

power **growth** precision



Quarterly Report of

MAXIM POWER CORP.

First Quarter Ended March 31, 2007 and 2006
(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 March 31, 2007;
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: May 14, 2007

"signed"

John R. Bobenic
President & CEO



Form 52-109F2 – Certification of Interim Filings

I, Victor S. Dusik, 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 March 31, 2007;
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: May 14, 2007

"signed"

Victor S. Dusik
Vice President Finance & CFO

MAXIM POWER CORP.

Consolidated Balance Sheets
(In Thousands of Dollars)

	March 31, 2007 (unaudited)	December 31, 2006
Assets		
(see basis of presentation - note 1)		
Current assets:		
Cash and cash equivalents	\$ 13,786	\$ 22,955
Accounts receivable	25,249	34,836
Prepaid expenses, deposits and other	1,825	2,128
Coal inventory	2,953	1,784
Plant inventory	546	614
Current assets of discontinued operations	80	80
	<u>44,439</u>	<u>62,397</u>
Property, plant and equipment (note 5)	182,126	151,108
Deferred costs	7,627	8,373
Coal contract	4,667	4,834
Goodwill	15,632	15,632
	<u>\$ 254,491</u>	<u>\$ 242,344</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,260	\$ 24,081
Income taxes payable	14,494	4,738
Current portion of long-term debt (note 6)	3,545	3,606
Current portion of capital lease obligations (note 7)	4,192	2,149
Current portion of cash flow indenture (note 8)	1,126	6,250
Current portion of long-term contracts (note 9)	1,867	1,851
	<u>52,484</u>	<u>42,675</u>
Long-term debt (note 6)	45,188	47,956
Capital lease obligations (note 7)	14,373	8,252
Cash flow indenture (note 8)	-	1,126
Long-term contracts (note 9)	2,773	3,282
Asset retirement obligation	796	787
Future income tax liability	7,744	11,668
Deferred revenue	18	82
Non-controlling interest	98	48
Shareholders' equity:		
Share capital (note 10)	93,641	92,377
Retained earnings	37,410	34,088
Accumulated other comprehensive (loss) income (Note 3)	(34)	3
	<u>131,017</u>	<u>126,468</u>
	<u>\$ 254,491</u>	<u>\$ 242,344</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

(Signed) _____ Director

(Signed) _____ Director

MAXIM POWER CORP.

Consolidated Statements of Operations and Retained Earnings

Three months ended March 31, 2007 and 2006

(In Thousands of Dollars)

(unaudited)

	2007	2006
	(see basis of presentation - note 1)	
Revenue:		
Electricity sales	\$ 34,052	\$ 31,470
Expenses:		
Plant operations	22,654	21,662
General and administration	1,397	1,601
Depreciation and amortization	3,885	1,826
	27,936	25,089
Income before the following items	6,116	6,381
Interest expense	1,191	371
Interest income	(199)	-
Foreign exchange loss	9	23
Non-controlling interest	50	164
Income before income taxes from continuing operations	5,065	5,823
Income taxes:		
Current	9,478	-
Future	(7,735)	1,960
	1,743	1,960
Net income from continuing operations	3,322	3,863
Net loss from discontinued operations	-	80
Net income for the period	3,322	3,783
Retained earnings, beginning of period	34,088	14,245
Retained earnings, end of period	37,410	18,028
Basic and diluted income per share – continuing operations	\$ 0.08	\$ 0.09
Basic and diluted loss per share – discontinued operations	\$ -	\$ (0.01)
Basic and diluted income per share	\$ 0.08	\$ 0.08

Consolidated Statements of Comprehensive Income

Three months ended March 31, 2007 and 2006

(In Thousands of Dollars)

(unaudited)

	2007	2006
Net income for the period	\$ 3,322	\$ 3,783
Other comprehensive income, net of tax:		
Unrealized (losses) gains on translation of self-sustaining operations	(37)	562
Comprehensive income	\$ 3,285	\$ 4,345

See accompanying notes to consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

Three months ended March 31, 2007 and 2006

(In Thousands of Dollars)

(unaudited)

