2024 after the conversion of the debt from a construction facility to a term facility after the completion of the CCGT expansion of M2.
- Letter of Credit Facility #1 is a $4.1 million facility and is available to be drawn to issue letters of credit. Draws under this facility can be cash collateralized at MAXIM’s option. As at March 31, 2024, the Corporation has $2.1 million in cash collateralized letters of credit under this facility. 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.

Commencing in the first quarter of 2024, the debt financing is subject to financial covenants which include: the debt service coverage ratio of not less than 1.25:1.00 and not to exceed a debt to Adjusted EBITDA[(1)] ratio of 3.00:1.00. Both ratios will be annualized until four full financial quarters have occurred. MAXIM is also required to comply with the minimum tangible assets of 95% of the consolidated tangible assets held within select entities named under the agreement. The Corporation is compliant with these covenants as at March 31, 2024.

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

Convertible Loan Facility

As at March 31, 2024, the Corporation has a $75.0 million convertible loan with availability of $45.6 million for borrowing subject to approval by the lenders, including for any wind power projects. The convertible loan matures on September 25, 2026, subordinated to the senior credit facility, 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, 2024, 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, 2024, the Corporation has $29.4 million (December 31, 2023 - $29.4 million) outstanding.

The convertible loan was provided by two significant shareholders of the Corporation, one of whom is the Chair of the Board and the other is Vice Chair of the Board. Total interest and fees paid under this facility for the first three months of 2024 was $1.1 million (2023 - $1.1 million).

Letter of Credit Facility #2

The Corporation has a demand credit facility, separate from the senior credit facility and convertible loan facility, that requires full cash collateralization of letters of credit on a non-revolving basis. As at March 31, 2024, 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, 2024, the Corporation had unrestricted cash of $85.2 million included in the net working capital surplus(1) of $78.5 million (see working capital on page 12). Unrestricted cash balances are on deposit with three Canadian financial institutions.

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

Three months ended March 31 ($000's)	2024	2023
Cash on hand, unrestricted, January 1	32,258	51,378
Cash flow generated from operations	58,467	9,765
Cash flow generated used in financing	(3,226)	(2,753)
Available for investments	87,499	58,390
Cash flow used in investing	(2,319)	(7,071)
Effect of foreign exchange rates on cash	27	16
Unrestricted cash	85,207	51,335
Undrawn Convertible Loan Facility	45,562	45,562
Undrawn Senior Credit Facilities	40,254	46,454
Net liquidity available, March 31 (1)	171,023	143,351

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

Cash flow generated from operating activities in the first quarter of 2024 increased to $58.5 million from $9.8 million in 2023, which is an increase of $48.7 million. The increase is primarily due to changes in non-cash working capital, higher earnings from the operations of M2 and lower income taxes paid in the first quarter of 2024. See working capital section on page 12 for further discussion.

During the first quarter of 2024, MAXIM's cash flow used in financing activities increased $0.4 million to $3.2 million in 2024 from $2.8 million in 2023, primarily due to higher repurchase of common shares for cancelation.

MAXIM's investing activities in the first quarter of 2024 represented a cash outflow of $2.3 million, decreasing from $7.1 million in 2023. During 2024, MAXIM spent $0.6 million primarily on sustaining capital projects at M2 and changes in non-cash working capital of $2.8 million, partially offset by interest income of $1.1 million.

MAXIM's investing activities in the first quarter of 2023 represented a cash outflow of $7.1 million. During the first quarter of 2023, MAXIM spent $4.3 million primarily on the CCGT expansion of M2 and new air inlet filter house, and changes in non-cash working capital of $3.5 million, partially offset by interest income of $0.7 million.

The following table represents the net capital(1) of the Corporation:

As at ($000's)	March 31, 2024	December 31, 2023
Loans and borrowings	80,782	81,203
Less: Unrestricted cash	(85,207)	(32,258)
Net debt (net cash)	(4,425)	48,945
Shareholders' equity	307,850	297,745
Capital	303,425	346,690
Net debt to capital	(1.5%)	14.1%

The Corporation uses the percent of net debt to capital to monitor leverage. The decrease in net debt to capital from December 31, 2023 to March 31, 2024 is primarily due to higher cashflows from operations in the first quarter of 2024 and changes in working capital.

(1) Net capital, net debt and net debt to capital are non-GAAP measures. See Non-GAAP Measures

Working Capital(1)

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

As at ($000's)	March 31, 2024	December 31, 2023	Difference
Total current assets	103,663	92,323	11,340
Total current liabilities	26,271	26,520	(249)
Working capital surplus(1)	77,392	65,803	11,589

The Corporation has a working capital surplus of $77.4 million at March 31, 2024, which represents a $11.6 million increase from the working capital surplus of $65.8 million at December 31, 2023. The net increase is comprised of a $11.3 million increase in current assets and a $0.2 million decrease in current liabilities.

