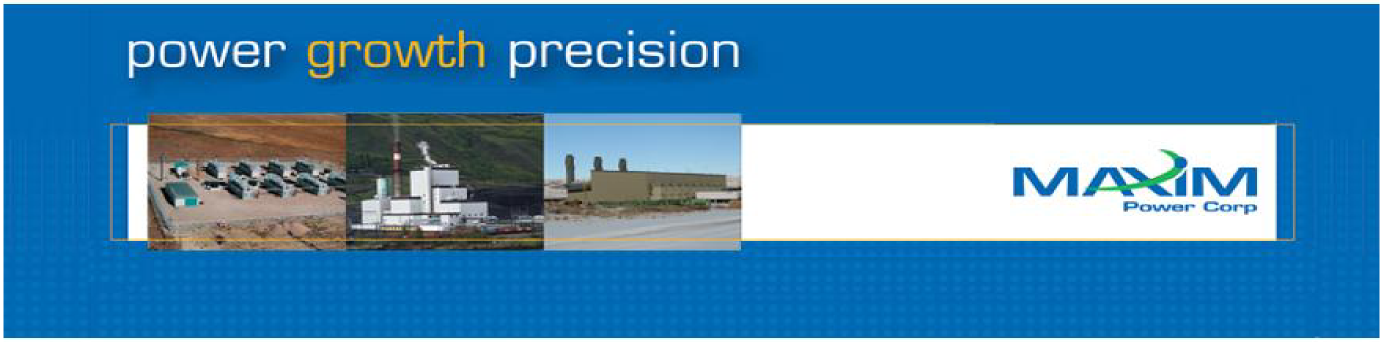


Quarterly Report of

MAXIM POWER CORP.

Second Quarter ended June 30, 2010 and 2009
(unaudited)

MAXIM POWER CORP.

Consolidated Balance Sheets
(In Thousands of Dollars)
(unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 10,623	$ 13,547
Restricted cash	1,539	1,521
Accounts receivable	13,982	30,590
Prepaid expenses and deposits	1,262	2,005
Inventory (note 3)	6,545	3,802
Current portion of future income tax asset	-	1,543
	33,951	53,008
Property, plant and equipment (note 4)	266,164	276,211
Prepaid expenses and deposits	1,025	1,061
Future income tax asset (note 8)	27,079	1,426
Intangibles (note 5)	24,928	29,283
Goodwill	15,632	15,632
	$ 368,779	$ 376,621
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	$ 192	$ 153
Accounts payable and accrued liabilities	17,286	37,092
Income taxes payable	1,628	4,028
Current portion of long-term debt (note 6)	12,775	8,707
Current portion of capital lease obligations (note 7)	4,505	7,384
Current portion of long-term contracts	179	177
Current portion of future income tax liability	208	-
Current portion of risk management liability	140	102
	36,913	57,643
Long-term debt (note 6)	63,875	65,915
Capital lease obligations (note 7)	7,988	9,550
Long-term contracts	45	133
Asset retirement obligation	7,126	6,821
Future income tax liability	12,370	15,592
Deferred credit (note 8)	22,328	-
Risk management liability	128	145
Non-controlling interest	399	330
Shareholders' equity:		
Share capital (note 9)	155,477	155,467
Contributed surplus (note 9)	8,993	7,849
Retained earnings	61,561	59,878
Accumulated other comprehensive income (note 2)	(8,424)	(2,702)
	217,607	220,492
	$ 368,779	$ 376,621

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Operations and Retained Earnings

Three and six months ended June 30, 2010 and 2009
(In Thousands of Dollars)
(Unaudited)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenue:				
Electricity sales	$ 32,659	$ 18,856	$ 83,432	$ 74,132
Expenses:				
Plant operations	22,669	16,358	59,692	53,958
General and administration	1,080	1,941	2,542	3,313
Depreciation and amortization	3,763	3,744	11,675	11,607
	27,512	22,043	73,909	68,878
Income (loss) before the following items	5,147	(3,187)	9,523	5,254
Interest expense:				
Long-term debt	1,094	923	2,167	1,992
Capital lease obligation	185	393	428	901
Other	169	62	226	89
Interest income	(3)	(11)	(7)	(26)
Foreign exchange loss	14	209	350	172
Unrealized risk management gain	-	(347)	-	(347)
Other (income) expense	2,800	706	2,800	(231)
Income (loss) before income taxes and non-controlling interest	888	(5,122)	3,559	2,704
Income taxes (recovery):				
Current	1,182	(5)	975	4,903
Future	(676)	(883)	878	(2,826)
	506	(888)	1,853	2,077
Non-controlling interest	(3)	(7)	23	(149)
Net income (loss) for the period	385	(4,227)	1,683	776
Retained earnings, beginning of period	61,176	62,752	59,878	57,749
Retained earnings, end of period	$ 61,561	$ 58,525	$ 61,561	$ 58,525
Basic and diluted income (loss) per share	$ 0.01	$ (0.08)	$ 0.03	$ 0.01

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Comprehensive Income (Loss)

Three and six months ended June 30, 2010 and 2009
(In Thousands of Dollars)
(Unaudited)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Net income (loss) for the period	$ 385	$ (4,227)	$ 1,683	$ 776
Other comprehensive income:				
Unrealized gains (losses) on translation of self-sustaining operations	2,043	(11,138)	(5,701)	(8,061)
Unrealized gain (loss) on derivatives designated as cash flow hedges	(135)	435	(21)	(248)
Comprehensive income (loss)	$ 2,293	$ (14,930)	$ (4,039)	$ (7,533)

See accompanying notes to interim consolidated financial statements.

MAXIM POWER CORP.

Consolidated Statements of Cash Flows

Three and six months ended June 30, 2010 and 2009
(In Thousands of Dollars)
(Unaudited)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash provided by (used in):				
Operations:				
Net income (loss)	$ 385	$ (4,227)	$ 1,683	$ 776
Items not involving cash:				
Depreciation and amortization	3,763	3,744	11,675	11,607
Amortization of deferred financing costs	80	63	156	128
Accretion of asset retirement obligation	120	51	239	106
Stock-based compensation	567	632	1,078	1,261
Non-controlling interest	(3)	(7)	23	(149)
Risk management gain	-	(347)	-	(347)
Long-term contracts	(43)	(41)	(87)	(347)
Future income tax (recovery) expense	(676)	(883)	878	(2,826)
	4,193	(1,015)	15,645	10,209
Change in non-cash working capital (note 11)	71	(25)	(4,904)	9,047
	4,264	(1,040)	10,741	19,256
Financing:				
Issuance of long-term debt	1,296	1,470	9,391	1,470
Repayment of long-term debt	(2,813)	(2,082)	(4,886)	(4,986)
Issuance of capital lease obligation	1,079	-	1,079	617
Repayment of capital lease obligation	(1,895)	(2,035)	(4,009)	(4,574)
Shares purchased under normal course issuer bid	-	(401)	-	(657)
Cash flows from (used in) financing activities	(2,333)	(3,048)	1,575	(8,130)
Investing:				
Property, plant and equipment expenditures	(4,214)	(4,680)	(8,409)	(7,608)
Acquisitions, net of cash acquired	(140)	-	(6,513)	(2,690)
Intangible assets	(99)	(183)	(441)	(388)
	(4,453)	(4,863)	(15,363)	(10,686)
Change in non-cash working capital (note 11)	681	(133)	681	(133)
	(3,772)	(4,996)	(14,682)	(10,819)
Foreign exchange gain (loss) on cash held in foreign currencies	253	383	(597)	(150)
Increase (decrease) in cash	(1,588)	(8,701)	(2,963)	157
Cash, beginning of period	12,019	18,897	13,394	10,039
Cash, end of period	$ 10,431	$ 10,196	$ 10,431	$ 10,196

Cash and cash equivalents consist of the following:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash	$ 10,658	$ 10,179	$ 10,658	$ 10,179
Short-term US Treasury bills	1,504	1,817	1,504	1,817
	12,162	11,996	12,162	11,996
Restricted cash	(1,539)	(1,800)	(1,539)	(1,800)
Bank indebtedness	(192)	-	(192)	-
Cash and cash equivalents	$ 10,431	$ 10,196	$ 10,431	$ 10,196

See accompanying notes to interim consolidated financial statements.

