

Consolidated Financial Statements of

MAXIM POWER CORP.

For the Years Ended December 31, 2025 and 2024

(Audited)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Maxim Power Corp.

Opinion

We have audited the consolidated financial statements of Maxim Power Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of operations and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment

Description of the matter

We draw attention to notes 2(e)(i), 3(e) and 7 to the financial statements. The Entity records property, plant and equipment at cost less accumulated depreciation and impairment losses. At the end of each reporting period, the Entity makes an assessment whether there are any indicators of impairment of its property, plant and equipment. If there are indicators of impairment, the Entity performs an impairment test of the asset or the cash generating unit ("CGU"). The assessment of impairment indicators is based on management's significant judgment of whether there are internal or external factors that would indicate that the CGU and specifically the assets within that CGU are impaired. The assessment of external indicators considers future commodity prices. The assessment of internal indicators considers forecasted cash flows. Property, plant and equipment – generating facilities and equipment were recorded at a carrying amount of \$297,555 thousand. No indicators of impairment were identified for property, plant and equipment – generating facilities and equipment as at December 31, 2025.

Why the matter is a key audit matter

We identified the assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment as a key audit matter. Significant auditor judgment was required in evaluating the assessment of internal and external indicators.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Entity's identification and assessment of indicators of impairment for property, plant and equipment – generating facilities and equipment by comparing actual financial results for property, plant and equipment – generating facilities and equipment in the current year against historical financial results and to forecasted cash flows. We considered changes in conditions and events affecting the forecasted cash flows.

We evaluated the Entity's assessment of future commodity prices by comparing them to future commodity prices published by a third-party energy service provider.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Kimberly J. Payne.

Calgary, Canada
March 19, 2026

MAXIM POWER CORP.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

| As at | Note | December 31, 2025 | December 31, 2024 |
|--------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | | 56,917 | 30,068 |
| Trade and other receivables | 6 | 7,958 | 6,244 |
| Current tax asset | | 45 | - |
| Risk management asset | 25 | 1,389 | 462 |
| Prepaid expenses and deposits | | 4,061 | 4,699 |
| Total current assets | | 70,370 | 41,473 |
| Property, plant and equipment, net | 7 | 298,915 | 306,035 |
| Investments | 25 | 2,250 | - |
| Convertible note | 25 | 2,521 | - |
| Restricted cash | 8 | 7,341 | 8,451 |
| Prepaid expenses and deposits | | 2,027 | 3,139 |
| Total non-current assets | | 313,054 | 317,625 |
| TOTAL ASSETS | | 383,424 | 359,098 |
| LIABILITIES | | | |
| Trade and other payables | 9 | 12,278 | 11,111 |
| Risk management liability | 25 | 1,785 | 396 |
| Total current liabilities | | 14,063 | 11,507 |
| Provisions for decommissioning | 11 | 14,024 | 11,052 |
| Other long-term liabilities | | 285 | 77 |
| Deferred tax liabilities | 21 | 21,908 | 20,442 |
| Total non-current liabilities | | 36,217 | 31,571 |
| TOTAL LIABILITIES | | 50,280 | 43,078 |
| EQUITY | | | |
| Share capital | 12 | 172,406 | 172,476 |
| Contributed surplus | | 14,139 | 13,286 |
| Retained earnings | | 146,599 | 130,258 |
| TOTAL EQUITY | | 333,144 | 316,020 |
| Commitments | 19 | | |
| TOTAL LIABILITIES AND EQUITY | | 383,424 | 359,098 |

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

On behalf of the Board:

M. Bruce Chernoff
Chairman of the Board

Michael Mayder
Director

MAXIM POWER CORP.

Consolidated Statements of Operations and Comprehensive Income

For the years ended December 31
(in thousands of Canadian dollars, except for per share amounts)

| | Note | 2025 | 2024 |
|---|------|---------------|---------|
| Revenue and power swaps | | | |
| Revenue | 14 | 86,873 | 101,482 |
| Realized gain on power swaps | 25 | 3,206 | 13,131 |
| Unrealized gain (loss) on power swaps | 25 | 945 | (1,114) |
| Total revenue and power swaps | | 91,024 | 113,499 |
| Expenses | | | |
| Operating | 15 | 58,828 | 58,657 |
| Realized loss on natural gas swaps | 25 | 1,877 | 11,700 |
| Unrealized loss (gain) on natural gas swaps | 25 | 1,407 | (8,001) |
| General and administrative | 15 | 8,152 | 7,528 |
| Depreciation and amortization | 7 | 15,605 | 14,563 |
| Total expenses | | 85,869 | 84,447 |
| Operating income | | 5,155 | 29,052 |
| Other income, net | 16 | 11,641 | 2,961 |
| Finance income (expense), net | 17 | 1,446 | (3,892) |
| Income before income taxes | | 18,242 | 28,121 |
| Income tax expense | | | |
| Current income tax | 21 | 82 | 62 |
| Deferred income tax | 21 | 1,466 | 6,113 |
| Total income tax expense | | 1,548 | 6,175 |
| Net and comprehensive income | | 16,694 | 21,946 |
| Earnings per share | | | |
| Basic | 18 | 0.26 | 0.42 |
| Diluted | 18 | 0.26 | 0.38 |

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

MAXIM POWER CORP.

Consolidated 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 | - | - | - | 16,694 | 16,694 |
| Repurchase of common shares for cancellation | (194) | (526) | - | (353) | (879) |
| Share-based compensation | - | - | 1,137 | - | 1,137 |
| Stock options settled in common shares | 36 | 199 | (246) | - | (47) |
| Stock options exercised | 55 | 257 | (38) | - | 219 |
| Equity at December 31, 2025 | 63,590 | 172,406 | 14,139 | 146,599 | 333,144 |
| Equity at December 31, 2023 | 50,593 | 143,963 | 13,194 | 140,588 | 297,745 |
| Net income | - | - | - | 21,946 | 21,946 |
| Repurchase of common shares for cancellation | (297) | (843) | - | (429) | (1,272) |
| Share-based compensation | - | - | 1,049 | - | 1,049 |
| Conversion of Convertible Loan Facility into common shares | 13,084 | 29,078 | - | - | 29,078 |
| Dividends paid | - | - | - | (31,847) | (31,847) |
| Stock options settled in cash | - | - | (488) | - | (488) |
| Stock options settled in common shares | 267 | 148 | (444) | - | (296) |
| Stock options exercised | 46 | 130 | (25) | - | 105 |
| Equity at December 31, 2024 | 63,693 | 172,476 | 13,286 | 130,258 | 316,020 |

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

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

For the years ended December 31
(in thousands of Canadian dollars)

| | Note | 2025 | 2024 |
|---|------|---------------|---------------|
| Cash flows from operating activities: | | | |
| Net income | | 16,694 | 21,946 |
| Adjustments for items not involving cash or operations: | | | |
| Depreciation and amortization | 7 | 15,605 | 14,563 |
| Share-based compensation | 13 | 1,137 | 1,803 |
| Unrealized loss (gain) on power swaps | 25 | (945) | 1,114 |
| Unrealized loss (gain) on natural gas swaps | 25 | 1,407 | (8,001) |
| Stock option settlement in common shares | | (47) | (296) |
| Stock option settlement in cash | | - | (1,218) |
| Change in fair value of investments | 25 | (2,250) | - |
| Gain on disposal of development projects | 16 | (1,480) | (2,810) |
| Income tax expense | 21 | 1,548 | 6,175 |
| Income tax recovery (paid) | | (127) | 4,623 |
| Finance (income) expense, net | 17 | (1,446) | 3,892 |
| Funds generated from operating activities before change in non-cash working capital | | 30,096 | 41,791 |
| Change in non-cash working capital | 23 | 816 | 42,278 |
| Net cash generated from operating activities | | 30,912 | 84,069 |
| Cash flows from financing activities: | | | |
| Repurchase of common shares for cancellation | 12 | (879) | (1,272) |
| Interest and bank charges | 17 | (227) | (6,634) |
| Proceeds from exercise of stock options | | 219 | 105 |
| Repayment of loans and borrowings | | - | (53,512) |
| Dividends paid | | - | (31,847) |
| Issue costs on loans and borrowings | | - | (485) |
| Net cash used in financing activities | | (887) | (93,645) |
| Cash flows from investing activities: | | | |
| Property, plant and equipment additions | 7 | (13,799) | (7,192) |
| Proceeds on sale of development project, net of closing costs | 16 | 9,931 | 2,810 |
| Interest income | 17 | 1,451 | 4,436 |
| Change in non-cash working capital | 23 | (746) | 7,248 |
| Net cash generated from (used in) investing activities | | (3,163) | 7,302 |
| Foreign exchange gain (loss) on cash and cash equivalents | 17 | (13) | 84 |
| Increase (decrease) in cash and cash equivalents | | 26,849 | (2,190) |
| Cash and cash equivalents, beginning of period | | 30,068 | 32,258 |
| Cash and cash equivalents, end of period | | 56,917 | 30,068 |

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

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 1

For the years ended December 31, 2025 and 2024
(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 ("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

MAXIM prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issuance by the Board of Directors of the Corporation on March 19, 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for risk management activities, which are measured at fair value on the statements of financial position.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Corporation and its subsidiaries. All financial information presented in Canadian dollars has been rounded to the nearest thousand unless otherwise noted.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions, based on its experience, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Significant judgements and estimates

(i) Impairment indicators

At the end of each reporting period, the Corporation makes an assessment whether there are any indications of impairment of its property, plant and equipment ("PP&E") and intangible assets at the lowest level at which there are separately identifiable cash flows. If there are indications of impairment, MAXIM performs an impairment test on the asset or the cash-generating unit ("CGU").

The assessment of impairment indicators is based on management's significant judgement of whether there are internal or external factors that would indicate that the CGU, and specifically the assets within that CGU, are impaired. The assessment of the external indicators considers future commodity prices. The assessment of internal indicators considers forecasted cashflows.

The Corporation evaluates impairment losses for potential reversals when management has determined that events or circumstances warrant such consideration.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 2

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

2. Basis of preparation and statement of compliance (continued)

(ii) Decommissioning costs

Decommissioning costs are expected to be incurred at the end of the operating life of the facilities. A provision is recognized when there is a present obligation to restore the site, it is probable the expenditure will be required, and a reliable estimate of the costs can be determined. The ultimate cost to settle these obligations is uncertain due to timing and cost estimates that may vary in response to many different factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other facilities. As a result, there could be significant adjustments to the provisions established which could affect future financial results. Management bases these estimates on its best knowledge, experience in similar circumstances and in some cases reports from independent experts.

Because of the long-term nature of the liabilities, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Corporation has assumed that each site will be restored using technology and materials that are currently available.

(iii) Useful life and residual value of PP&E

Useful lives over which costs should be depreciated may be impacted by changes in the Corporation's strategy, process or operations as a result of climate change initiatives. Each major component of PP&E is depreciated over its estimated useful life net of residual value. The estimated useful lives of the assets are based upon current conditions and management's experience, which take into consideration specific contracts, agreements, condition of the asset, technology, production and use of the asset, and regular maintenance programs. The facilities are operated within equipment manufacturers' specifications to realize the expected useful life of each asset. Notwithstanding these measures, the useful life of equipment may vary from that which is estimated by management.

Residual value is estimated by management to be the amount that MAXIM would receive from disposal of the asset after deducting the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life. Actual amounts received may differ from estimated amounts.

(iv) Impairment of non-financial assets

The recoverable amount of a CGU or asset is determined based on the higher of its fair value less costs of disposal or its value-in-use (the present value of the estimated future cash flows). Management is required to make assumptions about future cash flows including future commodity prices, expected generation, future operating and development costs, discount rates, sustaining capital programs and tax rates. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 3

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

3. Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements have been applied consistently for all periods presented and are set out below.

(a) Basis of consolidation

The financial statements include the accounts of the Corporation and its subsidiaries. Subsidiaries are entities which the Corporation controls by having the power to govern the entity's financial and operating policies. The Corporation consolidates all of its wholly-owned subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances, transactions and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

The Consolidated Financial Statements of MAXIM include the following entities:

| | Country of Incorporation | Ownership Interest % 2025 | 2024 |
|---|-----------------------------|------------------------------|------|
| Milner Power Limited Partnership ("MPLP") | Canada | 100 | 100 |
| Milner Power II Limited Partnership | Canada | 100 | 100 |
| Prairie Lights Power Limited Partnership | Canada | 100 | 100 |
| Deerland Power Limited Partnership | Canada | 100 | 100 |
| Summit Coal Limited Partnership | Canada | - | 100 |

(b) Impairment of non-financial assets

The carrying value of the Corporation's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. MAXIM performs an impairment test on the CGU or asset if there are indicators of impairment present.

The impairment test compares the recoverable amount of the CGU or asset to its carrying amount. The recoverable amount is the higher of the CGU or asset's value in use (present value of the estimated future cash flows) and its estimated fair value less costs to sell. Management is required to make assumptions about future cash flows including production, fuel costs, operating expenses, power prices and capital programs. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset including intangible assets.

The Corporation evaluates impairment losses for potential reversals when management has made the judgment that events or circumstances warrant such consideration.

(c) Financial instruments

(i) Recognition

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 4

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

3. Material accounting policies (continued)

(ii) Measurement and classification

All financial instruments, including all derivatives, are measured at fair value or amortized cost upon initial recognition and are classified into one of the following three categories: financial assets and liabilities at amortized cost, fair value through profit or loss and fair value through other comprehensive income. The Corporation does not have any instruments classified as fair value through other comprehensive income.

(iii) Financial assets at amortized cost

A financial asset is classified in this category if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments from principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of income. Any gain or loss on derecognition is recognized in the statement of income.

The Corporation's financial assets at amortized cost are comprised of trade and other receivables and cash and cash equivalents.

(iv) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it does not meet the requirements of amortized cost, including derivative assets. Financial instruments in this category are recognized initially and subsequently at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of income or loss.

(v) Financial liabilities at amortized cost

Financial liabilities include trade payables, and lease obligation, are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(vii) Impairment of financial assets

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimate future cash flows of the financial asset have occurred. For trade receivables the Corporation applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the financial assets.

(d) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits with banks and other financial institutions. Cash deposits held as collateral to various counterparty agreements to secure credit are recorded separately as non-current restricted cash.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 5

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

3. Material accounting policies (continued)

(e) PP&E

The Corporation records PP&E at cost less accumulated depreciation and impairment losses. Cost includes expenditures to purchase and construct assets, and other costs associated with purchasing and preparing assets for their intended use. The costs associated with construction include material, labor, interest, and other direct costs required to bring the assets to their intended use.

Cost also includes the present value of an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located to its original state.

MAXIM separates PP&E into identifiable components with different useful lives for depreciation purposes. Depreciation is based on the cost of the asset less its residual value. Depreciation of a component commences when the asset is first available for use and ceases when the asset is classified as held for sale or when the asset is derecognized.