	2007	2006
	(see basis of presentation - note 1)	
Cash provided by (used in):		
Operations:		
Net income from continuing operations	\$ 3,322	\$ 3,863
Items not involving cash:		
Depreciation and amortization	3,885	1,826
Foreign exchange loss	14	23
Non-controlling interest	50	164
Asset retirement obligation	9	5
Fair value of stock based compensation	651	262
Future income tax	(7,735)	1,960
	196	8,103
Change in non-cash working capital (note 11)	21,646	6,788
Cash flows from continuing operations	21,842	14,891
Net loss from discontinued operations	-	(80)
Items not involving cash:		
Depreciation and amortization	-	428
Equity loss	-	16
Change in non-cash working capital	-	(309)
Cash flows from discontinued operations	-	55
	21,842	14,946
Financing:		
Issuance of long-term debt	-	3,797
Repayments of long-term debt	(1,109)	(744)
Repayment of lease obligation	(1,027)	(283)
Issuance of common shares	667	619
Cash flows from continuing financing activities	(1,469)	3,389
Repayment of long-term debt related to discontinued operations	-	(136)
	(1,469)	3,253
Investing:		
Property, plant and equipment	(1,136)	(3,592)
Acquisitions, net of cash acquired (Note 4)	(20,999)	-
Deferred costs	(1,120)	(549)
	(23,255)	(4,141)
Change in non-cash working capital (note 11)	(6,250)	(5,863)
Cash flows used in investing in continuing operations	(29,505)	(10,004)
Change in cash related to discontinued operations	-	139
Cash used in investing in discontinued operations	-	(333)
	(29,505)	(10,198)
Foreign exchange (loss) gain	(37)	133
(Decrease) increase in cash	(9,169)	8,134
Cash, beginning of period	22,955	23,309
Cash, end of period	\$ 13,786	\$ 31,443

See accompanying notes to consolidated financial statements.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except 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 financial statements and notes for the fiscal year ended December 31, 2006. 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, except as described in note 2.

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 interest's proportion of the accounts.

2. Changes in accounting policies:

Effective January 1, 2007, the Corporation adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Comprehensive Income (Section 1530); Financial Instruments - Recognition and Measurement (Section 3855); and Hedges (Section 3865). Adjustments to these unaudited interim consolidated financial statements have been made in accordance with the transitional provisions of these new standards.

(a) Financial instruments:

Under the new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives and embedded derivatives, unless exempted from derivative treatment as a normal purchase and sale, are included on the consolidated balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost based on the effective interest rate method. Changes in fair value are recognized in the statement of operations, except for available-for-sale financial instruments which are recognized in the statement of comprehensive income on a net of tax basis or certain financial instruments that are part of a designated hedging relationship that qualify for special accounting treatment in accordance with the new CICA handbook section on hedges.

Upon adoption of these new standards, the Corporation designated cash and cash equivalents as held for trading assets measured at fair value. Accounts receivable are classified as loans and receivables, measured at amortized cost. Accounts payable and accrued liabilities, cash flow indentures, long term debt, and income taxes payable are designated as other financial liabilities. The Corporation's carrying values for all above items approximate their fair value at the time of transition and at March 31, 2007 the Corporation had neither available for sale, nor held to maturity instruments during the three months ended March 31, 2007.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 2

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

2. Changes in accounting policies (continued):

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial instrument. Effective January 1, 2007, the Corporation began offsetting long-term debt transaction costs against the associated debt and began amortizing these costs using the effective interest rate method. Previously, these costs were amortized straight-line over the life of the debt.

The adoption of the new CICA handbook sections on financial instruments have been adopted on a prospective basis, in accordance with the transitional provisions of those sections. However, there has been no impact on these unaudited interim consolidated financial statements for the adoption of these new sections.

(b) Hedges:

The new standards on hedges apply when a designated hedging relationship qualifies for hedge accounting and the option of applying hedge accounting is chosen. The Corporation does not apply hedge accounting and therefore there is no impact on these unaudited interim consolidated financial statements of this new policy.

(c) Comprehensive income:

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles. The new standards require the presentation of comprehensive income and its components in a financial statement with the same prominence as other financial statements that constitute a complete set of financial statements.

The comparative statements have been restated for foreign currency translation of self-sustaining foreign operations to reflect application of the transitional provisions of this section.

Two new Canadian accounting standards have been issued that will require additional disclosure in the Corporation's financial statements commencing January 1, 2008 about the Corporation's financial instruments as well as its capital and how it is managed.

3. Accumulated other comprehensive income:

The composition of accumulated other comprehensive income is as follows:

	March 31, 2007	December 31, 2006
Unrealized (losses) gains on translation of net foreign operations	\$ (34)	\$ 3

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 3

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

4. Acquisition:

On February 28, 2007, MAXIM acquired 100% of the common shares of six French cogeneration companies having a combined capacity of 36.9 megawatts electrical and 27.2 megawatts thermal.

The acquisition was accounted for at fair value using the purchase method of accounting for business combinations. The total purchase consideration, including acquisition costs, has been allocated as follows:

Other current assets	\$	6,213
Property, plant and equipment		17,393
Capital leases		16,326
		39,932
Bank indebtedness, net of cash		(159)
Other current liabilities		(5,758)
Capital lease obligation		(9,191)
Future income tax liability		(3,825)
		(18,933)
Total cash consideration including acquisition costs (net of bank indebtedness of \$159)	\$	20,999

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

5. Property, plant and equipment:

March 31, 2007	Cost	Accumulated Depreciation	Net book value
Property, plant and equipment	\$ 163,672	\$ 15,136	\$ 148,536
Capital leases	30,686	1,332	29,354
Spare parts	4,236	-	4,236
	\$ 198,594	\$ 16,468	\$ 182,126
December 31, 2006			
Property, plant and equipment	\$ 144,978	\$ 12,306	\$ 132,672
Capital leases	14,393	559	13,834
Spare parts	4,602	-	4,602
	\$ 163,973	\$ 12,865	\$ 151,108

