

power **growth** precision



Quarterly Report of

MAXIM POWER CORP.

Third Quarter Ended September 30, 2008 and 2007
(unaudited)



Form 52-109F2 – Certification of Interim Filings

I, John R. Bobenic, the Maxim Power Corp. Chief Executive Officer, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Maxim Power Corp., (the issuer) for the interim period ending September 30, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based upon my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer and internal control over financial reporting for the issuer, and we have:
 - a. Designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - b. Designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuers GAAP; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 12, 2008

"signed"

John R. Bobenic
President & CEO



Form 52-109F2 – Certification of Interim Filings

I, Michael R. Mayder, the Maxim Power Corp. Chief Financial Officer, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Maxim Power Corp., (the issuer) for the interim period ending September 30, 2008;
2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;
3. Based upon my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer and internal control over financial reporting for the issuer, and we have:
 - a. Designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and
 - b. Designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuers GAAP; and
5. I have caused the issuer to disclose in the interim MD&A any change in the issuer's internal control over financial reporting that occurred during the issuer's most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

Date: November 12, 2008

"signed"

Michael R. Mayder
Vice President, Finance and
Chief Financial Officer

Quarterly Report of

MAXIM POWER CORP.

Third Quarter Ended September 30, 2008 and 2007
(unaudited)

MAXIM POWER CORP.

Consolidated Balance Sheets
(In Thousands of Dollars)

	September 30, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
(see basis of presentation - note 1)		
Current assets:		
Cash	\$ 5,544	\$ 20,167
Accounts receivable	21,024	36,972
Prepaid expenses, deposits and other	1,374	913
Inventory (note 6)	6,295	1,141
	<u>34,237</u>	<u>59,193</u>
Property, plant and equipment (note 7)	246,827	150,454
Deferred costs (note 8)	9,409	8,420
Future income tax asset	3,560	4,132
Intangibles (note 9)	29,044	23,908
Deposits	294	-
Goodwill	15,632	15,632
	<u>\$ 339,003</u>	<u>\$ 261,739</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,394	\$ 30,899
Income taxes payable	3,656	5,720
Current portion of long-term debt (note 11)	6,300	2,847
Current portion of capital lease obligations (note 12)	6,425	3,528
Current portion of long-term contracts	703	1,310
Current portion of future income tax liability	188	7,651
	<u>37,666</u>	<u>51,955</u>
Long-term debt (note 11)	56,518	46,397
Capital lease obligations (note 12)	17,723	12,613
Long-term contracts	368	662
Asset retirement obligation (note 10)	2,667	763
Future income tax liability	11,769	9,593
Non-controlling interest	24	-
Shareholders' equity:		
Share capital (note 13)	156,848	93,674
Contributed surplus (note 13)	4,654	2,819
Retained earnings	52,966	49,489
Accumulated other comprehensive income (loss) (note 3)	<u>(2,200)</u>	<u>(6,226)</u>
	<u>50,766</u>	<u>43,263</u>
	<u>212,268</u>	<u>139,756</u>
Commitments (note 14)		
	<u>\$ 339,003</u>	<u>\$ 261,739</u>

See accompanying notes to interim consolidated financial statements.

On behalf of the Board:

(Signed) _____ Director
John R. Bobenic

(Signed) _____ Director
M. Bruce Chernoff

MAXIM POWER CORP.

Consolidated Statements of Operations and Retained Earnings

Three and nine months ended September 30, 2008 and 2007

(In Thousands of Dollars)

(Unaudited)

	Three months ended September 30, 2008		Nine months ended September 30, 2007	
	(see basis of presentation - note 1)			
Revenue:				
Electricity sales	\$ 31,042	\$ 33,616	\$ 93,253	\$ 86,580
Expenses:				
Plant operations	20,314	16,931	69,162	53,818
General and administration	2,189	1,390	5,788	4,553
Depreciation and amortization	3,210	1,753	10,680	7,756
	25,713	20,074	85,630	66,127
Income before the following items	5,329	13,542	7,623	20,453
Interest expense:				
Long-term debt	1,060	937	3,203	2,681
Capital lease obligation	428	267	1,004	757
Long-term contract	19	27	80	160
Other	12	12	73	85
Interest income	(95)	(56)	(419)	(346)
Gain on disposal of assets (note 5)	-	-	(552)	-
Other income	(346)	-	(346)	-
Foreign exchange (gain) loss	(2,177)	51	(2,179)	188
Income before income taxes from continuing operations	6,428	12,304	6,759	16,928
Income taxes (recovery):				
Current	91	383	7,255	9,200
Future	2,598	3,665	(4,327)	(3,653)
Non-controlling interest	(51)	(48)	24	(48)
Net income from continuing operations	3,790	8,304	3,807	11,429
Loss from discontinued operations (note 5)	-	(33)	(54)	(43)
Net income for the period	3,790	8,271	3,753	11,386
Retained earnings, beginning of period	49,255	37,203	49,489	34,088
Normal course issuer bid	(79)	-	(276)	-
Retained earnings, end of period	\$ 52,966	\$ 45,474	\$ 52,966	\$ 45,474
Basic and diluted income per share – continuing operations	\$ 0.07	\$ 0.19	\$ 0.08	\$ 0.26
Basic and diluted loss per share – discontinued operations	-	-	-	-
Basic and diluted income per share	\$ 0.07	\$ 0.19	\$ 0.08	\$ 0.26

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Comprehensive Income (Loss)

Three and nine months ended September 30, 2008 and 2007

(In Thousands of Dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income for the period	\$ 3,790	\$ 8,271	\$ 3,753	\$ 11,386
Other comprehensive income:				
Unrealized gains (losses) on translation of self- sustaining foreign operations	(1,903)	(2,011)	4,026	(6,583)
Comprehensive income	\$ 1,887	\$ 6,260	\$ 7,779	\$ 4,803

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

Three and nine months ended September 30, 2008 and 2007

(In Thousands of Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Cash provided by (used in):	(see basis of presentation - note 1)			
Operations:				
Net income (loss) from continuing operations	\$ 3,790	\$ 8,304	\$ 3,807	\$ 11,429
Items not involving cash:				
Depreciation and amortization	3,210	1,753	10,680	7,756
Amortization of deferred financing costs	112	356	800	399
Write-off of deferred costs	394	587	869	587
Foreign exchange (gain) loss	-	(39)	-	47
Asset retirement obligation	52	25	72	38
Stock-based compensation (recovery)	759	(46)	2,089	1,159
Non-controlling interest	(51)	(48)	24	(48)
Gain on disposal of assets	-	-	(552)	-
Future income taxes (recovery)	2,598	3,665	(4,327)	(3,653)
	10,864	14,557	13,462	17,714
Change in non-cash working capital (note 15)	(5,509)	(11,847)	903	9,877
Cash flows from continuing operations	5,355	2,710	14,365	27,591
Net income (loss) from discontinued operations	-	(33)	(54)	(43)
Items not involving cash:				
Depreciation and amortization	-	5	10	15
Future income taxes (recovery)	-	(12)	(18)	(13)
Change in non-cash working capital	-	-	60	-
Cash flows from discontinued operations	-	(40)	(2)	(41)
	5,355	2,670	14,363	27,550
Financing:				
Issuance of long-term debt	-	19,617	14,923	19,617
Repayment of long-term debt	(1,189)	(11,821)	(4,016)	(13,689)
Repayment of capital lease obligation	(880)	(1,081)	(3,716)	(3,214)
Shares purchased under normal course issuer bid	(235)	-	(658)	-
Issuance of common shares, net of share issue costs	63,003	931	63,302	2,327
Long-term contracts	(347)	-	(1,001)	-
Cash flows from continuing financing activities	60,352	7,646	68,834	5,041
Investing:				
Property, plant and equipment expenditures	(2,047)	(1,700)	(17,805)	(5,134)
Acquisitions, net of cash acquired	(58,244)	(675)	(78,766)	(21,674)
Deferred costs	(1,185)	(1,288)	(4,501)	(3,970)
	(61,476)	(3,663)	(101,072)	(30,778)
Change in non-cash working capital (note 15)	(6,342)	-	2,008	(7,376)
Cash flows used in investing in continuing operations	(67,818)	(3,663)	(99,064)	(38,154)
Change in cash related to discontinued operations	-	-	-	-
Proceeds on discontinued operations	-	-	885	-
	(67,818)	(3,663)	(98,179)	(38,154)
Foreign exchange gain (loss)	317	(303)	359	(890)
Decrease in cash	(1,794)	6,350	(14,623)	(6,453)
Cash, beginning of period	7,338	10,152	20,167	22,955
Cash, end of period	\$ 5,544	\$ 16,502	\$ 5,544	\$ 16,502

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars except as otherwise noted, and shares and per share amounts)

1. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared by management of Maxim Power Corp. ("MAXIM" or the "Corporation") in accordance with accounting principles generally accepted in Canada and should be read in conjunction with MAXIM's audited consolidated financial statements and notes for the fiscal year ended December 31, 2007. The accounting policies and methods of application used in the preparation of these unaudited interim consolidated financial statements are consistent with the accounting policies used in MAXIM's most recent audited year-end consolidated financial statements.