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

1. Basis of Presentation

The consolidated financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The accounting policies applied are consistent with those outlined in MAXIM's annual audited consolidated financial statements for the year ended December 31, 2009. These consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the respective periods. These consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the 2009 audited consolidated financial statements.

On March 2, 2010, MAXIM completed a transaction with EarthFirst Canada Inc. ("EarthFirst") which resulted in the amalgamation of the two companies. Under a plan of arrangement, MAXIM shareholders received one share in the amalgamated company for each share of MAXIM held. EarthFirst securities outstanding prior to the amalgamation were cancelled, resulting in the existing MAXIM shareholders owning 100% of the shares in the newly formed company.

The Corporation consolidates all of its wholly-owned subsidiaries and the accounts of its 95% interest in Basin Creek Holdco LLC, 100% 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. Accumulated Other Comprehensive Loss

The composition of accumulated other comprehensive loss is as follows:

	June 30, 2010	December 31, 2009
Balance, beginning of period	$ (2,702)	$ 20,465
Unrealized loss on translation of net foreign operations	(5,701)	(22,920)
Unrealized loss on derivatives designated as cash flow hedges	(21)	(247)
Balance, end of period	$ (8,424)	$ (2,702)

3. Inventory

	June 30, 2010	December 31, 2009
Coal	$ 4,361	$ 1,637
Fuel oil	2,184	2,165
Total inventory	$ 6,545	$ 3,802

The cost of inventories recognized as an expense in plant operations during the period was $13,190 (2009 - $9,289).

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

4. Property, Plant and Equipment

June 30, 2010	Cost	Accumulated Depreciation	Net Book Value
Land	$ 11,748	$ -	$ 11,748
Generating facilities	196,279	41,126	155,153
Generating facilities – tolling agreements	60,908	11,319	49,589
Office furniture and equipment	2,317	945	1,372
Assets under construction	13,293	-	13,293
Spare parts	8,128	-	8,128
Assets under capital leases	36,951	10,070	26,881
	$ 329,624	$ 63,460	$ 266,164

December 31, 2009	Cost	Accumulated Depreciation	Net Book Value
Land	$ 11,680	$ -	$ 11,680
Generating facilities	198,160	36,445	161,715
Generating facilities – tolling agreements	60,225	9,900	50,325
Office furniture and equipment	2,133	769	1,364
Assets under construction	12,034	-	12,034
Spare parts	8,043	-	8,043
Assets under capital leases	40,062	9,012	31,050
	$ 332,337	$ 56,126	$ 276,211

5. Intangibles

June 30, 2010	Cost	Additions	Reclassified under Purchase Price Allocation	Accumulated Amortization	Net Book Value
Coal supply contract	$ 6,000	$ -	$ -	$ 3,499	$ 2,501
Power sale contracts	26,424	-	-	6,373	20,051
Acquisition costs	1,026	504	(1,181)	-	349
Emission credits	1,115	606	-	-	1,721
Other	319	-	-	13	306
	$ 34,884	$ 1,110	$ (1,181)	$ 9,885	$ 24,928

December 31, 2009	Cost	Additions	Reclassified under Purchase Price Allocation	Accumulated Amortization	Net Book Value
Coal supply contract	$ 6,000	$ -	$ -	$ 3,165	$ 2,835
Power sale contracts	28,232	1,442	-	5,672	24,002
Acquisition costs	671	355	-	-	1,026
Emission credits	221	894	-	-	1,115
Other	315	-	-	10	305
	$ 35,439	$ 2,691	$ -	$ 8,847	$ 29,283

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

6. Long-term Debt

	June 30, 2010	December 31, 2009
Canada (note 6(a))	$ 32,914	$ 31,666
United States (US $24,655; US $25,128)	26,248	26,409
France (note 6(b)) (EUR 14,954; EUR 12,223)	19,492	18,333
	78,654	76,408
Less deferred financing costs	(2,004)	(1,786)
	76,650	74,622
Less current portion	(12,775)	(8,707)
	$ 63,875	$ 65,915

(a) MAXIM has three facilities with a Canadian bank ("bank"). Facility A is a $10,000 revolving facility which bears interest at the bank's prime interest rate plus 1.00% to 1.50% or the bank's US base interest rate plus 1.00% to 1.50%. As at June 30, 2010, MAXIM has an outstanding balance of $5,642 on Facility A which is comprised of $3,977 (December 31, 2009 - $Nil) drawn on the revolving line and $1,665 letters of credit (December 31, 2009 - $1,820). Facility B is a three year committed reducing term loan facility amortizing until May 31, 2016 and is drawn by way of bankers' acceptances. At June 30, 2010 $28,937 (December 31, 2009 - $31,666) was drawn on this facility.

(b) The Corporation has twelve bank term loans associated with projects in Comax France SAS, MAXIM's wholly-owned French subsidiary ("COMAX") at June 30, 2010 with an aggregate balance of EUR 14,953 (December 31, 2009 – EUR 12,223). Loan obligations of EUR 2,220 bear variable interest at Euribor plus 1.80% to 2.75%, obligations of EUR 7,010 bear variable interest at Euribor plus 2.43% subject to a minimum interest rate of 2.72% and a maximum interest rate of 4.72%, and obligations of EUR 5,724 bear fixed interest in the range of 4.40% - 5.10%, with either quarterly or monthly repayments, and have maturity dates between November 2012 and March 2022. These loans are secured by assignment of key contracts, facilities and life insurance on certain officers of COMAX.

The Corporation's anticipated repayment obligations as at June 30, 2010 related to its loans over the next five years are as follows:

2010	$ 8,048
2011	8,864
2012	8,944
2013	8,715
2014	8,869
Remaining	35,214
	$ 78,654

7. Capital Lease Obligations

On December 3, 2009, MAXIM, through its French subsidiaries, entered into two capital lease agreements related to production equipment for a total principal amount of $2,736 (EUR 2,130) of which $1,079 (EUR 840) has been drawn as of June 30, 2010 leaving an additional $1,657 (EUR 1,290) available for use. The leases bear interest at 5.10% with quarterly repayments of EUR 82 and expire November 2018. Upon termination of the lease, there is a minimal bargain purchase option.

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

7. Capital Lease Obligations *(continued)*

Future minimum payments under all capital leases at June 30, 2010 are as follows:

2010	$	3,220
2011		3,308
2012		2,636
2013		1,112
2014		806
Remaining		3,546
Total minimum lease payments		14,628
Amounts representing interest		(2,135)
Present value of net minimum lease payments		12,493
Less: current portion		(4,505)
	$	7,988

8. Amalgamation with EarthFirst Canada Inc.

On March 2, 2010, MAXIM amalgamated with EarthFirst as described in note 1. MAXIM paid $5,868 to EarthFirst plus transaction costs of $1,321 to complete the arrangement. As a result MAXIM acquired a wind farm project and has increased its tax pools by $117,369. The transaction was accounted for as an asset acquisition. The excess of the amount assigned to future tax assets over the purchase price was recorded as a deferred credit. The future income tax asset recognized on the amalgamation represents the amount that is more likely than not to be realized. As a result, the deferred credit will be amortized to income tax expense in the proportion to the net reduction in the future income tax assets that give rise to the deferred credit.

Future income tax asset	$	29,517
Deferred credit		(22,328)
Total cash consideration including acquisition costs	$	7,189

9. Share Capital

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of preferred shares

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

9. Share Capital (*continued)*

(b) Issued:

Share capital:

	Number		Amount
Common shares of MAXIM			
Balance, December 31, 2009	54,032,091	$	155,467
Stock options exercised	2,667		10
Balance, June 30, 2010	54,034,758		155,477
Contributed surplus			
Balance, December 31, 2009			7,849
Fair value of stock based compensation			1,147
Stock options exercised			(3)
Contributed surplus, June 30, 2010			8,993
Balance, June 30, 2010	54,034,758	$	164,470

(c) Normal course issuer bid

On March 30, 2009, MAXIM received approval from the Toronto Stock Exchange for a normal course issuer bid which commenced on April 2, 2009. The bid terminated on April 1, 2010. During the three and six month periods, the Corporation purchased and cancelled nil shares.