The following rates are used in the computation of depreciation expense in the period:

| | |
|-----------------------|--|
| Generating facilities | Straight-line from 2 to 20 years |
| Equipment | 20 - 30% declining balance or straight-line from 2 to 20 years |

Assets under construction are projects undertaken by the Corporation where the asset is not yet available for use. Capitalization of costs associated with these projects commences once technical feasibility is established. If the project is subsequently abandoned, all costs are expensed in the period.

(f) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

(g) Employee benefits

Share-based compensation

The Corporation records a compensation cost for all stock options granted to employees, directors or officers over the vesting period of the options based on the fair value of the option at the grant date using the Black-Scholes option pricing model. Compensation expense is recognized over the options vesting period, with a corresponding adjustment to contributed surplus.

The number of awards expected to vest is reviewed each period, with the effect of any change being recognized immediately. Consideration paid by employees, directors or officers upon exercise of the stock options and the amount previously recognized in contributed surplus are recorded as an increase to share capital.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 6

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

3. Material accounting policies (continued)

(h) Provisions

(i) Decommissioning liabilities

The Corporation has an obligation to restore certain project sites to an acceptable level at the end of each project's respective life. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The estimated cash flows for decommissioning costs are discounted at a current pre-tax rate that reflects the risk-free rate specific to the decommissioning liability. The unwinding of the discount due to the passage of time is recorded as an increase to the provision for decommissioning liabilities with the associated expense recognized in the statements of income as a finance cost. When the Corporation carries out its obligation to restore a site, incurred decommissioning costs will be recorded as a reduction to the decommissioning liability. The estimated future costs of decommissioning are reviewed periodically and adjusted to reflect the current best estimate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset and the liability.

(ii) Other provisions

A provision is recognized if, as a result of a past event, the Corporation has a present or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of profit or loss net of any reimbursement. Non-current provisions are determined by discounting the expected future cash flows using a risk-free rate. Provisions are not recognized for future losses.

(i) Revenue recognition

Revenue from the sale of electricity is measured based on the consideration specified in the contract with the customer. MAXIM recognizes revenue when it transfers control of the electricity to the customer. This is considered to occur when electricity is physically transferred to the customer.

(j) Finance income and finance expense

Finance income is comprised of interest income on cash and cash equivalents and restricted cash. Interest income is recognized as it accrues in the statements of income, using the effective interest method.

Finance expense is comprised of finance costs on letters of credit, amortization of deferred financing costs, and unwinding of the discount on provisions.

(k) Income taxes

Income taxes are comprised of current and deferred taxes. Current tax and deferred tax are recognized in the statements of income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 7

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

3. Material accounting policies (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. Deferred tax is not recognized for:

- (i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- (ii) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which these deductions can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Earnings per share

Basic earnings per share is calculated by dividing the net income or loss for the period attributable to shareholders of the Corporation by the weighted average number of Common Shares outstanding during the period.

Diluted earnings per share is calculated in the same manner as basic earnings per share, except that the weighted average number of Common Shares outstanding is adjusted for dilutive instruments and the after tax impact of the finance expense relating to the Convertible Loan Facility.

The number of Common Shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The Corporation's potentially dilutive Common Shares are comprised of stock options granted to employees.

(m) Leases – Lessor

The Corporation assesses contracts at their inception to determine if they contain a lease. The assessment includes whether the contract conveys the control of an identifiable asset for a specific term in exchange for compensation. The Corporation further determines if the contract substantially transfers ownership or the useful life of the identified asset through the term of the lease. If ownership is substantially transferred, a lease is recorded as a finance lease and otherwise is recorded as an operating lease.

MAXIM POWER CORP.

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4. Future accounting changes

IFRS 18 – Presentation and disclosure in financial statements

On April 9, 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements which introduces a defined structure to the statement of operations and comprehensive income, including new totals, subtotals, and categories for income and expenses. In addition, management defined performance measures will require disclosure within the notes to the financial statements, as well as requiring additional aggregation and disaggregation 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. IFRS 18 is required to be adopted retrospectively. Management is currently assessing the impacts of IFRS 18 on the Corporation's consolidated financial statements.

5. Determination of fair value

A number of the Corporation's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (a) Cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, and other long-term liabilities

The fair value of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, and other long-term liabilities are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at December 31, 2025, and 2024, the fair value of cash and cash equivalents, restricted cash, trade and other receivables, trade and other payables, and other long-term liabilities approximated their carrying value due to their short term to maturity.

- (b) Commodity swaps

The fair value of swaps is based on the amount that would be paid or received to settle the contracts at period end. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation and counterparty when appropriate.

- (d) Convertible note

The fair value of the convertible note is based on a probability-weighted approach that considers discounted cashflows related to the collection of principal amounts through maturity and potential conversion into common shares.

- (d) Investments

The fair value of non-public investments is based on the market approach which incorporates the most recent arm's length common share prices related to issuances of the non-public investment.

MAXIM POWER CORP.

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For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

5. Determination of fair value (continued)

(e) Share-based payment transactions

The fair value of the employee share options are measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instrument, expected dividends, and the risk-free interest rate. Assumptions regarding employee turnover, and related forfeitures, are also considered in determining fair value.

6. Trade and other receivables

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Trade receivables | 7,553 | 4,384 |
| Realized risk management receivable (a) | 405 | 1,860 |
| Total trade and other receivables | 7,958 | 6,244 |

(a) Realized risk management receivable of \$405 is unsettled realized gains on power commodity swap transactions as at December 31, 2025 (2024 - \$1,860).

7. 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 | 2,363 | - | 11,436 | 13,799 |
| Assets in-service (a) | 15,555 | - | (15,555) | - |
| Revisions to decommissioning provisions (note 11) | 2,903 | - | - | 2,903 |
| Derecognition of fully depreciated asset (a) | (7,615) | - | - | (7,615) |
| Disposal of development project (note 16) | (194) | - | (8,192) | (8,386) |
| Balance, December 31, 2025 | 422,322 | 202 | 1,303 | 423,827 |
| 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 | 15,575 | 30 | - | 15,605 |
| Disposal of development project (note 16) | (169) | - | - | (169) |
| Derecognition of fully depreciated asset (a) | (7,615) | - | - | (7,615) |
| Balance, December 31, 2025 | 124,767 | 145 | - | 124,912 |
| Property, plant and equipment, net | | | | |
| December 31, 2024 | 292,334 | 87 | 13,614 | 306,035 |
| December 31, 2025 | 297,555 | 57 | 1,303 | 298,915 |

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 10

For the years ended December 31, 2025 and 2024
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7. Property, plant and equipment, net (continued)

(a) Assets in service

During 2025, the Corporation completed a major overhaul on certain components of the combined cycle gas turbine ("CCGT") of Milner 2 ("M2"). During 2025, the Corporation put \$15,555 of assets under construction into service, of which \$10,247 relates to critical sustaining capital spending at M2 and \$5,308 for major overhauls completed in the fourth quarter of 2025. MAXIM derecognized \$7,615 of major overhaul costs at Milner and M2 which were fully depreciated.

(b) During 2025, the Corporation revised the useful life of certain components of property, plant and equipment as a result of the accelerated timing of major overhauls at Milner Power Limited Partnership ("Milner") necessary for future operations which gave rise to additional depreciation of \$538.

8. Restricted cash

| | December 31, 2025 | December 31, 2024 |
|---------------------------------------|----------------------|----------------------|
| Cash collateralized letters of credit | 7,341 | 8,451 |
| Total restricted cash | 7,341 | 8,451 |

9. Trade and other payables

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Trade payables | 3,035 | 2,655 |
| Accrued liabilities and other payables | 8,503 | 8,271 |
| Realized risk management liability (a) | 741 | 185 |
| Total trade and other payables | 12,279 | 11,111 |

(a) Realized risk management liability of \$741 reflects unsettled realized losses on gas commodity swap transactions as at December 31, 2025 (2024 - \$185).

10. Loans and borrowings

Senior Credit Facility

The Senior Credit Facility provides senior debt financing to support financing requirements of the existing operations, letters of credit and hedging. The Senior Credit Facility is secured by the assets of the Corporation. The Senior Credit Facility matures 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 December 31, 2025, the availability of this facility is \$17,659 as it is fully undrawn. The Corporation can elect to draw back the \$7,341 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 Revolver Facility #1 bears interest at the Canadian overnight repo rate average or Canadian prime rate, plus applicable margins.

MAXIM POWER CORP.

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For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

10. 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 December 31, 2025, MAXIM's net debt to Adjusted EBITDA ratio is (1.98):1.00 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 December 31, 2025, MAXIM's interest coverage ratio is 126.33:1.00 and is therefore in compliance.

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 95% of consolidated tangible assets. As at December 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 December 31, 2025, MAXIM is in compliance with all applicable debt covenants.

11. Provisions for decommissioning

The Corporation's provisions are comprised of decommissioning liabilities that relate to the retirement of its electrical generating facilities. The decommissioning liabilities have been discounted at the risk-free rate, which was 3.7% (December 31, 2024 – 3.3%) based on the timeframe of when the liability will be settled and the inflation rate, which was 1.8% (December 31, 2024 – 1.8%).

The Corporation is required to re-measure the provision at each reporting period in order to reflect expected cost, timing and discount rates in effect at that time. The total undiscounted inflation adjusted amounts of estimated obligations are approximately \$28,040 (December 31, 2024 - \$21,506) and are expected to be incurred in seven to twenty-one years from the date of these consolidated financial statements.

| | |
|------------------------------|--------|
| Balance, December 31, 2023 | 10,760 |
| Accretion | 347 |
| Changes in estimate | (55) |
| Balance, December 31, 2024 | 11,052 |
| Accretion | 356 |
| Changes in estimate | 2,903 |
| Disposal of Summit (note 16) | (287) |
| Balance, December 31, 2025 | 14,024 |

- (a) During 2025, the Corporation updated the estimated decommissioning liability for Milner and M2. As at December 31, 2025, the estimated uninflated decommissioning costs are \$20,584. The life expectancy is December 31, 2045.

MAXIM POWER CORP.

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For the years ended December 31, 2025 and 2024
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12. Share capital

During 2025, the Corporation purchased and cancelled 193,535 (2024 – 296,640) Common Shares under the normal course issuer bid (“NCIB”) program at a cost of \$879 (2024 - \$1,272). Common Shares purchased were recognized as a \$526 (2024 - \$843) reduction to share capital which is equal to the weighted average carrying value of Common Shares. The difference between the aggregate purchase price and the average carrying value of the Common Shares of \$353 (2024 - \$429) was recorded as a decrease in retained earnings.

The Corporation is authorized to issue the following classes and number of shares:

- (i) an unlimited number of Common Shares without nominal or par value
- (ii) an unlimited number of preferred shares

All shares rank equally with regard to the Corporation’s equity and shall be entitled to one vote per share at the meetings of the shareholders of the Corporation. The holders of the Common Shares are entitled to receive equally any dividends declared by the Corporation. As at December 31, 2024 and 2025, there are nil preferred shares outstanding.

| | Number of Shares | \$ |
|---|---------------------|---------|
| Common Shares of MAXIM | | |
| Common Shares, December 31, 2023 | 50,593,138 | 143,963 |
| Common Shares purchased and cancelled under NCIB | (296,640) | (843) |
| Share options exercised and settled for Common Shares (a) | 312,796 | 278 |
| Conversion of Convertible Loan Facility | 13,083,735 | 29,078 |
| Common Shares, December 31, 2024 | 63,693,029 | 172,476 |
| Common Shares purchased and cancelled under NCIB | (193,535) | (526) |
| Share options exercised and settled for Common Shares (a) | 90,946 | 456 |
| Common Shares, December 31, 2025 | 63,590,440 | 172,406 |

- (a) Included in the share options exercised in 2025 were 35,980 Common Shares (2024 – 266,821 Common Shares) issued as a result of in-the-money options exercised through a cashless put right, which allows option holders to exchange the option value for Common Shares.

13. Share-based compensation

The Corporation has an employee stock option plan under which employees, directors and key consultants are eligible to receive grants.

Stock options granted under the plan vest over a three year period in equal amounts. The grantee has the right to exercise the vested stock options within one year of vesting. The maximum number of outstanding stock options under the plan is limited to 10% of the number of Common Shares outstanding.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 13

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13. Share-based compensation (continued)

The Corporation's Board of Directors determines the number of stock options to be granted, and sets the exercise price based on the market value at the time of granting. Stock options issued and outstanding are as follows:

| | December 31, 2025 | | December 31, 2024 | |
|--------------------------------|----------------------|--|----------------------|--|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding, beginning of year | 2,408,628 | \$ 4.20 | 3,046,782 | \$ 3.54 |
| Exercised | (366,334) | 3.81 | (865,646) | 2.62 |
| Settled for cash | - | - | (668,987) | 3.51 |
| Granted (a) | 1,327,105 | 4.47 | 896,479 | 4.40 |
| Outstanding, end of year (b) | 3,369,399 | \$ 4.35 | 2,408,628 | \$ 4.20 |
| Exercisable | 1,024,150 | \$ 4.16 | 366,334 | \$ 3.81 |

During 2025, the Corporation recorded non-cash share-based expense of \$1,137 (December 31, 2024 - \$1,803) of which \$nil (2024 - \$754) relates to the settlement of cash and Common Shares in excess of the estimated fair value of the options from the date of grant.

- (a) During 2025 and 2024, the Corporation granted options to certain employees and directors. The fair value of each option granted is estimated at the date of grant using the Black-Scholes option pricing model with weighted average assumptions for the grant as follows:

| | 2025 | 2024 |
|--------------------------------|-------|-------|
| Fair value of each option (\$) | 0.97 | 1.06 |
| Share price at grant date (\$) | 4.47 | 4.40 |
| Exercise price (\$) | 4.47 | 4.40 |
| Risk-free interest rate (%) | 2.91 | 3.33 |
| Expected life (years) | 1.43 | 2.00 |
| Expected volatility (%) | 36.72 | 38.63 |

Expected volatility was calculated by using daily volatility of the historical closing value of the Corporation's stock, using the date of the grant as the starting point of the retrospective data capture.

- (b) As at December 31, 2025, the range of exercise prices was \$3.21 - \$5.85 (December 31, 2024 - \$2.16 to \$5.08) and the weighted average remaining contractual life was 1.58 years (December 31, 2024 - 1.86 years).

14. Revenue

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Power generation revenue ⁽¹⁾ | 86,873 | 101,482 |

- (1) Includes \$4.7 million of Unforeseeable Transmission Must-Run ("TMR") services provided to the Alberta Electricity System Operator ("AESO") in 2025. 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.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 14

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14. Revenue (continued)

Revenue from contracts with customers consists of revenue generated from the sale of electricity to the Corporation's sole customer. MAXIM recognizes revenue when the performance obligation is satisfied, which is the moment electricity is generated and delivered to the grid. The amount of revenue recognized is the agreed transaction price which is based on the average spot price determined on an hourly basis for the volume of generation produced. Collection occurs the following month on the twentieth business day.