The Corporation consolidates the accounts of its 95% interest in Basin Creek Holdco LLC, 90% interest in Pouchon Cogen SARL and 50% interest in Mirail Cogen SARL. Using this method, the Corporation has reflected 100% of the accounts of these entities in its consolidated financial statements with a deduction provided for the non-controlling interests' proportion of the accounts.

2. New Accounting Pronouncements

Goodwill and Intangible Assets

The CICA has issued Section 3064 "Goodwill and Intangible Assets" to replace Section 3062 "Goodwill and Other Intangible Assets". Section 3064 gives guidance on the recognition of intangible assets, as well as, the recognition and measurement of internally developed assets. Section 3064 "Goodwill and Intangible Assets" is effective for annual and interim financial statements relating fiscal years beginning on or after October 1, 2008. The requirements of the new section are not expected to have a material impact on the Corporation's consolidated financial statements.

3. Accumulated Other Comprehensive (Loss) Income

The composition of accumulated other comprehensive (loss) income is as follows:

	Nine months ended September 30, 2008	Year ended December 31, 2007
Balance, beginning of period	\$ (6,226)	\$ 3
Unrealized (losses) gains on translation of net foreign operations	4,026	(6,229)
Balance, end of period	\$ (2,200)	\$ (6,226)

4. Acquisitions

On August 6, 2008, MAXIM completed the acquisition of Pittsfield Generating Company LP ("Pittsfield") and its 170 megawatt ("MW") electric generating facility located in Pittsfield, Massachusetts. Pittsfield was acquired from affiliates of GE Energy Financial Services, a unit of General Electric Company ("GE") for \$59,051 (US\$56,405), including acquisition costs. The Pittsfield facility is contracted under a Reliability Must Run ("RMR") agreement with ISO New England ("ISO-NE") which expires at the earlier of May 31, 2010 or within 60 days from receiving the written notice from ISO-NE. Under this agreement, the facility is available to provide power to the regional power grid when requested by ISO-NE. Following the expiration of the RMR agreement, the facility will be eligible for the Forward Capacity Market Payments from the ISO-NE, as well as the sale of energy into the day-ahead and real-time energy markets of ISO-NE. For the purposes of reporting segmented information, Pittsfield is included in the United States segment.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

4. Acquisitions (continued)

On July 24, 2008, Comax France S.A.S., MAXIM's wholly-owned French subsidiary purchased a cogeneration plant in France ("Beauprau"), which has a capacity of 3.1 MW electrical and 2.4 MW thermal. The acquisition was funded through MAXIM's internally generated cash to the extent of \$415 (262 Euro) and through the assumption of capital lease obligations of \$3,295 (2,081 Euro). For the purposes of reporting segmented information, Beauprau is included in the France segment.

On April 17, 2008, MAXIM acquired the 86 megawatt ("MW") Forked River Power Plant ("Forked River") located in Ocean County, New Jersey. The plant was acquired from Jersey Central Power and Light Company ("JCP&L") for \$21,570 (US\$21,311), including acquisition costs, and was financed through MAXIM's internally generated cash. In conjunction with this purchase, a ten year tolling agreement has been entered into with FirstEnergy Solutions Corp., a subsidiary of FirstEnergy Corp. and an affiliate of JCP&L, for the entire capacity of the plant. For the purposes of reporting segmented information, Forked River is included in the United States segment.

On April 1, 2008, Comax France S.A.S., MAXIM's wholly-owned French subsidiary purchased a cogeneration plant in France ("Somal"), which has a capacity of 7 MW electrical and 7 MW thermal. The acquisition was funded through MAXIM's internally generated cash to the extent of \$241 (150 Euro) and through the assumption of capital lease obligations of \$3,424 (2,135 Euro). For the purposes of reporting segmented information, Somal is included in the France segment.

The acquisitions were accounted for at fair value using the purchase method of accounting for business combinations and operating results from acquired facilities were recognized subsequent to the date of acquisition. The total purchase consideration, including acquisition costs, has been allocated as follows:

	Pittsfield	Beauprau	Forked River	Somal
Current assets	\$ 4,824	\$ 64	\$ 1,482	\$ -
Deposits	289	-	-	-
Property, plant and equipment	54,214	472	15,977	-
Intangibles	974	-	4,555	241
Equipment under capital leases	4,816	3,661	-	3,424
Future income taxes	378	-	-	-
	65,495	4,197	22,014	3,665
Bank indebtedness, net of cash	-	(111)	-	-
Other current liabilities	(908)	(254)	-	-
Capital lease obligation	(4,743)	(3,295)	-	(3,424)
Future income tax liability	-	(122)	-	-
Asset retirement obligation	(793)	-	(444)	-
	(6,444)	(3,782)	(444)	(3,424)
Total cash consideration including acquisition costs	\$ 59,051	\$ 415	\$ 21,570	\$ 241

The amounts recorded on the acquisitions above are based upon preliminary information available to management as of the date of this report. The above amounts are subject to change when the information obtained by management changes subsequent to the date of this report.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

5. Discontinued Operations

Effective June 1, 2008, the Corporation sold the 0.8 MW Gift Lake Power Plant ("Gift Lake") located in north-central Alberta. The disposition included the sale of all the generating equipment and spare parts inventory related to the plant. The proceeds from the sale of the assets resulted in total proceeds of \$885 and a pre-tax gain of \$552. For the purposes of the reporting of segmented information, the operations of Gift Lake were previously included in the Canada segment.

A summary of discontinued operations is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Electricity sales	\$ -	\$ 71	\$ 131	\$ 190
Plant operations	-	(61)	(73)	(156)
General and administration	-	(50)	(120)	(75)
Depreciation and amortization	-	(5)	(10)	(15)
Income (loss) before income taxes	-	(45)	(72)	(56)
Income (taxes) recovery:				
Future	-	12	18	13
Net income (loss) from discontinued operations	\$ -	\$ (33)	\$ (54)	\$ (43)

6. Inventory

	September 30, 2008		December 31, 2007	
Coal	\$	3,483	\$	717
Fuel oil		2,812		424
Balance, end of period	\$	6,295	\$	1,141

The cost of inventories recognized as an expense in plant operations during the period was \$10,309 (2007 - \$13,151).

7. Property, Plant and Equipment

September 30, 2008	Cost	Accumulated depreciation	Net book value
Land	\$ 7,047	\$ -	\$ 7,047
Generating facilities	218,806	29,943	188,863
Spare parts	7,797	-	7,797
Capital leases	44,527	2,475	42,052
Office furniture and equipment	1,536	468	1,068
	\$ 279,713	\$ 32,886	\$ 246,827
December 31, 2007			
Land	\$ 4,252	\$ -	\$ 4,252
Generating facilities	130,313	20,885	109,428
Spare parts	7,079	-	7,079
Capital leases	31,312	2,312	29,000
Office furniture and equipment	1,033	338	695
	\$ 173,989	\$ 23,535	\$ 150,454

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

8. Deferred Costs

September 30, 2008	Costs	Additions	Charged to income	Reclassified to PP&E	Transferred to long-term debt	Net book value
Acquisition costs	\$ 1,328	\$ 2,034	\$ (392)	\$ (2,621)	\$ -	\$ 349
Development costs	7,092	2,467	(477)	(22)	-	9,060
Total	\$ 8,420	\$ 4,501	\$ (869)	\$ (2,643)	\$ -	\$ 9,409

December 31, 2007	Costs	Additions	Charged to income	Reclassified to PP&E	Transferred to long-term debt	Net book value
Acquisition costs	\$ 617	\$ 711	\$ -	\$ -	\$ -	\$ 1,328
Development costs	4,661	2,431	-	-	-	7,092
Financing costs	1,994	(60)	-	-	(1,934)	-
Total	\$ 7,272	\$ 3,082	\$ -	\$ -	\$ (1,934)	\$ 8,420

PP&E - Property, plant and equipment.