(d) Stock options:

The Corporation has an 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, 2009	4,393,992	$	4.49
Exercised	(2,667)		(2.70)
Forfeited	(80,333)		(4.21)
Granted	10,000		3.27
Balance, June 30, 2010	4,320,992	$	4.49

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

9. Share Capital *(continued)*

Details of the stock options outstanding at June 30, 2010 are as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price
$2.30 to $3.50	1,634,625	3.87	$ 2.59	209,209	$ 2.69
$3.51 to $5.99	1,265,333	1.61	$ 4.73	1,057,000	$ 4.50
$6.00 to $7.76	1,421,034	1.72	$ 6.47	1,122,202	$ 6.42
	4,320,992	2.50	$ 4.49	2,388.411	$ 5.24

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 $567 (2009 - $632) for the three months ended June 30, 2010 and $1,078 (2009 - $1,261) for the six months ended June 30, 2010 as an expense for the 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 June 30, 2010 as follows:

Risk free interest rate (%)	2.28
Time to expiration (years)	5.00
Volatility (%)	50
Expected dividend	-

During the six month period, the Corporation granted 10,000 (2009 – 35,000) stock options to purchase common shares at an average price of $3.27 (2009 - $2.46) under the Corporation's stock option plan and the weighted average fair value of each option was calculated to be $2.23 (2009 - $1.38). The Corporation used the Black-Scholes option pricing model and the assumptions above to calculate the weighted average fair value.

e) Income per share:

The weighted average number of shares outstanding for purposes of calculating basic income per share for the three and six months ended June 30, 2010 was 54,032,269 (2009 – 54,171,599) and 54,032,179 (2009 – 54,221,778).

For the three and six months ended June 30, 2010, the diluted income per share calculation included 42,429 (2009 - Nil) shares and 31,907 (2009 - Nil) shares, respectively, related to stock options in the average number of common shares outstanding as they were determined to be dilutive.

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

10. Commitments

i) Milner Power Limited Partnership ("MPLP") entered into a long-term coal supply agreement with a supplier in January 2004 to supply thermal coal to the H.R. Milner power plant for ten years. The agreement provides for the purchase of coal under fixed prices escalating annually for a fixed minimum quantity per annum. The initial term was five years with an option to extend the contract for another five years. In 2008, MPLP exercised its right to extend the contract for an additional five years. The agreement provides for an adjustment to price during the extension term. In May 2010, an independent arbitrator determined that a price renewal was warranted and established the price MPLP is required to pay for the coal effective February 1, 2009. As a result of the arbitrator's decision, MPLP was required to pay an additional $5,643 for 2009 and $3,372 for purchases up to May 25, 2010 of coal. In addition to the arbitrated amount, MPLP settled with CVRI a dispute related to under delivery of coal during 2007 and 2008. As a result, CVRI was required to pay $1,400 to MPLP. The amounts related to 2009 are classified under other (income) expense and the amounts related to 2010 are classified under plant operations on the statement of operations.

ii) Pursuant to a direct sales transaction agreement dated June 8, 2010, MPLP is committed to sell 50 MW of power to a third party for the period July 1, 2010 to September 30, 2010 at a fixed price per megawatt hour, subject to production levels at Milner being adequate to satisfy this volume.

11. Change in Non-Cash Working Capital

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Operations:				
Accounts receivable	$ 20,691	$ 19,592	$ 17,913	$ 27,614
Prepaid expenses, deposits and other	98	297	755	(1,158)
Inventory	(1,116)	1,216	(2,729)	737
Accounts payable and accrued liabilities	(17,869)	(20,880)	(18,456)	(20,648)
Deferred revenue	(74)	137	-	491
Income taxes (payable)/receivable	(1,659)	(387)	(2,387)	2,011
	$ 71	$ (25)	$ (4,904)	$ 9,047
Investing:				
Accounts payable and accrued liabilities	$ 681	$ (133)	$ 681	$ (133)
	$ 681	$ (133)	$ 681	$ (133)

The following cash payments have been made to June 30:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Taxes paid	$ 171	$ 212	$ 663	$ 2,732
Interest paid	$ 1,274	$ 1,374	$ 2,588	$ 2,915

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

12. Segmented Information

MAXIM is an independent power producer that develops, owns and operates power generation facilities through which it derives revenue from the sale of electricity, generation capacity and thermal energy. Details by geographic area are as follows:

	Three months ended June 30, 2010		Three months ended June 30, 2009	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	$ 19,728	$ 2,270	$ 7,223	$ (7,547)
United States	12,993	3,979	11,141	4,396
France	(62)	(1,102)	492	(36)
Total	$ 32,659	$ 5,147	$ 18,856	$ (3,187)

	Six months ended June 30, 2010		Six months ended June 30, 2009	
	Revenue	Income (loss) before the following items*	Revenue	Income (loss) before the following items*
Canada	$ 31,745	$ (270)	$ 24,466	$ (4,240)
United States	23,433	7,928	22,547	8,035
France	28,254	1,865	27,119	1,459
Total	$ 83,432	$ 9,523	$ 74,132	$ 5,254

* 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. Revenue in both the United States and Canada are impacted by fluctuations in power prices.

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

	Three months ended June 30, 2010			Three months ended June 30, 2009		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	$ -	$ 1,195	$ 2,061	$ -	$ 4,018	$ 2,046
United States	-	358	1,688	-	518	1,688
France	-	2,661	14	-	144	10
Total	$ -	$ 4,214	$ 3,763	$ -	$ 4,680	$ 3,744

(Amounts in thousands of dollars, US dollars or Euros except as otherwise noted)

12. Segmented Information *(continued)*

	Six months ended June 30, 2010			Six months ended June 30, 2009		
	Acquisitions	PP&E Additions	Depreciation and Amortization	Acquisitions	PP&E Additions	Depreciation and Amortization
Canada	$ -	$ 2,595	$ 4,142	$ -	$ 5,216	$ 3,894
United States	-	404	3,270	-	2,039	3,476
France	-	5,410	4,263	2,690	353	4,237
Total	$ -	$ 8,409	$ 11,675	$ 2,690	$ 7,608	$ 11,607

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

	June 30, 2010	December 31, 2009
Canada	$ 135,670	$ 114,524
United States	139,568	136,052
France	93,541	126,045
Total	$ 368,779	$ 376,621

The goodwill balance of $15,632 (December 31, 2009 - $15,632) is attributed to the Canadian segment of the Corporation.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis ("MD&A") is dated August 11, 2010 and should be read in conjunction with the unaudited interim consolidated financial statements of Maxim Power Corp. ("MAXIM" or the "Corporation") for the three and six months ended June 30, 2010 and the audited annual consolidated financial statements for MAXIM for the year ended December 31, 2009. The consolidated financial statements have been prepared in accordance with GAAP. Capitalized and abbreviated terms that are used but not otherwise defined herein are defined in the Glossary of Terms.

TABLE OF CONTENTS

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 materially 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 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.

Readers are cautioned that management's expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this MD&A, MAXIM has made the following assumptions:

- Future capital expenditures are estimated based upon planned maintenance projects and production levels at each facility.
- Development projects, including Mine No. 14, Milner expansion, Deerland, and Buffalo Atlee, are based upon current estimates of capital cost, projected returns on investment, the duration of the regulatory approval process, and the ability to obtain the necessary financing.
- Management estimates cash flows from operations will meet commitments and scheduled maintenance programs for the remainder of 2010. Interruptions to production, higher than anticipated operating costs, lower realized electricity prices, unfavourable moves in interest rates and foreign exchange rates, failure of counterparties to meet their obligations, and various other factors may inhibit the Corporation from meeting its obligations.
- MAXIM has credit facilities to support liquidity requirements of the Corporation. The facilities are margined on accounts receivable; therefore, the ability to draw on the facilities is dependent upon operating performance.
- MAXIM estimates total capital expenditures of $21.4 million to be incurred in 2010, $15.4 million of which have been incurred as at the end of the second quarter. Estimated remaining expenditures are comprised of $0.9 million related to required facility maintenance and $5.1 million for discretionary initiatives including development projects. These costs are based upon estimates and may differ from the actual costs to complete. MAXIM further estimates that $4.7 million of these expenditures will be financed from credit facilities drawn during the second half of 2010 and the remainder will be financed from operating cash flows.
- Management estimates future electricity demand in areas where there is potential development. The actual future demand in these areas may be different than expected.
- MAXIM anticipates all necessary provincial, state and federal regulations for environmental and climate change legislation will be met. Changes to environmental legislation may affect the ability of MAXIM to comply with regulations.
- MAXIM anticipates that it will be able to comply with the requirement to implement International Financial Reporting Standards.

