Condensed Consolidated Interim Financial Statements of

MAXIM POWER CORP.

For the Three and Six Months Ended June 30, 2024

(Unaudited)

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	**June 30, 2024**	December 31, 2023
ASSETS			
Cash and cash equivalents		**87,557**	32,258
Trade and other receivables	3	**8,573**	47,877
Current tax asset		**4,831**	4,685
Risk management asset	11	**1,066**	1,584
Prepaid expenses and deposits		**2,567**	5,919
Total current assets		**104,594**	92,323
Property, plant and equipment, net	4	**307,935**	313,461
Restricted cash		**18,518**	16,518
Prepaid expenses and deposits		**3,151**	3,538
Total non-current assets		**329,604**	333,517
TOTAL ASSETS		**434,198**	425,840
LIABILITIES			
Trade and other payables		**10,768**	13,287
Risk management liability	11	**6,277**	8,405
Loans and borrowings	5	**6,529**	4,828
Total current liabilities		**23,574**	26,520
Provisions for decommissioning		**10,707**	10,760
Lease obligation		**95**	111
Loans and borrowings	5	**73,809**	76,375
Deferred tax liabilities		**17,237**	14,329
Total non-current liabilities		**101,848**	101,575
TOTAL LIABILITIES		**125,422**	128,095
EQUITY			
Share capital		**143,528**	143,963
Contributed surplus		**13,419**	13,194
Retained earnings		**151,829**	140,588
TOTAL EQUITY		**308,776**	297,745
Commitments	9		
TOTAL LIABILITIES AND EQUITY		**434,198**	425,840

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

On behalf of the Board:

M. Bruce Chernoff
Chairman of the Board

Michael Mayder
Director

MAXIM POWER CORP.

Unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Income

(in thousands of Canadian dollars, except for per share amounts)

		Three months ended June 30		Six months ended June 30	
	Note	**2024**	2023	**2024**	2023
Revenue and power swaps					
Revenue		**17,007**	**-**	**51,775**	-
Realized gain on power swaps	11	**5,402**	-	**6,573**	-
Unrealized loss on power swaps	11	**(1,192)**	-	**(544)**	-
Total revenue and power swaps		**21,217**	-	**57,804**	**-**
Expenses					
Operating		**13,173**	6,137	**30,734**	11,143
Realized loss on natural gas swaps	11	**3,824**	-	**4,779**	-
Unrealized loss (gain) on natural gas swaps	11	**181**	88	**(2,156)**	88
General and administrative		**1,382**	1,413	**3,147**	2,974
Depreciation and amortization	4	**3,635**	1,840	**7,264**	3,849
Total expenses		**22,195**	9,478	**43,768**	18,054
Operating income (loss)		**(978)**	(9,478)	14,036	(18,054)
Other income, net	6	**2,947**	18,565	**2,979**	38,528
Finance expense, net	7	**(898)**	(1,261)	**(2,242)**	(2,617)
Income before income taxes		**1,071**	7,826	**14,773**	17,857
Income tax expense					
Current income tax (recovery)		**(917)**	(78)	**322**	1,354
Deferred income tax		**932**	1,940	**2,908**	2,788
Total income tax expense		**15**	1,862	**3,230**	4,142
Net and comprehensive income		**1,056**	5,964	**11,543**	13,715
Earnings per share	8				
Basic		**0.02**	0.12	**0.23**	0.27
Diluted		**0.02**	0.11	**0.21**	0.24

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	-	-	-	11,543	11,543
Repurchase of common shares for cancellation	(191)	(543)	-	(302)	(845)
Share-based compensation	-	-	521	-	521
Stock options settled	204	42	(284)	-	(242)
Stock options exercised	26	66	(12)	-	54
Equity at June 30, 2024	**50,632**	**143,528**	**13,419**	**151,829**	**308,776**
Equity at December 31, 2022	50,168	143,473	12,831	112,350	268,654
Net income	-	-	-	13,715	13,715
Repurchase of common shares for cancellation	(7)	(14)	-	(10)	(24)
Share-based compensation	-	-	314	-	314
Stock options settled	107	13	(106)	-	(93)
Stock options exercised	231	530	(94)	-	436
Equity at June 30, 2023	50,499	144,002	12,945	126,055	283,002