15. Operating, general and administrative expenses by nature

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Fuel costs | 27,305 | 23,802 |
| Operating and maintenance | 27,507 | 30,698 |
| Wages and employee benefits | 12,168 | 11,685 |
| Total operating and general and administrative expenses | 66,980 | 66,185 |

16. Other income, net

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Change in fair value of investment (note 25d) | 2,250 | - |
| Gain on sale of development projects, net of closing costs (a) | 1,480 | 2,810 |
| Lease income (b) | 1,433 | - |
| Settlement proceeds (c) | 6,454 | - |
| Other income | 24 | 151 |
| Total other income, net | 11,641 | 2,961 |

(a) Gain on sale of development projects

- (i) On April 29, 2025, MAXIM closed the sale of its wholly-owned subsidiaries Summit Coal Inc. and Summit Coal Limited Partnership (collectively "Summit") to Valory Resources Inc. ("Valory") for \$14,150, consisting of \$10,150 of cash and a \$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"). The Convertible Note is a level III financial instrument (note 25) and as such was valued at \$1,636 (note 25c) on April 29, 2025. The following table summarizes the net assets sold and gain on disposal of Summit for the year ended December 31, 2025.

| | |
|--|---------|
| Cash and cash equivalents | 7 |
| Restricted cash | 2,150 |
| Property plant and equipment, net | 8,217 |
| Provisions for decommissioning | (287) |
| Total net assets sold | 10,087 |
| Cash consideration, net of closing costs | 9,931 |
| Convertible note fair value | 1,636 |
| Gain on sale of Summit | (1,480) |

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 15

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

16. Other income, net (continued)

- (ii) 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.
- (b) On April 29, 2025, MAXIM, through its wholly-owned subsidiary, Milner, entered into a ground lease at the Milner site, with Mine 14 Operations Inc., a subsidiary of Valory, to allow for construction and operation of a coal processing facility. The ground lease is accounted for as an operating lease, as substantially all of the risk and rewards incidental to ownership of the underlying asset have not been transferred to the lessee. The term of the ground lease is twelve years commencing on April 29, 2025. On December 31, 2025, the lease agreement was amended to increase annual lease payments from \$2,126 to \$3,600 annually, paid in monthly \$300 installments, beginning January 1, 2026. In addition, the lease now automatically terminates if the coal processing facility has not been substantially completed on April 29, 2029, which was previously April 29, 2027 and Mine 14 Operations Inc. is required to provide fourteen months notice to terminate the lease as compared to the original term of sixty days. All lease payments remain non-refundable. At expiration of the term, Mine 14 Operations Inc. has the option for an eight year extension of the lease under the same terms and conditions as the current lease. The prorated lease payment of \$1,433 was received on April 29, 2025 and during 2025 was recognized as lease income.

Subject to termination by Mine 14 Operations Inc. with a minimum fourteen-month notice, the minimum future lease payments, unadjusted for inflation, to be received on the operating lease are:

| | |
|------------|---------------|
| 2026 | 3,600 |
| 2027 | 3,600 |
| 2028 | 3,600 |
| 2029 | 3,600 |
| 2030 | 3,600 |
| Thereafter | 22,800 |
| | <u>40,800</u> |

- (c) During 2025, the Corporation collected \$6,454, net of legal costs, for compensation in relation to a partial settlement for a claim against third-parties in relation to damages relating to the non-injury fire on September 30, 2022 at M2.

17. Finance income (expense), net

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Interest expense and bank charges | (227) | (6,634) |
| Amortization of deferred financing costs | (294) | (1,431) |
| Change in fair value of convertible note (note 25c) | 461 | - |
| Accretion of provisions | (356) | (347) |
| Foreign exchange gain (loss) | (13) | 84 |
| Finance expense | (429) | (8,328) |
| Interest income (a) | 1,875 | 4,436 |
| Total finance income (expense) , net | <u>1,446</u> | <u>(3,892)</u> |

- (a) During 2025, the Corporation earned interest income of \$1,875 (December 31, 2024 - \$4,436) including \$1,451 (December 31, 2024 - \$4,436) of cash interest income and \$424 (December 31, 2024 - \$nil) of non-cash Convertible Note interest income.

MAXIM POWER CORP.

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For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

18. Earnings per share

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Weighted average number of common shares - basic | 63,662,454 | 52,534,967 |
| Effect of convertible loan facility | - | 11,148,059 |
| Effect of stock options | 312,937 | 141,421 |
| Weighted average number of common shares - diluted | 63,975,391 | 63,824,447 |
| | December 31, 2025 | December 31, 2024 |
| Net income - basic | 16,694 | 21,946 |
| Finance expense on the convertible loan facility, net of tax | - | 2,389 |
| Net income - diluted | 16,694 | 24,335 |
| | December 31, 2025 | December 31, 2024 |
| Earnings per share: | | |
| Basic | 0.26 | 0.42 |
| Diluted | 0.26 | 0.38 |

19. 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 December 31, 2025 is \$11,424 as follows:

| | |
|------|--------|
| 2026 | 4,621 |
| 2027 | 3,264 |
| 2028 | 1,997 |
| 2029 | 1,092 |
| 2030 | 450 |
| | 11,424 |

Subsequent to December 31, 2025, MAXIM entered into capital asset commitments of \$40,000, which will be paid in 2026.

20. Contingencies

Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is subject to certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated. Management believes that these contingencies, individually or in aggregate, are not expected to result in a liability that would have a material adverse effect on the Corporation.

MAXIM POWER CORP.

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21. Income taxes

(a) Tax expense recognized in statements of income

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Current tax expense | | |
| Current year | - | 62 |
| Adjustment for prior years tax returns | 82 | - |
| Total current tax expense | 82 | 62 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 4,269 | 6,820 |
| Changes in tax rates | - | 139 |
| Conversion of convertible loan facility | - | (83) |
| Change in recognized deductible temporary differences | (2,811) | (783) |
| Adjustment for prior years tax returns | 8 | 20 |
| Total deferred tax expense | 1,466 | 6,113 |
| Total tax expense | 1,548 | 6,175 |

(b) Reconciliation of effective tax rate

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial income tax rates for Canada at December 31, 2025 of 23% (December 31, 2024 – 23%) to income before income taxes. A reconciliation of this difference is presented below.

A reconciliation of the differences is as follows:

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Net income before tax | 18,242 | 28,121 |
| Statutory tax rate | 23.00% | 23.00% |
| Computed income taxes | 4,196 | 6,468 |
| Increase (decrease) in taxes: | | |
| Recognition in use of capital losses | - | (920) |
| Conversion of convertible loan facility | - | (83) |
| Change in recognized deductible temporary differences | (2,811) | 139 |
| Changes in tax rates | - | 139 |
| Non-deductible expenses, net | 155 | 412 |
| Adjustments for prior years | 8 | 20 |
| Total tax expense | 1,548 | 6,175 |

(c) Unrecognized deferred tax assets

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2025, \$108,392 (December 31, 2024 - \$108,392) of the tax loss carry-forward pool is unrecognized. These assets are unrecognized primarily due to uncertainty in the Corporation's ability to utilize the asset.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 18

For the years ended December 31, 2025 and 2024
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21. Income taxes (continued)

(d) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| December 31, | Assets | | Liabilities | | Net | |
|---------------------------------|--------|-------|-------------|----------|----------|----------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Non-capital loss carry forwards | 701 | 451 | - | - | 701 | 451 |
| Capital assets | - | - | (25,973) | (23,624) | (25,973) | (23,624) |
| Other | 3,364 | 2,731 | - | - | 3,364 | 2,731 |
| Net tax assets (liabilities) | 4,065 | 3,182 | (25,973) | (23,624) | (21,908) | (20,442) |

(e) Movement in deferred tax assets (liabilities) during the year:

| | Net operating | Capital Assets | Other | Total |
|--|---------------|----------------|---------|----------|
| At December 31, 2023 | 1,481 | (19,708) | 3,898 | (14,329) |
| Charged to the income statement | (1,030) | (3,916) | (1,167) | (6,113) |
| At December 31, 2024 | 451 | (23,624) | 2,731 | (20,442) |
| Credited (charged) to the income statement | 250 | (2,349) | 633 | (1,466) |
| At December 31, 2025 | 701 | (25,973) | 3,364 | (21,908) |

22. Related party transactions

Compensation of key management personnel:

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Short-term employee benefits, including wages and benefits | 2,170 | 2,113 |
| Share-based compensation | 906 | 740 |
| Total | 3,076 | 2,853 |

Key management personnel include the Corporation's Directors and Named Executive Officers. There were no other related party transactions during 2025 or 2024.

23. Change in non-cash working capital

| | December 31, 2025 | December 31, 2024 |
|-------------------------------|----------------------|----------------------|
| Operating activities | | |
| Trade and other receivables | (1,714) | 41,633 |
| Prepaid expenses and deposits | 1,657 | 2,058 |
| Trade and other payables | 873 | (1,413) |
| | 816 | 42,278 |
| Investing activities | | |
| Trade and other payables | 294 | (819) |
| Restricted cash | (1,040) | 8,067 |
| | (746) | 7,248 |

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 19

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

24. Financial risk management

The Corporation has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- foreign currency exchange risk
- interest rate risk
- commodity price risk

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of MAXIM's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring MAXIM's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

MAXIM's risk management policies are established to identify and analyze the risks faced by MAXIM, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and MAXIM's activities. MAXIM, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Risk management assets recognized on the Consolidated Statement of Financial Position are attributable to the following:

(a) Credit risk

Credit risk arises from the possibility that a counterparty that owes money to the Corporation is unable or unwilling to fulfill their obligations. The extent of the risk depends on the credit quality of the counterparty to which the Corporation provides goods or services.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | December 31, 2025 | December 31, 2024 |
|------------------------------|----------------------|----------------------|
| Cash and cash equivalents | 56,917 | 30,068 |
| Restricted cash (note 8) | 7,341 | 8,451 |
| Prepaid expense and deposits | 6,088 | 7,838 |
| Risk management assets | 1,389 | 462 |
| Trade and other receivables | 7,958 | 6,244 |
| Convertible note (note 25c) | 2,521 | - |
| Investments (note 25d) | 2,250 | - |
| Total | 84,464 | 53,063 |

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 20

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

24. Financial risk management (continued)

Trade and other receivables are predominantly with entities formed by governments for the purpose of facilitating commerce in the power and utility sector or a banking counterparty with a Standard & Poor's rating noted below. For trade and other receivables and risk management assets from third parties and deposits to vendors who are not government sponsored entities, the Corporation utilizes regular credit monitoring processes to mitigate credit risk. MAXIM does not expect any losses from trade and other receivables and risk management assets.

As at December 31, 2025, the Corporation had no past due receivables.

Cash and cash equivalents and restricted cash are held with banking counterparties, which are rated Aa1/AA- and AA-, based on rating agency Standard & Poor's.

The Convertible Note is issued by a third party non-public corporation. The Corporation evaluates the counterparty credit risk through a probability weighted internal valuation model that determines the financial, operating and liquidity position of the counterparty of the Convertible Note.

The Corporation holds an investment with a third-party non-public corporation. The Corporation evaluates the investment's credit risk through ongoing monitoring of the financial performance, and liquidity position of the counter party of the investment. The Corporation also considered market-based evidence from recent arm's length share issuances in assessing the fair value.

(b) Liquidity risk

Liquidity risk is the risk that MAXIM will not be able to meet its financial obligations as they fall due. MAXIM's approach to managing liquidity is through regular monitoring of cash requirements by preparing balance of year and long-term cash flow analyses.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| December 31, 2025 | Carrying amount | Contractual cash flows | 6 months or less | 6 to 12 months | 2 to 3 years | 4 to 5 years |
|---|-----------------|------------------------|------------------|----------------|--------------|--------------|
| Non-derivative financial instruments | | | | | | |
| Trade and other payables ⁽¹⁾ | 12,279 | 12,279 | 12,279 | - | - | - |
| Other long-term liabilities | 285 | 285 | - | - | 35 | 250 |
| | 12,564 | 12,564 | 12,279 | - | 35 | 250 |
| December 31, 2024 | Carrying amount | Contractual cash flows | 6 months or less | 6 to 12 months | 2 to 3 years | 4 to 5 years |
| Non-derivative financial instruments | | | | | | |
| Trade and other payables ⁽¹⁾ | 11,111 | 11,111 | 11,111 | - | - | - |
| Other long-term liabilities | 77 | 77 | - | - | 77 | - |
| | 11,188 | 11,188 | 11,111 | - | 77 | - |

(1) Trade and other payables include MAXIM's current portion of the lease obligation. Lease obligation matures in October 2027.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 21

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

24. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity price risks will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures, while optimizing cash flows to the Corporation.

(i) Foreign currency exchange risk

The Corporation is exposed to foreign currency exchange risk to the extent that the Convertible Note, expenses and liabilities are denominated in currencies that differ from the functional currency of the respective entity within the consolidated group. The Corporation has not hedged the exposure related to capital expenditures, revenues and expenses. At December 31, 2025, the Corporation is exposed to foreign currency exchange risk relating to accounts payable denominated in United States dollars, and a Convertible Note in Australian dollars. A strengthening (weakening) of the Canadian dollar by 10% against the United States dollar and Australian dollar for the year ended December 31, 2025 would have decreased (increased) accounts payable by \$48 (2024 - \$50) and the Convertible Note by \$276 as a result of these exposures.

(ii) Interest rate risk

Interest rate risk is the risk of change in the borrowing and investing rates of the Corporation. MAXIM partially mitigates its interest rate risk by maintaining fixed rate loans and borrowings and periodically entering into interest rate swap agreements to change floating rate debt to fixed rate debt. MAXIM's \$25,000 Revolver Facility #1 is at variable rates and is the Corporation's only credit facility. As at December 31, 2025 no amounts are drawn on this facility and therefore MAXIM's interest rate risk is currently nil until the facility is drawn upon.

(iii) Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as electricity and natural gas. The Corporation periodically reduces its exposure to commodity price risk by entering fixed floating swaps for the price of electricity and natural gas in Alberta. Based on the unsettled power commodity swaps for the year ended December 31, 2025, an appreciation in electricity prices in the Alberta power market by \$1 per MWh would have decreased risk management assets relating to unsettled power commodity swaps by \$421 (2024 - \$287). A weakening of electricity prices by this amount would have the opposite effect on risk management assets relating to unsettled power commodity swaps. Based on the unsettled natural gas commodity swaps for the year ended December 31, 2025, an appreciation in natural gas prices in the Alberta natural gas commodity market by \$0.10 per GJ would have decreased the risk management liability related to natural gas commodity swaps by \$310 (2024 - \$431). A weakening of natural gas prices by this amount would have the opposite effect on risk management liability related to natural gas commodity swaps.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 22

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

25. Fair value

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 convertible notes, risk management swaps, investments, 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.