OVERALL PERFORMANCE

Second quarter performance results were bolstered by an improvement in Alberta power prices during the month of May, when power prices reached an average of $135 per MWh, the highest monthly average of the past two years.

MAXIM completed its annual turnaround at the Milner plant during the month of June, at which time power prices had fallen back to a monthly average of $59 per MWh.

Performance Highlights

	Three months ended June 30		Six months ended June 30	
($000's except per share and generation amounts)	2010	2009	2010	2009
Revenue	32,659	18,856	83,432	74,132
Adjusted EBITDA [(1)]	10,345	713	22,275	18,148
Net income (loss) for the period	385	(4,227)	1,683	776
Basic and diluted net income per share	$ 0.01	$ (0.08)	$ 0.03	$ 0.01
Funds from (used in) operations [(1)]	4,193	(1,015)	15,645	10,209
Total assets	368,779	359,986	368,779	359,986
Total long-term financial liabilities	71,908	68,907	71,908	68,907
Generation (MWhs)	261,960	199,778	646,595	532,112
Average Alberta Power Price – market (per MWh)	$ 80.56	$ 32.31	$ 60.72	$ 47.66
Average Alberta Power Price – Milner realized (per MWh)	$ 92.69	$ 32.53	$ 64.05	$ 51.78

(1) Select financial information was derived from the unaudited interim consolidated financial statements and is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except Adjusted EBITDA and Funds from operations ("FFO"). Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows before interest, income taxes, and depreciation and amortization and FFO is provided to assist management and investors in determining the Corporation's cash flows generated by operations before the cash impact of working capital fluctuations. Adjusted EBITDA and FFO do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies. Refer to Non-GAAP measures for reconciliations between non-GAAP financial measures and comparable measures calculated in accordance with Canadian GAAP.

During the second quarter of 2010, MAXIM increased its generation of electricity by 31%, from 199,778 MWh during the second quarter of 2009 to 261,960 MWh during the same quarter of 2010. An increase in electricity generation at MAXIM's NE-ISO power plants was the primary driver of the increased production.

Second quarter revenue of $32.7 million increased $13.8 million or 73% from $18.9 million in revenue earned during the same period of 2009, second quarter net income of $0.4 million increased $4.6 million in comparison to a loss of $4.2 million in net income for the second quarter of 2009, and second quarter Adjusted EBITDA of $10.3 million increased $9.6 million in comparison to $0.7 million in Adjusted EBITDA reported for the same period of 2009. The quarter over quarter increase in revenue, Adjusted EBITDA, net income, and funds from operations reflects higher average power prices and generation levels during the second quarter of 2010 versus the same quarter of 2009. The average price realized for electricity generated by Milner was $93 per MWh compared to $33 per MWh in 2009, an increase of $60 per MWh. Financial performance results were further improved by the impact of increased US generation this quarter. Net income also benefited from a $1.4 million gain on sale of carbon dioxide emissions credits generated but not required at the Milner facility.

On May 25, 2010, MAXIM received an arbitration decision relating to the dispute between its wholly-owned subsidiary, MPLP, and CVRI regarding the price MPLP pays for coal purchased from CVRI.

To date, MPLP's supply of thermal coal to Milner has primarily been sourced from a CVRI mine located in Hinton, Alberta. In July of 2008, MPLP exercised its option to extend the term of the coal supply agreement for an additional five years expiring on December 31, 2013. CVRI was of the view that they had the right to initiate a price review for the extended term and requested the price for coal be increased above the price provided for under escalation provisions of the agreement. An independent arbitrator was appointed to consider the matter and rendered two concurrent decisions. The arbitrator firstly decided that a price review was warranted and secondly established the price that MPLP is to pay for coal purchased from CVRI effective February 1, 2009. Based on these prices, MPLP was required to pay an additional $5.6 million for coal purchased in 2009 and $3.4 million for 2010 coal purchased up to May 25, 2010. During the quarter MPLP also settled with CVRI a dispute related to under delivery of coal during 2007 and 2008. As a result, CVRI was required to pay $1.4 million to MPLP.

MPLP has a number of options available to mitigate the effects of this higher price that include alternative sources of coal supply and development of its Mine No. 14. See "Acquisition and development initiatives" on page 16 for further detail on Mine No. 14.

On March 2, 2010, MAXIM amalgamated with EarthFirst Canada Inc. ("EarthFirst") (the "Amalgamation") for a total investment of $5.9 million plus closing costs. The Amalgamation provides MAXIM with a strategic development opportunity, the Buffalo Atlee Power Project ("Buffalo Atlee"), which has the potential for over 200 MW of wind generation capacity. The addition of wind generation to MAXIM's existing portfolio of assets would diversify MAXIM's generation fuel types and provide the potential to offset the impact of possible carbon legislation. MAXIM intends to invest further in the development of this site and explore other wind generation opportunities. Wind data has been collected on the site for four years. Buffalo Atlee holds an exploratory Crown land permit with a five-year term expiring on January 1, 2011. MAXIM intends to renew the permit for an additional five-year term. The amalgamation with EarthFirst also provided MAXIM with $117.4 million in Canadian tax pools related to the power business.

On February 22, 2010, COMAX entered into power purchase agreements ("PPA’s") to provide 74 MW of electrical peaking services to EdF for a term of eight years and on February 24, 2010 COMAX purchased a fifth power project site for the same purpose for EUR 0.1 million. One of the primary initiatives of COMAX is the advancement of its plan to sell electrical peaking services in 2010 and future years. The provision of peaking services, which is now anticipated to commence in the third quarter of 2010, represents an important diversification of services and entry into a new market for COMAX, which has historically focused on cogeneration applications whereby electricity is sold to Electricité de France ("EdF") and thermal energy is sold to local businesses such as greenhouses.

RESULTS OF OPERATIONS

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 generation by geographic location for the three months ended June 30, 2010 and 2009:

Three months ended June 30 Facility	2010 Generation (MWh)	2010 % of Generation	2009 Generation (MWh)	2009 % of Generation
Canada - Milner power plant	193,641	74	181,031	91
Canada - other power plants	18,786	7	15,888	8
United States	49,533	19	2,859	1
France	-	-	-	-
Total MWh Generation	261,960	100	199,778	100

Summary of generation by geographic location for the six months ended June 30, 2010 and 2009:

Six months ended June 30 Facility	2010 Generation (MWh)	2010 % of Generation	2009 Generation (MWh)	2009 % of Generation
Canada - Milner power plant	439,755	68	416,853	78
Canada - other power plants	40,834	6	31,975	6
United States	52,245	8	6,757	1
France	113,761	18	76,527	15
Total MWh Generation	646,595	100	532,112	100

* The above tables exclude Forked River, Basin Creek and APP as these facilities provide capacity in exchange for monthly capacity payments. Also note that the France cogeneration season runs from November 1 through March 31.

MAXIM's generation capacity at June 30, 2010 was 809 MW which was comprised as follows: 192 MW in Canada (8 power plants), 433 MW in the United States (5 power plants) and 184 MW in France (31 power plants). Generation capacity has increased by 36 MW from June 30, 2009 due to the addition of 7 power plants in France.