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

(in thousands of Canadian dollars)

	Note	Six months ended June 30 2024	2023
Cash flows from operating activities:			
Net income		**11,543**	13,715
Adjustments for items not involving cash or operations:			
Depreciation and amortization	4	**7,264**	3,849
Share-based compensation		**521**	314
Unrealized loss (gain) on commodity swaps	11	**(1,612)**	88
Stock option settlement		**(242)**	(93)
Income tax expense		**3,230**	4,142
Income tax paid		**(468)**	(6,572)
Gain on sale of wind development project	6	**(2,810)**	-
Finance expense, net	7	**2,242**	2,617
Funds generated from operating activities before change in non-cash working capital		**19,668**	18,060
Change in non-cash working capital	10	**44,011**	(3,471)
Net cash generated from operating activities		**63,679**	14,589
Cash flows from financing activities:			
Repayment of loans and borrowings	5	**(1,425)**	(1,425)
Proceeds from exercise of stock options		**54**	436
Repurchase of common shares for cancellation		**(845)**	(24)
Interest and bank charges	7	**(3,967)**	(4,006)
Net cash used in financing activities		**(6,183)**	(5,019)
Cash flows from investing activities:			
Property, plant and equipment additions	4	**(1,966)**	(13,780)
Interest income	7	**2,407**	1,388
Change in non-cash working capital	10	**(2,691)**	(2,645)
Net cash used in investing activities		**(2,250)**	(15,037)
Foreign exchange gain (loss) on cash and cash equivalents	7	**53**	(27)
Increase (decrease) in cash and cash equivalents		**55,299**	(5,494)
Cash and cash equivalents, beginning of period		**32,258**	51,378
Cash and cash equivalents, end of period		**87,557**	45,884

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 August 6, 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

	June 30, 2024	December 31, 2023
Trade receivables	3,588	28,371
Insurance receivable	-	18,031
Other receivables (Note 6a)	2,810	45
Realized risk management receivable	2,175	1,430
Total trade and other receivables	8,573	47,877

(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, 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	1,939	-	27	1,966
Revisions to decommissioning provisions	(228)	-	-	(228)
Balance, June 30, 2024	408,688	202	8,837	417,727
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	7,248	16	-	7,264
Balance, June 30, 2024	109,691	101	-	109,792
Property, plant and equipment, net				
December 31, 2023	304,534	117	8,810	313,461
June 30, 2024	298,997	101	8,837	307,935

5. Loans and borrowings

	Senior Credit Facility			
	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.

	Senior Credit Facility			
	Bank Term Facility #1	Fixed Rate Term Facility	Convertible Loan Facility	Total
Issuance of loans and borrowings	-	-	-	-
Repayment of loans and borrowings	(1,425)	-	-	(1,425)
Balance, June 30, 2024	22,087	30,000	29,438	81,525
Less: deferred financing costs				(1,187)
Net loans and borrowings, net of deferred financing costs				80,338
Less: current portion, net of deferred financing costs				(6,529)
Balance June 30, 2024, non-current portion net, of deferred financing costs				73,809

(1) Excluding deferred financings costs.

5. Loans & borrowings (continued)

(a) Senior Credit Facility

(i) Fixed Rate Term Facility

On May 31, 2024, the Corporation converted the $30,000 Fixed Rate Construction Facility into a Fixed Rate Term Facility. Upon conversion to a term facility, the first amortization payment of $1,500 is due on the first day of each financial quarter commencing on October 1, 2024.

(ii) Bank Construction Facility

The undrawn $27,400 Bank Construction Facility was available only for the construction of the combined cycle gas turbine expansion of Milner 2 (“M2”) and is now no longer available to the Corporation to draw upon. On May 31, 2024, the Bank Construction Facility was converted into a term facility and any remaining available balance on the construction facility was extinguished.

(iii) 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).

(b) In addition, MAXIM is subject to customary non-financial covenants in its Senior Credit Facility and subordinated Convertible Loan Facility. As at June 30, 2024, MAXIM is in compliance with all applicable debt covenants.

