Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the First Quarter Ended March 31, 2025

(Unaudited)

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	**March 31, 2025**	December 31, 2024
ASSETS			
Cash and cash equivalents		**31,486**	30,068
Trade and other receivables		**9,753**	6,244
Current tax asset		**63**	-
Risk management asset	11	**2,924**	462
Prepaid expenses and deposits		**3,318**	4,699
Asset held for sale	3	**10,374**	-
Total current assets		**57,918**	41,473
Property, plant and equipment, net	4	**296,629**	306,035
Restricted cash		**7,341**	8,451
Prepaid expenses and deposits		**2,112**	3,139
Total non-current assets		**306,082**	317,625
TOTAL ASSETS		**364,000**	359,098
LIABILITIES			
Trade and other payables		**11,458**	11,111
Risk management liability	11	**-**	396
Liabilities held for sale	3	**287**	-
Total current liabilities		**11,745**	11,507
Provisions for decommissioning		**11,162**	11,052
Lease obligation		**66**	77
Deferred tax liabilities		**21,487**	20,442
Total non-current liabilities		**32,715**	31,571
TOTAL LIABILITIES		**44,460**	43,078
EQUITY			
Share capital		**172,476**	172,476
Contributed surplus		**13,540**	13,286
Retained earnings		**133,524**	130,258
TOTAL EQUITY		**319,540**	316,020
Commitments	9		
Subsequent event	3		
TOTAL LIABILITIES AND EQUITY		**364,000**	359,098

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	**2025**	2024
Revenue and power swaps			
Revenue	6	**20,253**	34,768
Realized gain on power swaps	11	**2,321**	1,171
Unrealized gain on power swaps	11	**420**	648
Total revenue and power swaps		**22,994**	36,587
Expenses			
Operating		**15,806**	17,561
Realized loss (gain) on natural gas swaps	11	**(382)**	955
Unrealized gain on natural gas swaps	11	**(2,438)**	(2,337)
General and administrative		**2,168**	1,765
Depreciation and amortization	4	**3,650**	3,629
Total expenses		**18,804**	21,573
Operating income		**4,190**	15,014
Other income, net		**15**	32
Finance income (expense), net	7	**106**	(1,344)
Income before income taxes		**4,311**	13,702
Income tax expense			
Current income tax		**-**	1,239
Deferred income tax		**1,045**	1,976
Total income tax expense		**1,045**	3,215
Net and comprehensive income		**3,266**	10,487
Earnings per share	8		
Basic		**0.05**	0.21
Diluted		**0.05**	0.18

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, 2024	63,693	172,476	13,286	130,258	316,020
Net income	-	-	-	3,266	3,266
Share-based compensation	-	-	254	-	254
Equity at March 31, 2025	**63,693**	**172,476**	**13,540**	**133,524**	**319,540**
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 in common shares	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

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	2025	2024
Cash flows from operating activities:			
Net income		**3,266**	10,487
Adjustments for items not involving cash or operations:			
Depreciation and amortization	4	**3,650**	3,629
Share-based compensation		**254**	264
Unrealized gain on power swaps	11	**(420)**	(648)
Unrealized gain on natural gas swaps	11	**(2,438)**	(2,337)
Stock option settlement in common shares		**-**	(193)
Income tax expense		**1,045**	3,215
Income tax paid		**(63)**	(469)
Finance (income) expense, net	7	**(106)**	1,344
Funds generated from operating activities before change in non-cash working capital		**5,188**	15,292
Change in non-cash working capital	10	**(262)**	43,175
Net cash generated from operating activities		**4,926**	58,467
Cash flows from financing activities:			
Repayment of loans and borrowings		**-**	(713)
Proceeds from exercise of stock options		**-**	36
Repurchase of common shares for cancellation		**-**	(489)
Interest and bank charges	7	**(49)**	(2,060)
Net cash used in financing activities		**(49)**	(3,226)
Cash flows from investing activities:			
Property, plant and equipment additions	4	**(2,149)**	(570)
Interest income	7	**305**	1,069
Change in non-cash working capital	10	**(1,622)**	(2,818)
Net cash used in investing activities		**(3,466)**	(2,319)
Foreign exchange gain on cash and cash equivalents	7	**7**	27
Increase in cash and cash equivalents		**1,418**	52,949
Cash and cash equivalents, beginning of period		**30,068**	32,258
Cash and cash equivalents, end of period		**31,486**	85,207

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 ("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, 2024 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 8, 2025.

(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, 2024.

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, 2024.

3. Assets held for sale

On February 18, 2025, MAXIM entered into a Purchase and Sale Agreement ("PSA") to sell the Corporation's wholly-owned subsidiaries Summit Coal Limited Partnership and Summit Coal Inc. (collectively "Summit") to Valory Resources Inc. ("Valory").

As such, the assets and liabilities of Summit were reclassified to assets and liabilities held for sale on the statement of financial position. At the point when these assets and liabilities were reclassified to assets and liabilities held for sale, the Corporation determined that there was no impairment as the carrying amount was less than the anticipated proceeds, less costs to sell, based on the terms of the purchase and sale agreement.

Summit does not represent a major line of business of the Corporation and does not have active operations. Therefore, net income and cash flows were not reclassified as discontinued operations in the Statements of Operations and Comprehensive Income and the Statements of Cash Flows.