Revenue

Summary of second quarter and year-to-date 2010 and 2009 revenue by geographic location:

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Canada	19,728	7,223	31,745	24,466
United States	12,993	11,141	23,433	22,547
France	(62)	492	28,254	27,119
Total	32,659	18,856	83,432	74,132

Revenue increased by $13.8 million or 73% from $18.9 million for the second quarter of 2009 to $32.7 million for the second quarter of 2010. The increase was primarily attributable to the increase in Alberta power prices in May 2010. Power prices averaged $135 per MWh in May 2010 versus $32 per MWh during the same month of 2009. The plant's annual turnaround was scheduled to take place during June, thereby enabling MAXIM to realize the full advantage of May's high price levels. Further contributing to the revenue increase was increased US electricity generation during the second quarter of 2010 versus the second quarter of 2009.

Revenue for the first half of 2010 was $83.4 million, an increase of $9.3 million or 13% from the $74.1 million recorded in the first half of 2009. The increase is primarily due to the increase in May 2010 Alberta power prices with the six-month June 30 average price increasing from $48 per MWh in 2009 to $61 per MWh in 2010.

Canadian operations generated revenue of $19.7 million and $31.7 million during the three and six month periods ended June 30, 2010, respectively, compared to $7.2 million and $24.5 million for the same periods of 2009. The increase in revenue of $12.5 million for the quarter is primarily due to higher Alberta power prices and increased production at Milner. The average Alberta power price increased from $32 per MWh in the second quarter of 2009 to $81 MWh in the second quarter of 2010. The realized price at Milner increased from $33 per MWh in 2009 to $93 per MWh in 2010. Production at Milner increased from 181,031 MWh in the second quarter of 2009 to 193,641 MWh for the second quarter of 2010. The increase in production was due to the resolution of various reliability issues during 2009.

The $7.3 million increase in Canadian revenue for the six-month period ended June 30, 2010 in comparison to the same period of 2009 is due to the increase in May power prices and the increase in year to date generation, offset by the lower Alberta power prices experienced during the first quarter of 2010 in comparison to 2009.

Revenue from United States operations increased for the three and six months ended June 30, 2010 to $13.0 million and $23.4 million, respectively, compared to $11.1 million and $22.5 million for the same periods of 2009. The increase in revenue in both periods is primarily attributable to higher second quarter electricity sales in the Northeastern US due to warmer weather, and is partially offset by a weaker US dollar in the first half of 2010 in comparison to the first half of 2009. Revenue on a year to date basis has also increased in comparison to 2009 due to LFRM revenue earned by the CDECCA facility in the first quarter of 2010. This facility began bidding to provide LFRM service in the second quarter of 2009.

MAXIM's French cogeneration power plants generate electrical and thermal energy only from November to March. Amounts recorded in the second quarter of 2009 were true-up adjustments with thermal energy customers for the 2008-2009 cogeneration season.

For the six month period ended June 30, 2010, MAXIM's French power plants contributed $28.3 million of revenue compared to $27.1 million for the same period of 2009. The $1.2 million increase reflects two full quarters of operations from the February 2009 acquisition of Sebi and Chabo cogeneration facilities**,** offset by the impact of a weaker Euro during the first half of 2010 versus the first half of 2009. Production increased to 113,761 MWh in the first half of 2010 compared to 76,527 MWh for the same period of 2009 due to generation from the acquisitions noted above and the election to have more facilities run in "cogeneration" mode versus "dispatch" mode.

Summary of second quarter and year-to-date 2010 and 2009 revenue by form of sales contract:

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Electricity and capacity sales at fixed prices	14,181	12,759	54,386	51,862
Electricity sales at spot prices per MWh	18,478	6,097	29,046	22,270
Total	32,659	18,856	83,432	74,132

Electricity and capacity sales at fixed prices increased for both the three and six month periods ended June 30, 2010 in comparison to the same periods of 2009. This increase is primarily due to increased revenue earned in the US for LFRM and revenue from 2009 acquisitions in France as described above.

The increase in electricity sales at spot prices during the second quarter, from $6.1 million in 2009 to $18.5 million in 2010, is due to the increase in Alberta power prices as described above. Electricity sales at spot prices have increased from $22.3 million during the first half of 2009 to $29.0 million in the first half of 2010 as a result of the $13 per MWh increase in average Alberta power prices when comparing these periods.

Plant Operations

Summary of plant operations expense for the three months ended June 30, 2010 and 2009:

	Three months ended June 30, 2010			Three months ended June 30, 2009		
($000's)	Fuel	O&M	Total	Fuel	O&M	Total
Canada	7,912	6,541	14,453	4,329	6,983	11,313
United States	3,104	4,323	7,427	512	4,535	5,047
France	(39)	828	789	(10)	8	(2)
Total	10,977	11,692	22,669	4,832	11,526	16,358
% of Plant operations expense	48%	52%	100%	30%	70%	100%

Plant operations expense increased $6.3 million or 39%, from $16.4 million in the second quarter of 2009 to $22.7 million in 2010. Higher fuel costs were the primary driver of the quarter over quarter increase.

Canadian fuel costs increased to $7.9 million for the second quarter of 2010 versus $4.3 million in 2009, an increase of $3.5 million or 83%. On a per MWh basis, Canadian fuel costs were $37 in the second quarter of 2010 compared to $22 for the same quarter of 2009. The increase is primarily due to higher coal costs at Milner, which resulted from an arbitration decision in May 2010 in relation to ongoing price review with its major thermal coal supplier, CVRI. The settlement allows an increase in coal price in excess of that provided for under the escalation provision in the agreement. Further contributing to the increase in fuel costs was higher consumption related to higher output at Milner during the quarter.

Canadian operations and maintenance ("O&M") costs decreased $0.4 million or 6% in the second quarter of 2010 to $6.5 million versus $7.0 million in 2009. The primary driver of this decrease was the improved performance at Milner due to maintenance and reliability improvements made during 2009.

Plant operation costs in the United States increased $2.4 million or 47% from $5.0 million in the second quarter of 2009 to $7.4 million in 2010. The driver of the increase was second quarter US fuel costs, which increased from $0.5 million in 2009 to $3.1 million in 2010 due to increased electricity production in the Northeast US as a result of increased demand due to warmer weather. A $0.2 million or 5% decrease in US operating and maintenance costs partially offsets the increase in fuel expenses.

France operating and maintenance costs were $0.8 million for the second quarter of 2010 versus nil for the second quarter of 2009. Operating and maintenance costs in the second quarter of 2009 were reduced to nil due to $0.9 million in O&M true-ups during the quarter, with the quarter over quarter operating and maintenance costs otherwise being comparable.

Summary of plant operations expense for the six months ended June 30, 2010 and 2009:

	Six months ended June 30, 2010			Six months ended June 30, 2009		
($000's)	Fuel	O&M	Total	Fuel	O&M	Total
Canada	13,892	12,062	25,954	9,236	13,058	22,294
United States	4,188	8,073	12,261	1,839	9,188	11,027
France	12,713	8,764	21,477	12,691	7,946	20,637
Total	30,793	28,899	59,692	23,766	30,192	53,958
% of Plant operations expense	52%	48%	100%	44%	56%	100%

Plant operations expense increased by $5.7 million or 11%, from $54.0 million in the first half of 2009 to $59.7 million for the first half of 2010, primarily due to increases in Canadian and US fuel costs during the year.

Canadian fuel costs increased to $13.9 million for the first half of 2010 versus $9.2 million during the first half of 2009, an increase of $4.7 million or 50%. The variance is largely driven by the increase in Milner coal costs which resulted from the arbitration decision reached in May 2010. On a per MWh basis, Canadian fuel costs were $29 per MWh in the first half of 2010 compared to $21 per MWh for the same period of 2009.

Canadian O&M costs decreased $1.0 million or 8% in the second quarter of 2010 to $12.1 million in comparison to $13.1 million in 2009. The decrease is due to the reduced length of the annual 2010 Milner turnaround and generally improved plant performance.

Operating and maintenance costs in the United States decreased to $8.1 million in the first half of 2010 from $9.2 million in the first half of 2009 primarily due to the impact of a weaker US dollar in the period.

US fuel costs increased to $4.2 million for the first half of 2010 compared to $1.8 million in 2009, an increase of $2.3 million or 128%. The increase is primarily attributable to increased production during the second quarter of 2010, when demand for electricity in the Northeast US spiked due to high temperatures. The increase is partially offset by the weaker US dollar in the first half of 2010 versus the first half of 2009.