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

6. Other income, net

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Business interruption insurance claim	-	(16,372)	-	(34,522)
Property insurance claim	-	(3,786)	-	(9,593)
Demolition, incidental and investigation costs	-	1,587	-	5,564
Other (income) expenses (a)	(2,947)	6	(2,979)	23
Total other income, net	(2,947)	(18,565)	(2,979)	(38,528)

(a) The Corporation closed the sale of a wind development project on June 20, 2018. Under the sales agreement, the Corporation is entitled to further compensation upon the date of commercial operation. On June 28, 2024, the wind development project achieved commercial operations and the Corporation recognized $2,810 of other income and other receivables (Note 3). On July 5, 2024, the Corporation collected the total receivable amount of $2,810.

7. Finance expense, net

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Interest expense and bank charges (a)	1,907	1,443	3,967	3,085
Amortization of deferred financing costs	268	397	559	732
Accretion of provisions	87	81	176	161
Foreign exchange loss (gain)	(26)	43	(53)	27
Finance expense	2,236	1,964	4,649	4,005
Interest income	(1,338)	(703)	(2,407)	(1,388)
Total finance expense, net	898	1,261	2,242	2,617

(a) For the three and six months ended June 30, 2024, the Corporation paid interest and fees of $881 and $1,949, respectively (June 30, 2023 - $881 and $1,939), 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.

8. Earnings per share

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Weighted average number of common shares (basic)	50,649,492	50,377,712	50,614,159	50,290,935
Effect of convertible loan facility	13,083,736	13,083,736	13,083,736	13,083,736
Effect of stock options	298,468	557,643	344,471	591,784
Weighted average number of common shares (diluted)	64,031,696	64,019,091	64,042,366	63,966,455

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net income (basic)	1,056	5,964	11,543	13,715
Finance expense on the convertible loan facility, net of tax	746	762	1,640	1,664
Net income (diluted)	1,802	6,726	13,183	15,379

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Earnings per share:				
Basic	0.02	0.12	0.23	0.27
Diluted (a)	0.02	0.11	0.21	0.24

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

8. Earnings per share (continued)

(a) The effects of the stock options and the convertible loan facility on diluted earnings per share were $nil for the three months ended June 30, 2024 as they were antidilutive.

9. Commitments

The Corporation has entered into a natural gas transportation service agreement from June 1, 2020 to May 31, 2025 and June 1, 2025 to May 31, 2030 to deliver natural gas to M2. The total remaining commitment from these contracts as at June 30, 2024 is $20,575 as follows:

2024	4,416
2025	6,264
2026	3,603
2027	3,012
2028	1,870
Thereafter	1,410
	20,575

10. Change in non-cash working capital

	Six months ended June 30	
	2024	2023
Operating activities		
Trade and other receivables	42,114	(3,789)
Prepaid expenses and deposits	3,739	1,680
Trade and other payables	(1,842)	(1,362)
	44,011	(3,471)

	Six months ended June 30	
	2024	2023
Investing activities		
Trade and other payables	(691)	(2,645)
Restricted cash	(2,000)	-
	(2,691)	(2,645)

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)

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

11. Financial Risk Management (continued)

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

The fair value of the loans and borrowings are classified as Level II under the fair value hierarchy as the fair values are based on observable market data. The fair value of loans and borrowings at June 30, 2024 is $79,595 (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 loss (gain) on commodity swaps

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Realized gain on power swaps	(5,402)	-	(6,573)	-
Realized loss on natural gas swaps	3,824	-	4,779	-
Total realized gain on commodity swaps	(1,578)	-	(1,794)	-

Unrealized loss (gain) on commodity swaps

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Unrealized loss on power swaps	1,192	-	544	-
Unrealized loss (gain) on natural gas swaps	181	88	(2,156)	88
Total unrealized loss (gain) on commodity swaps	1,373	88	(1,612)	88

Total realized and unrealized loss (gain) on commodity swaps

Total realized and unrealized loss (gain) on commodity swaps	(205)	88	(3,406)	88

(b) Carrying amount of risk management asset and liabilities

Current risk management asset

	June 30, 2024	December 31, 2023
Power commodity swaps	1,066	1,584
Total carrying amount of current risk management asset	1,066	1,584

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

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

11. Financial risk management (continued)

Current risk management liability

	June 30, 2024	December 31, 2023
Natural gas commodity swaps	6,214	8,369
Power commodity swaps	63	36
Total carrying amount of current risk management liability	6,277	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 August 6, 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 and six months ended June 30, 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 issued by the International Accounting Standards Board ("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.