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

3. Assets held for sale (continued)

As at March 31, 2025, Summit comprised of the following assets and liabilities:

(i) Assets classified as held for sale

	March 31, 2025
Cash and cash equivalents	7
Restricted cash	2,150
Property plant and equipment, net	8,217
Total assets held for sale	10,374

(ii) Liabilities classified as held for sale

	March 31, 2025
Provisions for decommissioning	287
Total liabilities held for sale	287

On April 29, 2025, MAXIM closed the sale of Summit to Valory for $14,150, consisting of $10,150 of cash and $4,516 Australian dollar (Canadian dollar equivalent $4,000) equity security in the form of a 15% interest bearing note convertible into Valory common shares (the “Convertible Note”). Summit was sold with $2,150 of restricted cash, resulting in net cash proceeds to MAXIM of $8,000. The Convertible Note matures on April 29, 2027, and is convertible at MAXIM’s election into common shares of Valory upon a convertible event, being a sale, equity raise or maturity and converts at a 30% discount to the corresponding share valuation at the event. The Convertible Note may be redeemed by Valory at any time.

On April 29, 2025, MAXIM and Summit entered into an agreement such that MAXIM will receive a 3% royalty on any raw coal volume produced from the coal leases currently owned by Summit, including any volumes from Summit’s Mine 14 project. The royalty will be calculated using premium low vol hard coking coal benchmarks and will be paid in United States dollars. The amount and timing of any royalty payments is contingent on the commencement of production and there is no certainty as to if, or when, production may begin.

Additionally on April 29, 2025, MAXIM, through its wholly-owned subsidiary, Milner, entered into a ground lease at the Milner site, with a nominee of Valory, to allow for construction and operation of a coal processing facility. The term of the ground lease is twelve years commencing on April 29, 2025, however, it is subject to automatic termination if the coal processing facility has not been substantially completed within two years. Lease payments to Milner consist of both a prorated annual $2,126 fixed payment and a variable throughput payment subject to coal being processed on the leased lands. The variable throughput payment has the potential to be substantial if coal is processed through the leased lands at the Milner site; however, at this time, there is no certainty as to if, or when, the coal processing facility construction will be commenced or completed and coal processed. Accordingly, MAXIM may not realize the benefits of the variable throughput payment. Both the fixed lease payment and variable throughput payment are adjusted for inflation. The first-year pro-rated fixed payment of $1,433 was received by Milner on April 29, 2025.

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

4. Property, plant and equipment, net

	Generating Facilities and Equipment	Right-of-use Asset	Assets under Construction	Total
Cost				
Balance, December 31, 2023	406,977	202	8,810	415,989
Additions	2,018	-	5,174	7,192
Assets in-service	370	-	(370)	-
Revisions to decommissioning provisions	(55)	-	-	(55)
Balance, December 31, 2024	409,310	202	13,614	423,126
Additions	1,246	-	903	2,149
Assets in-service	2,399	-	(2,399)	-
Revisions to decommissioning provisions	312	-	-	312
Transferred to assets held for sale (a)	(194)	-	(8,192)	(8,386)
Balance, March 31, 2025	413,073	202	3,926	417,201
Accumulated depreciation				
Balance, December 31, 2023	102,443	85	-	102,528
Depreciation	14,533	30	-	14,563
Balance, December 31, 2024	116,976	115	-	117,091
Depreciation	3,642	8	-	3,650
Transferred to assets held for sale (a)	(169)	-	-	(169)
Balance, March 31, 2025	120,449	123	-	120,572
Property, plant and equipment, net				
December 31, 2024	292,334	87	13,614	306,035
March 31, 2025	292,624	79	3,926	296,629

(a) Assets held for sale

On February 18, 2025, the Corporation entered into an agreement to sell Summit and as a result $8,217 of net property plant & equipment has been reclassified to assets held for sale.

5. Loans and borrowings

Senior Credit Facilities

The Senior Credit Facilities consist of facilities that provide senior debt financing to support financing requirements of the existing operations, letters of credit and hedging. The Senior Credit Facilities are secured by the assets of the Corporation. The Senior Credit Facilities mature on June 30, 2026.

(a) Revolver Facility #1

The $25,000 Revolver Facility #1 is available for general corporate purposes. The Corporation posted cash collateralized letters of credit of $7,341 under this facility and deposited cash of the same amount into a restricted bank account maintained by the bank. As at March 31, 2025, the availability of this facility is $17,659. The Corporation can elect to draw back the $7,341 cash collateralized letters of credit, in exchange for a higher margin fee, however the availability of the facility is reduced by this amount regardless of whether the letters of credit are cash collateralized or not. The Revolver Facility #1 bears interest at the Canadian overnight repo rate average or Canadian prime rate, plus applicable margins.

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

5. Loans and borrowings (continued)

Financial Debt Covenants

MAXIM is required to maintain a net debt to Adjusted EBITDA ratio of not greater than 3.00:1.00. As at March 31, 2025, MAXIM's net debt to Adjusted EBITDA ratio is (1.13) and is therefore in compliance.

MAXIM is required to maintain an interest coverage ratio of not less than 5.00:1.00 on a rolling four quarter basis. As at March 31, 2025, MAXIM's interest coverage ratio is 146.50 and is therefore in compliance.

The interest coverage ratio will be annualized beginning in the first quarter of 2025 utilizing the rolling four quarter Adjusted EBITDA and annualized interest expense starting January 1, 2025. Once four full fiscal financial quarters have occurred, the annualized interest expense will be replaced with the rolling four quarter interest expense.

The asset coverage percentage covenant requires that at the end of each financial quarter, the tangible assets of MAXIM, Milner Power II LP, Milner 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). As at March 31, 2025, MAXIM's asset coverage percentage is 100% and is therefore in compliance.