(a) Commodity risk management swaps

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

Realized gain on commodity swaps

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Realized gain on power swaps | (3,206) | (13,131) |
| Realized loss on natural gas swaps | 1,877 | 11,700 |
| Total realized gain on commodity swaps | (1,329) | (1,431) |

Unrealized loss (gain) on commodity swaps

| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Unrealized loss (gain) on power swaps | (945) | 1,114 |
| Unrealized loss (gain) on natural gas swaps | 1,407 | (8,001) |
| Total unrealized loss (gain) on commodity swaps | 462 | (6,887) |

Gain on commodity swaps

| | | |
|---|-------|---------|
| Total realized and unrealized gain on commodity swaps | (867) | (8,318) |
|---|-------|---------|

(b) Carrying amount of risk management asset and liabilities

Current risk management asset

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Power commodity swaps | 1,389 | 462 |
| Total carrying amount of current risk management asset | 1,389 | 462 |

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 23

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

25. Fair value (continued)

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

Current risk management liability

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Natural gas commodity swaps | 1,775 | 367 |
| Power commodity swaps | 10 | 29 |
| Total carrying amount of current risk management liability | 1,785 | 396 |

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

(c) Convertible Note

The Convertible Note is a \$4,516 Australian dollar equity security in the form of a 15% interest bearing note convertible into Valory common shares. 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.

The Convertible Note is classified as a financial asset measured at fair value through profit or loss at the end of each reporting period, through the use of an internal model which incorporates significant unobservable inputs. Due to the unobservable nature of the inputs used in determining the fair value, the Convertible Note is considered a level III financial instrument. Management's best estimate of the fair value of the Convertible Note is based on a probability weighted approach considering the discounted cash flows associated with the collection of the principal amount through the maturity of the Convertible Note and the conversion into Valory common shares.

The internal model includes assumptions about the credit risk of the counterparty in the determination of the discount rate and contract duration. The following table summarizes the change in fair value of the Convertible Note as at December 31, 2025.

| | |
|--|-------|
| Balance, April 29, 2025 | 1,636 |
| Interest income | 424 |
| Change in fair value of Convertible Note | 461 |
| Balance, December 31, 2025 | 2,521 |

The fair value of the Convertible Note would increase or decrease by \$533 if the probability of each outcome, either through the collection of the principal at maturity or conversion into common shares, were to be adjusted by plus or minus 10%.

(d) Investments

From prior years, MAXIM holds common shares in a non-public investment. During 2025, market conditions surrounding this non-public investment improved significantly and as a result, management assessed the fair value to increase from nil to \$2,250.

MAXIM POWER CORP.

Notes to the Consolidated Financial Statements, Page 24

For the years ended December 31, 2025 and 2024
(Amounts in thousands of Canadian dollars, except as otherwise noted)

25. Fair value (continued)

This non-public investment is classified as a financial asset measured at fair value through profit or loss at the end of each reporting period. Fair value is determined using a market approach which incorporates unobservable inputs. Due to the unobservable nature of the inputs used in determining fair value, the non-public investment is considered a level III financial instrument. Fair value is based on the common share price from the most recent arm's length issuance of common shares of the non-public investment multiplied by the number of shares held by MAXIM.

Fair value increases or decreases by \$75 if the per common share fluctuates by \$0.10.

(e) Foreign exchange risk management swap and options

The Corporation manages this exposure by purchasing foreign currency or entering into foreign currency swaps and purchasing put options, for a portion of the exposure. The fair value of the foreign currency swap and put options are classified as Level II under the fair value hierarchy as the fair values are based on observable market data.

At December 31, 2025 and 2024, the Corporation had no outstanding foreign exchange risk management swaps or options.

26. Capital management

MAXIM manages its capital in a manner consistent with the risk characteristics of the assets it holds. All capital transactions, including equity, debt, and capital leases, are analyzed by management and approved by the Board of Directors.

The Corporation's objectives when managing capital are:

- (a) to safeguard the Corporation's ability to continue as a going concern and provide returns for shareholders;
- (b) to facilitate the acquisition or development of power projects in Canada that are accretive to providers of capital.

The Corporation is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential expenditures, preparing balance of year and long-term cash flow analyses to ensure an adequate amount of liquidity and monthly review of financial results.

The Corporation uses loans and borrowings to finance capital projects and provide liquidity.

The following table represents the net capital employed by the Corporation:

| | December 31, 2025 | December 31, 2024 |
|-------------------------------------|----------------------|----------------------|
| Cash | (56,917) | (30,068) |
| Equity attributable to shareholders | 333,144 | 316,020 |
| Net capital | 276,227 | 285,952 |

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated March 19, 2026 and should be read in conjunction with the audited consolidated financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") for the year ended December 31, 2025. MAXIM prepares its audited consolidated financial statements in accordance with 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.

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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

Financial Performance and Operations

During 2025, MAXIM recorded net income and adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”⁽¹⁾) of \$16.7 million and \$28.8 million, respectively, as compared to net income and Adjusted EBITDA⁽¹⁾ of \$21.9 million and \$38.5 million, respectively, in the same period of 2024. Net income and Adjusted EBITDA⁽¹⁾ decreased in 2025 primarily due to lower generation volumes, as a result of a planned maintenance outage in the fourth quarter of 2025, and a lower realized average power price. Net income further decreased due to unrealized losses on commodity swaps, partially offset by other income and lower financing expenses.

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

MAXIM’s current normal course issuer bid (“NCIB”) program is for the September 16, 2025 to September 15, 2026 period. Under the current NCIB, the Corporation may purchase for cancellation up to 3,182,528 Common Shares of the Corporation. Collectively under this program and as of the date of this MD&A, the Corporation has repurchased and cancelled 137,826 Common Shares at a weighted average price of \$4.52 per share.

The current NCIB follows the expiration of MAXIM’s previous NCIB which was effective from September 16, 2024 and expired on September 15, 2025. Under MAXIM’s previous NCIB, MAXIM completed the purchase of 129,628 Common Shares at a weighted average price of \$4.48 per share.

On November 24, 2025, MAXIM successfully settled a portion of its claim for compensation against third-parties in relation to the non-injury fire at M2 on September 30, 2022 (“Non-Injury Fire”), which caused damage to M2’s air inlet filter house (the “Claim”). The Claim was filed in 2024 against multiple third parties and this settlement is with one of those parties. MAXIM’s portion of the settlement, net of fees, is \$6.5 million. The amount represents the maximum net amount available from the insurance policy of the third party who has agreed to settle.

In addition, MAXIM continues to pursue its Claim against the remaining third parties. The Corporation understands that the collective amount of the insurance policies, for the remaining third parties involved in the Claim, is equivalent to the amount paid out as part of the settlement announced on November 24, 2025. As of the date hereof, the precise amount and timing of any further compensation related to the Claim, if any, cannot be determined.

As previously reported, MAXIM submitted an additional insurance claim for a delay in start up related to the Non-Injury Fire under its course of construction insurance policy, which includes a provision for delay in start up coverage relating to the Combined Cycle Gas Turbine (“CCGT”) expansion of M2. The insurer denied coverage under this policy, which the Corporation is disputing by way of arbitration. The amount of the dispute was previously \$25.0 million and has increased to \$32.0 million. The outcome of any arbitration, including the timing thereof and any reward therefrom is uncertain and has not been recognized by the Corporation in the financial statements.

Development and Business Initiatives

On February 9, 2026, MAXIM entered into a gas turbine and generator reservation agreement (the “Reservation Agreement”) with GE Vernova. The Reservation Agreement allows MAXIM to hold a manufacturing slot for a 7HA.02 gas turbine and generator package (the “Gas Turbine”) with a target delivery by 2030. To hold this manufacturing slot, MAXIM is required to provide a non-refundable deposit which is payable in 2026. Under the Reservation Agreement, the parties agree to negotiate in good faith to reach a definitive sales agreement for the purchase of the Gas Turbine. The purchase price for the Gas Turbine will be agreed to in the definitive agreement, and the deposit will be credited towards the final purchase price.

MAXIM is securing this unit manufacturing slot for its permitted 400 MW Prairie Lights Power project (“Prairie Lights”) located near Grande Prairie, Alberta. An amendment to the Prairie Lights regulatory permits will be required based on the Gas Turbine selected and its corresponding delivery schedule. The 7HA.02 gas turbine is an updated model of the currently approved gas turbine within the Prairie Lights regulatory permits and as such the amendment is anticipated to be routine in nature. The Corporation continues to advance all aspects of project development for Prairie Lights and anticipates total project spending during 2026 of up to \$60 million.

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 a \$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.

In connection with the sale of Summit 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.

Also in connection with the sale of Summit on April 29, 2025, MAXIM, through its wholly-owned subsidiary, Milner, entered into a ground lease at the Milner site, with Mine 14 Operations Inc. (a subsidiary of Valory), to allow for construction and operation of a coal processing facility. The ground lease is accounted for as an operating lease, as substantially all of the risk and rewards incidental to ownership of the underlying asset have not been transferred to the lessee. The term of the ground lease is twelve years commencing on April 29, 2025. On December 31, 2025, the lease agreement was amended to increase the fixed annual lease payments from \$2.1 million to \$3.6 million annually, paid in monthly \$0.3 million installments beginning January 1, 2026. In addition, the lease now automatically terminates if the coal processing facility has not been substantially completed on April 29, 2029, (previously April 29, 2027) and Mine 14 Operations Inc. is required to provide fourteen months notice to terminate the lease as compared to the original term of sixty days. The lease also includes a variable throughput payment subject to coal being processed through 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 of the fixed lease payment and variable throughput payment is adjusted for inflation. All lease payments remain non-refundable. At expiration of the term, Mine 14 Operations Inc. has an option for an eight year extension of the lease under the same terms and conditions.

Annual Financial Highlights

| (000's unless otherwise noted) | 2025 | 2024 | 2023 |
|---|------------|------------|-----------|
| Revenue | 86,873 | 101,482 | 41,458 |
| Net income | 16,694 | 21,946 | 28,295 |
| Basic earnings per share (\$ per share) | 0.26 | 0.42 | 0.56 |
| Diluted earnings per share (\$ per share) | 0.26 | 0.38 | 0.49 |
| Adjusted EBITDA ⁽¹⁾ | 28,813 | 38,531 | 50,686 |
| Free cash flow ⁽¹⁾ | 17,521 | 28,763 | 16,857 |
| Total generation (MWh) | 1,596,541 | 1,733,267 | 516,849 |
| Total fuel consumption (GJ) | 13,262,203 | 14,221,985 | 4,315,372 |
| Heat rate (GJ/MWh) | 8.31 | 8.21 | 8.35 |
| Facility availability rate (%) | 90.4% | 89.4% | 94.7% |
| Facility utilization rate (%) | 66.9% | 67.3% | 80.6% |
| Average Alberta market power price (\$ per MWh) | 43.74 | 62.78 | 133.63 |
| Average realized power price (\$ per MWh) | 54.41 | 58.55 | 80.21 |
| Non-current liabilities | 36,217 | 31,571 | 101,575 |
| Total assets | 383,424 | 359,098 | 425,840 |

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

Financial Results

Revenue in 2025 decreased as compared to 2024 primarily due to lower generation volumes, as a result of a planned maintenance outage in the fourth quarter of 2025, and lower realized average power price. Revenue in 2024 increased as compared to 2023 primarily due to continuing operations of M2 whereas M2 was primarily offline during 2023 due to the Non-Injury Fire.

Average realized power prices compared to average market power prices were higher in 2025 due to asset optimization strategies, including turning M2 off during periods of prolonged uneconomic pricing and strategic dispatching during economically favourable periods. Average realized power prices compared to average market power prices were lower in 2024 due to an unplanned outage in January 2024 at M2 coinciding with a period of higher market power prices. In 2023, average realized power prices compared to average market power prices were lower as a result of downtime from the Non-Injury Fire and commissioning activities at M2 coinciding with higher market power prices.

Adjusted EBITDA⁽¹⁾ and net income in 2025 decreased as compared to 2024 primarily due to the same factors impacting revenues. Adjusted EBITDA⁽¹⁾ and net income decreased in 2024 as compared to 2023 due to the same factors impacting revenues and from the recognition of business interruption claims in 2023.

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

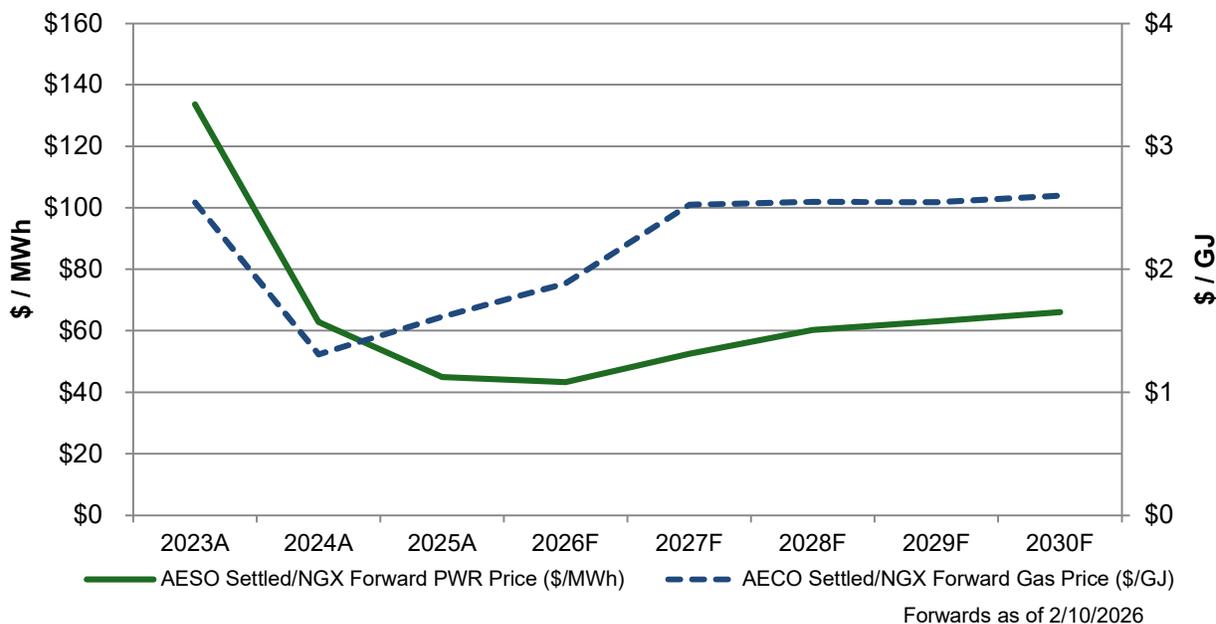
OUTLOOK

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 6 for further details.