TABLE OF CONTENTS

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 second quarter of 2024, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"(1)) of $1.1 million and $4.3 million, respectively, as compared to net income of $6.0 million and Adjusted EBITDA(1) of $9.0 million, respectively, in the same period of 2023. Decreases to net income and Adjusted EBITDA(1) in the second quarter and first six months of 2024 were primarily due to the cessation of business interruption insurance claims in 2024, partially offset by net impacts of operations of M2 in 2024 as compared to the same period in 2023 while it was offline due to the non-injury fire which occurred on September 30, 2022 ("Non-Injury Fire").

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

As previously reported, M2 has been experiencing a temporary capability derate of the legacy cooling tower system. In late May 2024, M2 came offline for a planned outage to address routine maintenance items and management took the opportunity to aggressively expedite cleaning efforts on the legacy cooling tower system during the planned outage window. M2 came back on-line during the first half of June, with the temporary capability derate largely restored. As a result, generation from M2 has decreased in the second quarter of 2024 as compared to the first quarter of 2024. Management continues to actively address the remaining derate through corrective measures which has resulted, and will continue to result in, variable plant output during this period until output is fully restored. Management anticipates it will have the capability derate addressed in the third quarter of 2024.

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 252,176 common shares for $1.1 million at a weighted average price of $4.45 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.

Quarterly Financial Highlights

	Three months ended June 30		Six months ended June 30	
($000's, unless otherwise noted)	2024	2023	2024	2023
Revenue	17,007	-	51,775	-
Net income	1,056	5,964	11,543	13,715
Basic earnings per share ($ per share)	0.02	0.12	0.23	0.27
Diluted earnings per share ($ per share)	0.02	0.11	0.21	0.24
Adjusted EBITDA (1)	4,287	8,988	20,209	20,719
Total generation (MWh)	365,666	-	842,197	-
Total fuel consumption (GJ)	3,034,857	961	6,950,517	22,507
Average Alberta market power price ($ per MWh)	45.17	159.79	72.23	150.95
Average realized power price ($ per MWh)	46.51	-	61.48	-
Non-current liabilities	101,848	96,381	101,848	96,381
Total assets	434,198	390,009	434,198	390,009

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

Financial Results

During the second quarter and first six months of 2024, revenues increased, while Adjusted EBITDA[1] and net income decreased as compared to 2023. Revenue increased primarily due to M2 continuing operations in the second quarter and first six months of 2024, whereas it was offline during the same periods of 2023 due to the Non-Injury Fire. Decreases to net income and Adjusted EBITDA[1] in the second quarter and first six months 2024 were primarily due to the cessation of business interruption claims in 2024, partially offset by the net impacts of operations of M2 in 2024 as compared to the same period in 2023 while it was offline due to the Non-Injury Fire.