The increase in current assets was due to a net increase of cash and cash equivalents of $53.0 million and risk management asset of $0.6 million, partially offset by trade and other receivables of $39.6 million and prepaid expenses and deposits of $1.9 million and current tax asset of $0.8 million.

The decrease in current liabilities was due to a decrease in risk management liability of $2.3 million, partially offset by current portion of loans and borrowings of $1.6 million and accounts payable of $0.5 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 expenditures of approximately $8.0 million for the full year of 2024. These expenditures primarily relate to sustaining capital spending of M2.

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, 2024	Total	2024	2025-2026	2027-2028	Thereafter
Loans and borrowings(1)	97,246	10,459	86,787	-	-
Long-term contracts(2)	5,152	3,312	1,840	-	-
Purchase obligations(3)	550	550	-	-	-
Total	102,948	14,321	88,627	-	-

(1) Loans and borrowings 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 maintenance of M2

For the current significant outstanding contingencies, refer to Note 19 of the 2023 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 is exploring low emission power generation projects, including its Buffalo Atlee wind development project and other wind opportunities. In addition, MAXIM has completed construction and commissioning of the CCGT expansion of M2 which captures waste heat and converts it into electricity. This expansion decreases the level of emissions relative to the electricity produced.

Risks

MAXIM is exposed to risks of potential legislation that has yet to be enacted. Management has assessed that the most significant risks in potential future legislation are greenhouse gas stringency and legislation that phases out natural gas-fired generation entirely, similar to the regulatory actions taken in recent years surrounding coal-fired generation.

Canada

On March 15, 2022, the Government of Canada 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.

The Government of Canada released the draft Clean Electricity Regulation on August 19, 2023 that would establish the performance standard framework applicable to existing and new natural gas generation facilities to achieve the federal government's objectives. On February 16, 2024, the Government of Canada provided an update of what they heard during the public consultation process and on the directions being considered for the final clean electricity regulations. Feedback on the directions being considered were accepted until March 15, 2024 and it is still expected that the final regulations will be published sometime in the fourth quarter of 2024.

Alberta

On April 19, 2023 the Government of Alberta ("GoA") released their emissions reduction and energy development plan which "includes an aspiration to achieve a carbon neutral economy by 2050, and to do so without compromising affordable, reliable and secure energy for Albertans, Canadians and the world." Generally, as it applies to the electricity sector, the plan is supportive of new technology and a continued price on carbon via Technology Innovation and Emission Reduction Regulation ("TIER"). Most notable is that while the provincial carbon neutral goal of 2050 aligns with the federal goal of 2050, there is not a short-term goal nor a specific electricity sector target for Alberta. MAXIM management continues to monitor the provincial approach to net carbon neutrality.

On August 3, 2023, the GoA announced that the province will be pausing the Alberta Utilities Commission ("AUC") approvals for new renewable energy development projects over one megawatt until February 29, 2024 so that the AUC could conduct an inquiry and issue a report. On February 29, 2024, based on their review of the report from the AUC, the GoA lifted the pause on new renewable energy development projects over one megawatt and announced policy changes, which included restrictions on the locations of renewable projects and reclamation security. The Corporation is currently assessing the potential impacts to its wind generation development project.

In the second half of 2023, the GoA announced its intention to consider potential electricity market reforms to help ensure reliable, affordable and low carbon electricity for Albertans. Multiple government agencies, including the Alberta Electric System Operator ("AESO"), Market Surveillance Administrator ("MSA") and the AUC were tasked with providing specific recommendations in their area of expertise to inform the path forward for the GoA. On March 11, 2024, following recommendations from the MSA and the AESO, the GoA announced temporary market rules changes that will take effect starting July 1, 2024. These temporary rules are related to the exercise of market power and will be in place until a new Restructured Energy Market can be designed and implemented in 2026. Management is monitoring the implementation of the temporary market rules, and actively participating in the development of the new restructured energy market, to understand what, if any impact these initiatives may have on the Corporation.