In addition, MAXIM is subject to customary non-financial covenants. As at March 31, 2025, MAXIM is in compliance with all applicable debt covenants.

6. Revenue

	March 31, 2025	March 31, 2024
Power generation revenue	17,778	34,768
Transmission must-run revenue (a)	2,475	-
Total revenue	20,253	34,768

(a) During the first quarter of 2025, the Corporation recognized $2,475 of revenue relating to unforeseeable Transmission Must-Run ("TMR") services provided to the Alberta Electricity System Operator ("AESO") in January. Unforeseeable TMR revenues, of this kind, are infrequent and earned only when the AESO requires power generation from power producers to compensate for insufficient local transmission infrastructure relative to local power demand.

7. Finance (income) expense, net

	March 31, 2025	March 31, 2024
Interest expense and bank charges	49	2,060
Amortization of deferred financing costs	72	291
Accretion of provisions	85	89
Foreign exchange gain	(7)	(27)
Finance expense	199	2,413
Interest income	(305)	(1,069)
Total finance (income) expense , net	(106)	1,344

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

8. Earnings per share

	March 31, 2025	March 31, 2024
Weighted average number of common shares (basic)	63,693,029	50,578,826
Effect of convertible loan facility	-	13,083,736
Effect of stock options	556,188	493,393
Weighted average number of common shares (diluted)	64,249,217	64,155,955

	March 31, 2025	March 31, 2024
Net income (basic)	3,266	10,487
Finance expense on the convertible loan facility, net of tax	-	895
Net income (diluted)	3,266	11,382

	March 31, 2025	March 31, 2024
Earnings per share:		
Basic	0.05	0.21
Diluted	0.05	0.18

9. Commitments

The Corporation has entered into a natural gas transportation service agreement to have natural gas delivered to Milner 2 and contracts to purchase emission credits. The total remaining commitment from these contracts as at March 31, 2025 is $14,488 as follows:

2025	3,987
2026	3,829
2027	3,204
2028	1,958
Thereafter	1,510
	14,488

10. Change in non-cash working capital

	March 31, 2025	March 31, 2024
Operating activities		
Trade and other receivables	(3,509)	39,560
Prepaid expenses and deposits	2,335	2,278
Trade and other payables	912	1,337
	(262)	43,175

	March 31, 2025	March 31, 2024
Investing activities		
Trade and other payables	(582)	(818)
Restricted cash	(1,040)	(2,000)
	(1,622)	(2,818)

(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 2024 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.

(b) 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, 2025	March 31, 2024
Realized gain on power swaps	(2,321)	(1,171)
Realized loss (gain) on natural gas swaps	(382)	955
Total realized gain on commodity swaps	(2,703)	(216)

Unrealized gain on commodity swaps

	March 31, 2025	March 31, 2024
Unrealized gain on power swaps	(420)	(648)
Unrealized gain on natural gas swaps	(2,438)	(2,337)
Total unrealized gain on commodity swaps	(2,858)	(2,985)

Gain on commodity swaps

Total realized and unrealized gain on commodity swaps	(5,561)	(3,201)

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

11. Financial risk management (continued)

(c) Carrying amount of risk management asset and liabilities

Current risk management asset

	March 31, 2025	December 31, 2024
Power commodity swaps	855	462
Natural gas commodity swaps	2,069	-
Total carrying amount of current risk management asset	2,924	462

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

Current risk management liability

	March 31, 2025	December 31, 2024
Natural gas commodity swaps	-	367
Power commodity swaps	-	29
Total carrying amount of current risk management liability	-	396

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 8, 2025 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, 2025 and the audited consolidated financial statements and MD&A for the year ended December 31, 2024. MAXIM prepares its unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting, under IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IFRS"). 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.

TABLE OF CONTENTS

BUSINESS OF MAXIM

MAXIM is an independent power producer engaged in the acquisition, 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 2025, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"[(1)]) of $3.3 million and $5.2 million, respectively, as compared to net income of $10.5 million and Adjusted EBITDA[(1)] of $15.9 million, respectively, in the same period of 2024. Decreases to net income and Adjusted EBITDA[(1)] in the first quarter of 2025 were primarily due to lower revenues as a result of lower realized power prices and generation volumes as compared to 2024.

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

On April 29, 2025, MAXIM closed the sale of 100% of its interest in its wholly-owned subsidiaries Summit Coal Limited Partnership and Summit Coal Inc. (collectively "Summit") to Valory Resources Inc. ("Valory") for $14.2 million, consisting of $10.2 million of cash and $4.5 million Australian dollar (Canadian dollar equivalent $4.0 million) equity security in the form of a 15% interest bearing note convertible into Valory common shares (the "Convertible Note"). Summit was sold with $2.2 million of restricted cash, resulting in net cash proceeds to MAXIM of $8.0 million.

The Convertible Note matures on April 29, 2027, and is convertible at MAXIM's election into common shares of Valory upon a convertible event, being a sale, equity raise or maturity and converts at a 30% discount to the corresponding share valuation at the event. The Convertible Note may be redeemed by Valory at any time.

On April 29, 2025, MAXIM and Summit entered into an agreement such that MAXIM will receive a 3% royalty on any raw coal volume produced from the coal leases currently owned by Summit, including any volumes from Summit's Mine 14 project. The royalty will be calculated using premium low vol hard coking coal benchmarks and will be paid in United States dollars. The amount and timing of any royalty payments is contingent on the commencement of production and there is no certainty as to if, or when, production may begin.