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

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

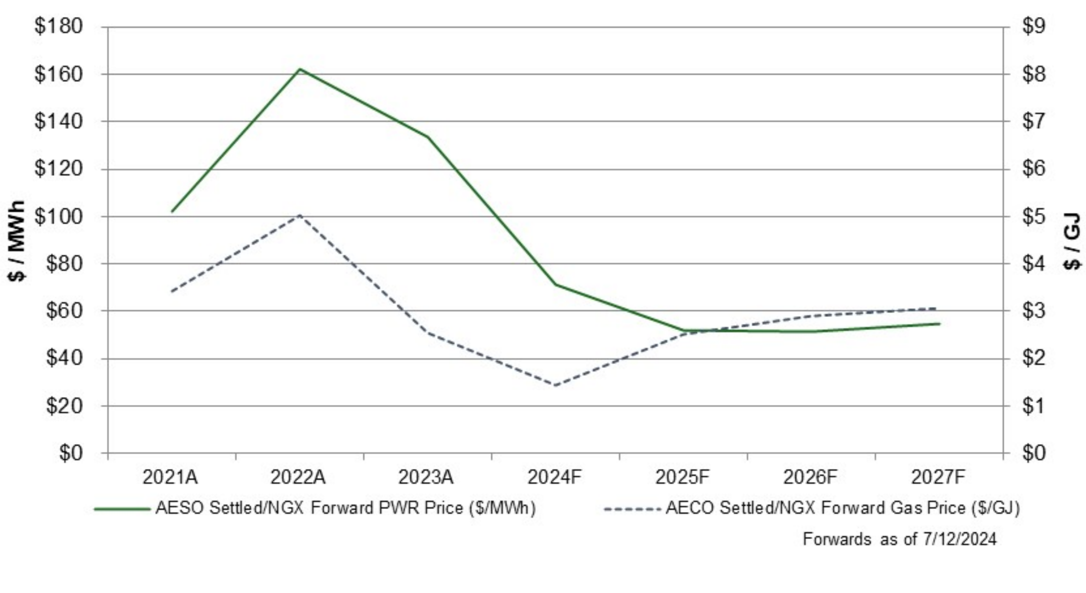
OUTLOOK

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 in addition to 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 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. 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) ($000's unless otherwise noted)	30-Jun 2024	31-Mar 2024	31-Dec 2023	30-Sep 2023
Revenue	17,007	34,768	38,990	2,468
Net income (loss)	1,056	10,487	19,477	(4,897)
Basic earnings (loss) per share ($ per share)	0.02	0.21	0.39	(0.10)
Diluted earnings (loss) per share ($ per share)	0.02	0.18	0.32	(0.10)
Adjusted EBITDA(1)	4,287	15,922	31,512	(1,545)
Average realized power price ($ per MWh)	46.51	72.96	81.61	78.03
Total fuel consumption (GJ)	3,034,857	3,915,660	3,855,880	436,985
Total generation (MWh)	365,666	476,531	485,222	31,627

Quarter ended: (unaudited) ($000's unless otherwise noted)	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
Revenue	-	-	-	57,091
Net income (loss)	5,964	7,751	(7,156)	23,970
Basic earnings (loss) per share ($ per share)	0.12	0.15	(0.14)	0.48
Diluted earnings (loss) per share ($ per share)	0.11	0.14	(0.14)	0.39
Adjusted EBITDA(1)	8,988	11,731	1,697	39,739
Average realized power price ($ per MWh)	-	-	-	203.68
Total fuel consumption (GJ)	961	21,546	17,878	2,943,544
Total generation (MWh)	-	-	-	280,289

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 and subsequently increased in the fourth quarter of 2023 upon commissioning of the 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 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 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.

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

FINANCIAL RESULTS OF OPERATIONS

Revenue

	Three months ended June 30		Six months ended June 30	
($000's)	2024	2023	2024	2023
Revenue	17,007	-	51,775	-

Revenue in the second quarter and first six months of 2024 increased by $17.0 million and $51.8 million, respectively, from nil due to higher generation volumes as M2 was offline in the second quarter and first six months of 2023 due to the Non-Injury Fire.

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 June 30	2024				2023			
($000's)	Fuel (1)	Carbon Costs	O&M	Total	Fuel (1)	Carbon Costs	O&M	Total
Total	4,614	216	8,343	13,173	884	-	5,253	6,137

Six months ended June 30	2024				2023			
($000's)	Fuel (1)	Carbon Costs	O&M	Total	Fuel (1)	Carbon Costs	O&M	Total
Total	13,787	2,914	14,033	30,734	1,804	-	9,339	11,143

(1) The Corporation has certain fuel transportation costs which are incurred regardless of whether M2 is operating or not.

Fuel expenses in the second quarter and first six months of 2024 increased by $3.7 million and $12.0 million to $4.6 million and $13.8 million from $0.9 million and $1.8 million in 2023, respectively, primarily due to higher generation volumes as M2 was offline in the second quarter and first six months of 2023 due to the Non-Injury Fire.

Carbon Costs in the second quarter and first six months of 2024 were $0.2 million and $2.9 million, respectively, increasing from nil in 2023 due to higher generation volumes as M2 was offline in the second quarter and first six months of 2023 due to the Non-Injury Fire. Carbon Costs were lower than expected in the second quarter and first six months of 2024 due to favourable external carbon pricing market conditions which resulted in a favourable true up of Carbon Costs incurred in the second half of 2023 and first half of 2024.