9. Intangibles

September 30, 2008	Costs	Additions	Accumulated amortization	Net book value
Coal supply contract	\$ 6,000	\$ -	\$ 2,334	\$ 3,666
Power sale contracts	21,619	5,683	2,243	25,059
Ground lease contract	-	320	1	319
	\$ 27,619	\$ 6,003	\$ 4,578	\$ 29,044

Additions are comprised of a tolling agreement with FirstEnergy Solutions Corp. acquired with the Forked River assets for \$4,555, the Reliability Must Run Contract and Ground Lease Contract acquired with the Pittsfield acquisition for \$660 and \$314, respectively and a power sale contract with Electricité de France ("EDF") acquired with the Somal assets for \$241 (refer to note 4). The fair values of these contracts are amortized over their remaining life in range of twenty two months to forty six years.

December 31, 2007	Costs	Additions	Accumulated amortization	Net book value
Coal supply contract	\$ 6,000	\$ -	\$ 1,832	\$ 4,168
Power sale contracts	8,565	12,337	1,162	19,740
	\$ 14,565	\$ 12,337	\$ 2,994	\$ 23,908

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

10. Asset Retirement Obligation

The Corporation's asset retirement obligations relate to the retirement of its electrical generating facilities. The asset retirement obligations have been recorded as a liability at fair value, assuming a credit-adjusted risk-free rate of 7%. The total undiscounted amounts of estimated obligations are approximately \$24,092 and are expected to be incurred in fourteen to forty-six years from the date of these consolidated financial statements.

Balance, January 1, 2008	\$	763
Liabilities incurred		1,237
Liabilities settled		(25)
Accretion expense		72
Revisions to estimated future cash flow obligation		528
Revaluation of foreign currency liabilities		92
Balance, September 30, 2008	\$	2,667

11. Long-term Debt

	September 30, 2008	December 31, 2007
Canada	\$ 31,269	\$ 18,646
United States	27,900	26,594
France	5,462	6,132
	64,631	51,372
Less deferred financing costs	(1,813)	(2,128)
	62,818	49,244
Less current portion	(6,300)	(2,847)
	\$ 56,518	\$ 46,397

During the nine months ended September 30, 2008, the Corporation drew an additional \$14,923 under its Bank of Montreal ("BMO") loan facility B. During the second quarter, the Corporation converted \$32,784 drawn under its loan facility B bearing interest at the Bankers' Acceptance rate plus 2.00% into \$32,784 of prime-based advances. This draw has an amortization period of eighty-six months, bearing interest at BMO prime plus 0.75% and has monthly principal repayments of \$379.

The Corporation's anticipated repayment obligations as at September 30, 2008 related to its loans over the next five years are as follows:

2008	\$	1,551
2009		6,559
2010		6,613
2011		6,671
2012		6,686
Remaining		36,551
	\$	64,631

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

12. Capital Leases

During the nine months ending September 30, 2008, MAXIM, through its French subsidiaries, has acquired two capital lease obligations related to production equipment. The Somal lease bears interest at 6.064% and expires on December 31, 2012. The Beauprau lease bears interest at TEC10 + 1.3% and expires on August 1, 2020. Upon termination of the leases, there is a bargain purchase option in each of the leases. MAXIM, through its USA subsidiaries, has acquired a capital lease obligation related to a natural gas feedline to the Pittsfield facility. The lease bears interest at 15.51% and expires September 1, 2010.

Future minimum payments under the capital leases at September 30, 2008 are as follows:

2008	\$	1,727
2009		8,184
2010		8,376
2011		3,334
2012		2,565
Remaining		4,870
Total minimum lease payments		29,056
Amounts representing interest		(4,908)
Present value of net minimum lease payments		24,148
Less: current portion		(6,425)
	\$	17,723

13. Share Capital

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares

(b) Issued:

Share capital:

Common shares of Maxim Power Corp.	Number	Amount
Balance, December 31, 2007	44,379,984	\$ 93,674
Stock options exercised	101,607	552
Normal course issuer bid (note 13 (c))	(69,600)	(149)
Net proceeds from private placement	10,211,500	63,004
Common shares held for cancellation (note 13 (c))	(49,600)	(233)
Common shares, September 30, 2008	54,573,891	\$ 156,848

Contributed Surplus		
Balance, December 31, 2007	\$	2,819
Fair value of stock based compensation		2,088
Stock options exercised		(253)
Balance, September 30, 2008	\$	4,654

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

13. Share Capital (continued)

(c) Normal course issuer bid:

MAXIM received approval on March 31, 2008 from the Toronto Stock Exchange to commence a normal course issuer bid. At MAXIM's discretion, the Corporation can purchase up to 2,220,000 (approximately 5% of its issued and outstanding common shares) of its common shares through the facilities of the Exchange at the prevailing market price during a twelve month period commencing on April 2, 2008. The bid will officially terminate on April 1, 2009, but can be terminated at an earlier date at the option of MAXIM. Any acquired common shares will be cancelled and returned to treasury. During the nine months ended September 30, 2008, the Corporation purchased and cancelled 69,600 shares. As at September 30, 2008, MAXIM had an additional 49,600 shares which it had purchased but not cancelled and returned to treasury. Subsequent to September 30, 2008, these shares were cancelled and returned to treasury. In addition, subsequent to September 30, 2008, MAXIM had purchased 137,500 shares but not cancelled and returned to treasury.

(d) Stock options:

The Corporation has one employee stock option plan under which employees, directors and key consultants are eligible to receive grants. Under the stock option plan, the granted stock options vest to the grantee over a three year period and the grantee has the right to exercise those stock options for five years from the date of the granting. The maximum number of outstanding stock options under the plan is limited to 10% of the number of common shares outstanding. The number of stock options and the exercise price is set by the Corporation's Board of Directors based on market value at the time of granting.

Stock options issued and outstanding are as follows:

	Number	Weighted average exercise price
Balance, December 31, 2007	3,231,867	\$ 5.56
Exercised	(147,940)	3.21
Granted	540,000	5.91
Forfeited	(210,500)	5.56
Balance, September 30, 2008	3,413,427	\$ 5.72

Details of the stock options outstanding at September 30, 2008 are as follows:

Range of Exercise Prices	Options outstanding at September 30, 2008			Options exercisable at September 30, 2008	
	Number of Options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$3.51 to \$5.99	1,537,393	3.32	\$4.79	649,061	\$4.18
\$6.00 to \$8.00	1,876,034	3.39	\$6.49	433,852	\$6.17
	3,413,427	3.36	\$5.72	1,082,913	\$4.97

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

13. Share Capital (continued)

The Corporation accounts for its stock option plan using the fair value method. Under this method, the Corporation recorded non-cash stock-based compensation of \$759 for the three months ended September 30, 2008 (2007 - \$47 recovery) and \$2,089 for the nine months ended September 30, 2008 (2007 - \$1,159). During the three and nine months ended September 30, 2008, the Corporation also recorded cash stock-based compensation expense of \$nil (2007 - \$nil) and \$97 (2007 - \$nil), respectively.

The fair value of each option granted was estimated at the date of grant using the Black-Scholes option pricing method with weighted average assumptions for stock option grants during the nine months ended September 30, 2008 as follows:

Risk free interest rate (%)	2.46
Time to expiration (years)	5.00
Volatility (%)	50.00
Expected dividend	-

During the nine months ended September 30, 2008, the Corporation granted 540,000 (2007 - 98,000) stock options to purchase common shares at an average price of \$5.91 (2007 - \$6.99) under the Corporation's stock option plan and the weighted average fair value of each option was calculated to be \$2.72 (2007 - \$3.26). Subsequent to September 30, 2008, MAXIM granted 613,625 stock options to purchase common shares at an average price of \$2.70. The Corporation used the Black-Scholes option pricing model and the assumptions above to calculate the weighted average fair value.