In 2023, management observed elevated electricity prices as a result of higher carbon pricing, higher natural gas pricing, and tight supply/demand fundamentals. Power prices declined in 2024 as a result of a significant increase in new generating capacity additions during the period compounded by low natural gas prices. 2025 power prices were lower than 2024 due to further generating capacity additions coming online early in the year, along with low natural gas prices. 2026 power prices are anticipated to be similar to 2025 however forward power prices are expected to begin rising in 2027+ due to higher forecast natural gas prices and a re-balancing of supply/demand fundamentals.

Current (2026) Alberta natural gas forward prices are higher than 2025 pricing but remain depressed, 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 (2027+) 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 final investment commitments or decisions on these future business initiatives have been made.

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.

MAXIM owns the 400 MW Prairie Lights natural gas-fired power generation development project located near Grande Prairie, Alberta, which is in the early stages of development. Refer to the Highlights section on page 3 for further details of recent developments of Prairie Lights.

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.

MAXIM continues to conduct its review of commercialization of the Milner landfill fly ash beneficiation project ("LFAB") which will process and repurpose 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. Through advancement of project development, the LFAB has been approved for funding through the Emissions Reduction Alberta ("ERA") Advanced Materials Challenge for up to \$5.0 million. Funding can be used for directly attributable costs in relation to all project-related activities of the LFAB. The Corporation has entered into the funding contribution agreement with the ERA and continues to refine project details to inform a final investment decision. As at the date of this MD&A, the Corporation has not made a final investment decision to proceed with the LFAB.

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, anticipated spending and development of the Prairie Lights project capital expenditures, outlook for commodity and power 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, operational risks related to the Corporation's generation facilities, 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, counterparty credit risk of non-performance, tariffs, trade disputes, supply chain constraints, 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 2026 of approximately \$66.0 million. These expenditures primarily relate to Prairie Lights project spending and sustaining capital spending related to M2. Management forecasts that cash flows for capital expenditures will be funded with existing cash on hand, operating cashflows and financing.
- 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 4.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Highlights

| Quarter ended: (unaudited) (\$000's unless otherwise noted) | 31-Dec 2025 | 30-Sep 2025 | 30-Jun 2025 | 31-Mar 2025 |
|--|----------------|----------------|----------------|----------------|
| Revenue | 17,966 | 27,228 | 21,426 | 20,253 |
| Net income | 2,422 | 10,620 | 386 | 3,266 |
| Basic earnings per share (\$ per share) | 0.04 | 0.17 | 0.01 | 0.05 |
| Diluted earnings per share (\$ per share) | 0.04 | 0.17 | 0.01 | 0.05 |
| Adjusted EBITDA ⁽¹⁾ | 6,007 | 11,387 | 6,183 | 5,236 |
| Average realized power price (\$ per MWh) | 57.44 | 59.94 | 51.44 | 49.04 |
| Total fuel consumption (GJ) | 2,731,215 | 3,640,634 | 3,400,931 | 3,489,423 |
| Total generation (MWh) | 312,769 | 454,253 | 416,488 | 413,031 |

| Quarter ended: (unaudited) (\$000's unless otherwise noted) | 31-Dec 2024 | 30-Sep 2024 | 30-Jun 2024 | 31-Mar 2024 |
|--|----------------|----------------|----------------|----------------|
| Revenue | 24,048 | 25,659 | 17,007 | 34,768 |
| Net income (loss) | (341) | 10,744 | 1,056 | 10,487 |
| Basic earnings (loss) per share (\$ per share) | (0.01) | 0.21 | 0.02 | 0.21 |
| Diluted earnings (loss) per share (\$ per share) | (0.01) | 0.18 | 0.02 | 0.18 |
| Adjusted EBITDA ⁽¹⁾ | 5,647 | 12,675 | 4,287 | 15,922 |
| Average realized power price (\$ per MWh) | 56.52 | 55.11 | 46.51 | 72.96 |
| Total fuel consumption (GJ) | 3,514,660 | 3,756,808 | 3,034,857 | 3,915,660 |
| Total generation (MWh) | 425,486 | 465,584 | 365,666 | 476,531 |

Quarter over quarter revenue, Adjusted EBITDA⁽¹⁾ and net income are affected by planned and unplanned outages, market demand, weather conditions and the seasonal nature of Alberta power and natural gas 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 2024 and 2025 due to variations in generation volumes of M2 and realized power prices.

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

- The fourth quarter of 2025 included \$6.5 million of settlement proceeds relating to the Claim, lease income of \$0.5 million, \$0.1 million change in fair value of Convertible Note, \$0.8 million change in fair value of investment, \$0.5 million of net commodity swap gains and \$0.6 million of income tax expense.
- The third quarter of 2025 included \$1.5 million of change in fair value of investment, \$0.6 million change in fair value of Convertible Note, lease income of \$0.5 million, \$0.4 million of net commodity swap losses and income tax expense of \$1.0 million.
- The second quarter of 2025 included \$4.8 million of net commodity swap losses, a gain on sale of Summit of \$1.5 million, lease income of \$0.4 million and income tax recovery of \$1.1 million.
- The first quarter of 2025 included \$5.6 million of net commodity swap gains 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.

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

2025 FOURTH QUARTER

Selected fourth quarter financial information:

| (\$000's, unless otherwise noted) | 2025 | 2024 |
|--|-----------|-----------|
| Revenue | 17,966 | 24,048 |
| Net income (loss) | 2,422 | (341) |
| Basic earnings (loss) per share (\$ per share) | 0.04 | (0.01) |
| Diluted earnings (loss) per share (\$ per share) | 0.04 | (0.01) |
| Adjusted EBITDA ⁽¹⁾ | 6,007 | 5,647 |
| Total fuel consumption (GJ) | 2,731,215 | 3,514,660 |
| Total generation (MWh) | 312,769 | 425,486 |
| Average Alberta market power price (\$ per MWh) | 43.27 | 51.52 |
| Average realized power price (\$ per MWh) | 57.44 | 56.52 |

Revenue in the fourth quarter of 2025 decreased by \$6.0 million primarily due to lower generation volumes, as a result of a planned maintenance outage in the fourth quarter of 2025, and lower realized average power price. Adjusted EBITDA⁽¹⁾ and net income increased by \$0.4 million and \$2.7 million, respectively, when compared to the same period in 2024, due to the same factors impacting revenues and settlement proceeds relating to the Claim collected in the fourth quarter of 2025.

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

ANNUAL FINANCIAL RESULTS OF OPERATIONS

Revenue

| (\$000's) | 2025 | 2024 |
|------------------------|--------|---------|
| Revenue ⁽¹⁾ | 86,873 | 101,482 |

(1) Includes \$4.7 million of Unforeseeable Transmission Must-Run ("TMR") services provided to the Alberta Electricity System Operator ("AESO") in 2025. 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 2025 decreased by \$14.6 million to \$86.9 million from \$101.5 million in 2024, due to lower generation volumes and lower realized power prices in 2025.

Operating Expense

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

| (\$000's) | 2025 | | | | 2024 | | | |
|---------------------------|--------|--------------|--------|--------|--------|--------------|--------|--------|
| | Fuel | Carbon Costs | O&M | Total | Fuel | Carbon Costs | O&M | Total |
| Total | 27,305 | 6,808 | 24,715 | 58,828 | 23,802 | 6,122 | 28,733 | 58,657 |
| Percent ⁽¹⁾ | 46% | 12% | 42% | 100% | 41% | 10% | 49% | 100% |
| \$ Per MWh ⁽¹⁾ | 17.10 | 4.26 | 15.48 | 36.84 | 13.73 | 3.53 | 16.58 | 33.84 |
| \$ Per GJ ⁽¹⁾ | 2.06 | 0.51 | 1.86 | 4.43 | 1.67 | 0.43 | 2.02 | 4.12 |

Fuel expenses in 2025 increased by \$3.5 million, or 15%, to \$27.3 million from \$23.8 million in 2024, primarily due to higher fuel costs in 2025, partially offset by lower generation volumes.

Carbon Costs in 2025 increased \$0.7 million to \$6.8 million, or 11%, from \$6.1 million in 2024 due to favourable external carbon pricing market conditions which resulted in a true up of Carbon Costs in the second quarter of 2024, partially offset by lower generation volumes in 2025.

O&M expenses in 2025 decreased by \$4.0 million, or 14%, to \$24.7 million from \$28.7 million in 2024, primarily due to lower repairs & maintenance and insurance premiums.

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

General and Administrative Expense

| (\$000's) | 2025 | 2024 |
|--|-------|-------|
| Total general and administrative expense | 8,152 | 7,528 |

General and administration expense in 2025 increased by \$0.7 million, or 9%, to \$8.2 million from \$7.5 million in 2024, primarily due to increased legal costs in 2025.

Depreciation and Amortization Expense

| (\$000's) | 2025 | 2024 |
|-------------------------------------|--------|--------|
| Total depreciation and amortization | 15,605 | 14,563 |

Depreciation and amortization expense in 2025 increased by \$1.0 million, or 7%, to \$15.6 million from \$14.6 million in 2024, primarily due to an increase in assets in service and the advancement of depreciation of certain components of Milner's property plant & equipment ("PP&E").

Other Income, Net

| (\$000's) | 2025 | 2024 |
|-------------------|----------|---------|
| Other income, net | (11,641) | (2,961) |

Other income in 2025 was \$11.6 million as compared to \$3.0 million in 2024. The increase is primarily due to proceeds from partial insurance settlement of the Claim, changes in the fair value of investment, gain on the sale of Summit, changes in fair value of the Convertible Note and earnings from lease income, 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) | 2025 | 2024 |
|---|---------|----------|
| Realized gain on power swaps | (3,206) | (13,131) |
| Realized loss on natural gas swaps | 1,877 | 11,700 |
| Total realized gain on commodity swaps | (1,329) | (1,431) |
| (\$000's) | 2025 | 2024 |
| Unrealized loss (gain) on power swaps | (945) | 1,114 |
| Unrealized loss (gain) on natural gas swaps | 1,407 | (8,001) |
| Total unrealized loss (gain) on commodity swaps | 462 | (6,887) |
| Total realized and unrealized gain on commodity swaps | (867) | (8,318) |

In 2025, MAXIM realized net gain of \$1.3 million on Alberta power and natural gas price risk management swaps, as compared to the same period of 2024 which realized gains of \$1.4 million. These net gains are due to settled Alberta power and natural gas prices deviating from the fixed swap price.

In 2025, MAXIM had unrealized net losses of \$0.5 million on Alberta power and natural gas price risk management swaps, as compared to the same period of 2024 which had unrealized gains of \$6.9 million. These gains and losses are due to Alberta power and natural gas forward prices deviating from the fixed swap price.

Finance (Income) Expense, Net

| (\$000's) | 2025 | 2024 |
|--|---------|---------|
| Interest expense and bank charges | 227 | 6,634 |
| Amortization of deferred financing costs | 294 | 1,431 |
| Change in fair value of convertible note | (461) | - |
| Accretion of provisions | 356 | 347 |
| Foreign exchange loss (gain) | 13 | (84) |
| Finance expense | 429 | 8,328 |
| Interest income | (1,875) | (4,436) |
| Total finance expense (income), net | (1,446) | 3,892 |

Net finance income in 2025 increased by \$5.3 million to \$1.4 million from an expense of \$3.9 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

| (\$000's) | 2025 | 2024 |
|--------------------------|-------|-------|
| Current tax expense | 82 | 62 |
| Deferred tax expense | 1,466 | 6,113 |
| Total income tax expense | 1,548 | 6,175 |

In 2025, income tax expense decreased \$4.7 million to \$1.5 million from \$6.2 million in 2024 due to MAXIM having lower income before taxes in 2025.

MAXIM claimed \$21.3 million of non-capital losses in the 2022 taxation year, and \$6.9 million of non-capital losses in the 2024 taxation year, which were both denied by the Canada Revenue Agency. MAXIM objected to the assessments of the 2022 and 2024 taxation years, and filed a notice of appeal to the Tax Court of Canada, to appeal the Canada Revenue Agency's assessment of the 2022 taxation year. These non-capital losses relate to a portion of the unrecognized deferred tax assets referenced in Note 21(c) of the December 31, 2025 Consolidated Financial Statements. MAXIM has paid the tax authorities the reassessed amount of \$4.9 million for both the 2022 and 2024 taxation years and, as such, no unpaid 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 December 31, 2025, as compared to December 31, 2024.

| As at (\$000's) | December 31, 2025 | December 31, 2024 | Increase (Decrease) | Primary factors explaining change |
|--|----------------------|----------------------|------------------------|---|
| Assets | | | | |
| Cash and cash equivalents | 56,917 | 30,068 | 26,849 | Increased as a result of financing activities, partially offset by operating and investing activities |
| Trade and other receivables | 7,958 | 6,244 | 1,714 | Increased as a result of higher revenues |
| Property, plant and equipment, net and asset held for sale | 298,915 | 306,035 | (7,120) | Decreased as a result of the sale of Summit and depreciation, partially offset by asset additions |
| Other assets ⁽¹⁾ | 19,634 | 16,751 | 2,883 | Increase as a result of the recognition of the convertible note receivable and investment, partially offset by lower restricted cash and prepaid expenses and deposits. |
| Liabilities & Equity | | | | |
| Trade and other payables | 12,278 | 11,111 | 1,167 | Increased due to the timing of settlement of accounts payable |
| Other liabilities ⁽¹⁾ | 38,002 | 31,967 | 6,035 | Increase due to change in decommissioning liability estimate in 2025 and higher deferred tax liability reflecting deferred tax expense for the year. |
| Equity | 333,144 | 316,020 | 17,124 | 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, operating revenues from the operation of M2 and financing from the Senior Credit Facility. As at December 31, 2025, MAXIM has unrestricted cash of \$56.9 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. As at December 31, 2025, 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. Removing the restriction on the \$7.3 million of cash would further increase net liquidity available⁽¹⁾ to \$81.9 million.

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

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.

Financial Covenants

MAXIM's Senior Credit Facility agreement is subject to financial covenants measured using ratios and amounts: interest coverage ratio, net debt⁽¹⁾ to Adjusted EBITDA⁽¹⁾ and the asset coverage test.

Interest Coverage Ratio

The interest coverage ratio is calculated as Adjusted EBITDA⁽¹⁾ divided by interest expense and bank charges (refer to Note 17 of the December 31, 2025 Consolidated Financial Statements)

Net Debt to Earnings Before Interest, Taxes, Depreciation, and Amortization Ratio

The net debt to earnings before interest, taxes, depreciation, and amortization ratio reflects the Corporation's debt less cash and cash equivalents divided by Adjusted EBITDA⁽¹⁾.