O&M expenses in the second quarter of 2024 increased by $3.0 million, or 57%, to $8.3 million from $5.3 million in 2023, primarily due to repairs to the cooling tower and other outage maintenance costs incurred in the second quarter of 2024, as well as higher insurance premiums and variable O&M associated with the operation of M2.

O&M expenses in the first six months of 2024 increased by $4.7 million, or 51%, to $14.0 million from $9.3 million in 2023, primarily due to the same factors impacting the second quarter.

General and Administrative Expense

	Three months ended June 30		Six months ended June 30	
($000's)	2024	2023	2024	2023
Total general and administrative expense	1,382	1,413	3,147	2,974

General and administration expense in the second quarter and first six months of 2024 was $1.4 million and $3.1 million, respectively, which is comparable to the same periods in 2023.

Depreciation and Amortization Expense

($000's)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Total depreciation and amortization expense	3,635	1,840	7,264	3,849

Depreciation and amortization expense in the second quarter of 2024 increased by $1.8 million to $3.6 million from $1.8 million in 2023, primarily due to commencement of depreciation of the Combined Cycle Gas Turbine ("CCGT") expansion of M2.

Depreciation and amortization expense in the first six months of 2024 increased by $3.5 million to $7.3 million from $3.8 million in 2023, primarily due to the same factor impacting the second quarter.

Other Income, Net

($000's)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Other income, net	2,947	18,565	2,979	38,528

Other income in the second quarter and first six months of 2024 was $2.9 million and $3.0 million as compared to $18.6 million and $38.5 million, respectively, 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, partially offset by realizing a $2.8 million contingent gain in the second quarter of 2024 relating to the sale of a wind development project sold in 2018.

Gain on Commodity Swaps

($000's)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Realized gain on power swaps	(5,402)	-	(6,573)	-
Realized loss on natural gas swaps	3,824	-	4,779	-
Total realized gain on commodity swaps	(1,578)	-	(1,794)	-

($000's)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Unrealized loss on power swaps	1,192	-	544	-
Unrealized loss (gain) on natural gas swaps	181	88	(2,156)	88
Total unrealized loss (gain) on commodity swaps	1,373	88	(1,612)	88
Total realized and unrealized loss (gain) on commodity swaps	(205)	88	(3,406)	88

In the second quarter and first six months of 2024, MAXIM realized net gains of $1.6 million and $1.8 million, respectively, 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 second quarter and first six months of 2024, MAXIM has unrealized losses of $1.4 million and gains of $1.6 million on Alberta power and natural gas price risk management swaps, as compared to the same periods in 2023 which had unrealized losses of $0.1 million, respectively. These gains and losses are due to Alberta power and natural gas forward prices deviating from the fixed swap price.

Finance Expense, Net

($000's)	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Interest expense and bank charges	1,907	1,443	3,967	3,085
Amortization of deferred financing costs	268	397	559	732
Accretion of provisions	87	81	176	161
Foreign exchange loss (gain)	(26)	43	(53)	27
Finance expense	2,236	1,964	4,649	4,005
Interest income	(1,338)	(703)	(2,407)	(1,388)
Total finance expense, net	898	1,261	2,242	2,617

Net finance expense in the second quarter of 2024 decreased by $0.4 million, or 31%, to $0.9 million from $1.3 million in 2023, primarily due to higher interest income as a result of increased cash, partially offset by higher interest expense as the capitalization of interest ceased upon commissioning of the CCGT expansion of M2.

Net finance expense in the first six months of 2024 decreased by $0.4 million, or 15%, to $2.2 million from $2.6 million in 2023, primarily due to the same factors impacting the second quarter.

Income Tax Expense

($000's)	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Current tax expense (recovery)	(917)	(78)	322	1,354
Deferred tax expense	932	1,940	2,908	2,788
Total income tax expense	15	1,862	3,230	4,142

In the second quarter of 2024, income tax expense decreased $1.9 million, to nil from $1.9 million in 2023 due to MAXIM having lower income before taxes in 2024.

In the first six months of 2024, income tax expense decreased $0.9 million, or 22%, to $3.2 million from $4.1 million in 2023 due to the same factor impacting the second quarter.

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 June 30, 2024, as compared to December 31, 2023.