France operating and maintenance costs increased by $0.8 million from $7.9 million in the first half of 2009 to $8.7 million in the same period of 2010. The increase is the result of the $0.9 million operating cost true-up offsetting second quarter 2009 operating and maintenance expense, as noted above. The impact of a weaker Euro in the first half of 2010 versus the same period of 2009 partially offsets the increase.

General and Administration

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Total general and administration	1,080	1,941	2,542	3,313

General and administration ("G&A") expense was $1.1 million and $2.5 million for the second quarter and first half of 2010, respectively, compared to $1.9 million and $3.3 million for the same periods of 2009. The quarter over quarter and year to date decrease in G&A is primarily attributable to lower costs associated with development projects during the second quarter of 2010 versus 2009. The decrease in G&A is partially due to the weaker Euro in the first half of 2010 in comparison to the first half of 2009.

Depreciation

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Total depreciation and amortization	3,763	3,744	11,675	11,607

Depreciation and amortization expense of $3.8 million and $11.7 million for the three and six month periods, respectively, ended June 30, 2010 is comparable to depreciation and amortization expense of $3.7 million and $11.6 million expense in the same periods of 2009. An increase in depreciation due to capital expenditures throughout the first half of 2009 and the first half 2010 was offset by the effect of the weaker US dollar and Euro during the first half of 2010 in comparison to the same period of 2009.

MAXIM reviews its facilities for indicators of impairment on a quarterly basis and will test for impairment when these reviews indicate that impairment may have occurred. The CVRI arbitration decision was considered an indicator of impairment for the Milner facility because it increased the plant's coal costs, thereby reducing margins earned on electricity revenue. Management performed an impairment test on Milner assets at the end of the second quarter of 2010 and determined that no impairment write down was required. No further impairment indicators were noted for MAXIM facilities in the second quarter of 2010 or 2009.

Interest Expense

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Long-term debt	1,094	923	2,167	1,992
Capital lease obligation	185	393	428	901
Other	169	62	226	89
Total	1,448	1,378	2,821	2,982

Total interest expense is comprised of interest on long-term debt, capital lease obligations and interest and bank charges. Total interest expense incurred by MAXIM during the three and six month periods ended June 30, 2010 was comparable to interest incurred during the same periods of 2009.

Other Expense

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Other expense (income)	2,800	706	2,800	(231)

Other expense incurred during the second quarter and first half of 2010 consists of a $5.6 million expense related to the 2009 portion of the May 2010 CVRI arbitration settlement. This amount represents the retroactive coal price adjustment from February 2009 to December 2009. Offsetting this expense is $1.4 million in other income from a favourable settlement related to coal under-delivery and a $1.4 million gain on sale of carbon dioxide emissions credits generated but not required for use by the Milner facility.

Other expense of $0.7 million incurred during the second quarter of 2009 represents a settlement with an operating and maintenance company responsible for running three plants in France.

Other income of $0.2 million for the first half of 2009 represents $0.9 million in compensation from a supplier for lost production at one French cogeneration facility, offset by the settlement paid during the second quarter.

Income Taxes

	Three months ended June 30		Six months ended June 30	
($000's)	2010	2009	2010	2009
Current expense (recovery)	1,182	(5)	975	4,903
Future expense (recovery)	(676)	(883)	878	(2,826)
Total	506	(888)	1,853	2,077

The second quarter income tax provision in 2010 was an expense of $0.5 million compared to a recovery of $0.9 million for the second quarter of 2009 and for the first half of 2010 MAXIM recognized tax expense of $1.8 million compared to $2.1 million for the first half of 2009. The fluctuations in income tax are attributed to varying levels of before-tax income in each country that MAXIM operates in and the impact of having each of Canada, US and France taxed at different income tax rates.

Statutory tax rates by geographic location for the six months ended June 30, 2010 and 2009:

	Six months ended June 30, 2010	Six months ended June 30, 2009
Canada (1)	28.0%	29.0%
US	39.8%	39.8%
France	33.3%	33.3%

(1) The majority of Canadian income is taxed at a statutory rate of 28.0%, with the exception of the VLF and Hartland facilities, which are taxed at 28.5% and 30.0% for the six months ended June 30, 2010 and 2009, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

MAXIM utilizes existing cash, cash flows from operations and revolving credit facilities to provide liquidity to the Corporation, to finance maintenance-of-business capital expenditures, and finance development initiatives up to the permit stage. MAXIM plans for major maintenance initiatives and preserves cash and credit through its revolving credit facilities to finance these initiatives. In certain years it is possible that capital requirements will exceed these sources of financing. In these situations, MAXIM will arrange for debt financing as was done in 2009 to replenish capital which had been utilized for the Milner turnaround. The forecast cash flows from operations and revolving credit facilities are sufficient to meet future commitments, known obligations, and scheduled maintenance programs to maintain current generating capacity. One of the most significant assumptions used in forecasting cash flows is managements' estimate of balance of year 2010 Alberta power prices. These estimates may prove to be imprecise due to the inherent volatility of commodity prices.

MAXIM has up to $10.0 million in borrowing capacity through its revolving BMO operating facility, which is margined on the Corporation's accounts receivable balance. As at June 30, 2010, this facility has an outstanding balance of $5.7 million, which is comprised of $4.0 million (December 31, 2009 - $Nil) drawn on the revolving line and $1.7 million in letters of credit (December 31, 2009 - $1.8 million). At June 30, 2010 and at the date of this MD&A, MAXIM has $4.7 million (EUR 3.6 million) remaining undrawn under loan and lease agreements made during 2009 and the first half of 2010 with various

French banks. The funds will be used to reconfigure equipment at sites scheduled to provide peaking power services in 2010. These loans are secured by assignment of key contracts, facilities and life insurance policies on certain officers of COMAX. The remaining debt capacity is anticipated to be sufficient to complete the aforementioned projects.

In France, MAXIM has a working capital facility with a French bank to provide financing up to EUR 0.8 million, which is repayable upon collection of certain accounts receivable balances. MAXIM has no amounts outstanding on this balance as at June 30, 2010. These facilities are available to the Corporation to provide short term financing when unforeseen events occur.

During the second quarter and first half of 2010, no material changes to contractual obligations were made that were outside the ordinary course of MAXIM's business.

MAXIM also requires capital (debt and equity) to finance development initiatives beyond the permit stage and for larger acquisitions. The recent global financial crisis had placed limitations on the ability of the Corporation to secure debt and equity financing. MAXIM is able to manage the timing of its acquisition and development initiatives to reduce liquidity risk and access to capital is improving.

The following table shows how the activities of the Corporation were financed.

($000's)	2010	2009
Cash on hand, net of bank indebtedness, unrestricted, January 1	13,394	10,039
Cash flow from operations:		
• Funds from operations	15,645	10,209
• Changes in working capital	(4,904)	9,047
Cash flow from financing	1,575	(8,130)
Available for investments	25,710	21,165
Cash flow used in investing	(14,682)	(10,819)
Effect of foreign exchange rates on cash	(597)	(150)
Cash on hand, net of bank indebtedness, unrestricted, June 30	10,431	10,196
Restricted cash	1,539	1,800
Cash on hand, net of bank indebtedness, June 30	11,970	11,996

Cash flow from operations decreased $8.6 million during the first half of 2010 compared to the same period of 2009. This decrease is due to working capital fluctuations resulting from timing differences in collection of accounts receivables and payments to suppliers ($14.0 million) offset by an increase in funds from operations of $5.4 million primarily attributable to the higher Alberta power prices and related increase in Milner revenue during the second quarter of 2010.

During the first half of 2010, MAXIM realized a net financing cash inflow of $1.6 million, as $5.4 million in long-term debt was issued in France, $4.0 million was drawn on the BMO line of credit, and $1.1 million was issued through the sale and leaseback of two COMAX power plants. This new debt was offset by $8.9 million in repayments of debt and capital lease obligations during the quarter.

During the first half of 2009, MAXIM realized a net financing outflow of cash of $8.1 million. The Corporation repaid $5.0 million relating to long-term debt and $4.6 million relating to capital lease obligations during the first half of 2009, and acquired 241,700 common shares for $0.7 million through a normal course issuer bid ("NCIB"). These outflows were partially offset by the issuance of $1.5 million of long-term debt in the second quarter of 2009 and by an additional draw of $0.6 million through a capital lease at MAXIM's wholly owned French subsidiary during the first quarter of 2009.