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 4

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

6. Long-term debt:

	March 31, 2007	December 31, 2006
Canada	\$ 11,498	\$ 11,939
United States	29,834	31,980
France	7,401	7,643
	48,733	51,562
Less current portion	(3,545)	(3,606)
	\$ 45,188	\$ 47,956

The Corporation's anticipated repayment obligations as at March 31, 2007 on the above loans over the next 5 years are as follows:

2008	\$ 3,545
2009	3,914
2010	4,121
2011	2,668
2012	2,667
Remaining	31,818
	48,733
Less current portion	(3,545)
	\$ 45,188

At March 31, 2007, MAXIM was not in compliance with the Fixed Charge Coverage Ratio covenant of a \$9,500 non-revolving floating rate term loan used to finance the Vancouver Landfill project ("VLF"). On May 1, 2007, MAXIM received a waiver of this covenant breach from the lender.

7. Capital leases:

MAXIM, through its newly acquired French subsidiaries, has assumed five capital lease obligations related to production equipment.

These capital lease obligations bear variable interest at Euribor plus 1.6% or fixed interest in the range of 5.76%-7.24%, with quarterly repayments and are amortized over a period in the range of 8-12 years. Upon termination of the leases, there is an option to purchase the leased equipment at the option price of one Euro.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 5

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

7. Capital leases (continued):

Future minimum payments under the nine capital leases at March 31, 2007 are as follows:

2008	\$	5,504
2009		4,330
2010		4,004
2011		3,446
2012		1,952
Remaining		2,986
Total minimum lease payments		22,222
Amounts representing interest		(3,657)
Present value of net minimum lease payments		18,565
Less: current portion		(4,192)
	\$	14,373

8. Cash flow indenture:

Under the terms of the acquisition agreement, MPLP has an obligation to pay cash to the Balancing Pool in relation to a cash flow indenture of 20% of its future annual cash flows to a maximum of \$15,000. The payments are based on a profit sharing arrangement whereby the estimated present value of future cash flows of \$15,000 was added to the purchase price consideration for the plant. The obligation is non-interest bearing and MPLP has pledged a second charge on its accounts receivable as collateral for the payments due under the cash flow indenture. At March 31, 2007, the outstanding balance was \$1,126 (December 31, 2006 - \$7,376) which amount (December 31, 2006 - \$6,250) is classified as current portion of cash flow indenture.

9. Long-term contracts:

In conjunction with the acquisition of CDECCA on September 30, 2006, MAXIM assumed three contractual obligations related to natural gas distribution and transportation. The natural gas distribution contract will expire in February 2009 and the transportation contracts will expire in September 2008 and September 2011. At March 31, 2007, the natural gas distribution contract liability was \$2,869 (December 31, 2006 - \$3,245) of which \$1,449 (December 31, 2006 - \$1,437) was classified as current portion of long-term contracts and the natural gas transportation contracts liabilities were \$1,771 (December 31, 2006 - \$1,888) of which \$418 (December 31, 2006 - \$414) was also classified as current portion of long-term contracts.

Future minimum payments under long-term contracts at March 31, 2007 are as follows:

2008	\$	1,867
2009		1,813
2010		364
2011		390
2012		206
		4,640
Less: current portion		(1,867)
	\$	2,773

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 6

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

10. Share capital:

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares

(b) Issued:

Share capital:

	Number		2007 Amount
Common shares of Maxim Power Corp.			
Balance, December 31, 2006	43,905,468	\$	90,628
Stock options exercised	125,000		780
Common shares, March 31, 2007	44,030,468		91,408
Contributed surplus			
Balance, December 31, 2006			1,749
Fair value of stock based compensation			597
Stock options exercised			(113)
Contributed surplus, March 31, 2007			2,233
Balance, March 31, 2007	44,030,468	\$	93,641

(c) 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 will vest to the grantee over a 3 year period and the grantee has the right to exercise those stock options for 5 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		2007 Weighted average exercise price
Balance, December 31, 2006	2,864,050	\$	4.88
Exercised	(125,000)		(5.35)
Granted	30,000		5.50
Balance, March 31, 2007	2,769,050	\$	4.87

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 7

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

10. Share capital (continued):

Details of the stock options outstanding at March 31, 2007 are as follows:

Range of Exercise Prices	Options Outstanding at March 31, 2007			Options Exercisable at March 31, 2007	
	Number of Options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$2.00 to \$3.50	102,533	2.0	\$2.20	102,533	\$2.20
\$3.51 to \$5.99	1,622,450	4.8	\$4.23	82,302	\$4.00
\$6.00 to \$8.00	1,044,067	3.8	\$6.11	383,699	\$6.12
\$8.01 to \$13.40	-	-	-	-	-
	2,769,050	4.3	\$4.87	568,534	\$5.10

The Corporation accounts for its stock option plan using the fair value method. Under this method, at March 31, 2007, \$651 (2006 - \$262) of costs are recorded as expense for 2007 for options granted to employees and directors.