As at ($000's)	June 30, 2024	December 31, 2023	Increase (Decrease)	Primary factors explaining change
Assets				
Cash and cash equivalents	87,557	32,258	55,299	Increased as a result of operating activities, partially offset by financing and investing activities
Trade and other receivables	8,573	47,877	(39,304)	Decreased as a result of the collection of prior period receivables, including an insurance receivable
Property, plant and equipment	307,935	313,461	(5,526)	Decreased as a result of depreciation, partially offset by asset additions
Other assets[(1)]	30,133	32,244	(2,111)	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	10,768	13,287	(2,519)	Decreased due to the timing of settlement of accounts payable
Loans and borrowings	80,338	81,203	(865)	Decreased due to principal debt repayments, partially offset by amortization of deferred financing costs
Other liabilities[(1)]	34,316	33,605	711	Increased due to deferred tax liability reflecting deferred tax expense for the year, partially offset by lower risk management liabiltiies
Equity	308,776	297,745	11,031	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 June 30, 2024, MAXIM has unrestricted cash of $87.6 million and borrowing capacity of up to $58.4 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 June 30, 2024, the Corporation has a senior credit facility with availability of $12.9 million to support financing requirements of existing operations, letters of credit and hedging. Availability of the senior credit facility has decreased from $40.3 million to $12.9 million following the completion of certain terms and conditions in the senior credit facility that extinguishes the availability of the $27.4 million Bank Construction Facility which was available only for costs incurred in relation to the CCGT expansion of M2. 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 $22.1 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 has increased from a $10.0 million to a $15.0 million revolver following the completion of certain terms and conditions in the senior credit facility which merged Revolver Facility #2 in the second quarter of 2024. This facility is available for general corporate purposes and is undrawn, however availability of $4.2 million was used to issue a cash collateralized letter of credit which reduced availability to $10.8 million.
- Revolver Facility #2 is no longer available as it was merged with Revolver Facility #1 in the second quarter of 2024.
- Bank Construction Facility was an undrawn $27.4 million facility available for the construction of the CCGT of M2. This facility is no longer available following the completion of certain terms and conditions in the senior credit facility in the second quarter of 2024.
- Fixed Rate Construction Facility was converted into a Fixed Rate Term Facility in the second quarter of 2024 and is a $30.0 million facility amortizing over five years. This facility is fully drawn and no additional amounts are available. Quarterly $1.5 million repayments of the Fixed Rate Construction Facility will commence in the fourth quarter of 2024.
- 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 June 30, 2024, the Corporation has $2.0 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 or bankers acceptance, 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 June 30, 2024.

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

Convertible Loan Facility

As at June 30, 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 and is 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 June 30, 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 June 30, 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 in the second quarter and first six months of 2024 was $0.9 million and $1.9 million respectively (2023 - $0.9 million and $1.9 million, respectively).

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 June 30, 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 June 30, 2024, the Corporation had unrestricted cash of $87.6 million included in the working capital[(1)] surplus of $81.0 million (see working capital on page 13). Unrestricted cash balances are on deposit with three 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:

Six months ended June 30 ($000's)	2024	2023
Cash on hand, unrestricted, January 1	32,258	51,378
Cash flow generated from operations	63,679	14,589
Cash flow used in financing	(6,183)	(5,019)
Available for investments	89,754	60,948
Cash flow used in investing	(2,250)	(15,037)
Effect of foreign exchange rates on cash	53	(27)
Unrestricted cash	87,557	45,884
Undrawn Convertible Loan	45,562	45,562
Undrawn Senior Credit Facilities	12,854	46,500
Net liquidity available, June 30 [(1)]	145,973	137,946

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

Cash flow generated from operating activities in the first six months of 2024 increased to $63.7 million from $14.6 million in 2023, which is an increase of $49.1 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 six months of 2024. See working capital section on page 13 for further discussion.

During the first six months of 2024, MAXIM's cash flow used in financing activities increased $1.2 million to $6.2 million in 2024 from $5.0 million in 2023, primarily due to higher repurchase of common shares for cancelation.

MAXIM's investing activities in the first six months of 2024 represented a cash outflow of $2.3 million, decreasing from $15.0 million in 2023. During 2024, MAXIM spent $2.0 million primarily on sustaining capital projects at M2 and changes in non-cash working capital of $2.7 million, partially offset by interest income of $2.4 million.