Additionally on April 29, 2025, MAXIM, through its wholly-owned subsidiary, Milner, entered into a ground lease at the Milner site, with a nominee of Valory, to allow for construction and operation of a coal processing facility. The term of the ground lease is twelve years commencing on April 29, 2025, however, it is subject to automatic termination if the coal processing facility has not been substantially completed within two years. Lease payments to Milner consist of both a prorated annual $2.1 million fixed payment and a variable throughput payment subject to coal being processed on the leased lands. The variable throughput payment has the potential to be substantial if coal is processed through the leased lands at the Milner site; however, at this time, there is no certainty as to if, or when, the coal processing facility construction will be commenced or completed and coal processed. Accordingly, MAXIM may not realize the benefits of the variable throughput payment. Both the fixed lease payment and variable throughput payment are adjusted for inflation. The first-year pro-rated fixed payment of approximately $1.4 million was received by Milner on April 29, 2025.

Quarterly Financial Highlights

Three months ended March 31 ($000's, unless otherwise noted)	2025	2024
Revenue	20,253	34,768
Net income	3,266	10,487
Basic net income per share ($ per share)	0.05	0.21
Diluted net income per share ($ per share)	0.05	0.18
Adjusted EBITDA (1)	5,236	15,922
Free cash flow (1)	3,295	13,018
Total generation (MWh)	413,031	476,531
Total fuel consumption (GJ)	3,489,423	3,915,660
Heat rate (GJ/MWh)	8.4	8.2
Average Alberta market power price ($ per MWh)	39.78	99.30
Average realized power price ($ per MWh)	49.04	72.96
Non-current liabilities	32,715	101,317
Total assets	364,000	435,438

(1) Adjusted EBITDA and Free Cash Flow ("FCF") are non-GAAP measures. See Non-GAAP and Other Financial Measures.

Financial Results

During the first quarter of 2025, revenues, Adjusted EBITDA[(1)] and net income decreased as compared to 2024 primarily due to lower realized power prices and lower generation volumes.

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

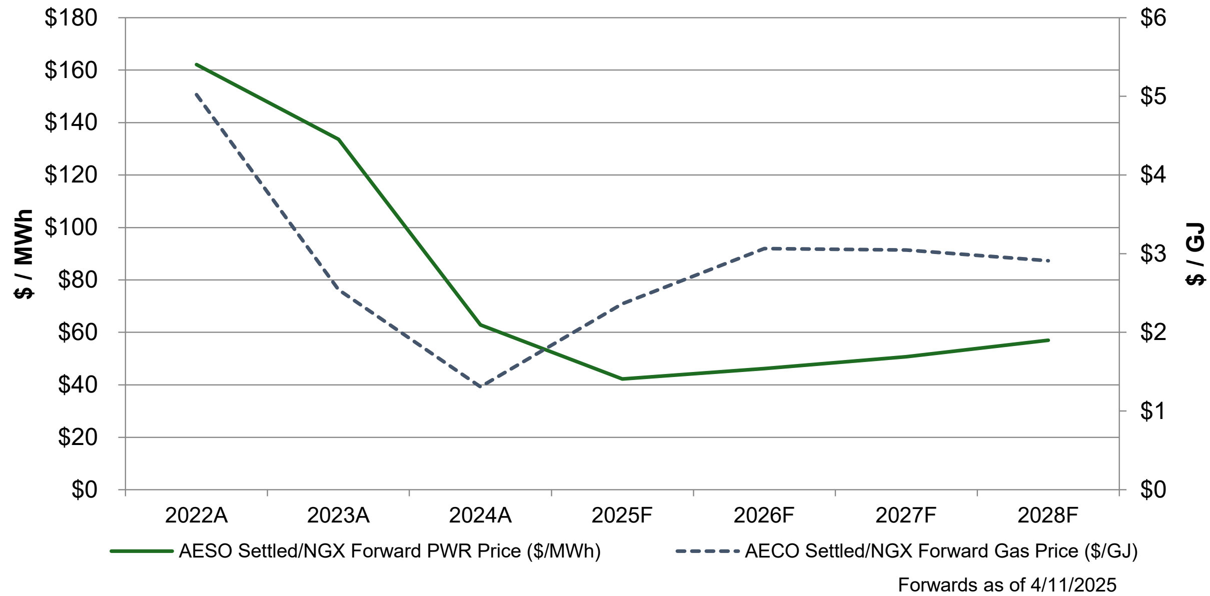
OUTLOOK

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 5 for further details.

In 2022, 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. Power prices were further elevated due to higher carbon pricing, natural gas pricing, and certain unit outages affecting generation supply. 2023 power prices were lower than 2022 due to increased renewable generation which was partially offset by increased load, unit outages and higher carbon pricing. The graph also shows actual and forward power prices continuing to decline in 2024, relative to 2023, as a result of new wind, solar and gas-fired generation projects coming online. Forward power prices are expected to stabilize in 2025+ now that the last of the large gas-fired generation projects have finished commissioning and reached commercial operation.