The fair value of each option granted is estimated at the date of grant using the Black-Scholes option pricing method with weighted average assumptions for grants at March 31, 2007 as follows:

Risk free interest rate (%)	3.00
Time to expiration (years)	5.00
Volatility (%)	50.00
Expected dividend	-

During the first quarter of 2007, the Corporation granted 30,000 (2006 - 131,500) stock options to purchase common shares at an average price of \$6.61 (2006 - \$6.70) under the Corporation's stock option plan and the weighted average fair value of each option was calculated to be \$2.57 (2007 - \$3.10). The Corporation used the Black-Scholes option pricing model and the assumptions above to calculate the weighted average fair value.

(d) Income per share:

The weighted average number of shares outstanding for purposes of calculating basic income per share at March 31, 2007 was 43,977,440 and 43,856,554 at March 31, 2006.

For the March 31, 2007 fully diluted income per share calculation, 147,907 (2006 - 20,283) shares were added to the average number of common shares outstanding during the period for the dilutive effects of exercisable stock options.

MAXIM POWER CORP.

Notes to Consolidated Financial Statements, Page 8

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

11. Change in non-cash working capital:

	2007	2006
Operations:		
Accounts receivable	\$ 9,587	\$ 2,184
Prepaid expenses, deposits and other	303	326
Inventory	(1,101)	(68)
Accounts payable and accrued liabilities	3,179	4,315
Income taxes payable	9,756	-
Deferred revenue	(64)	31
Unrealized foreign exchange	(14)	-
	\$ 21,646	\$ 6,788
Investing:		
Accounts payable and accrued liabilities	\$ -	\$ (999)
Current portion of cash flow indenture	(6,250)	(4,864)
	\$ (6,250)	\$ (5,863)

The following cash payments have been made to March 31:

	2007	2006
Taxes	\$ -	\$ 19
Interest	\$ 1,072	\$ 771

12. 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. Details by geographic area are as follows:

	March 31, 2007		March 31, 2006	
	Revenue	Income before the following items*	Revenue	Income before the following items*
Canada	\$ 14,049	\$ 3,744	\$ 15,425	\$ 4,557
United States	4,043	(437)	361	(837)
France	15,960	2,809	15,684	2,661
Total	\$ 34,052	\$ 6,116	\$ 31,470	\$ 6,381

* 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 from November through March only. Operations in the United States are 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, Page 9

Three months ended March 31, 2007 and 2006

(Amounts in thousands of dollars, US dollars or Euro, except shares and per share amounts)

12. Segmented information (continued):

The location of the Corporation's assets, is as follows:

	March 31, 2007			December 31, 2006		
	PP&E. Additions	Depreciation and Amortization	Total Assets	PP&E Additions	Depreciation and Amortization	Total Assets
Canada	\$ 1,373	\$ 1,049	\$ 94,768	\$ 6,133	\$ 4,023	\$ 120,511
United States	(29)	618	53,667	12,011	1,384	57,405
France	33,480	1,959	105,976	14,922	2,249	64,348
Discontinued	-	-	80	-	-	80
Total	\$ 34,824	\$ 3,626	\$ 254,491	\$ 33,066	\$ 7,656	\$ 242,344

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

	2007	2006
Canada	\$ 15,632	\$ 15,632
United States	-	-
France	-	-
Total	\$ 15,632	\$ 15,632

13. Comparative figures:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") dated May 14, 2007, should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2007 for Maxim Power Corp ("MAXIM" or "Corporation") and the audited annual financial statements for MAXIM for the fiscal year ended December 31, 2006.

OVERALL PERFORMANCE

MAXIM concluded a significant acquisition in France on February 28, 2007. The acquisition increased MAXIM's electricity generating capacity¹ by 37 MW to 482 MW through the addition of six power plants. Since the quarter ending March 31, 2006, MAXIM acquired the Capitol District Energy Centre Cogeneration Associates ("CDECCA") plant, eight generating plants in France, and began commercial operation of its Basin Creek facility in Montana. This cumulative acquisition and development activity has had a positive impact on MAXIM's performance this quarter compared to the quarter ending March 31, 2006. Since March 31, 2006, MAXIM has increased its generating capacity by 120 MW to 482 MW and now operates a total of 30 power plants.

The contribution from the France acquisition for the month of March and the other acquisition and development activity for the quarter was offset by a decision to advance the timing of the annual turnaround of the HR Milner Power Generating Plant ("Milner") to coordinate this maintenance initiative with other work underway at the plant. The last turnaround was undertaken during the second quarter of 2006. Timing of the turnaround is consistent with MAXIM's strategy of carrying out the turnaround when electricity prices in Alberta are at their lowest during the year.