Asset Coverage Percent

The asset coverage percent covenant requires that at the end of each financial quarter the tangible assets of the loan parties are not less than the lesser of (a) 95% of the consolidated tangible assets and (b) consolidated tangible assets less any tangible assets attributed to Summit.

| Ratio | Covenant | 2025 |
|--|----------------|--------|
| Interest coverage ratio | Minimum 5:1 | (1.98) |
| Net debt to Adjusted EBITDA ⁽¹⁾ | Maximum 3.00:1 | 126.33 |
| Asset Coverage | Minimum 95% | 100% |

As at December 31, 2025, the Corporation is compliant with these financial covenants as per the credit agreement.

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

Cash flow summary:

At December 31, 2025, the Corporation had unrestricted cash of \$56.9 million included in the working capital⁽¹⁾ surplus of \$56.3 million (see working capital on page 13). 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:

| Year ended December 31 (\$000's) | 2025 | 2024 |
|---|---------|----------|
| Cash on hand, unrestricted, January 1 | 30,068 | 32,258 |
| Cash flow generated from operating activities | 30,912 | 84,069 |
| Cash flow used in financing activities | (887) | (93,645) |
| Available for investments | 60,093 | 22,682 |
| Cash flow generated from (used in) investing activities | (3,163) | 7,302 |
| Effect of foreign exchange rates on cash | (13) | 84 |
| Unrestricted cash | 56,917 | 30,068 |
| Senior Credit Facility availability | 17,659 | 18,699 |
| Net liquidity available, December 31 ⁽¹⁾ | 74,576 | 48,767 |

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

Cash flow generated from operating activities in 2025 decreased to \$30.9 million from \$84.1 million in 2024, which is a decrease of \$53.2 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 below for further discussion.

During 2025, MAXIM's cash flow used in financing activities decreased \$92.7 million to \$0.9 million in 2025 from \$93.6 million in 2024, primarily due to lower interest and debt repayments in 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 2025 represented a cash outflow of \$3.2 million, decreasing from an inflow of \$7.3 million in 2024. During 2025, MAXIM had \$13.8 million of spending on sustaining capital projects at M2 and changes in non-cash working capital of \$0.7 million, partially offset by \$9.9 million of net proceeds from the sale of Summit and interest income of \$1.4 million.

MAXIM's investing activities in 2024 represented a cash inflow of \$7.3 million. During 2024, changes in non-cash working capital of \$7.3 million, interest income of \$4.4 million and proceeds relating to the sale of a wind development project of \$2.8 million, partially offset by \$7.2 million of spend, primarily related to sustaining capital projects at M2.

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

| As at (\$000's) | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Loans and borrowings | - | - |
| Less: Unrestricted cash | (56,917) | (30,068) |
| Net debt ⁽¹⁾ | (56,917) | (30,068) |
| Shareholders' equity | 333,144 | 316,020 |
| Net capital ⁽¹⁾ | 276,227 | 285,952 |
| Net debt to capital ⁽¹⁾ | -20.6% | -10.50% |

The Corporation uses the percent of net debt to capital to monitor leverage. The Corporation does not currently have any loans and borrowings and as such, net debt and net debt to capital are both negative. The decreasing net debt to capital from December 31, 2024 to December 31, 2025 is primarily due to net income earned during the period.

(1) Net debt, net debt to capital and net 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) | December 31, 2025 | December 31, 2024 | Change |
|--|-------------------|-------------------|--------|
| Total current assets | 70,370 | 41,473 | 28,897 |
| Total current liabilities | 14,063 | 11,507 | 2,556 |
| Working capital surplus ⁽¹⁾ | 56,307 | 29,966 | 26,341 |

The Corporation has a working capital surplus of \$56.3 million at December 31, 2025, which represents a \$26.3 million increase from the working capital surplus of \$30.0 million at December 31, 2024. The net increase is comprised of a \$28.9 million increase in current assets and a \$2.6 million increase in current liabilities.

The increase in current assets was due to an increase in cash and cash equivalents of \$26.8 million, trade and other receivables of \$1.7 million and risk management asset of \$0.9 million, partially offset by prepaid expenses and deposits of \$0.5 million

The increase in current liabilities was due to an increase in trade and accounts payable of \$1.2 million and risk management liabilities of \$1.4 million.

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

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 December 31, 2025 | Total | 2026 | 2027-2028 | 2029-2030 |
|-------------------------|--------|-------|-----------|-----------|
| Long-term contracts | 11,424 | 4,621 | 5,261 | 1,542 |
| Total | 11,424 | 4,621 | 5,261 | 1,542 |

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

Subsequent to December 31, 2025, MAXIM entered into capital asset commitments of \$40,000, which will be paid in 2026.

Contingent liabilities

The Corporation operates in a regulatory and commercial environment that exposes it to regulatory, contractual and litigation risks. As a result, the Corporation is subject to certain disputes and legal proceedings, including litigation, arbitration, and regulatory investigations. Such cases are subject to many uncertainties, and the outcomes are often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, the Corporation may, based on a cost-benefit analysis, enter into a settlement even though denying any wrongdoing. The Corporation makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reliably estimated. Management believes that these contingencies, individually or in aggregate, are not expected to result in a liability that would have a material adverse effect on the Corporation.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

MAXIM continues to monitor regulatory initiatives that may impact its existing business. As a result, MAXIM continues to assess these regulations and explore low emission power generation projects, including its Buffalo Atlee wind development project and other wind power 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

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 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. On May 1, 2025, the Government of Alberta (“GoA”) announced that it is referring the constitutionality of the federal government’s net-zero electricity regulation to the Court of Appeal of Alberta. The timing of the decision is not yet known. On November 27, 2025, as part of the signing of the Alberta and Canada Memorandum of Understanding (“MOU”), the federal government and the Alberta provincial government jointly announced that the CER would be suspended, and, upon completion of a new carbon pricing agreement between the two governments as described in the TIER section below, the CER would be placed in abeyance.

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.

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 (“REM”) can be designed and implemented by mid-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. On August 27, 2025, the AESO unveiled the final design for the REM. The AESO is now drafting rules with a goal to finalize the rules in 2026 and to implement the REM by mid-2027. Management is actively monitoring the development of the rules to better understand the impact this may have on the Corporation.

TIER

Since January 1, 2023, M2 has been exposed to Carbon Costs on emissions via the TIER. For 2025, emissions greater than the electricity benchmark of 0.3478 tonnes of CO₂ equivalent (“tCO₂e”) per MWh are priced at \$95/tCO₂e. The benchmark was expected to tighten by 2% annually to match federal regulations, however on May 12, 2025, the GoA announced that the carbon price would be frozen at \$95/tCO₂e indefinitely. There is concern that this could mean that the provincial program would no longer meet federal equivalency and that the carbon price will continue to increase by \$15/tCO₂e annually until reaching \$170/tCO₂e in 2030 under the federal output based pricing system.

On September 16, 2025, the GoA announced additional changes to the TIER program. The changes include the ability to directly invest in certain carbon reduction measures at eligible facilities as an alternative to utilizing credits, in addition to current options, and allowing smaller facilities to opt out for 2025. The GoA also reaffirmed its decision to freeze the TIER fund price at \$95/ tCO₂e . The MOU signed on November 27, 2025, introduces a “minimum effective carbon credit price” of \$130 per tonne as a shared policy benchmark for industrial emitters, signaling a federal and provincial expectation that Alberta’s system must deliver a materially stronger carbon-price signal than the currently frozen \$95/tCO₂e TIER fund price. The MOU does not immediately raise prices, but it creates a clear upward policy reference point that both governments have agreed is necessary. However, Alberta’s September 2025 regulatory changes to the TIER program and the current oversupply of third-party carbon credits have been flagged by analysts as moving the Alberta TIER program further away from the MOU’s intended tightening of carbon policy, potentially weakening the price signal and making the \$130 per tonne (MOU minimum effective carbon price) benchmark harder to reach. Further policy announcements related to carbon pricing are expected in the first half of 2026.

Under TIER, the Corporation is able to purchase and utilize industry generated carbon credits and offsets from third parties at prevailing market prices. These carbon credits and offsets can be utilized for a portion of the Corporations overall compliance, which for 2025 was up to 80% and for 2026 is up to 90% of its compliance requirements. The remainder of compliance costs must be paid for at the prevailing GoA carbon price, which for 2025 and 2026 is \$95/tCO₂e, pending any further adjustments as discussed above.

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 | | Twelve months ended | | |
|--|--------------------|--------------|---------------------|---------------|---------------|
| | December 31 | | December 31 | | |
| | 2025 | 2024 | 2025 | 2024 | 2023 |
| GAAP Measures from Consolidated Statement of Operations | | | | | |
| Net income (loss) | 2,422 | (341) | 16,694 | 21,946 | 28,295 |
| Income tax expense | 609 | 205 | 1,548 | 6,175 | 9,107 |
| Finance expense (income), net | (790) | 737 | (1,446) | 3,892 | 5,421 |
| Asset impairment charge | - | - | - | - | 2,002 |
| Depreciation and amortization | 3,916 | 3,660 | 15,605 | 14,563 | 9,695 |
| | 6,157 | 4,261 | 32,401 | 46,576 | 54,520 |
| Adjustments: | | | | | |
| Other expense (income) | (7,176) | 76 | (11,641) | (2,961) | (64,528) |
| Settlement proceeds | 6,454 | - | 6,454 | - | - |
| Business interruption insurance claim | - | - | - | - | 53,181 |
| Unrealized loss (gain) on commodity swaps | 262 | 309 | 462 | (6,887) | 6,821 |
| Share-based compensation | 310 | 1,001 | 1,137 | 1,803 | 692 |
| Adjusted EBITDA | 6,007 | 5,647 | 28,813 | 38,531 | 50,686 |

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), income taxes and depreciation and amortization are excluded from the Adjusted EBITDA calculation, as they do not represent cash expenditures that are directly affected by operations. Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operating activities.

In calculating Adjusted EBITDA for the year ended December 31, 2025 and December 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 except for business interruption insurance proceeds and settlement proceeds as it reflects a portion of earnings that would have been earned if M2 was operational.

Free Cash Flow

| (\$000's) | Three months ended December 31 | | Twelve months ended December 31 | | |
|---|-----------------------------------|---------|------------------------------------|---------|----------|
| | 2025 | 2024 | 2025 | 2024 | 2023 |
| Funds generated from operating activities before change in non-cash working capital | 6,480 | 4,265 | 30,096 | 41,791 | 52,310 |
| Property, plant and equipment additions | (4,376) | (3,726) | (13,799) | (7,192) | (27,421) |
| Repayment of loans and borrowings | - | (1,500) | - | (3,638) | (2,850) |
| Interest expense and bank charges | (41) | (746) | (227) | (6,634) | (8,114) |
| Interest income | 391 | 691 | 1,451 | 4,436 | 2,932 |
| Free cash flow | 2,454 | (1,016) | 17,521 | 28,763 | 16,857 |

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 year ended December 31, 2025 and December 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 13.

Net Liquidity Available

MAXIM defines net liquidity available as its cash and cash equivalents plus undrawn amounts on the Senior Credit Facility. 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, convertible note, investments and restricted cash.

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

Other assets and other liabilities are used to summarize primary factors explaining change in the financial position in the Quarterly Financial Results of Operations 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 generated during the period.

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 of fuel consumed during the period.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates used in the preparation of the consolidated 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, 2025.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, assumptions and judgements, based on its experience, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The following outlines the accounting policies and practices involving the use of estimates that are critical in determining the financial results of the Corporation.

Impairment indicators

At the end of each reporting period, management makes a judgement whether there are any indicators of impairment of its PP&E and intangible assets at the lowest level at which there are separately identifiable cash flows. If there are indicators of impairment, MAXIM performs an impairment test on the asset or the cash-generating unit.

The assessment of impairment indicators is based on management's significant judgement of whether there are internal or external factors that would indicate that the cash generating unit and specifically the assets within that cash generating unit are impaired. The assessment of the external indicators considers future commodity prices. The assessment of internal indicators considers forecasted cashflows.

The Corporation evaluates impairment losses for potential reversals when management has determined that events or circumstances warrant such consideration.

Decommissioning costs

Decommissioning costs are expected to be incurred at the end of the operating life of the facilities. A provision is recognized when there is a present obligation to restore the site, it is probable the expenditure will be required, and a reliable estimate of the costs can be determined. The ultimate cost to settle these obligations is uncertain due to timing and cost estimates that may vary in response to many different factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other facilities. As a result, there could be significant adjustments to the provisions established which could affect future financial results. Management bases these estimates on its best knowledge, experience in similar circumstances and in some cases reports from independent experts.

Because of the long-term nature of the liabilities, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Corporation has assumed that each site will be restored using technology and materials that are currently available.

Useful life and residual value of PP&E

Useful lives over which costs should be depreciated may be impacted by changes in the Corporation's strategy, process or operations as a result of climate change initiatives. Each major component of PP&E is depreciated over its estimated useful life net of residual value. The estimated useful lives of the assets are based upon current conditions and management's experience, which take into consideration specific contracts, agreements, condition of the asset, technology, production and use of the asset, and regular maintenance programs. The facilities are operated within equipment manufacturers' specifications to realize the expected useful life of each asset. Notwithstanding these measures, the useful life of equipment may vary from that which is estimated by management.

Residual value is estimated by management to be the amount that MAXIM would receive from disposal of the asset after deducting the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life. Actual amounts received may differ from estimated amounts.

During the second quarter of 2025, the Corporation revised the useful life of certain components of property, plant and equipment as a result of the accelerated timing of major overhauls at Milner necessary for future operations which gave rise to additional depreciation of \$0.5 million.

Impairment of non-financial assets

The recoverable amount of a CGU or asset is determined based on the higher of its fair value less costs of disposal or its value-in-use (the present value of the estimated future cash flows). Management is required to make assumptions about future cash flows including future commodity prices, expected generation, future operating and development costs, discount rates, sustaining capital programs and tax rates. It is possible that future cash flow assumptions may change. This may impact the estimated fair value of the associated asset and may require a material adjustment to the carrying value of the asset.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risks and financial instruments

At the date of this MD&A, the Corporation's financial instruments consist primarily of cash and cash equivalents, restricted cash, prepaid expenses and deposits, convertible note receivable, investments, trade and other receivables, risk management assets and liabilities, trade and other payables and loans and borrowings.

The fair value of a financial instrument is a point in time estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. MAXIM faces the risk that fair values of financial instruments will fluctuate or that estimates used regarding fair values will be inaccurate.

The carrying amount of cash and cash equivalents, restricted cash, trade and other receivables, prepaid expenses and deposits, trade and other payables, and other long-term liabilities included in MAXIM's statements of financial position approximate their fair values because of the short-term nature of the instruments.