(e) Earnings per share:

The weighted average number of shares outstanding for purposes of calculating basic earnings per share for the three and nine months ended September 30, 2008 were 53,567,232 (2007 - 44,318,429) and 47,416,759 (2007 - 44,124,063), respectively.

For the three and nine months ended September 30, 2008, the diluted income per share calculation 150,179 (2007 - 269,272) and 162,466 (2007 - 255,298) shares were added to the average number of common shares outstanding during the period for the dilutive effect of exercisable stock options.

14. Commitments

(a) Forked River Tolling Agreement:

The Corporation entered into a tolling agreement effective April 17, 2008 related to Forked River. The tolling agreement is for a ten year period whereby the Corporation provides 86 MW of capacity in exchange for a fixed monthly capacity fee and variable operating and maintenance charges.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

14. Commitments (continued)

(b) Somal and Beauprau:

As part of the Somal acquisition, the Corporation assumed a sales contract with an original 12 year term with Electricite de France ("EDF"), of which 6 years are remaining on the contract. Sales to the EDF are at fixed hourly rates with a bonus based on specific levels of efficiency. Thermal sales delivered must reach a specific minimum level. Gas supply for the Somal project is completed under gas purchase contracts. Gaz de France is the gas supplier for the gas purchase contracts. Somal has an operating and maintenance contract with La Societe Forclum. Subsequent to September 30, 2008, MAXIM has entered into a sale contract with a 12 year term with EDF related to its Beauprau project. In addition, the Corporation assumed a capital lease with an outstanding balance of \$3,424 (2,135 Euros) and \$3,295 (2,081 Euros) related to the Somal and Beauprau acquisitions, respectively.

(c) Pittsfield:

As part of the Pittsfield acquisition, the Corporation assumed RMR agreement with ISO-NE, under which the facility provides certain megawatt capacity in exchange for fixed monthly capacity fee and variable operating charges. If Pittsfield is not able to meet required megawatt availability, the RMR payment is reduced. This agreement expires at the earlier of May 31, 2010 or within 60 days from receiving the written notice from ISO-NE.

15. Change in Non-Cash Working Capital

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Operations:				
Accounts receivable	\$ 2,418	\$ (4,887)	\$ 19,144	\$ 15,732
Prepaid expenses, deposits and other	2,156	220	(204)	1,678
Inventory	577	505	(2,238)	1,416
Accounts payable and accrued liabilities	(6,853)	64	(13,665)	(10,078)
Income taxes (payable)/receivable	(3,807)	(7,788)	(2,134)	1,258
Deferred revenue	-	-	-	(82)
Unrealized foreign exchange	-	39	-	(47)
	\$ (5,509)	\$ (11,847)	\$ 903	\$ 9,877
	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Investing:				
Accounts payable and accrued liabilities	\$ (6,342)	\$ -	\$ 2,008	\$ -
Cash flow indenture	-	-	-	(7,376)
	\$ (6,342)	\$ -	\$ 2,008	\$ (7,376)

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

15. Change in Non-Cash Working Capital (continued)

The following cash payments have been paid or received:

	Three months ended September 30, 2008		2007		Nine months ended September 30, 2008		2007	
	Taxes paid	\$	3,822	\$	8,173	\$	9,319	\$
Interest paid	\$	1,432	\$	1,187	\$	4,222	\$	3,221

16. Segmented Information

MAXIM is an independent power producer engaged in the development, ownership and operation of power generation facilities and the sale of electricity and heat. The Corporation discloses segmented information based on geographical location of facilities. Details by geographic area are as follows:

	Three months ended September 30, 2008		Three months ended September 30, 2007	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	\$ 18,988	\$ 3,599	\$ 25,955	\$ 14,341
United States	11,964	3,123	7,658	46
France	90	(1,393)	3	(845)
Total	\$ 31,042	\$ 5,329	\$ 33,616	\$ 13,542

	Nine months ended September 30, 2008		Nine months ended September 30, 2007	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	\$ 46,615	\$ 3,411	\$ 54,494	\$ 19,918
United States	22,583	3,508	16,144	(307)
France	24,055	704	15,942	842
Total	\$ 93,253	\$ 7,623	\$ 86,580	\$ 20,453

* As disclosed in the Consolidated Statements of Operations and Retained Earnings.

MAXIM's operations are impacted by seasonality. All French operations are cogeneration facilities and annually operate only from November through March. Operations in the United States not under tolling agreements function as peak power facilities and operate more frequently when heating and cooling requirements increase. Canadian operations are impacted when annual maintenance programs are performed. The annual maintenance programs are normally completed during the second quarter of each year.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three and nine months ended September 30, 2008 and 2007

(Amounts in thousands of dollars, except as otherwise noted, and shares and per share amounts)

16. Segmented Information (continued)

The locations of the Corporation's property, plant and equipment, excluding discontinued operations are as follows:

	Three months ended September 30, 2008			Three months ended September 30, 2007		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	\$ -	\$ 506	\$ 2,082	\$ -	\$ 53	\$ 1,289
United States	57,718	624	1,198	-	(885)	322
France	526	917	(70)	675	2,532	142
Total	\$ 58,244	\$ 2,047	\$ 3,210	\$ 675	\$ 1,700	\$ 1,753

	Nine months ended September 30, 2008			Nine months ended September 30, 2007		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	\$ -	\$ 15,670	\$ 4,819	\$ -	\$ 2,446	\$ 3,933
United States	77,999	897	2,401	-	(882)	1,519
France	767	1,238	3,460	21,674	3,570	2,304
Total	\$ 78,766	\$ 17,805	\$ 10,680	\$ 21,674	\$ 5,134	\$ 7,756

The allocation of the Corporation's total assets by geographic area is as follows:

	September 30, 2008	December 31, 2007
Canada	\$ 110,439	\$ 110,630
United States	136,761	48,420
France	91,803	102,689
Total	\$ 339,003	\$ 261,739

The allocation of the Corporation's goodwill by geographic area is as follows:

	September 30, 2008	December 31, 2007
Canada	\$ 15,632	\$ 15,632
United States	-	-
France	-	-
Total	\$ 15,632	\$ 15,632

17. Comparative Figures

Certain comparative figures have been reclassified to conform to the financial presentation adopted for the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") is dated November 12, 2008 and should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 for Maxim Power Corp. ("MAXIM" or "Corporation") and the audited annual consolidated financial statements for MAXIM for the year ended December 31, 2007. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

OVERALL PERFORMANCE

(000's except MWh)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Revenue ⁽¹⁾	\$ 31,042	\$ 33,616	\$ 93,253	\$ 86,580
Net income (loss) ⁽¹⁾	\$ 3,790	\$ 8,271	\$ 3,753	\$ 11,386
EBITDA ⁽²⁾	\$ 8,885	\$ 15,255	\$ 19,139	\$ 28,168
Cash flow provided by operations ⁽¹⁾	\$ 5,355	\$ 2,670	\$ 14,363	\$ 27,550
Electricity deliveries (MWh)	275,297	324,431	666,410	852,929

⁽¹⁾ The selected financial information is based on MAXIM's unaudited interim consolidated financial statements which were prepared in accordance with Canadian GAAP, except EBITDA information (see note 2 below). Certain comparative figures have been reclassified to conform with the current period presentation.

⁽²⁾ EBITDA is a non-GAAP measure and calculated by adding/subtracting net interest expense/income, tax expense/recovery, non-controlling interest, depreciation and amortization, other income, foreign exchange gain/loss, gain on disposal of assets to/from net income. For a reconciliation of EBITDA to net income, see "Non-GAAP Measures – EBITDA" section in this MD&A.

On a year to date basis, MAXIM has increased its net generating capacity by 265 MW or 54%, from 492 MW on January 1, 2008 to 757 MW on September 30, 2008. During this quarter, MAXIM completed the acquisition of the Pittsfield Generating Company LP ("Pittsfield") and its 170 Megawatts ("MW") electric generating facility located in Pittsfield, Massachusetts. As part of the Pittsfield acquisition, MAXIM obtained a Reliability Must Run agreement ("RMR") with the New England ISO. The RMR agreement provides MAXIM with fixed capacity payments and other related revenue in exchange for the plant being available to produce power on demand. This acquisition, coupled with the acquisition of the 86 MW Forked River generating facility ("Forked River") on April 17, 2008 and two cogeneration plants in France for a combined 10 MW, which are offset by the disposition of the 1 MW Gift Lake facility, brings MAXIM's generating capacity to 757 MW at September 30, 2008.