MAXIM recorded net income for the first quarter of 2007 of \$3.3 million compared to \$3.8 million for the same period of 2006. Funds from operations were \$196 thousand for the first quarter of 2007 compared to \$8.1 million for the same period of 2006. Reductions to net income and funds from operations reflect the impact of advancing the turnaround of Milner, which was partially offset by the favorable impact of generation added since March 31, 2006.

RESULTS OF OPERATIONS

Generating plants dedicated to the receipt of tolling or capacity payments increased by 80 MW since March 31, 2006 through the France acquisition on February 28, 2007 and a decision by MAXIM to receive capacity payments from Electricité de France ("EdF") on certain existing plants in France (versus operating these plants in cogeneration mode and receiving PPA payments for the sale of electricity and capacity). Generating plants receiving a combination of capacity payments and payments for sale of electricity increased by 127 MW since March 31, 2006 due to the acquisition of the CDECCA plant on October 1, 2006 and both the CDECCA and Pawtucket Power Associates LP ("Pawtucket") plants becoming eligible to receive capacity payments from the ISO New England Inc. (operator of New England's bulk power and transmission system) effective October 31, 2006. Generating plants dedicated solely to selling electricity at spot prices decreased by 71 MW since March 31, 2006, primarily due to the

¹ All references to "capacity" are the nameplate capacity as designated by the manufacturer under specific operating conditions, reduced for minority ownership interests of third parties.

New England Pawtucket plant becoming eligible to receive capacity payments from the ISO New England effective October 31, 2006.

Summary of MAXIM's power plants by source of revenue

(MW)	March 31, 2007	March 31, 2006
Tolling or capacity payments at fixed prices	157	77
Electricity sales at spot prices per MWh	132	203
Combined fixed capacity and sale of electricity	127	-
Electricity sales at fixed prices per MWh under PPA's	66	82
Total	482	362

MAXIM initiated the annual turnaround of Milner during the quarter to coordinate the turnaround with other work underway at the plant. Milner was taken offline on March 7, 2007, generated intermittently when scheduling of work permitted, resumed continuous operation on April 4, 2007 at 95 MW, and increased output to full capacity on April 9, 2007. Generation of electricity by location for all plants except those plants solely receiving tolling or capacity payments is shown in the following table.

Summary of March 31, 2007 generation by location

Facility	Q1 Generation (MWh)	Percentage of Q1 Generation
Canada - Milner power plant	180,908	73.0%
Canada - other plants	21,548	8.7%
United States	507	.2%
France	44,733	18.1%
Total	247,696	100.0%

Revenue

Revenue increased by \$2.6 million or 8%, from \$31.5 million for the first quarter of 2006 to \$34.1 million for the first quarter of 2007. The addition of nine generating plants since the quarter ending March 31, 2006 increased revenue by \$5.4 million over the quarter ending March 31, 2006. This increase was partially offset by reduced revenue due to advancing the timing of Milner's turnaround.

Average Alberta power pool prices were \$64 per MWh for the quarter ending March 31, 2007 versus \$57 per MWh for the quarter ending March 31, 2006. Generation production was 247,696 MWh during the quarter, down 79,736 MWh or 24% from 327,432 MWh during the quarter ending March 31, 2006, primarily due to advancing the turnaround of Milner and operating certain French power plants in "dispatch mode" in exchange for capacity payments.

Plant operations

Plant operations expense increased by \$1.0 million or 5%, from \$21.7 million in the first quarter of 2006 to \$22.7 million for the first quarter of 2007.

Plant operation expenditures

(\$000's)	March 31, 2007		March 31, 2006	
	Fuel	O&M	Fuel	O&M
Canada	3,820	4,840	4,856	3,719
United States	1,453	2,341	391	741
France	7,160	3,040	10,372	1,583
Total	12,433	10,221	15,619	6,043
Percent of plant operations expense	55%	45%	72%	28%

The fuel component of plant operations decreased \$3.2 million or 20% compared to the first quarter of 2006. This was due primarily to operating certain French generating units on a capacity payment basis and advancing the timing of the annual Milner turnaround to the first quarter of 2007. On a per MWh basis, plant fuel cost was \$50 per MWh during the first quarter of 2007 versus \$48 per MWh during the first quarter of 2006. The operations and maintenance ("O&M") component of plant operation expenditures increased \$4.2 million or 69% primarily due to the addition of new generating plants.

General and administration

General and administration ("G&A") expense of \$1.4 million during the first quarter of 2007 was \$0.2 million or 13% lower than G&A expense of \$1.6 million during the first quarter of 2006. The lower G&A costs were attributed to increased capital activity.

Depreciation

Depreciation expense increased to \$3.9 million during the first quarter of 2007 compared to \$1.8 million for the same quarter of 2006. This increase of \$2.1 million or 117% is due to the addition of generating plants over the past year, principally in France with the Balleycourt, and Canteleu acquisitions, six French generating facilities acquired on February 28, 2007, the Basin Creek generating facility which came on line May 17, 2006, and the CDECCA plant which was acquired in October 2006.