The fair values of the power and natural gas commodity swaps are determined 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.

The fair value of the Convertible Note is estimated using a probability-weighted approach that considers discounted cash flows related to the collection of principal amounts through maturity and the potential conversion into common shares. The fair value of non-public investments is determined using a market approach based on the most recent arm's-length common share issuances of the respective non-public corporation.

The Corporation has exposure to the following financial risks arising from financial instruments:

(a) Credit risk

Credit risk arises from the possibility that a counterparty that owes money to the Corporation is unable or unwilling to fulfill their obligations. The extent of the risk depends on the credit quality of the counterparty to which the Corporation provides goods or service. At December 31, 2025, MAXIM's credit exposure consisted primarily of the carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables, Convertible Note, investment, and risk management asset.

Cash and cash equivalents and restricted cash are held with banking counterparties which are rated Aa1/AA-, and AA-, based on rating agency Standard & Poor's.

Trade and other receivables are predominantly with entities formed by governments for the purpose of facilitating commerce in the power and utility sector. For trade and other receivables from third parties and deposits to vendors who are not government sponsored entities, the Corporation utilizes regular credit monitoring processes to mitigate credit risk. MAXIM does not expect any losses from trade and other receivables.

The Convertible Note is issued by a third party non-public corporation. The Corporation evaluates the counterparty credit risk through a probability weighted internal valuation model that determines the financial, operating and liquidity position of the Convertible Note.

The Corporation holds an investment with a third-party non-public corporation. The Corporation evaluates the investment's credit risk through ongoing monitoring of the financial performance, and liquidity position of the counter party of the investment. The Corporation also considered market-based evidence from recent arm's length share issuances in assessing the fair value.

(b) Liquidity risk

Liquidity risk is the risk that MAXIM will not be able to meet its financial obligations as they come due. MAXIM's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. MAXIM uses cash and cash equivalents to manage short-term working capital requirements as well as the timing of development capital. MAXIM does not require additional financing to manage liquidity as of the date of this MD&A. Refer to the Liquidity and Capital Resources section on page 12 and Forward Looking Information section on page 6 for further details.

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity price risks will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control risk exposures, while optimizing cash flows to the Corporation.

(i) Foreign currency exchange risk

The Corporation is exposed to foreign currency exchange risk to the extent that revenue, expenses and monetary assets and liabilities are denominated in currencies that differ from the functional currency of the respective entity within the consolidated group. The Corporation has not hedged the exposure related to capital expenditures, revenues and expenses. At December 31, 2025, the Corporation is exposed to foreign currency exchange risk relating to accounts payable denominated in United States dollars and a Convertible Note in Australian Dollars. A strengthening (weakening) of the Canadian dollar by 10% against the United States dollar for the year ended December 31, 2025 would have decreased (increased) accounts payable by \$0.1 million (2024 - \$0.1 million) and the Convertible Note by \$0.3 million as a result of these exposures.

(ii) Interest rate risk

Interest rate risk is the risk of change in the borrowing and investing rates of the Corporation. MAXIM partially mitigates its interest rate risk by maintaining fixed rate loans and borrowings and periodically entering into interest rate swap agreements to change floating rate debt to fixed rate debt. MAXIM's \$25.0 million Revolver Facility #1 is at variable rates and is the Corporation's only credit facility. As at December 31, 2025, no amounts are drawn on this facility and therefore MAXIM's interest rate risk is currently nil until the facility is drawn upon.

(iii) Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as electricity and natural gas. The Corporation periodically reduces its exposure to commodity price risk by entering fixed floating swaps for the price of electricity and natural gas in Alberta. Based on the unsettled power commodity swaps for the year ended December 31, 2025, an appreciation in electricity prices in the Alberta power market by \$1 per MWh would have decreased risk management assets relating to unsettled power commodity swaps by \$0.4 million (2024 - \$0.3 million). A weakening of electricity prices by this amount would have the opposite effect on risk management assets relating to unsettled power commodity swaps.

Based on the unsettled natural gas commodity swaps for the year ended December 31, 2025, an appreciation in natural gas prices in the Alberta natural gas commodity market by \$0.10 per GJ would have decreased the risk management liability related to natural gas commodity swaps by \$0.3 million (2024 - \$0.4 million). A weakening of natural gas prices by this amount would have the opposite effect on risk management liability related to natural gas commodity swaps.

Risk Factors

Risk is inherent in all business activities and cannot be entirely eliminated. However, shareholder value can be maintained and enhanced by identifying, mitigating, and where possible, insuring against these risks. The following section addresses some, but not all, risk factors that could affect MAXIM's future results, as well as activities used to mitigate such risks. These risks do not occur in isolation, but must be considered in conjunction with each other.

The board of directors have overall responsibility for the establishment and oversight of MAXIM's risk management framework. The board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring MAXIM's compliance with risk management policies and procedures. The Audit and Risk Management Committee reports regularly to the board of directors on its activities.

MAXIM's risk management policies are established to identify and analyze the risks faced by MAXIM, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and MAXIM's activities. MAXIM, through its training programs and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

General

Marketability of MAXIM's services may be affected by numerous factors, some of which are beyond the control of MAXIM. These factors include competition, demand fluctuations, price levels, the proximity, capacity, and physical properties of processing equipment and supplies and government regulation. Electricity operations (production, pricing and transportation) are, or may in the future be, subject to extensive controls and regulations imposed by various levels of government which may be amended from time to time.

Power Prices

A substantial portion of MAXIM's revenues are directly tied to the market price for electricity in the market in which MAXIM operates. Market electricity prices are impacted by a number of factors, including: the price of fuel, the strength of the economy which impacts the supply of and demand for electricity, the management of generation and the amount of excess installed generating capacity relative to load in the market. Additionally, demand for power in the market can be materially impacted by weather conditions. As a result, future electricity prices and price volatility can have a material adverse effect on MAXIM.

Sale of Electricity on a Merchant Basis

MAXIM depends largely on its electricity customers. M2 operates on a merchant basis, selling its electricity into the spot market and is exposed to fluctuating Alberta power prices, which at times can exhibit extreme price volatility. The profitability of this merchant power plant is largely impacted by the price of electricity, the cost of fuel, and the efficiency with which the plant converts fuel into electricity, which is commonly referred to as plant heat rate.

Natural Gas Prices

A substantial portion of MAXIM's fuel costs are directly tied to the market price for natural gas in the market in which MAXIM operates. Market natural gas prices are impacted by a number of factors, including: supply and demand, storage volumes and volumes of natural gas imports and exports. Additionally, demand for natural gas in the market can be materially impacted by weather conditions. As a result, future gas prices and price volatility can have a material adverse effect on MAXIM.

Natural Gas Supply

M2 currently procures a portion of its natural gas transportation service on a firm basis and the balance on an interruptible basis. There is a risk of curtailment from gas delivery system constraints that could interrupt supply and have a material adverse effect on MAXIM.

Concentration of Revenues and Risks of Interruption and Losses

MAXIM's business operations comprise of the Corporation's operating asset, M2, a natural gas power generation facility. MAXIM's operations face many hazards inherent in the power producing business, including fires, explosions, loss of or damages to equipment. In the event of a disruption or other event that prevents the operation of M2, all of MAXIM's revenue generating operations will cease which could have a significant material adverse effect on MAXIM. Additionally, any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, environmental damage, and damage to the property of others, which could result in claim against MAXIM or have a significant material adverse effect on MAXIM. MAXIM partially mitigates this risk by entering into appropriate insurance for disruptions or other events. MAXIM's business may be subject to increased risks related to its limited asset base, geographic concentration and revenue generating capability. For the year ended December 31, 2025, M2 accounted for 100% (December 31, 2024 – 100%) of MAXIM's consolidated revenues.

Industry Risks

MAXIM's continuing operations are currently subject to risks as Canada and Alberta continue to focus on policy pertaining to natural gas-fired generation and renewable power. These risks are being mitigated by the Corporation through its natural gas and wind development projects.

Electric energy projects involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Corporation is dependent upon the creditworthiness and delivery obligations of its counterparties. The failure of such parties to conduct their business in accordance with contract terms and conditions could have a material negative impact on MAXIM's financial results.

The Corporation's operations are subject to the risks normally incidental to a power project's operations, including equipment malfunctions, technical risks and operational upsets. These risks have been partially mitigated by performance, insurance and warranty conditions in place with MAXIM's current equipment suppliers for the term of the contracts. In accordance with customary industry practice, MAXIM is not, and will not be, fully insured against all of these risks, nor are all such risks insurable.

MAXIM has exposure to market fluctuations in the demand for and price of electricity and generating capacity and is exposed to the risk of operational problems with facilities and extensive government regulation relating to price, taxes, royalties, exports and many other aspects of the electric energy business. The Corporation is also subject to a variety of waste disposal, pollution control and similar environmental laws. These risks are managed by environmental monitoring, compliance reporting, and practices pertaining to tax compliance. MAXIM assumes gas and power price risk, and periodically employs hedging to manage this risk.

Tariffs imposed by the United States on Canada and other countries, and any retaliatory measures implemented by Canada and other countries could have a material adverse effect on the Corporation's business by potentially causing an economic downturn, which may reduce demand for power. Additionally, the Corporation's operating costs may increase as a result of tariffs or trade disputes due to potentially increased prices for supplies.

Power generation operations are subject to the risk normally encountered by companies engaged in activity utilizing mechanical electricity generation techniques, including unusual and unexpected power draws, mechanical difficulties and other conditions involved in the generation of energy using these methods. Although adequate precautions to minimize risk are routinely taken, power generation operations are subject to hazards such as equipment failure or failure of power distribution systems being served which may result in service interruption. Such interruption may adversely affect the ability of MAXIM to fulfill its duties under power generation contracts and regulated tariffs, and may affect its ability to attract new customers. In addition, the existing power distribution system in the areas served or to be served by MAXIM may not be capable of effectively distributing all of the electricity supplied by MAXIM.

MAXIM purchases its power generation equipment from various sources. The cost of future equipment purchases may be higher than currently envisaged due to unforeseen circumstances including fluctuations in currency exchange rates, supply chain disruptions, increased demand for power generation equipment, and inflation. Such unforeseen circumstances may have an adverse impact on MAXIM's future earnings potential and on its development of potential projects.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris agreement, however, the United States recently withdrew from the Paris agreement. In Canada, the federal and certain provincial governments have implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The taxes placed on carbon emissions and other legislation that could limit carbon emissions produced by electricity generated fossil fuels may have the effect of increasing the Corporation's operating expenses, which may have a material adverse effect on the Corporation's profitability and financial condition.

Climate Change

The Corporation's facilities and other operations and activities emit Greenhouse Gas ("GHG") which may require the Corporation to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. As a signatory to the United Nations Framework Convention on Climate Change and a signatory to the Paris agreement, which was ratified in Canada on October 3, 2016, the Government of Canada pledged to cut its GHG emissions by thirty percent from 2005 levels by 2030. One of the pertinent policies announced to date by the Government of Canada to reduce GHG emission is the implementation of a nation-wide price on carbon emissions via the Greenhouse Gas Pollution Pricing Act ("GGPPA"). The GGPPA established the framework for the federal carbon pollution pricing backstop system consisting of two main parts: a regulatory charge on fossil fuels (fuel charge) and a regulatory trading system for industry, known as the Output-Based Pricing System ("OBPS"). The federal fuel charge currently applies in Alberta; however, the Corporation is largely exempt from direct payments of the federal fuel charges because MAXIM is taxed at the provincial level, via TIER, since TIER was deemed to be equivalent to the federal OBPS.

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Historically, political and legal opposition to the fossil fuel industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. Given the evolving nature of the debate related to climate change and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses.

In addition, there has been public discussion that climate change may be associated with extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather could interfere with the Corporation's production and increase the Corporation's costs.

Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict MAXIM's ability to access its properties, cause operational difficulties, or disruptions, including damage to machinery and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. MAXIM's assets are located in locations that are proximate to forests and rivers and a wildfire and/or flood may lead to significant downtime and/or damage to such assets. Given the cleared setbacks surrounding MAXIM's assets, there is minimal risk to such assets in the event of a wildfire.

Drought may impact MAXIM's ability to consume water necessary for M2 under CCGT operations. MAXIM monitors river water levels and works with the GoA to ensure it can maintain the necessary water supply to operate under CCGT operations.

In addition to the physical and regulatory effects of climate change on MAXIM's business, an increasing focus on the reduction of GHG emissions and potential shift to other alternative energy sources may result in lower demand for the power MAXIM generates from M2 and could impact the Corporation's access to capital.

Regulation of Industry

MAXIM's activities are subject to complex and stringent energy, environmental and other governmental laws and regulations. The construction and operation of power generation facilities require numerous permits, approvals and certificates from appropriate federal, provincial and local governmental agencies, as well as compliance with environmental protection legislation and other regulations. MAXIM is subject to a varied and complex body of laws and regulations that both government agencies and private corporations and individuals may seek to enforce and, although the Corporation makes efforts to comply with all applicable legislation, it could be subject to fines, penalties or other liabilities arising from non-compliance with such applicable laws and regulations. Existing laws and regulations may be revised or new laws and regulations may become applicable to MAXIM that may have a negative effect on MAXIM's business and results of operations. MAXIM may be unable to obtain all necessary licenses, permits, approvals and certificates for proposed projects, and completed facilities may not comply with all applicable permit conditions, statutes or regulations. In addition, regulatory compliance for the construction of new facilities is a costly and time-consuming process. Intricate and changing environmental and other regulatory requirements may necessitate substantial expenditures to obtain permits. If a project is unable to function as planned due to changing requirements or local opposition, it may create expensive delays or loss of value in a project.

Environmental Regulations

MAXIM's operations must comply with a complex and evolving body of environmental, health, and safety laws and regulations ("EHS Laws"). The EHS Laws concern, among other things, air emissions, climate change, discharges to soil, surface water, ground water, noise control, the generation, handling, storage, transportation, and disposal of hazardous substances and wastes, the investigation and remediation of contamination, indoor air quality, and worker health and safety. Although the Corporation makes efforts to do so, it may not be able to meet all EHS Laws and could be subject to fines, penalties or other liabilities arising from actions imposed under EHS Laws. In addition, the Corporation's costs associated with staying in compliance with EHS Laws could increase in the future.

EHS Laws vary by location and can fall within federal, provincial or municipal jurisdictions. There is a risk that MAXIM has not been in compliance or, in the future, will not comply with such requirements. Violations could result in penalties or the curtailment or cessation of operations, any of which could have a material adverse effect on MAXIM's operations, cash flows and financial condition.