TIER regulations

Starting January 1, 2023, M2 is exposed to carbon tax on emissions via the TIER Regulations. For 2024, emissions greater than the electricity benchmark of 0.3552 tonnes of CO_2e/MWh are taxed at $80/t. The benchmark will tighten by 2% annually and the carbon price will increase by $15/t annually until reaching $170/t in 2030. While MAXIM expects to make payments under TIER, the CCGT expansion of M2 greatly reduces the Corporation's 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)	2024	2023
GAAP Measures from Condensed Consolidated Interim Statement of Operations		
Net income	10,487	7,751
Income tax expense	3,215	2,280
Finance expense, net	1,344	1,356
Depreciation and amortization	3,629	2,009
	18,675	13,396
Adjustments:		
Other income	(32)	(19,963)
Unrealized gain on commodity swaps	(2,985)	-
Business interruption insurance claim	-	18,150
Share-based compensation	264	148
Adjusted EBITDA	15,922	11,731

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 excludes 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 and as a basis for loan covenant calculations. Financing expense, income taxes, depreciation and amortization, loss on write-off of asset and impairment charges 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, 2024 and March 31, 2023 management excluded certain non-cash and non-recurring transactions. In both 2024 and 2023, Adjusted EBITDA excluded unrealized gains or losses on commodity swaps, share-based compensation and all items of other income and expense except for business interruption insurance as it reflects a portion of earnings that would have been earned if M2 was operational.

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. Net liquidity is used to assist management and investors in measuring the Corporation's access to available capital. The calculation of net liquidity availability is included on page 11.

Net Debt, Net Capital and Net Debt to Capital

MAXIM defines net debt as loans and borrowings less unrestricted cash.

MAXIM defines net capital as net debt plus shareholders' equity.

MAXIM defines net debt to capital as net debt divided by net capital.

Net debt, net capital and net debt to capital are used to monitor liquidity.

Other Assets and Other Liabilities

MAXIM defines other assets as current tax assets, risk management asset, prepaid expenses and deposits and restricted cash.

MAXIM defines other liabilities as risk management liability, lease obligation, provision for decommissioning and deferred tax liabilities.

Other assets and other liabilities are used to summarize primary factors explaining change in the financial position section of the MD&A.

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 judgements and estimates disclosed in the notes to the consolidated financial statements for the year ended December 31, 2023.

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.

Reporting Regulations

In June 2023, the International Sustainability Standards Board ("ISSB") issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures which are effective for annual reporting periods beginning on or after January 1, 2024. These standards provide for transition relief in IFRS S1 that allow reporting entity to report on only climate-related risks and opportunities in the first year of reporting under the sustainability standards. There is no requirement for public companies in Canada to adopt the ISSB standards until the Canadian Securities Administrators (“CSA”) and Canadian Sustainability Standards Board (“CSSB”) have issued a decision on reporting requirements in Canada.

The CSA are responsible for determining the reporting requirements for public companies in Canada and are responsible for decisions related to the adoption of the sustainability disclosure standard, including the effective annual reporting dates. The CSA issued proposed National Instrument NI-51-107 - Disclosure of Climate-related Matters in October 2021. The CSA intends to consider the ISSB standards in addition to development in United States reporting requirements in its decision relating to development of climate-related disclosure requirements for Canadian reporting issuers. While the Corporation is actively reviewing the ISSB standards, as well as recently released CSSB proposals, it has not yet determined the impact on future financial statements nor has it quantified the costs to comply with such standards.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter into any new related party transactions during the first three months of 2024, 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 9b and 21 of the 2023 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, 2024.

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2024	50,680,975
Issuable shares on conversion of the convertible loan at March 31, 2024	13,083,736
Outstanding share options at March 31, 2024	2,943,015
Total diluted common shares at March 31, 2024	**66,707,726**
Shares purchased and cancelled under NCIB in April 2024	(25,360)
Share options granted in April 2024	31,434
Total diluted common shares at May 7, 2024	**66,713,800**

Additional information relating to MAXIM including the Annual Information Form is posted on SEDAR+ at www.sedarplus.ca 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
AUC	Alberta Utilities Commission
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, (throughout the MD&A references to capacity are stated in nameplate capacity, unless otherwise noted)
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO2e	Carbon Dioxide Equivalent
COC	Course of Construction
CSA	Canadian Securities Administrators
CSSB	Canadian Sustainability Standards Board
DSU	Delay in Start Up
Adjusted EBITDA	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization
EHS Laws	Environmental, Health and Safety Laws and Regulations
FLI	Forward-looking information
GAAP	IFRS, as set out in Part 1 of the CPA Canada Handbook of the CPAs of Canada
GJ	Gigajoule
GoA	Government of Alberta
ICFR	Internal Controls Over Financial Reporting
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
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 now a CCGT facility located at the Milner site near Grande Cache, Alberta, with a maximum capability of 300 MW
MAXIM or the Corporation	Maxim Power Corp.
MD&A	Management's Discussion and Analysis
MSA	Market Surveillance Administrator
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
Non-Injury Fire	Damage to M2's air inlet filter house from September 30, 2022
O&M	Operations and Maintenance
Summit	Summit Coal LP
TIER	Technology Innovation and Emissions Reduction Regulation
Valory	Valory Resources Inc.

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