Interest expense

MAXIM incurred interest expense of \$1.2 million during the first quarter of 2007 compared to \$0.4 million for the same quarter of 2006. The increase of \$0.8 million or 200% is the result of interest expense on capital leases assumed with the acquisition of French generating units and interest expense for the Basin Creek project loan. Interest was capitalized during the construction of the Basin Creek generating facility until the facility achieved commercial operation.

Income taxes

MAXIM has provided \$1.7 million for income taxes for the quarter, a decrease of \$0.3 million or 11% compared to \$2.0 million for the first quarter of 2006. Income before income taxes from continuing operations decreased from \$5.8 million for the quarter ending March 31, 2006 to \$5.1 million for the quarter ending March 31, 2007, resulting in the smaller tax provision. The income tax provision of \$1.7 million for this quarter reflects a current tax obligation of \$9.4 million, partially offset by a reduction to future tax obligations of \$7.7 million. The current tax obligation arises from depletion of tax pools.

Net income

Net income during the first quarter of 2007 was \$3.3 million or \$0.08 per share versus net income of \$3.8 million or \$0.08 per share for the first quarter of 2006.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

(\$000's except per share and per MWh amounts)

	2007	2006				2005		
	Mar 31	Dec 31	Sep 30	June 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	34,052	40,470	29,521	9,776	31,470	39,907	8,931	13,681
EBITDA ¹	10,001	17,893	17,190	(4,202)	8,207	20,530	(456)	3,054
Net income (loss)	3,322	10,523	10,093	(4,523)	3,783	10,663	(1,820)	(7)
Net income (loss) per share	\$0.08	\$0.24	\$0.23	\$(0.10)	\$0.01	\$0.30	\$(0.05)	\$0.00
Total assets	254,491	242,344	206,596	187,606	205,631	196,829	157,651	161,352
Alberta pool price per MWh	\$64	\$117	\$95	\$54	\$57	\$117	\$67	\$51

¹ Refer to Non-GAAP measures below

Selected quarterly unaudited financial information was prepared in accordance with Canadian generally accepted accounting principles.

The decrease in revenue, EBITDA and net income during the quarters ending March 31, 2007, June 30, 2006, and September 30, 2005 reflect the annual turnaround of Milner. The lower revenue during the quarters ending June 30th September 30th reflect the seasonal operations of the French plants as the French co-generation season is from November through to the end of March. Revenues, EBITDA, and net income are also affected by seasonal Alberta pool prices as shown above, which are higher during winter and summer peak load months.

Non-GAAP measures

(\$000's)	Three Months Ended March 31	
	2007	2006
"Income (loss) before the following items", as reflected in the Interim Consolidated Statements of Operations and Retained Earnings	6,116	6,381
Depreciation and Amortization	3,885	1,826
EBITDA	10,001	8,207
"Cash flow from continuing operations", as reflected in the Interim Consolidated Statement of Cash Flows	21,842	14,891
Less: Change in non-cash working capital	21,646	6,788
Funds from continuing operations	196	8,103

"Income (loss) before the following items", as reflected in the Interim Consolidated Statements of Operations and Retained Earnings is reported as Operating Income by the Corporation. Management

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

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures

At March 31, 2007 MAXIM had \$34.8 million of property, plant and equipment ("PP&E") expenditures compared to \$3.6 million at March 31, 2006. The PP&E expenditures during the first quarter of 2007 are primarily due to the acquisition of French generating facilities on February 28, 2007 (\$33.7 million including capital leases assumed) and the annual turnaround for Milner. MAXIM capitalized \$1.1 million of the Milner turnaround expenditures as these expenditures are expected to extend the useful life of the plant. MAXIM also continued to develop the Milner #14 Mine leases and incurred \$0.6 million of development expenditures during the first three months of 2007 for a cumulative total of \$4.3 million at March 31, 2007. Expenditures for the Milner #14 Mine leases are classified as deferred costs.

Working capital

Working capital at March 31, 2007 was negative \$8.1 million, a decrease of \$27.8 million from the working capital position of \$19.7 million at December 31, 2006. The decrease is due to the acquisition of French generating facilities on February 28, 2007 (funded from existing cash) and the reduced income during the quarter from advancing the annual turnaround of Milner. It is anticipated that the negative working capital position at March 31, 2007 will return to a positive position following the startup of the Milner plant.

Long term debt

At March 31, 2007 MAXIM had combined credit facilities with BMO Bank of Montreal ("BMO") (Facilities A through E), a project loan with AIG Global Investments Corporation ("AIG") for the Basin Creek generating facility, and three loans with Raiffeisen Zentrelbank Osterreich Aktiengesellschaft AG ("RZB") for French generating facilities.