MAXIM's generation capacity at September 30, 2008 was 757 MW and was comprised as follows: 192 MW in Canada (8 power plants), 433 MW in the United States (5 power plants) and 132 MW in France (22 power plants). At September 30, 2007, MAXIM's generation capacity was 492 MW.

During the third quarter, revenue decreased by \$2.6 million to \$31.0 million in 2008, compared to revenue of \$33.6 million recorded the previous year. The decrease in revenue is the result of lower Alberta spot prices combined with reduced production at the HR Milner Facility ("Milner") because of mechanical issues associated with the plant's fuel mix ratio, resulting in a primary air duct failure. MAXIM has since taken the appropriate operational steps to mitigate the risk of reoccurrence. The reduction in the Milner production has been offset by revenue generated by the Forked River and Pittsfield acquisitions. During the quarter, MAXIM realized a \$2.2 million foreign currency exchange gain primarily from a forward rate contract entered into to reduce the exposure to the fluctuation in US dollars until closing of the purchase of Pittsfield. As a result, MAXIM recorded EBITDA of \$8.9 million and net income of \$3.8 million for the quarter compared to EBITDA of \$15.2 million and net income of \$8.3 million for the comparative 2007 period.

On a year to date basis, revenue increased by \$6.7 million to \$93.3 million from \$86.6 million for the same period of 2007. The increase for the period was due to additional revenue in France related to the acquisition of eight cogeneration power facilities in 2007, the acquisition of Forked River in the second quarter of 2008 and the acquisition of Pittsfield in the third quarter of 2008. MAXIM recorded net income of \$3.8 million for the nine months ended September 30, 2008 compared to \$11.4 million for the comparative period of 2007 and EBITDA of \$19.1 million and \$28.2 million, respectively for the comparative periods. These decreases, as previously reported, were primarily due to the 2008 eight week extended turnaround at Milner, which occurred in the second quarter, partially offset by operating results of the Forked River and Pittsfield acquisitions during the second quarter and third quarter respectively, the foreign currency exchange gain along with the eight cogeneration plants acquired in France during 2007.

RESULTS OF OPERATIONS

Plant production, which is comprised of generation of electricity and provision of ancillary services is shown in the following table.

Summary of third quarter 2008 and 2007, as well as, year-to date production (in MWh) by location:

Three months ended September 30	2008	2008	2007	2007
Facility	Generation (MWh)	% of Generation	Generation (MWh)	% of Generation
Canada - Milner plant	232,187	84.4	256,548	79.1
Canada - other plants	17,947	6.5	23,720	7.3
United States	25,163	9.1	44,163	13.6
France	-	-	-	-
Total	275,297	100.0	324,431	100.0

Nine months ended September 30	2008	2008	2007	2007
Facility	Generation (MWh)	% of Generation	Generation (MWh)	% of Generation
Canada - Milner plant	522,067	78.3	684,775	80.3
Canada - other plants	60,210	9.0	69,094	8.1
United States	39,685	6.0	54,327	6.4
France	44,448	6.7	44,733	5.2
Total	666,410	100.0	852,929	100.0

- The tables exclude Forked River, Basin Creek and Alberta Power Projects ("APP") as these facilities provide capacity in exchange for monthly capacity payments. The France cogeneration season is from November through March.

Revenue

Revenue for the quarter was \$31.0 million, a decrease of \$2.6 million from the \$33.6 million recorded in the third quarter of 2007. The decrease in revenue is primarily attributable to reduced generation at Milner due to the fuel mixture and air duct mechanical problems encountered during the quarter. This was compounded by the lower Alberta Power Pool price of \$80 compared to \$92 for the same period in 2007. The decrease in revenue was partially offset by increased revenue from United States facilities due to the acquisition of Forked River on April 17, 2008 and Pittsfield on August 6, 2008 and higher production from existing facilities compared to the third quarter of 2007.

Revenue for the first nine months of 2008 was \$93.3 million, an increase of \$6.7 million from the \$86.6 million recorded in the first nine months of 2007. The increase is due to revenue from French operations related to the acquisition of eight French cogeneration facilities in 2007. In addition, revenue in the United States increased due to plant acquisitions and increased generation, as discussed in further detail

below. These increases more than offset the decrease in revenue related to the scheduled eight week extended Milner turnaround in 2008.

Summary of MAXIM's power plants by source of revenue:

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Tolling or capacity payments at fixed prices	3,707	2,353	8,897	6,662
Electricity sales at spot prices per MWh	11,277	15,693	28,224	36,284
Combined fixed capacity and sales of electricity	9,049	5,927	26,361	21,095
Electricity sales at fixed prices per MWh under PPA's	7,009	9,643	29,771	22,539
Total	31,042	33,616	93,253	86,580

Summary of MAXIM's revenue by geographic location:

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Canada	18,988	25,955	46,615	54,494
United States	11,964	7,658	22,583	16,144
France	90	3	24,055	15,942
Total	31,042	33,616	93,253	86,580

Canadian operations generated revenue of \$19.0 million and \$46.6 million during the third quarter and the first nine months of 2008, respectively, compared to \$26.0 million and \$54.5 million for the same periods of 2007 respectively. The decrease in revenue of \$7.0 million for the quarter is due to the reduction of production and lower Alberta power prices. During the third quarter, the Canadian assets generated a total of 250,134 MWh in 2008 compared to 280,268 MWh in 2007. The decrease of 30,134 MWh is the result of the aforementioned fuel mixture and air duct issues at the Milner facility and a scheduled turnaround at one of the British Columbia locations. During the third quarter, the Alberta power prices averaged \$80 for 2008 compared to \$92 for 2007. Revenue for the nine month period ending September 30, 2008, decreased \$7.9 million to \$46.6 million compared to the prior period of \$54.5 million. The decrease of 171,592 MWh to 582,277 MWh in 2008 from 753,869 MWh in 2007 is the result of the Milner turnaround completed in 2008, which was scheduled and completed in eight weeks compared to the turnaround in 2007, which took Milner offline for ten days. This has been coupled with the fuel mixture and air duct mechanical problems encountered at Milner during the third quarter, which have left the facility offline for fifteen days during the third quarter. As a result the electricity generated by Milner decreased to 522,067 MWh for the nine months ended September 30, 2008, compared to generation of 684,775 MWh for the same period of 2007.

Revenue from United States operations increased for both the quarter and the first nine months of 2008 to \$12.0 million and \$22.6 million, respectively, compared to \$7.7 million and \$16.1 million for the same period of 2007, respectively. The increase in revenue for the periods is attributable to the acquisitions of the Forked River and Pittsfield facilities during the second and third quarter respectively. Pawtucket, CDECCA and Pittsfield generated a combined 25,163 MWh and 39,685 MWh for the three and nine months ended September 30, 2008, respectively compared to 44,163 MWh and 54,327 MWh for the same periods of 2007, respectively.

MAXIM's French cogeneration power plants (132 MW) generate electrical and thermal power only from November to March of each cogeneration season. During the quarter, revenue from efficiency bonuses was recorded for the three months ended September 30, 2008 and 2007. For the nine months ended September 30, 2008 MAXIM's French power plants contributed \$24.0 million of revenue compared to \$16.0 million for the same period of 2007. The increase reflects a full quarter of operations from the six plants acquired on February 28, 2007 and the acquisition of two power plants in the second quarter of 2007.

Plant Operations

Summary of plant operations expense for the three months ended September 30, 2008 and 2007:

(\$000's)	Three months ended September 30, 2008			Three months ended September 30, 2007		
	Fuel	O&M ⁽¹⁾	Total	Fuel	O&M ⁽¹⁾	Total
Canada	4,453	7,412	11,865	5,542	4,089	9,631
United States	3,869	3,705	7,574	3,558	3,475	7,033
France	115	760	875	59	208	267
Total	8,437	11,877	20,314	9,159	7,772	16,931
% of Plant operations expense	42%	58%	100%	54%	46%	100%

⁽¹⁾ Operations and Maintenance ("O&M") expense

Plant operations expense for the quarter increased by \$3.4 million or 20%, from \$16.9 million in the third quarter of 2007 to \$20.3 million in 2008. The increase was mainly attributable to O&M expenses incurred at Milner for repairs and maintenance activities during the third quarter of 2008. In addition, the increase is also due to additional O&M expenses incurred at French and United States operations related to acquisitions in the prior and current years. These increases were partially offset by reduced fuel costs incurred at Milner as a result of several days of lost production from the fuel mixture and air duct mechanical issues at the facility, along with reduction of fuel costs related to the provision of ancillary services to the AESO. During the provision of certain ancillary services, the facility agrees to reduce production in return for compensation from the AESO.