MAXIM's investing activities in the first six months of 2023 represented a cash outflow of $15.0 million. During the first six months of 2023, MAXIM spent $13.8 million primarily on the CCGT expansion of M2 and new air inlet filter house, and changes in non-cash working capital of $2.6 million, partially offset by interest income of $1.4 million.

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

As at ($000's)	June 30, 2024	December 31, 2023
Loans and borrowings	80,338	81,203
Less: Unrestricted cash	(87,557)	(32,258)
Net debt (net cash) (1)	(7,219)	48,945
Shareholders' equity	308,776	297,745
Capital	301,557	346,690
Net debt to capital (1)	(2.4%)	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 June 30, 2024 is primarily due to higher cashflows from operations in the first six months 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)	June 30, 2024	December 31, 2023	Difference
Total current assets	104,594	92,323	12,271
Total current liabilities	23,574	26,520	(2,946)
Working capital surplus (1)	81,020	65,803	15,217

The Corporation has a working capital surplus of $81.0 million at June 30, 2024, which represents a $15.2 million increase from the working capital surplus of $65.8 million at December 31, 2023. The net increase is comprised of a $12.3 million increase in current assets and a $2.9 million decrease in current liabilities.

The increase in current assets was due to a net increase of cash and cash equivalents of $55.3 million and current tax asset of $0.1 million, partially offset by trade and other receivables of $39.3 million and prepaid expenses and deposits of $3.3 million and risk management asset of $0.5 million.

The decrease in current liabilities was due to a decrease in accounts payable of $2.5 million and risk management liability of $2.1 million, partially offset by an increase in the current portion of loans and borrowings of $1.7 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 June 30, 2024	Total	2024	2025-2026	2027-2028	Thereafter
Loans and borrowings(1)	94,898	6,474	88,424	-	-
Long-term contracts(2)	20,575	4,416	9,867	4,882	1,410
Total	115,473	10,890	98,291	4,882	1,410

(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

For the current significant outstanding contingencies, refer to Note 19a of the 2023 Annual Audited Consolidated Financial Statements. The contingent asset disclosed under Note 19b of the 2023 Annual Audited Consolidated Financial Statements was recognized as an asset in the second quarter of 2024 as all terms and conditions of the 2018 sales agreement for a wind power development project were met on June 28, 2024, triggering the contingent payment of $2.8 million, which the Corporation has recognized in other income. On July 5, 2024, the contingent payment was collected. No further contingent assets exist as at June 30, 2024 or as of the date of this MD&A.

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 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.

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 does not anticipate any new material impacts to its wind generation development project as a result of the announcement.

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

($000's)	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
GAAP Measures from Condensed Consolidated Statement of Operations				
Net income	1,056	5,964	11,543	13,715
Income tax expense	15	1,862	3,230	4,142
Finance expense, net	898	1,261	2,242	2,617
Depreciation and amortization	3,635	1,840	7,264	3,849
	5,604	10,927	24,279	24,323
Adjustments:				
Other income, net	(2,947)	(18,565)	(2,979)	(38,528)
Business interruption insurance claim	-	16,372	-	34,522
Unrealized loss (gain) on commodity swaps	1,373	88	(1,612)	88
Share-based compensation	257	166	521	314
Adjusted EBITDA	4,287	8,988	20,209	20,719

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 second quarter and first six months of June 30, 2024 and June 30, 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 13.

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 12.

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

The Corporation analyzes the impact of issued standards and 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 six months of 2024, with the exception of the convertible loan facility interest and fees (page 12) 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 June 30, 2024.

OTHER INFORMATION

Outstanding share data:

Issued common shares at June 30, 2024	50,632,212
Issuable shares on conversion of the convertible loan at June 30, 2024	13,083,736
Outstanding share options at June 30, 2024	3,003,614
Total diluted common shares at June 30, 2024	66,719,562
Shares purchased and cancelled under NCIB in July 2024	(35,560)
Share options granted in July 2024	50,001
Total diluted common shares at August 6, 2024	66,734,003

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)
Carbon Cost	Greenhouse Gas Emission Compliance Cost
CCGT	Combined Cycle Gas Turbine
CEO	Chief Executive Officer
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
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
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.