Summary of long term debt

(\$000's)	March 31, 2007	December 31, 2006
BMO Bank of Montreal	11,498	11,939
AIG Global Investments Corporation	31,502	31,980
Raiffeisen Zentrelbank Osterreich Aktiengesellschaft AG	7,401	7,643
Deferred costs ¹	(1,668)	
Long term debt ¹	48,733	51,562

¹ Effective January 1, 2007 deferred costs related to debt are netted against long term debt. Refer to change in accounting policies below.

BMO loans under facilities A, B, and D are demand in nature, bearing various rates of interest and are available for working capital purposes or new project development. MAXIM had \$1.7 million of letters of credit outstanding under Facility A at March 31, 2007. No amounts were outstanding under Facilities B and D at March 31, 2007 nor at December 31, 2006. Facility C is a non-revolving reducing fixed rate term loan bearing interest at 6.79% per annum with blended monthly repayments as well as quarterly repayments based on available cash flow. At March 31, 2007 Facility C had an outstanding balance of

\$4.7 million compared to \$5.1 million at December 31, 2006. Facility E is a non-revolving reducing term loan with floating interest rates. The total outstanding balance at March 31, 2006 for Facility E was \$6.8 million compared to \$6.9 million at December 31, 2006.

The AIG Basin Creek credit facility is a non-revolving twenty year amortizing term loan maturing on June 30, 2026 with quarterly payments and a fixed interest rate of 6.95%. At March 31, 2007 the outstanding amount of the loan was \$31.5 million (US\$27.3 million) compared to \$32.0 million (US\$27.4 million) at December 31, 2006. The AIG Basin Creek credit facility is non-recourse to MAXIM.

The three project loans through RZB in France bear interest rates of Euribor plus a margin ranging from 1.8% to 2.75% and all are non-revolving. Each of the RZB loans has similar terms, covenants and maturities of 12 years that coincide with each project's respective 12 year power purchase agreement with EdF. At March 31, 2007, the three French projects had a combined outstanding balance of \$7.4 million (€4.8 million) compared to \$7.6 million (€5.0 million) at December 31, 2006.

At March 31, 2007 all loans were in compliance with the lender's credit agreements except the BMO Facility E, which was not in compliance with the Fixed Charge Coverage Ratio covenant. On May 1, 2007, MAXIM received a waiver of this covenant breach from the lender. MAXIM is in the process of amalgamating MAXIM Power (BC) Inc. and amending the BMO credit facility, resulting in compliance of this covenant.

Capital lease obligations

MAXIM has leased equipment at the Hartland facility, located near Victoria, British Columbia, from the Capital Regional District. The lease obligation bears interest at 6.5% per annum and is repayable on a monthly basis over a 20 year term. At March 31, 2007, the outstanding balance of this lease obligation was \$1.6 million compared to \$1.6 million at December 31, 2006.

MAXIM has eight capital lease obligations in France with a total outstanding balance of \$16.9 million (€11.0 million) at March 31, 2007. Five of these obligations were assumed as part of the France acquisition on February 28, 2007 (\$8.9 million or €5.8 million at March 31, 2007) and three obligations are continuing from December 31, 2006 (\$8.0 million or €5.2 million at March 31, 2007). Three lease obligations bear interest at fixed rates of 4.0% to 7.03%. Five lease obligations bear interest at floating rates of Euribor or France's index of long-term government bond yields, plus a margin ranging from 1.5% to 1.6%.

Cash flow indenture

MAXIM has an obligation to the Balancing Pool in relation to a cash flow indenture of 20% of annual cash flows to a maximum of \$15 million. The obligation is non-interest bearing and MAXIM has pledged accounts receivable as collateral for the payments due under the cash flow indenture. During the first quarter of 2007 MAXIM paid \$6.3 million to the Balancing Pool. The amount outstanding at March 31, 2007 was \$1.1 million, which is forecast to be paid by March 30, 2008.

Long-term contracts

With the acquisition of CDECCA in 2006, MAXIM assumed three contractual obligations related to natural gas distribution and transportation. The natural gas distribution contract will expire in February 2009 and the two transportation contracts will expire in September 2008 and September 2011. At March 31, 2007, the natural gas distribution contract was \$2.9 million (US\$2.5 million) and the natural gas transportation contracts totaled \$1.7 million (US\$1.5 million).

Equity issuances

There were no equity issuances during the first three months of 2007 other than 125,000 common shares issued under MAXIM's stock option plan for proceeds of \$667 thousand.

OUTLOOK

Operations

Alberta power pool prices averaged \$64 per MWh during the first quarter of 2007 which was significantly lower than the average Alberta power pool price of \$117 per MWh during the fourth quarter of 2006. At March 31, 2007, MAXIM has 259 MW of its total net installed capacity of 482 MW exposed to spot prices. Of the 259 MW of generating capacity, 132 MW are exposed to Alberta spot prices and 127 MW are exposed to spot prices in the New England power market. The ISO New England provides MAXIM with a capacity payment of \$3.05 per kW per month, which mitigates the volatility of revenue fluctuations earned in this market. For the month of April 2007, the Alberta average power pool price was \$52 per MWh. For the remainder of 2007, independent forecasts of the average Alberta forward prices are in the range of \$80 to \$83 per MWh. Alberta power prices are volatile and affected by different variables. These prices have a high correlation to natural gas prices and are sensitive to planned and unplanned outages of generating facilities in Alberta.