Summary of plant operations expense for the nine months ended September 30, 2008 and 2007:

(\$000's)	Nine months ended September 30, 2008			Nine months ended September 30, 2007		
	Fuel	O&M ⁽¹⁾	Total	Fuel	O&M ⁽¹⁾	Total
Canada	11,907	21,715	33,622	15,039	13,169	28,208
United States	7,434	9,267	16,701	6,387	8,289	14,676
France	12,756	6,083	18,839	7,356	3,578	10,934
Total	32,097	37,065	69,162	28,782	25,036	53,818
% of Plant operations expense	46%	54%	100%	53%	47%	100%

⁽¹⁾ Operations and Maintenance ("O&M") expense

Plant operations expense increased by \$15.3 million or 29%, from \$53.8 million in the first nine months of 2007 to \$69.2 million in 2008. The increase is primarily attributable to increased O&M expense as a result of the Milner turnaround undertaken during the first half of 2008.

Fuel costs in France were \$12.8 million for the first nine months of 2008, compared to \$7.4 million for the first nine months of 2007, an increase of \$5.4 million or 73%. This increase resulted from additional gas interconnection costs for the new generating facilities added in France and higher natural gas commodity prices. The increase in O&M costs of \$2.5 million to \$6.1 million for the first nine months of 2008 compared to the \$3.6 million recorded for the same period of 2007 is attributable to the acquisition of eight plants in 2007.

Fuel and O&M costs for United States operations increased \$2.0 million to \$16.7 million for the first nine months ending September 30, 2008 compared to \$14.7 million in 2007. The increase was due to additional electrical generation in 2008 and the addition of Forked River and Pittsfield in the second and third quarters of 2008.

General and Administration ("G&A")

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
G&A expense	2,189	1,390	5,788	4,553

G&A expense was \$2.2 million and \$5.8 million for the third quarter and the first nine months of 2008 compared to \$1.4 million and \$4.6 million for the same periods in 2007. The increase represents additional staffing requirements and other costs related to acquisition activity.

Depreciation and Amortization

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Depreciation expense	3,210	1,753	10,680	7,756

Depreciation and amortization expense increased by \$1.5 million, or 83% to \$3.2 million for the three month period ended September 30, 2008. In addition, depreciation and amortization expense increased by \$2.9 million, or 38% to \$10.7 million for the first nine months of 2008. The increases in depreciation and amortization expense for the periods were attributable to the acquisition of Forked River and Pittsfield. In addition, the increases in depreciation and amortization resulted from the full period effect of the acquisition of eight French facilities acquired in 2007.

Interest Expense

(\$000's)	Three months ended September 30		Nine months ended June 30	
	2008	2007	2008	2007
Long-term debt	1,060	937	3,203	2,681
Capital lease obligation	428	267	1,004	757
Long-term contract	19	27	80	160
Other	12	12	73	85
Total	1,519	1,243	4,360	3,683

MAXIM incurred interest expense of \$1.5 million and \$4.4 million for the third quarter and the first nine months of 2008, respectively compared to \$1.2 million and \$3.7 million for the same periods of 2007. The overall increase in interest expense for both the third quarter and the first nine months of 2008 was due to interest on higher outstanding long-term debt, which is partially offset by lower interest rates in the period. In addition, interest on the capital lease obligations increased related to the addition of French cogeneration plants during 2007 and 2008, along with the additional capital lease acquired with the Pittsfield acquisition.

Foreign Currency (Gain) Loss

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Foreign currency (gain) loss	(2,177)	51	(2,179)	188

During the quarter and year to date 2008, MAXIM realized a \$2.2 million foreign currency exchange gain, compared to a loss of \$0.1 million and a loss of \$0.2 million for the quarter and the nine month period ending September 30, 2008, respectively. This gain is primarily the result of a forward rate contract that MAXIM entered into to reduce the exposure to the fluctuation in US dollars until closing of the purchase of Pittsfield.

Income Taxes

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Current expense (recovery)	91	383	7,255	9,200
Future expense (recovery)	2,598	3,665	(4,327)	(3,653)
Total	2,689	4,048	2,928	5,547

The third quarter income tax provision in 2008 was an expense of \$2.7 million compared to \$4.0 million for the third quarter of 2007. The decreased expense was attributable to the reduction in taxable income for the period primarily related to the costs and decreased revenue related to the Milner turnaround.

For the first nine months of 2008 MAXIM recognized tax expense of \$2.9 million compared to \$5.5 million for the first nine months of 2007. As mentioned above the decrease in tax expense is due to the operating effects and tax deductibility related to the Milner turnaround.

Net Income

Net income for the third quarter of 2008 was \$3.8 million or \$0.07 per share (basic and diluted) compared to a net income of \$8.3 million or \$0.19 per share (basic and diluted) for the third quarter of 2007.

Net income for the first nine months of 2008 was \$3.8 million or \$0.08 per share (basic and diluted) compared to net income of \$11.4 million or \$0.26 per share (basic and diluted) for the first nine months of 2007.

LIQUIDITY AND CAPITAL RESOURCES

Capital Expenditures Including Acquisitions

(in millions of \$)	Q3 - 2008	Q2 - 2008	Q1 - 2008	Total
Milner turnaround	0.2	9.3	5.4	14.9
Milner	0.6	-	0.8	1.4
Acquisitions:				
Forked River	-	20.2	-	20.2
Somal	-	0.2	-	0.2
Beauprau	0.5	-	-	0.5
Pittsfield	57.7	-	-	57.7
Other	1.3	-	0.3	1.6
Total	60.3	29.7	6.5	96.5

- During the first nine months of 2008, Milner incurred \$14.9 million of capital expenditures related to projects completed during the 2008 turnaround. Milner also had capital expenditures of \$1.4 million related to upgrades of the ash unloader silo, coal unloading station and other minor projects.
- On April 17, 2008, MAXIM acquired the 86 MW Forked River power facility in the US for \$20.2 million.
- On April 1, 2008, MAXIM acquired the 7 MW Somal power facility in France for \$0.2 million.
- On July 24, 2008, MAXIM acquired the 2.4 MW Beauprau facility in France for \$0.5 million.
- On August 6, 2008, MAXIM acquired the 170 MW Pittsfield facility in the US for \$57.7 million

Working Capital

As at September 30, 2008 MAXIM had a working capital deficit of \$3.4 million, a decrease of \$10.6 million from the Corporation's December 31, 2007 working capital of \$7.2 million. The decrease was primarily due to the acquisitions of Forked River for \$20.2 million, Pittsfield for \$57.7 million and the two France acquisitions for \$0.7 million, along with the effect of the Milner turnaround capital expenditures. These were partially offset by the operating results for the nine month period ending September 30, 2008 and the proceeds from the private placement on July 10, 2008.

Debt and Credit Facilities

During the first three quarters of 2008, MAXIM drew \$14.9 million as long-term debt under the Bank of Montreal ("BMO") Facility B bearing interest at BMO prime plus 0.75% per annum with monthly payments of principal and interest to fund Milner's 2008 turnaround capital expenditures.

Summary of long-term debt

(\$000's)	September 30, 2008	December 31, 2007
BMO Facility B	30,845	17,883
Basin Creek	26,511	25,229
France	5,462	6,132
Long term debt	62,818	49,244

- As at September 30, 2008 MAXIM had outstanding letters of credit in the amount of \$1.8 million.

Capital Lease Obligations

MAXIM assumed capital lease obligations of \$8.0 million related to the purchase of the Beauprau and Pittsfield assets during the third quarter of 2008 and repaid \$0.9 million and \$3.7 million against the existing capital lease obligations for the three and nine months ended September 30, 2008, respectively.