Near-term (2025) Alberta natural gas forward prices have fallen significantly, primarily as a result of local Alberta supply/demand fundamentals and limited pipeline capacity to get Alberta natural gas to external markets. The result of this has caused local Alberta natural gas prices to be significantly discounted relative to broader North American natural gas prices. Longer-term (2026+) Alberta 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 development process to maintain 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 owns the 400 MW Prairie Lights Power natural gas-fired power generation development project located near Grande Prairie, Alberta, which is in the early stages of development. MAXIM also owns a wind development project, ("Buffalo Atlee"), which has the potential for up to 200 MW of power generation capacity. MAXIM has 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

MAXIM continues to conduct an early project review of commercialization of the land-filled fly ash previously produced by the legacy coal-fired power facility at the Milner site. Fly ash is a byproduct of burning coal and can be used as a low carbon intensity alternative for cement mix. MAXIM has received a preliminary third-party estimate suggesting the raw unprocessed land-filled fly ash deposit is approximately 2.8 million tonnes. MAXIM notes that not all the land-filled fly ash is recoverable and further that some rejects would be created through the required beneficiation process. The Corporation continues to evaluate the potential opportunity to monetize its land-filled fly ash deposit and cannot say at this time what, if any, value this may have for the Corporation.

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" "approximate", "plan", "estimate", "intend", "believe", "expect", "will", "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 and are expressly qualified by this cautionary statement. Specifically, this MD&A contains forward-looking statements concerning, among other things, approximate volumes of raw unprocessed land-filled fly ash, capital expenditures, 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 filed on SEDAR+ at www.sedarplus.ca.

These factors should not be construed as exhaustive. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. MAXIM does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law. 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 revenues and existing cash on hand. MAXIM estimates total capital expenditures to be incurred in 2025 of approximately $11.0 million. These expenditures primarily relate to sustaining capital spending of M2, including expenditures for a planned maintenance outage in the fall of 2025.
- The Corporation will continue to have access to its credit facility and not be in default.
- The Corporation will retain sufficient liquidity to maintain operations and continue to invest in its development portfolio.

- 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) ($000's unless otherwise noted)	31-Mar 2025	31-Dec 2024	30-Sep 2024	30-Jun 2024
Revenue	20,253	24,048	25,659	17,007
Net income (loss)	3,266	(341)	10,744	1,056
Basic earnings (loss) per share ($ per share)	0.05	(0.01)	0.21	0.02
Diluted earnings (loss) per share ($ per share)	0.05	(0.01)	0.18	0.02
Adjusted EBITDA[(1)]	5,236	5,647	12,675	4,287
Average realized power price ($ per MWh)	49.04	56.52	55.11	46.51
Total fuel consumption (GJ)	3,489,423	3,514,660	3,756,808	3,034,857
Total generation (MWh)	413,031	425,486	465,584	365,666

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 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 2023, 2024 and 2025 due to variations in generation volumes of M2 and realized power prices. Revenue and net income decreased in the second and third quarter of 2023 as a result of the non-injury fire at M2 and subsequently increased in the fourth quarter of 2023 upon commissioning of the Combined Cycle Gas Turbine ("CCGT") expansion of 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 2025 included $5.6 million of net commodity swap gains, $2.5 million of transmission must run revenue and $1.0 million of income tax expense.
- The fourth quarter of 2024 included $3.0 million of net commodity swap losses and $0.3 million of income tax expense.
- The third quarter of 2024 included $7.9 million of net commodity swap gains and $2.7 million of income tax expense.
- The second quarter of 2024 included $0.2 million of net commodity swap gains.
- 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 insurance proceeds arising from the air inlet filter house fire, 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.

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

QUARTERLY FINANCIAL RESULTS OF OPERATIONS

Revenue

Three months ended March 31 ($000's)	2025	2024
Power generation revenue	17,778	34,768
Transmission must run revenue [(1)]	2,475	-
Total revenue	20,253	34,768

(1) Unforeseeable Transmission Must-Run (“TMR”) services provided to the Alberta Electricity System Operator (“AESO”) in January. Unforeseeable TMR revenues, of this kind, are infrequent and earned only when the AESO requires power generation from power producers to compensate for insufficient local transmission infrastructure relative to local power demand.

Revenue in the first quarter of 2025 decreased by $14.5 million, or 42%, to $20.3 million from $34.8 million in 2024 primarily due to lower realized prices of $49.04 per MWh in the first quarter of 2025 as compared to $72.96 per MWh in 2024. In addition, revenues decreased due to lower generation volumes as a result of less generation during low priced periods where M2 generated 413,031 MWh in the first quarter of 2025 as compared to 476,531 in 2024.

Plant Operations

Plant operations expenses are grouped into three major categories, fuel, Greenhouse Gas Emission Compliance Costs (“Carbon Costs”) and Operations and Maintenance (“O&M”).

Three months ended March 31 ($000's) unless otherwise noted	2025				2024			
	Fuel	Carbon Costs	O&M	Total	Fuel	Carbon Costs	O&M	Total
Total	8,515	1,896	5,395	15,806	9,173	2,698	5,690	17,561
Percent[(1)]	54%	12%	34%	100%	52%	15%	33%	100%
$ Per MWh[(1)]	20.62	4.59	13.06	38.27	19.25	5.66	11.94	36.85
$ Per GJ[(1)]	2.44	0.54	1.55	4.53	2.34	0.69	1.45	4.48

Fuel expenses in the first quarter of 2025 decreased by $0.7 million, or 8%, to $8.5 million from $9.2 million in 2024, primarily due to lower generation volumes in the first quarter of 2025, partially offset by higher natural gas prices.

Carbon Costs in the first quarter of 2025 decreased $0.8 million, or 30%, to $1.9 million from $2.7 million in 2024 due to lower generation volumes and favourable external carbon pricing market conditions in 2025.

O&M expenses in the first quarter of 2025 were $5.4 million, which is comparable to the same period in 2024.