Milner was taken offline on March 7, 2007 for its annual turnaround and other repair work, resumed continuous operation on April 4, 2007 at 95 MW, and increased output to full capacity on April 9, 2007. France completed its co-generation season at March 31 and will begin operations at the start of the next co-generation season in November. During non-production months, the French plants will undergo planned turnarounds.

Acquisitions and development

Maxim will continue development of Milner's #14 Mine leases during 2007. The leases contain an estimated 13 million tonnes of recoverable coal reserves. MAXIM is targeting to submit mine permit and license applications mid-2007 to the Alberta Energy and Utility Board and Alberta Environment for underground mine development. The development of the Milner coal reserves could serve as a source of fuel for Milner and any future expansion of that facility.

MAXIM plans to continue adding generation capacity primarily through acquisitions that utilize hydrocarbon based fuels. MAXIM will give higher priority to those acquisitions with generation capacity of 50MW or greater, except in France where cogeneration projects are of smaller scale. MAXIM's strategic plan is to incorporate more greenfield opportunities within the next 3 to 5 years.

Environmental legislation

On March 8, 2007 the Province of Alberta announced its proposed climate change legislation and regulations. Bill 3, "Climate Change and Emission Management Amendment Act", and its accompanying Specified Gas Emitters Regulation ("regulations") require companies that emit more than 100,000 tonnes of greenhouse gases a year to reduce their emission intensity by 12 percent starting July 1, 2007 from 2003 – 2005 levels.

Regulations proposed by the provincial government detail how companies can reduce their emission intensity. Compliance options include making operating improvements, acquiring an Alberta-based offset to apply against their emission total or contributing to a new government fund that will invest in

technology to reduce greenhouse gas emission in the province. If reducing emission intensity by 12% is not initially possible, large emitters will be required to pay \$15 per tonne to the technology fund for every tonne above the 12% target. Should Milner be unable to achieve adequate operating improvements or purchase an estimated required 60,000 tonnes of offsets, it could meet its requirements by contributing \$15 per tonne to the technology fund, costing up to \$1.0 million annually.

On April 26, 2007 the Government of Canada unveiled its action plan to reduce greenhouse gases and air pollution. Exact targets are to be formulated in sector specific regulations, drafts of which are to be published in the spring of 2008. The proposed framework for the Clean Air Regulatory Agenda ("CARA") targets stabilization then reduction of greenhouse gases and air pollutants. Short-term targets are to be expressed as reductions from 2006 levels. For existing facilities, emission "intensity" reduction targets are to be based on an improvement of 6% each year from 2007 to 2010 (for cumulative reduction of 18% of 2006 levels by 2010). Every year thereafter, a 2% continuous emission-intensity improvement will be required, resulting in an industrial emission-intensity reduction of 26% by 2015. Companies, including MAXIM, are expected to meet their obligations by reducing their own emissions, contributing to a technology fund, using emissions trading or offsets, and by using a one-time credit for verifiable "early" action undertaken between 1992 and 2006.

The extent to which there will be harmonization of the Alberta and Canadian Government climate change legislation remains to be determined.

CHANGE IN ACCOUNTING POLICIES

As more fully described in Note 2 to the Consolidated Financial Statements at March 31, 2007, newly issued accounting standards by The Canadian Institute of Chartered Accountants relating to comprehensive income, equity, financial instruments, and hedges were adopted by the Corporation effective January 1, 2007. As a result of these new standards, a new category, accumulated other comprehensive income, forms part of the Shareholders' Equity and certain unrealized gains or losses are reported in other comprehensive net income. At March 31, 2007, other comprehensive net income was a deficit of \$37 thousand, consisting entirely of foreign exchange losses on self-sustaining foreign operations.

The Corporation plans to adopt two new Canadian accounting standards that will require additional disclosure in the Corporation's financial statements about the Corporation's financial instruments as well as its capital and how it is managed commencing January 1, 2008.

CONTROLS AND PROCEDURES

As reported in the Corporation's MD&A on March 29, 2007 COMAX France, a wholly-owned subsidiary of the Corporation, has weaknesses in internal control. Management is executing on its remediation plan to address these weaknesses during 2007. These weaknesses result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement; however, we do not have reasonable assurance at this time that the risks can be reduced to a remote likelihood of a material misstatement. There has been no change in the Corporation's internal control over financial reporting that occurred during the first quarter of 2007 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OTHER INFORMATION

Outstanding Share Data

Issued common shares at December 31, 2006	43,905,468
Exercised share options	125,367
Total issued common shares at May 14, 2007	44,030,835
Outstanding share options	2,768,683
Total diluted common shares at May 14, 2007	46,814,518

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.