At September 30, 2008, MAXIM has one capital lease obligation in Canada with a carrying value of \$1.5 million, one lease obligation in the US with a carrying value of \$4.7 and nine capital lease obligations in France with a cumulative carrying value of \$18.0 million.

Equity Issuances

On July 10, 2008, MAXIM issued 10,211,500 common shares at a per share price of \$6.50 for gross proceeds of \$66.4 million through a private placement.

Under MAXIM's stock option plan, 101,607 common shares were issued for proceeds of \$0.4 million in the first nine months of 2008.

Normal Course Issuer Bid

MAXIM received approval on March 31, 2008 from the Toronto Stock Exchange to commence a normal course issuer bid. At MAXIM's discretion, the Corporation can purchase up to 2,220,000 (approximately

5% of its issued and outstanding common shares) of its common shares through the facilities of the Exchange at the prevailing market price during a twelve month period commencing on April 2, 2008. The bid will officially terminate on April 1, 2009, but can be terminated at an earlier date at the option of MAXIM. Any acquired common shares will be cancelled and returned to treasury. During the nine months ended September 30, 2008, the Corporation purchased and cancelled 69,600 shares. As at September 30, 2008, MAXIM had an additional 49,600 shares, which it had purchased but not cancelled and returned to treasury. Subsequent to September 30, 2008, these shares were cancelled and returned to treasury.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

(\$000's except per share and per MWh amounts)	2008			2007				2006
	Sept 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenue	31,042	14,797	47,469	37,992	33,687	19,031	34,052	40,470
EBITDA ⁽¹⁾	8,885	(5,109)	15,362	12,064	15,255	2,912	10,001	17,893
Net income (loss) from continuing operations	3,790	(5,978)	5,956	3,911	8,304	(207)	3,322	10,713
Net income (loss) from discontinued operations	-	(15)	-	104	(33)	-	-	(160)
Net income (loss)	3,790	(5,993)	5,956	4,015	8,271	(207)	3,322	10,553
Basic and diluted income (loss) per share – continuing operations	\$0.07	\$(0.13)	\$0.13	\$0.09	\$0.19	\$(0.01)	\$0.08	\$0.25
Basic and diluted loss per share – discontinued operations	-	\$0.00	-	-	-	-	-	\$(0.01)
Basic and diluted income (loss) per share	\$0.07	\$(0.13)	\$0.13	\$0.09	\$0.19	\$(0.01)	\$0.08	\$0.24
Total assets	339,003	282,759	303,285	261,739	235,341	228,686	254,491	243,969
Average Alberta pool price per MWh	\$80	\$108	\$77	\$62	\$92	\$50	\$64	\$117

⁽¹⁾Refer to Non-GAAP – EBITDA measure below for reconciliation of EBITDA to comparable measure calculated in accordance with Canadian GAAP. Selected quarterly unaudited financial information was prepared in accordance with Canadian GAAP except EBITDA.

The increase in revenue, EBITDA and net income during the first and fourth quarters of each year reflects the seasonal operations of the French facilities as the French cogeneration season operates from the start of November through to the end of March. Lower revenue, EBITDA and net losses incurred at June 30, 2008 and 2007 were due to annual plant turnarounds competed at Milner during those quarters.

Revenue, EBITDA and net income (loss) are also affected by Alberta power pool prices. Alberta pool prices tend to be higher during winter and summer peak load months. These prices are further impacted by supply constraints such as outages at other Alberta generation facilities, natural gas prices and market conditions in adjacent regions.

Non-GAAP Measures - EBITDA

(\$000's)	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
GAAP Measures from Consolidated Statements of Operations and Retained Earnings				
Net income for the period	3,790	8,271	3,753	11,386
Non-controlling interest	(51)	(48)	24	(48)
Income taxes	2,689	4,048	2,928	5,547
Net interest and foreign exchange	(753)	1,238	1,762	3,525
Depreciation and amortization	3,210	1,753	10,680	7,756
Discontinued operations ⁽¹⁾	-	(7)	(8)	2
Non-GAAP measure - EBITDA	8,885	15,255	19,139	28,168

⁽¹⁾ Discontinued operations consist of depreciation and amortization and taxes.

Management believes that presentation of this non-GAAP measure provide useful information to investors and shareholders as it provides predictive value and performance trends.

OUTLOOK

Guidance

MAXIM is issuing guidance for projected 2008 results and preliminary forecast results for 2009. This guidance is based on MAXIM's existing portfolio of assets and therefore does not include the impact of possible acquisitions or commercialization of development initiatives.

Maxim Power Corp. 2009 and 2008 Guidance Provided as at November 12, 2008

(\$000's, except per share amounts)	For the year ending December 31, 2009	For the year ending December 31, 2008
EBITDA	63,000	39,000
Net income	23,000	13,000
Per share - basic and diluted	\$ 0.42	\$ 0.26
Cash provided by operations	45,000	29,000
Per share - basic and diluted *	\$ 0.82	\$ 0.57

* Share data per assumptions.

A \$1.00/MWh increase in the average Alberta spot electricity price during the fourth quarter of 2008 will increase 2008 EBITDA by \$150 thousand and 2008 net income by \$90 thousand with corresponding changes to per share amounts. A decrease of \$1.00/MWh has the opposite effect on EBITDA, net income, and corresponding per share amounts. A \$1.00/MWh increase in the average Alberta spot electricity price during 2009 will increase 2009 EBITDA by \$950 thousand and 2009 net income by \$618 thousand with corresponding changes to per share amounts. A decrease of \$1.00/MWh has the opposite effect on EBITDA, net income, and corresponding per share amounts.

The guidance provided herein is based on the following assumptions.

Maxim Power Corp. 2009 and 2008 Assumptions for Guidance Provided as at November 12, 2008

(\$000's, except as otherwise noted)	For the year ending December 31, 2009	For the year ending December 31, 2008
Electricity deliveries (MWh)	1,390,000	966,000
Net generation capacity at year ending (MW)	757	757
Capital expenditures (excluding acquisitions)		
HR Milner	4,000	16,000
Other assets	6,000	6,000
Development projects	2,000	2,000
Average Alberta spot electricity price	\$ 82.00	\$ 91.00
Average annual foreign exchange rates		
C\$/USD	\$ 1.09	\$ 1.04
C\$/Euro	\$ 1.60	\$ 1.54
Weighted average shares outstanding (000's)	54,574	50,818

The projected results for 2008 are based on actual results reported to September 30, 2008 by the Corporation and the following assumptions for the fourth quarter of 2008. During the fourth quarter MAXIM anticipates that 50 MW of the HR Milner facility will be sold at a fixed price per MWh to Powerex Corp. and the remaining output of this facility will be sold to the Alberta Electric System Operator at spot market prices. In France, the 2008/2009 cogeneration season which began November 1, 2008, has thirteen of the twenty-two French facilities operating in dispatch mode and nine operating in cogeneration mode. There are no acquisitions assumed to take place in the fourth quarter; however, MAXIM continues its development initiatives related to its Milner expansion project and the Mine #14 project.

The 2009 forecast assumes all sales of HR Milner output at Alberta spot market prices. In France, the cogeneration season ends on March 31, 2009 and a new season begins on November 1, 2009 with thirteen of the French facilities operating in dispatch mode and nine operating in cogeneration mode. There are no acquisitions assumed to take place during 2009 and the Corporation is not exposed to refinancing risk in 2009. MAXIM continues its development initiatives related to its Milner expansion project and the Mine #14 project. In addition, the 2009 forecast assumes turnaround maintenance will occur in the first half of the year at both Milner and CDECCA, and in late fall at Pawtucket. The 2009 Milner turnaround is expected to last one week in 2009, which is significantly shorter than the extended turnaround of eight weeks in 2008.

Operations

During the quarter, MAXIM completed the Pittsfield and Beauprau acquisitions increasing MAXIM's generating capacity from 584 MW electric and 132 MW thermal to 757 MW electric and 135 MW thermal. Of these amounts, 107 MW of electric capacity is exposed to Alberta spot electricity prices during 2008.