For example, the Corporation is required to comply with EHS Laws that restrict emissions of air pollutants. Accordingly, the Corporation must invest in pollution control equipment to comply with EHS Laws and report excess emissions to applicable government authorities. The government authorities monitor compliance with these emission limits and use a variety of tools to enforce them, including, but not limited to, administrative orders to control, prevent or stop a certain activity; administrative penalties for violating certain EHS Laws; and regulatory prosecutions.

EHS Laws also apply to the Corporation's wastewater. EHS Laws restrict the type and amount of pollutants that the Corporation's facility can discharge into receiving bodies of water, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions through administrative orders and penalties and regulatory proceedings. The Corporation has installed all necessary pollution control equipment at its power plant to address emissions and discharge limits.

EHS Laws also relate to health and safety. The Corporation's operations involve the use of machinery and equipment, which may result in the exposure to various potentially hazardous substances. Notwithstanding the Corporation's commitment to adhere to EHS Laws, workplace illnesses and accidents, including serious injury and fatalities, may occur. Any serious occurrences of this nature could have a material adverse effect on the Corporation's operations, cash flows and financial condition.

Other EHS Laws regulate the generation, storage, transport, and disposal of hazardous waste. These laws require the transportation of hazardous wastes by an approved hauler to an approved waste disposal site. The Corporation has a system for properly handling, storing, and arranging for the disposal of the waste it produces in place, but non-compliance remains an inherent risk, and could have a material adverse effect on the Corporation's operations, cash flows and financial condition.

Certain EHS Laws impose joint and several liabilities on certain classes of persons for the costs of investigation and remediation of contaminated properties. Liability may attach regardless of fault or the legality of the original disposal. Although it is the Corporation's view that other parties are responsible for the investigation and remediation of these sites under applicable law and contractual arrangements, it could nevertheless be liable for the costs of future remediation if other responsible parties do not satisfy their obligations. Remediation costs for any contamination, whether known or not yet discovered, could be substantial and thus have a material adverse effect on the Corporation's operations, cash flows, and financial condition.

EHS Laws require the Corporation to obtain governmental permits, licenses, and approvals. These permits, licenses, and approvals may be subject to denial, revocation or modification at various times, including, but not limited to, when the Corporation applies for renewal of existing permits. Failure to obtain or comply with the conditions of permits, licenses and approvals may adversely affect the Corporation's operations, cash flows and financial condition and may subject the Corporation to penalties. In addition, the Corporation may be required to obtain additional operating permits or governmental approvals and licenses, and incur additional costs.

Litigation

In the normal course of the Corporation's operations, MAXIM may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries (including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, environmental issues, including claims relating to contamination or natural resource damages and contract disputes). The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's financial condition.

Project Development

MAXIM's project development activities may not be successful. The development of power generation facilities and power related projects is subject to substantial risks. In connection with the development of a power generation facility, MAXIM must generally obtain necessary power generation equipment, governmental permits and approvals, fuel supply and transportation agreements, sufficient equity capital and debt financing, electrical interconnection agreements, site agreements and construction contracts, and access to power grids. Failure to obtain any of the foregoing may result in increased costs or termination of projects, which may lead to a write down of the carrying amount of projects. Additionally, increased demand for power generation equipment may increase the cost to acquire such equipment, which may have an adverse effect on the potential profitability of future of projects, which could also result in termination of projects and any related write downs. MAXIM mitigates these risks by using skilled staff, hiring consultants, contracting certain activities on a turn-key basis, and following a disciplined model of managing capital at risk on a progressive basis.

MAXIM may not realize benefits from investments into the CCGT expansion of M2, Prairie Lights, or other projects, for several years or may not realize benefits from such investments at all. Failure to realize the intended benefits from such investments could adversely affect the Corporations results from operations.

Competition

The electricity production industry is competitive in all phases. Deregulation in the power industry has eliminated the traditional barriers to entry and is allowing independent power producers to enter the market. MAXIM, as an independent power producer in that industry, faces competition from other independent power producers and major companies whose electricity production and sale is collateral to their core business. MAXIM holds no proprietary interests in the technology utilized by it in the power generation business and accordingly there are no barriers impeding new competitors from entering into the same business or utilizing the same technology as MAXIM or different power generation technologies. MAXIM mitigates this risk through timely investments, strategic relations, optimizing its capital structure to lower its cost of capital and effective capital deployment and asset optimization.

Management

MAXIM strongly depends, and will continue to depend, on the business and technical expertise of its management. The unexpected loss of any of MAXIM's key management personnel may have a serious impact on MAXIM's business. At present, no employee has a key-man insurance policy in place. All members of MAXIM's management have entered into non-competition and non-disclosure agreements with MAXIM.

Future Financing and Project Financing

MAXIM may require additional financing to proceed with its business activities and proposed projects; however, there is no assurance that adequate financing will be available on acceptable terms, if at all. Should MAXIM be unable to obtain financing for its development initiatives, it may be necessary to write down the carrying value of certain development initiatives.

Depending upon future capital plans, MAXIM may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither MAXIM's articles nor its by-laws limit the amount of indebtedness that MAXIM may incur. The level of MAXIM's indebtedness from time to time could impair the ability of MAXIM to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Leverage and Borrowing Risk

The Corporation's indebtedness could adversely affect its financial condition and results of operations, which may prevent the Corporation from fulfilling its obligations under its indebtedness. The Corporation's maintenance of increased levels of debt could adversely affect its financial condition and results of operations and could adversely affect its flexibility to take advantage of corporate opportunities. The Corporation's degree of leverage could have adverse consequences for the Corporation, including:

- limiting the Corporation's ability to obtain additional financing for working capital, capital expenditures, development, debt service requirements, acquisitions and general corporate or other purposes;
- restricting the Corporation's flexibility and discretion to operate its business;
- requiring a substantial portion of the Corporation's cash flows from operating activities to be dedicated to debt;
- require debt service payments, including the payment of interest on its indebtedness and fees, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions, future business opportunities and other general corporate purposes;
- limiting the Corporation's ability to adjust to changing market conditions and limiting the Corporation's flexibility in planning for and reacting to changes in the industry in which it competes;
- increasing the Corporation's vulnerability to general adverse economic and industry conditions; and
- increasing the Corporation's cost of borrowing.

The Corporation's ability to service its debt will depend upon, among other things, the Corporation's future financial and operating performance, which will be affected by prevailing economic conditions, commodity prices, interest rate fluctuations and financial, business, regulatory and other factors, including the operations at M2, some of which are beyond the Corporation's control. If the Corporation's operating results are not sufficient to service its current or future indebtedness, the Corporation may be forced to take actions such as reducing or delaying business activities, investments or capital expenditures, selling assets, restructuring or refinancing the Corporation's debt, or seeking additional equity capital.

Insurance

MAXIM's involvement in the power industry may result in MAXIM becoming subject to liability for pollution, property damage, personal injury or other hazards. Although MAXIM maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, MAXIM may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to MAXIM. The occurrence of a significant event that MAXIM is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on MAXIM's business, financial condition, results of operations and prospects.

Disease Outbreaks

MAXIM's operations with respect to Milner and M2 are located in areas relatively remote from local towns and villages and represent a concentration of personnel working and residing in close proximity to one another. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place MAXIM's workforce at risk. The 2020 outbreak of the novel coronavirus (COVID-19) in China and other countries around the world is one example of such an illness. MAXIM takes precautions to strictly follow industrial hygiene and occupational health guidelines. There can be no assurance that this virus or another infectious illness will not impact MAXIM's personnel and ultimately its operations.

The demand for electricity is generally linked to broad-based economic activities in the jurisdictions MAXIM operates (or intends to operate). If there was a slowdown in economic growth, an economic downturn or recession or other adverse economic or political development in the jurisdictions where MAXIM operates (or intends to operate), there could be a significant material adverse effect on global financial markets and market prices. Global or national health concerns, including the outbreak of pandemic or contagious diseases, such as the recent COVID-19 pandemic and any future related outbreaks, may adversely affect MAXIM by (i) reducing economic activity thereby resulting in lower demand for electricity consumption (with related effects of power pricing), (ii) impairing its supply chain (for example, by limiting the manufacturing of materials or the supply of services used in MAXIM's operations), and (iii) affecting the health of its workforce, rendering employees unable to work or travel.

Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illnesses could have an adverse impact on MAXIM's results, business, financial condition or liquidity.

The Corporation's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, be adversely impacted as a result of pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide and/or decline in power prices as a result of:

- the shut-down of facilities or the delay or suspension of work on major capital projects due to workforce disruption or labour shortages caused by workers becoming infected, or government or health authority mandated restrictions on travel by workers or closure of facilities or worksites;
- suppliers and third-party vendors experiencing similar workforce disruption or being ordered to cease operations;
- reduced cash flows resulting in less funds from operations being available to fund capital expenditure budgets;
- reduced power prices resulting in a reduction in cash flows;
- counterparties being unable to fulfill their contractual obligations on a timely basis or at all; and
- the ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, commodity prices and/or a change in market fundamentals.

Pandemics could also create additional operational risks for MAXIM, including the need to provide enhanced safety measures for its employees and customers; address the risk of attempted fraudulent activity and cybersecurity threat behaviour; and protect the integrity and functionality of MAXIM's systems, networks, and data as employees work remotely.

Significant Shareholders

M. Bruce Chernoff currently owns or controls approximately 38.4% of the outstanding Common Shares and W. Brett Wilson currently owns or controls approximately 38.2% of the outstanding Common Shares. If such person's ownership percentage increases significantly, such persons may have, subject to applicable law, the ability to determine the outcome of certain matters submitted to the shareholders for approval in the future, including the election and removal of directors, amendments to the Corporation's corporate governing documents and certain business combinations. The Corporation's interests and those of its controlling shareholders may at times conflict, and this conflict might be resolved against the Corporation's interests. The concentration of control in the hands of a significant shareholders may impact the potential for the initiation, or the success, of an unsolicited bid for the Corporation's securities.

Dividend Record

In 2024, MAXIM declared and paid a special dividend to the common shareholders at the date of record. As of the date of this MD&A, MAXIM has no other dividend record and is limited to the amount it could distribute. In the future, any decision to pay dividends on the Corporation's shares will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such time.

Sale of Additional Shares

MAXIM may issue additional shares in the future. It is not possible to predict the size of future issuances of shares or the effect, if any, that future issuances of shares will have on the market price of its shares.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of applicable tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a reassessment of the Corporation, such reassessment may have an impact on current and future taxes payable.

Income tax laws may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Information Technology Systems and Cyber-Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure and its ability to expand and continually update this infrastructure to conduct daily operations. The Corporation depends on various information technology systems to process and record financial data, manage financial resources, administer its contracts and communicate with employees and third-party partners.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or employees. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Corporation becomes a victim to a cyber phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data and information, or could result in a loss of control of the Corporation's technological infrastructure or financial resources. The Corporation's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

Forward-Looking Information

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumption and uncertainties are found under the heading "Forward-Looking Information" on page 6.

Off-balance sheet arrangements

MAXIM does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition, including the Corporation's liquidity and capital resources, with the exception of contingent liabilities, contingent assets and purchase obligations, which are disclosed on page 14.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS Standards Issued Not Yet Effective and Amendments

On April 9, 2024, the IASB issued IFRS 18 - Presentation and Disclosure in Financial Statements which introduces a defined structure to the statement of operations and comprehensive income, including new totals, subtotals, and categories for income and expenses. In addition, management defined performance measures will require disclosure within the notes to the financial statements, as well as requiring additional aggregation and disaggregation 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. IFRS 18 is required to be adopted retrospectively. Management is currently assessing the impacts 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.

TRANSACTIONS WITH RELATED PARTIES

The Corporation did not enter into any new related party transactions during 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 summarized in the following table.

| (\$000's) | 2025 | 2024 |
|--|-------|-------|
| Short-term employee benefits, including wages and benefits | 2,170 | 2,113 |
| Share-based payments | 906 | 740 |
| Total | 3,076 | 2,853 |

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management have designed and maintained disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

The CEO and the CFO are also responsible for designing and maintaining internal control over financial reporting, as defined under rules adopted by the Canadian Securities Administrators, within the Corporation that are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. MAXIM has adopted the 2013 Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its internal control over financial reporting.

The CEO and CFO have evaluated, or caused to be evaluated under their supervision, the design and effectiveness of the Corporation's internal control over financial reporting and have found them to be effective as of December 31, 2025.

The Corporation is required to disclose herein any change in the Corporation's internal control over financial reporting that occurred during the period beginning October 1, 2025 and ended on December 31, 2025 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. No material changes in the Corporation's internal control over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Notwithstanding the foregoing, because of its inherent limitations a control system can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. In addition, management is in constant engagement to minimize the likelihood of fraud. However, any control system can be circumvented through collusion and illegal acts.

OTHER INFORMATION

Outstanding share data:

| | |
|---|-------------------|
| Issued common shares at December 31, 2025 | 63,590,440 |
| Outstanding share options at December 31, 2025 | 3,369,399 |
| Total diluted common shares at December 31, 2025 | 66,959,839 |
| Shares purchased and cancelled under NCIB in January 2026 | (64,189) |
| Share options exercised in January 2026 | (17,546) |
| Share options cancelled in January 2026 | (96,620) |
| Share options granted in January 2026 | 113,333 |
| Issuance of common shares in January 2026 | 17,546 |
| Total diluted common shares at March 19, 2026 | 66,912,363 |

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 |
| Reservation Agreement | Generator reservation agreement with GE Vernova |
| 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 |
| Claim | Claim against third-parties in relation to the non-injury fire at M2 |
| Convertible Note | Interest bearing note convertible into Valory Common Shares |
| COVID-19 | Novel Coronavirus |
| tCO_{2e} | Tonnes of Carbon Dioxide Equivalent |
| Adjusted EBITDA | Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization |
| EHS Laws | Environmental, health, and safety laws and regulations |
| ERA | Emissions Reduction Alberta |
| 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 |
| Gas Turbine | 7HA.02 gas turbine and generator package |
| GGPPA | Greenhouse Gas Pollution Pricing Act |
| GHG | Greenhouse Gas |
| GJ | Gigajoule |
| GoA | Government of Alberta |
| IFRS | International Financial Reporting Standards |
| LFAB | Landfill Fly Ash Beneficiation Project |
| 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 |
| MOU | Memorandum of Understanding |
| 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 |
| REM | Restructured Energy Market |
| NCIB | Normal Course Issuer Bid |
| Non-injury fire | Damage to M2's air inlet filter house from September 30, 2022 |
| OBPS | Output-based Pricing System |
| O&M | Operations and Maintenance |
| Prairie Lights | Prairie Lights Power project |
| PP&E | Property Plant & Equipment |
| Summit | Summit Coal LP and Summit Coal Inc. |
| tCO_{2e} | Tonnes of CO ₂ equivalent |
| TIER | Technology Innovation and Emissions Reduction Regulation |
| TMR | Transmission Must-Run |
| 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.