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

General and Administrative Expense

Three months ended March 31 ($000's)	2025	2024
Total general and administrative expense	2,168	1,765

General and administration expense in the first quarter of 2025 increased by $0.4 million, or 22%, to $2.2 million from $1.8 million in 2024, primarily due to increased legal and employee compensation costs.

Depreciation and Amortization Expense

Three months ended March 31 ($000's)	2025	2024
Total depreciation and amortization expense	3,650	3,629

Depreciation and amortization expense in the first quarter of 2025 was $3.7 million, which is comparable to the same period in 2024.

Other Income, Net

Three months ended March 31 ($000's)	2025	2024
Other income, net	15	32

Other income in the first quarter of 2025 was nil, which is comparable to the same period in 2024.

Loss (Gain) on Commodity Swaps

Three months ended March 31 ($000's)	2025	2024
Realized gain on power swaps	(2,321)	(1,171)
Realized loss (gain) on natural gas swaps	(382)	955
Total realized gain on commodity swaps	(2,703)	(216)

Three months ended March 31 ($000's)	2025	2024
Unrealized gain on power swaps	(420)	(648)
Unrealized gain on natural gas swaps	(2,438)	(2,337)
Total unrealized gain on commodity swaps	(2,858)	(2,985)

Total realized and unrealized gain on commodity swaps	(5,561)	(3,201)

In the first quarter of 2025, MAXIM realized net gains of $2.7 million, on Alberta power and natural gas price risk management swaps, as compared to the same period of 2024 which realized gains of $0.2 million. These net gains are due to settled Alberta power and natural gas prices deviating from the fixed swap price.

In the first quarter of 2025, MAXIM has unrealized gains of $2.9 million on Alberta power and natural gas price risk management swaps, as compared to the same period of 2024 which had unrealized gains of $3.0 million. These gains are due to Alberta power and natural gas forward prices deviating from the fixed swap price.

Finance (Income) Expense, Net

Three months ended March 31 ($000's)	2025	2024
Interest expense and bank charges	49	2,060
Amortization of deferred financing costs	72	291
Accretion of provisions	85	89
Foreign exchange gain	(7)	(27)
Finance expense	199	2,413
Interest income	(305)	(1,069)
Total finance (income) expense, net	(106)	1,344

Net finance income in the first quarter of 2025 increased by $1.4 million to $0.1 million from an expense of $1.3 million in 2024, primarily due to lower interest expense on loans and borrowings as a result of repaying and converting all of MAXIM's outstanding loans and borrowings in the fourth quarter of 2024, partially offset by lower interest income.

Income Tax Expense

Three months ended March 31 ($000's)	2025	2024
Current tax expense	-	1,239
Deferred tax expense	1,045	1,976
Total income tax expense	1,045	3,215

In the first three months of 2025, income tax expense decreased $2.2 million to $1.0 million from $3.2 million in 2024 due to MAXIM having lower income before taxes in 2025.

Financial Position

The following highlights the changes in the Corporation's Consolidated Statement of Financial Position at March 31, 2025, as compared to December 31, 2024.

As at ($000's)	March 31, 2025	December 31, 2024	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	31,486	30,068	1,418	Increased as a result of operating activities, partially offset by investing and financing activities
Trade and other receivables	9,753	6,244	3,509	Increased as a result of higher revenues
Property, plant and equipment	296,629	306,035	(9,406)	Decreased as a result of the reclassification of assets held for sale and depreciation, partially offset by asset additions
Other assets(1)	15,758	16,751	(993)	Decreased as a result of lower prepaid expenses and the reclassification of assets held for sale, partially offset by higher risk management asset
Assets held for sale	10,374	-	10,374	Due to reclassification of assets held for sale
Liabilities & Equity				
Trade and other payables	11,458	11,111	347	Increased due to the timing of settlement of accounts payable
Other liabilities(1)	32,715	31,967	748	Increased due to a higher deferred tax liability reflecting deferred tax expense for the quarter
Liabilities held for sale	287	-	287	Due to reclassification of liabilities held for sale
Equity	319,540	316,020	3,520	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.

ASSETS AND LIABILITIES HELD FOR SALE

On February 18, 2025, MAXIM entered into a purchase and sale agreement to sell Summit to Valory which subsequently closed on April 29, 2025. As such, the assets and liabilities of Summit were reclassified to assets and liabilities held for sale on the Statement of Financial Position as at March 31, 2025. At the point when these assets and liabilities were reclassified to assets and liabilities held for sale, the Corporation determined that there was no impairment as the carrying amount was less than the anticipated proceeds, less costs to sell, based on the terms of the purchase and sale agreement.

Summit does not represent a major line of business of the Corporation and does not have active operations. Therefore, net income and cash flows were not reclassified as discontinued operations in the Statements of Operations and Comprehensive Income and the Statements of Cash Flows.

As at March 31, 2025, Summit comprised of the following assets and liabilities:

Assets classified as held for sale

	March 31, 2025
Cash and cash equivalents	7
Restricted cash	2,150
Property plant and equipment, net	8,217
Total assets held for sale	10,374

Liabilities classified as held for sale

	March 31, 2025
Provisions for decommissioning	287
Total liabilities held for sale	287

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, operating revenues from the operation of M2 and proceeds from the sale of Summit. As at March 31, 2025, MAXIM has unrestricted cash of $31.5 million, no outstanding debt and available borrowing capacity of up to $17.7 million.