With the acquisition of Pittsfield, MAXIM currently has five facilities for a total generating capacity of 433 MW in the United States, with four facilities located in the US northeast region having a combine generating capacity of 383 MW. All five US facilities sell their generation capacity in exchange for fixed monthly payments. Forward capacity payments are received from the ISO New England for Pawtucket and CDECCA facilities, Reliability Must Run payments are received from the ISO New England for Pittsfield, and monthly capacity payments are received from third party off-takers for Basin Creek and Forked River facilities. In addition, the Pawtucket and CDECCA facilities can earn additional payments by offering their energy into the ISO New England power market on a day-ahead or real-time basis. MAXIM will continue to review and optimize operational practices in order to gain cost synergies from having four facilities located in the US northeast market.

The next French cogeneration season began November 1. Before the cogeneration season started, MAXIM initiated the process of extending the original twelve year power sales contracts with Electricite de France ("EdF") for the 8MW D'Arnas facility. Under current rules, the EdF contracts can be renewed for an additional twelve years upon investing 350 Euro per kilowatt towards improvement of the facilities.

Environmental Legislation

Changes to Canadian federal environmental legislation are ongoing and will have an impact to MAXIM's operations, particularly legislation that impacts coal-fired power generation. It is anticipated that further regulatory clarification regarding greenhouse gas emissions will be forthcoming, specifically from the federal government who released draft regulations addressing greenhouse gas emissions on March 10, 2008. These draft regulations could result in discussions between the federal government and the provinces as to the harmonization of federal and provincial legislation and which governing body will be responsible in administering the legislation.

Ten states in the United States, consisting of the Northeastern states, have implemented the Regional Greenhouse Gas Initiative, Inc. ("RGGI"). The RGGI is a non-profit organization, mandated by the participating states to administer the Regional Greenhouse Gas Initiative on their behalf. The program designed to charge utilities for each ton of carbon dioxide emissions emitted from the facilities starting in 2009, with each state setting their own limits and issuing their own allowances. Companies have until the end of 2011 to ensure the appropriate amount of allowances have been obtained to cover the amount of carbon dioxide emissions. The states have a total of 188 million allowances for each ton of emissions annually, available for sale by auction until 2014 and are then scaled back by 2.5% per year thereafter until 2018. On September 25, 2008, the RGGI, held its first auction, offering approximately 12.6 million allowances. The average clearing price for this auction was US\$3.07 per allowance. MAXIM participated in this auction and secured approximately 16,000 allowances. MAXIM estimates, it will need to obtain an additional 59,000 allowances by the end of 2011 to comply with the RGGI regulations. The company will participate in future auctions to ensure these allowances have been obtained by the deadline set by regulators.

Acquisitions and Development

MAXIM will continue its strategy of an Independent Power Producer and is targeting growth through acquisitions and development of power plants that utilize hydrocarbon based fuels and renewables in markets of Western Canada, United States and France. MAXIM will give higher priority to those opportunities with generating capacity of 50 MW or greater, except in France where cogeneration power plants are smaller scale.

Demand for electricity will be the key fundamental factor in determining whether to pursue opportunities in a market. Demand is highly correlated to economic growth within the market. Under the current global financial market conditions, Alberta's oil and gas industry, primarily its oil sands, could result in reduced development and would then impact the growth and demand for electricity. Furthermore, independent power producers may have obstacles to capital to pursue growth objectives.

MAXIM received regulatory approvals from the Alberta Utilities Commission and Alberta Environment in June 2008, to construct and operate the Deerland Peaking Station, a 190 MW natural gas-fired peaking facility. The station will be located immediately adjacent to the existing Deerland high voltage substation in Alberta's industrial heartland, an area expected to experience significant growth in electrical demand. MAXIM has an option to lease up to 30 acres of land for the station. This is an attractive asset as it provides land for future expansion. MAXIM expects peaking requirements to continue to grow to meet overall demand growth and to provide firm backup for additional intermittent wind resources. Commercial operation for the Deerland Peaking Station is expected to be achieved in 2010, subject to equipment deliveries, electricity market conditions and MAXIM's ability to conclude all commercial arrangements necessary to support construction.

The process of obtaining mine permit and licenses for Milner #14 Mine is continuing for the development of the underground mine. The project is in the initial technical review phase with the Energy Resources Conservation Board ("ERCB") and Alberta Environment. The ERCB and Alberta Environment have issued supplemental information requests regarding the project and MAXIM will provide responses to address the requests and advance the regulatory review.

MAXIM is proposing to develop a new generating facility at the existing Milner location with the addition of 500 MW of clean coal-fired generating capacity. Public disclosure documents have been released and MAXIM will continue public consultations. Environmental and engineering studies will continue through the second and third quarters of 2008 to support applications to be filed on behalf of this project. MAXIM expects to file its regulatory applications in the fourth quarter of 2008.

CHANGE IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

The CICA has issued Section 3064 "Goodwill and Intangible Assets" to replace Section 3062 "Goodwill and Other Intangible Assets". Section 3064 gives guidance on the recognition of intangible assets as well as the recognition and measurement of internally developed assets. Section 3064 "Goodwill and Intangible Assets" is effective for annual and interim financial statements relating fiscal years beginning on or after October 1, 2008. The requirements of the new section are not expected to have a material impact on the Corporation's consolidated financial statements.

International Financial Reporting Standards

Accounting standards in Canada are to converge with International Financial Reporting Standards ("IFRS"). MAXIM is required to begin reporting under IFRS by the first quarter of 2011 with comparative data also reported under IFRS. While IFRS has similarities to Canadian GAAP, there are significant differences with respect to recognition, measurement and disclosures.

The Company is assessing the impact on accounting policies, data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements during the period to the transition date.

CONTROLS AND PROCEDURES

During the nine months of 2008, there were no material changes identified in MAXIM's internal controls over financial reporting that had materially affected, or reasonably likely to materially affect, MAXIM's internal control over financial reporting. MAXIM does carry-out ongoing improvements to its internal controls over financial reporting but nothing considered at a material level.

Due to the size of the company, decentralized international operations, and the strategy of growth through acquisition, the Corporation is exposed to an inherent weakness in dealing with certain complex accounting issues. Decentralized international operations raise the risk of misstatement from routine and non-routine accounting and tax related transactions. Management remediates this weakness by utilizing outside consultants for assistance as required or by developing in-house expertise or recruiting personnel with the necessary expertise.

Canadian Securities Administrators requires that companies with year-ends after December 15, 2008 be required to certify the effectiveness of internal controls over financial reporting. The proposal also requires a company use a control framework such as the Internal Control – Integrated Framework (COSO Framework) to design internal controls over financial reporting and the threshold for reporting a weakness of internal controls over financial reporting be of a "material weakness" rather than "reportable deficiency." MAXIM has designed its internal controls in accordance with the COSO Framework and

has been carried out testing during 2008, which will be completed in the fourth quarter, to confirm effectiveness of these controls.

TRANSACTIONS WITH RELATED PARTIES

During 2007, MAXIM received legal services from a legal firm that is related to an officer of MAXIM. The officer was no longer an officer of MAXIM as at November 7, 2007 and MAXIM continues to receive legal services from the firm. These legal services are in the normal course of operations and transacted at normal market terms. The legal firm received \$0.4 million from MAXIM for its services in 2007.

OTHER INFORMATION

Outstanding Share Data

Issued common shares at December 31, 2007	44,379,984
Private placement	10,211,500
Stock options exercised	101,607
Common shares held for cancellation	(49,600)
Normal course issuer bid	(69,600)
Total issued common shares at September 30, 2008	54,573,891
Common shares held for cancellation	(137,500)
Outstanding share options	4,027,052
Total diluted common shares at November 14, 2008	58,463,443

Additional information relating to the Corporation is posted on SEDAR at www.sedar.com under Maxim Power Corp. and at the Corporation's website www.maximpowercorp.com.

FORWARD-LOOKING INFORMATION

Certain information in this MD&A is forward-looking and is subject to important risks and uncertainties. The results or events predicted in this information may differ from actual results or events. Factors which could cause actual results or events to differ materially from current expectations include the ability of the Corporation to implement its strategic initiatives, the availability and price of energy commodities, government and regulatory decisions, plant availability, competitive factors in the power industry and prevailing economic conditions in the regions that the Corporation operates. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "project", "predict", "potential", "could", "might", "should" and other similar expressions. The Corporation believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct. These forward-looking statements speak only to of the date of this MD&A. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required pursuant to applicable securities laws.