MAXIM invested $14.7 million in cash during the first half of 2010, consisting of $6.5 million spent on the March 2, 2010 amalgamation with EarthFirst, $8.4 million on property, plant, and equipment additions, and $0.4 on intangible assets additions, offset by $0.7 million in working capital fluctuations associated with these investments. The additions to property, plant, and equipment were comprised of $4.7 million on peaking development in France, $0.8 million on the second quarter Milner turnaround and other various Milner projects, $0.8 million on Mine No. 14, $0.7 million on renovating two plants in France, $0.4 million on the Milner Expansion, and $1.0 million on other projects. Intangibles additions comprised of $0.4 million in costs incurred on the reduction of Milner's current nitrous oxide emissions to generate credits against emissions limits reductions taking effect in 2013.

During the first half of 2009, MAXIM spent $10.8 million on investing activities. These activities included $7.6 million on capital expenditures at various facilities in Canada, the United States and France, $2.7 million on the acquisition of the Sebi and Chabossiere cogeneration facilities in France, $0.4 million on nitrous oxide emissions credits included in intangibles, and $0.1 million in fluctuations in working capital related to investing activities.

The following table represents the net capital of the Corporation.

($000's)	June 30, 2010	June 30, 2009
Long-term debt	76,650	62,105
Capital lease obligation	12,493	21,037
Less: Unrestricted cash, net of bank indebtedness	(10,431)	(10,196)
Net debt	78,712	72,946
Shareholders' equity	217,607	233,079
Net capital	296,319	306,025
Net debt to capital	27%	23%

The Corporation uses net debt to monitor leverage. The increase in net debt is the result of long-term debt issued during the second half of 2009 and during the first half of 2010, partially offset by scheduled debt repayments on credit and lease facilities. The decrease in shareholders' equity in the year is the result of the decrease in accumulated other comprehensive income due to unrealized losses on translation of net foreign operations, partially offset by increased retained earnings and contributed surplus.

As at June 30, 2010, MAXIM was in compliance with all financial covenants on all credit facilities.

Working Capital

The working capital deficit of $3.0 million at the end of the second quarter of 2010 represents a $1.6 million improvement from the working capital deficit of $4.6 million at the end of 2009.

MAXIM's accounts payable, income taxes payable, and current portion of capital lease obligations have decreased by a combined $25.1 million and inventory has increased by $2.7 million since December 31, 2009. These changes increase working capital by $27.8 million and are offset by a combined $21.8 million decrease in accounts receivable, cash, current future income tax asset and prepaid expenses and by a $4.1 million increase in the current portion of long-term debt and a $0.3 million increase in other small working capital fluctuations.

The decrease in accounts payable and accounts receivable is primarily due to the seasonality of the France cogeneration business which operates for the five month period from November to March. The increase in inventory is due to the replenishment of Milner's coal stockpile during the first half of the year. The current portion of long-term debt increased due to the draw of France debt during the first quarter to fund the continued investment in peaking development and due to the draw on the BMO revolving line of credit. The debt issuances were partially offset by debt repayments and the weaker US dollar and Euro at June 30, 2010 versus December 31, 2009.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

($000's except per share and per MWh amounts)	2010		2009				2008	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	32,659	50,775	41,977	27,628	18,856	55,276	53,429	31,042
Adjusted EBITDA[1]	10,345	11,930	8,177	6,696	713	17,433	18,251	11,189
Net income (loss)	385	1,298	505	848	(4,227)	5,003	7,520	3,804
Basic and diluted income (loss) per share	$0.01	$0.02	$0.01	$0.02	$(0.08)	$0.09	$0.15	$0.08
Total assets	368,779	384,635	376,621	356,112	359,986	400,431	395,720	337,380
Average Alberta electricity price per MWh	$81	$41	$46	$50	$ 32	$ 63	$ 95	$ 80
Average Milner realized electricity price per MWh	$93	$42	$48	$50	$ 33	$ 67	$ 98	$ 85

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

Quarter over quarter revenue, Adjusted EBITDA and net income are affected by planned and unplanned outages, market demand, market prices, timing of acquisitions and divestitures, and weather conditions. Revenue, Adjusted EBITDA and net income are generally higher in the first and fourth quarters as a result of the seasonal operations of the French facilities as the French cogeneration season operates from the start of November through to the end of March. Revenues, Adjusted EBITDA and net income (loss) are also affected by seasonal Alberta power pool prices. Alberta pool prices tend to be higher during winter and summer peak load months and are further impacted by supply constraints such as outages at other Alberta generation facilities.

Revenue and net income decreased during the second quarter of 2010 in comparison to the first quarter of 2010 and the fourth quarter of 2009. This variance is consistent with the seasonality described above, and is partially offset by record high Alberta power prices during May 2010. Adjusted EBITDA reported for the second quarter of 2010 was comparable with the first quarter of 2010 and higher than Adjusted EBITDA reported for the fourth quarter of 2009. Unseasonably high May power prices and the second quarter $1.4 million sale of carbon dioxide emissions credits from the Milner facility offset the seasonal reduction from the timing of France's cogeneration activities.

During the third quarter of 2009, MAXIM recorded higher revenue, Adjusted EBITDA and net income in comparison to the second quarter of 2009 which is when the lowest average Alberta power prices of the year are typically experienced. In addition to the impact of low power prices, the second quarter results were negatively impacted by the annual Milner turnaround. In the first quarter of 2009 and the third and fourth quarter of 2008, MAXIM recorded higher revenue and Adjusted EBITDA as a result of the 2008 acquisitions of the Forked River and Pittsfield generating stations and a French cogeneration facility. This was partially offset by a decrease in the Milner realized average power price in first quarter 2009 compared to the fourth quarter of 2008.

NON-GAAP MEASURES

Adjusted EBITDA

($000's)	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
GAAP Measures from Consolidated Statements of Operations and Retained Earnings				
Net income (loss) for the period	385	(4,227)	1,683	776
Income taxes	506	(888)	1,853	2,077
Interest expense	1,448	1,378	2,821	2,982
Depreciation and amortization	3,763	3,744	11,675	11,607
Litigation settlement (France)	-	706	-	706
CVRI price arbitration and under-delivery settlements related to 2009 and prior periods	4,243	-	4,243	-
Non-GAAP measure - Adjusted EBITDA	10,345	713	22,275	18,148

Adjusted EBITDA is provided to assist management and investors in determining the Corporation's approximate operating cash flows before interest, income taxes, depreciation and amortization, and certain other income and expenses. Adjusted EBITDA does not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies.

Management believes that presentation of this non-GAAP measure provides useful information to investors and shareholders as it provides predictive value and assists in the evaluation of performance trends. Management uses Adjusted EBITDA to compare financial results among reporting periods and to evaluate MAXIM's operating performance and ability to generate funds from operations. Adjusted EBITDA is calculated as described above, adjusted for specific items that are significant but not reflective of the Corporation's underlying operations. Adjustment of these specific items is subjective; however, management uses its judgment and informed decision-making when identifying items to be excluded.

In calculating 2010 Adjusted EBITDA, management added back the $5.6 million portion of the CVRI settlement related to coal consumed in 2009. The portion of the CVRI settlement related to 2010 is contained within current period fuel costs in plant operations expense and is therefore included in Adjusted EBITDA as it is considered to be predictive of future results. Management also deducted other income of $1.4 million in determining second quarter 2010 Adjusted EBITDA. This source of income is non-recurring as it represents the one time impact of a favourable settlement related to prior period coal under-delivery.

The second quarter 2009 Adjusted EBITDA calculation adds a one time COMAX France settlement of $0.7 million back to net income due to its non-recurring nature.