Senior Credit Facility

The Senior Credit Facility matures on June 30, 2026 and amounts available under the facility are as follows:

- Revolver Facility #1 is a $25.0 million revolver, is available for general corporate purposes and is undrawn, however availability of $7.3 million was used to issue cash collateralized letters of credit which reduced availability to $17.7 million. The Corporation can elect to draw back the $7.3 million cash collateral related to the letters of credit, in exchange for a higher margin fee, however the availability of the facility is reduced by this amount regardless of whether the letters of credit are cash collateralized or not.

The Senior Credit Facility is secured by the assets of the Corporation, bears interest at Canadian prime rate or Canadian overnight repo rate, plus applicable margins.

MAXIM is required to maintain a net debt[1] to Adjusted EBITDA[1] ratio of not greater than 3.00:1.00 and an interest coverage ratio of not less than 5.00:1.00 on a rolling four quarter basis. The interest coverage ratio is annualized beginning in the first quarter of 2025 utilizing the rolling four quarter Adjusted EBITDA[1] and annualized interest expense starting January 1, 2025. Once four full fiscal financial quarters have occurred the annualized interest expense will be replaced with the rolling four quarter interest expense. 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, 2025.

(1) Adjusted EBITDA and net debt are a non-GAAP measures. See Non-GAAP and Other Financial Measures.

Letter of Credit Facility #2

The Corporation has a demand credit facility, separate from the Senior Credit Facility, that requires full cash collateralization of letters of credit on a non-revolving basis. As at March 31, 2025, 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. This restricted cash is currently classified as assets held for sale on the Statement of Financial Position. There are no financial covenants under this credit agreement.

Cash flow summary:

At March 31, 2025, the Corporation had unrestricted cash of $31.5 million included in the working capital[1] surplus of $46.2 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.

The following table represents the changes in cash flows and net liquidity available of the Corporation:

Three months ended March 31 ($000's)	2025	2024
Cash on hand, unrestricted, January 1	30,068	32,258
Cash flow generated from operations	4,926	58,467
Cash flow used in financing	(49)	(3,226)
Available for investments	34,945	87,499
Cash flow used in investing	(3,466)	(2,319)
Effect of foreign exchange rates on cash	7	27
Unrestricted cash	31,486	85,207
Undrawn Convertible Loan Facility	-	45,562
Undrawn Senior Credit Facilities	17,659	40,254
Net liquidity available, March 31 [1]	49,145	171,023

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

Cash flow generated from operating activities in the first quarter of 2025 decreased to $4.9 million from $58.5 million in 2024, which is an decrease of $53.6 million. The decrease is primarily due to changes in non-cash working capital as a result of collecting business interruption insurance proceeds in the first quarter of 2024 and lower earnings from the operations of M2. See working capital section on page 12 for further discussion.

During the first quarter of 2025, MAXIM's cash flow used in financing activities decreased $3.1 million to $0.1 million in 2025 from $3.2 million in 2024, primarily due to lower interest and debt repayments in the first quarter of 2025 as a result of repaying and converting all of MAXIM's outstanding loans and borrowings in the fourth quarter of 2024.

MAXIM's investing activities in the first quarter of 2025 represented a cash outflow of $3.5 million, increasing from $2.3 million in 2024. During 2025, MAXIM had $2.2 million of spending on sustaining capital projects at M2 and changes in non-cash working capital of $1.6 million, partially offset by interest income of $0.3 million.

MAXIM's investing activities in the first quarter of 2024 represented a cash outflow of $2.3 million. 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.

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

As at ($000's)	March 31, 2025	December 31, 2024
Loans and borrowings	-	-
Less: Unrestricted cash	(31,486)	(30,068)
Net debt (net cash)	(31,486)	(30,068)
Shareholders' equity	319,540	316,020
Capital	288,054	285,952
Net debt (net cash) to capital [(1)]	(10.9%)	(10.5%)

The Corporation uses the percent of net debt (cash) to capital to monitor leverage. The increase in net debt (cash) to capital from December 31, 2024 to March 31, 2025 is primarily due to net income.

(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, 2025	December 31, 2024	Change
Total current assets	57,918	41,473	16,445
Total current liabilities	11,745	11,507	238
Working capital surplus[(1)]	46,173	29,966	16,207

The Corporation has a working capital surplus of $46.2 million at March 31, 2025, which represents a $16.2 million increase from the working capital surplus of $30.0 million at December 31, 2024. The net increase is comprised of a $16.4 million increase in current assets and a $0.2 million increase in current liabilities.

The increase in current assets was due to the classification of assets held for sale as current assets of $10.4 million, increase of trade and other receivables of $3.5 million, risk management asset of $2.5 million and cash and cash equivalents of $1.4 million, partially offset by prepaid expenses and deposits of $1.4 million.

The increase in current liabilities was due to a increase in accounts payable of $0.3 million and the classification of liabilities held for sale as current liabilities of $0.3 million, partially offset by risk management liabilities of $0.4 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 $11.0 million for the full year of 2025. 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, 2025	Total	2025	2026-2027	2028-2029	Thereafter
Long-term contracts	14,488	3,987	7,033	1,958	1,510
Total	14,488	3,987	7,033	1,958	1,510

Long-term contracts are comprised of natural gas transportation agreements and contracts to purchase emission credits.

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.

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 could seek to phase 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 ("CER") 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. On December 18, 2024, the final CER regulations were released which beginning in 2035 will set limits on carbon dioxide from electricity generation units that use fossil fuels and by 2050, will ensure a net-zero electricity system. The final standards are not anticipated to have a significant effect on the operations of M2, but could potentially have an impact on natural gas-fired generation development projects not yet built. The Government of Alberta ("GoA") has indicated it plans to prepare a court challenge to the CER regulations.

Alberta

On April 19, 2023, the GoA released their Emissions Reduction and Energy Development ("ERED") 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 the 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. To date, the GoA has not made any further announcements regarding ERED since the release of the initial plan.

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 AESO, Market Surveillance Administrator ("MSA") and the Alberta Utilities Commission 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 took effect 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 by 2027. Management is monitoring the impacts of the temporary market rules and has observed that they resulted in lower market prices during the month of July 2024, during which the new secondary offer cap rule was triggered due to high clearing prices corresponding with a prolonged heat wave. The offer cap reset in August 2024 and the secondary offer cap has not been triggered since. Additionally, Management is actively participating in the development of the new restructured energy market, to understand what, if any, impact this initiative may have on the Corporation.

TIER regulations

Starting January 1, 2023, M2 is exposed to carbon tax on emissions via the TIER Regulations. For 2025, emissions greater than the electricity benchmark of 0.3478 tonnes of CO_2e/MWh are taxed at $95/t. The benchmark will tighten by 2% annually and the carbon price will increase by $15/t annually until reaching $170/t in 2030.

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)	2025	2024
GAAP Measures from Condensed Consolidated Interim Statement of Operations		
Net income	3,266	10,487
Income tax expense	1,045	3,215
Finance (income) expense, net	(106)	1,344
Depreciation and amortization	3,650	3,629
	7,855	18,675
Adjustments:		
Other income	(15)	(32)
Unrealized gain on commodity swaps	(2,858)	(2,985)
Share-based compensation	254	264
Adjusted EBITDA	5,236	15,922

Adjusted EBITDA is calculated as described above from its most directly comparable GAAP measure, net income (loss), 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, 2025 and March 31, 2024 management excluded certain non-cash and non-recurring transactions. In both 2025 and 2024, Adjusted EBITDA excluded unrealized gains or losses on commodity swaps, share-based compensation and all items of other income and expense.

Free Cash Flow

Three months ended March 31 ($000's)	2025	2024
Funds generated from operating activities before change in non-cash working	5,188	15,292
Property, plant and equipment additions	(2,149)	(570)
Repayment of loans and borrowings	-	(713)
Interest expense and bank charges	(49)	(2,060)
Interest income	305	1,069
Free cash flow	3,295	13,018

FCF is calculated as described above from its most directly comparable GAAP measure from the Statement of Cash Flows, the funds generated from operating activities before change in non-cash working capital, and adjusts for specific items that are reflective of the Corporation's underlying FCF. FCF is an important metric as it represents the amount of cash that is generated to potentially invest in growth initiatives, repay loans and borrowings outside of standard amortization payments, pay dividends and repurchase shares. In calculating FCF for the three months ended March 31, 2025 and March 31, 2024, management uses the funds generated from operating activities before change in non-cash working capital for the period and deducts property, plant and equipment additions, issuance or repayment of loans and borrowings, interest expense and bank charges and adds interest income.

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 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.

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 Corporation, (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

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

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

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, 2024.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Standards Issued Not Yet Effective and Amendments

On April 9, 2024, the International Accounting Standards Board issued IFRS 18 – Presentation and Disclosure in Financial Statements which introduces new requirements for comparability in the statement of profit or loss, performance measures and grouping of information in the financial statements. IFRS 18 will replace IAS 1 – Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted. Management is currently assessing the impact of IFRS 18 on the Corporation's consolidated financial statements.

The Corporation analyzes the impact of issued standards and there are no standards, other than noted above, 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

As previously disclosed, in December 2024, the Canadian Sustainability Standards Board ("CSSB") issued sustainability and climate related standards for voluntary adoption. There is no requirement for public companies in Canada to adopt the CSSB standards until the Canadian Securities Administrators ("CSA") have issued a decision on reporting requirements in Canada. On April 23, 2025, the CSA paused its work on the development of new mandatory climate-related disclosure rules and amendments to the existing diversity-related requirements. This was done to support Canadian markets and issuers as they adapt to the recent developments in the U.S. and globally. The Corporation will continue to monitor for any further developments.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter into any new related party transactions during the first three months of 2025, with the exception of transactions with the Corporation's Directors and members of the Executive Committee in the normal course of business. These transactions in the normal course of business are detailed in note 22 of the 2024 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, 2025.

OTHER INFORMATION

Outstanding share data:

Issued common shares at March 31, 2025	63,693,029
Outstanding share options at March 31, 2025	2,470,294
Total diluted common shares at March 31, 2025 and May 8, 2025	**66,163,323**

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:

AER	Alberta Energy Regulator
AESO	Alberta Electric System Operator
Buffalo Atlee	Buffalo Atlee is a development project for up to 200 MW of wind generation situated near Brooks, Alberta
Capacity	The rated continuous load-carrying ability, expressed in megawatts, of generation equipment, (throughout the MD&A references to capacity are stated in nameplate capacity, unless otherwise noted)
Carbon Cost	Greenhouse Gas Emission Compliance Cost
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
CER	Clean Electricity Regulation
CFO	Chief Financial Officer
CO2e	Carbon Dioxide Equivalent
CSA	Canadian Securities Administrators
CSSB	Canadian Sustainability Standards Board
Adjusted EBITDA	Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization
ERED	Emissions Reduction and Energy Development
FCF	Free Cash Flow
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 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
O&M	Operations and Maintenance
PSA	Purchase and Sale Agreement between MAXIM and Valory relating to Summit
Summit	Summit Coal LP and Summit Coal Inc.
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.