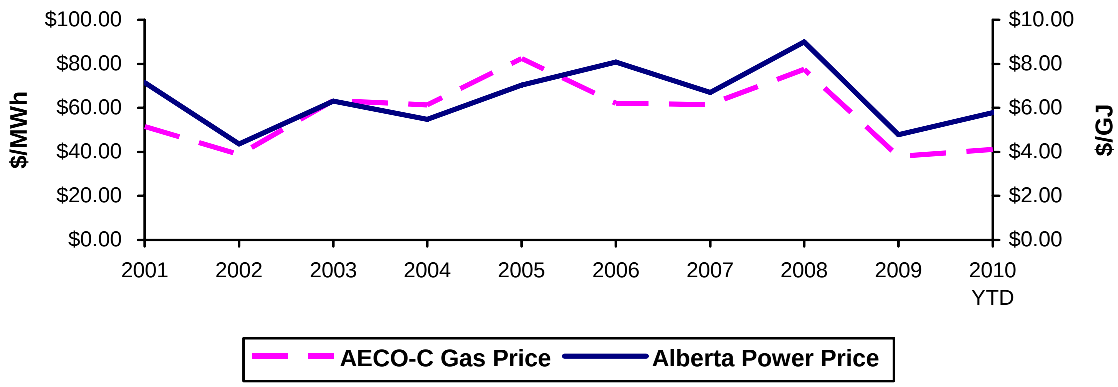
FUNDS FROM OPERATIONS

($000's)	Three months ended June 30 2010	Three months ended June 30 2009	Six months ended June 30 2010	Six months ended June 30 2009
GAAP Measure from Consolidated Statement of Cash Flows				
Cash provided by (used in) operations	4,264	(1,040)	10,741	19,256
Change in non-cash working capital	(71)	25	4,904	(9,047)
Non-GAAP measure - FFO	4,193	(1,015)	15,645	10,209

Funds from operations ("FFO") is provided to assist management and investors in determining cash generated from MAXIM operations before the impact of working capital fluctuations, which vary based on timing differences and are not considered representative of underlying financial performance. Management uses FFO to compare financial results among reporting periods and to evaluate the Corporation's cash generating ability.

OUTLOOK

The Corporation's outlook depends on Alberta electricity and fuel prices. Electricity prices are a key revenue determinant for MAXIM's Milner and Gold Creek facilities. Alberta electricity prices fluctuate based on the supply of and demand for electricity within Alberta as well as key inputs costs such as the cost of natural gas. The following chart compares the average annual Alberta electricity price to Alberta natural gas price since deregulation of the electric industry in Alberta. Increasing demand for electricity and natural gas would likely have a positive effect on electricity prices.



2010 Guidance

MAXIM is confirming guidance issued on May 25, 2010 for projected 2010 Adjusted EBITDA, Net Income and Funds from Operations.

($000's, except per share amounts)	Guidance Provided on May 25, 2010
Adjusted EBITDA (1)	40,000
Funds from operations (1)	30,900
Funds from operations per share – basic and diluted (1) (2)	$ 0.57
Net income	4,500
Net income per share - basic and diluted (2)	$ 0.08

(1) The following measures are not measures under Canadian Generally Accepted Accounting Principles ("GAAP") and may not be comparable to similar measures presented by other companies.

- Adjusted EBITDA is a measure of earnings before interest, taxes, depreciation and amortization, and certain other expenses
- Funds from operations is a measure of cash flow from operations before working capital requirements

(2) Per share amounts are calculated using an estimated 54,030,000 average weighted shares outstanding for 2010

MAXIM's results are significantly impacted by Alberta spot power prices. In preparing its guidance, management uses Alberta forward electricity prices as a proxy for expected future Alberta spot electricity prices. The market for forward contracts is relatively illiquid and forward prices may not be a good predictor of settled prices as they may not factor in events such as unplanned outages that can cause a significant increase in settled power prices. The above guidance incorporates an average 2010 Alberta power price of $59.07 per MWh.

Operations

On May 25, 2010, MAXIM received an arbitration decision relating to the dispute between its wholly-owned subsidiary, MPLP, and CVRI regarding the price MPLP pays for coal purchased from CVRI.

To date, MPLP's supply of thermal coal to its Milner has primarily been sourced from a CVRI mine located in Hinton, Alberta. In July of 2008, MPLP exercised its option to extend the term of the coal supply agreement for an additional five years expiring on December 31, 2013. CVRI was of the view that they had the right to initiate a price review for the extended term and requested the price for coal be increased above the price provided for under escalation provisions of the agreement. An independent arbitrator was appointed to consider the matter and rendered two concurrent decisions. The arbitrator firstly decided that a price review was warranted and secondly established the price that MPLP is to pay for coal purchased from CVRI effective February 1, 2009. MAXIM has a number of options available to mitigate the effects of this higher price in 2010 and beyond including alternative sources of coal supply and development of its Mine No. 14. See below for further detail.

Acquisition and development initiatives

MAXIM will continue its IPP strategy to target growth through acquisitions and development of power plants in the markets of Western Canada, United States and France. MAXIM will target opportunities with generating capacity of 50 MW or greater, except in France where COMAX’s distributed generation platform targets smaller scale power plants. MAXIM is also pursuing the development of its Mine No. 14 coal project as a fuel source for the production of electricity and potentially the sale of coal to third parties.

Supply and demand for electricity, reserve margins, tariff structures, and the regulatory environment will be key fundamental factors in determining whether to pursue opportunities in a market. Demand is highly correlated to economic growth and a market structure favourable to investors. Under the current global financial market conditions, Alberta's oil and gas industry has realized reduced development in comparison to recent years, which impacted the growth of demand for electricity.

On December 2, 2009, the Alberta Energy Resources Conservation Board ("ERCB") granted Milner a permit to develop the underground coal mine referred to by the Corporation as Mine No. 14. Mine No. 14 is to be located north of Grande Cache, Alberta and is estimated to contain 13 million recoverable tonnes of high quality metallurgical coal. (Refer to Technical Report on The No. 14 Mine Project filed on SEDAR on March 22, 2005.) MAXIM is developing the mine as a risk mitigant considered necessary as Milner’s current coal supply agreement terminates in 2013. The resource is considered valuable both as a potential fuel source for its existing Milner generating facility and its planned 500 MW expansion of the Milner generating facility, and upside exists in the potential sale of coal to metallurgical coal markets.

The ERCB decision is the culmination of a three year process that involved extensive public consultation, engineering and the preparation and review of regulatory applications. Development engineering, geotechnical studies and mine plans have been completed. During the second quarter of 2010, MAXIM continued the evaluation of options to advance the development and financing of Mine No. 14. MAXIM has held discussions with numerous counterparties to advance the Corporation’s goal of identifying the highest value commercial use for Mine No. 14.

MAXIM is also proposing to develop a new generating facility at the existing Milner location with the addition of 500 MW of clean coal-fired generating capacity. Environmental and engineering studies were completed in the third quarter of 2008. MAXIM filed its regulatory applications with the Alberta Utilities Commission and Alberta Environment in January of 2009. MAXIM continued to progress the development initiative during the first half of 2010, while the regulatory review process has commenced and is expected to conclude in the fourth quarter of 2010.

On March 2, 2010, the Corporation amalgamated with EarthFirst Canada Inc., thereby securing the Buffalo Atlee power project, a wind generation development project located in close proximity to existing electricity transmission infrastructure, with the potential for over 200 MW of wind generation capacity. MAXIM has obtained Buffalo Atlee with the intention of advancing its development as the addition of wind generation to its existing portfolio of assets would diversify MAXIM's generation fuel types and provide the potential of carbon offsets depending upon the impact of possible carbon legislation. Wind data has been collected on the site for four years and Buffalo Atlee holds an exploratory Crown land permit with a term of five years, expiring on January 1, 2011. MAXIM intends to renew the permit.

In 2008, MAXIM received regulatory approvals to construct and operate the Deerland Peaking Station, a 190 MW natural gas-fired peaking facility. The station is to 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 expects peaking requirements to continue to grow to meet overall demand growth and to provide firm backup for additional intermittent wind resources. Arrangements are subject to improving power prices and market heat rates.

MAXIM requires capital (debt and equity) to finance development initiatives beyond the permit stage and for larger acquisitions. The current economic and financial conditions place limitations on the ability of the Corporation to secure debt and equity financing. MAXIM maintains the flexibility to manage the timing of its acquisition and development initiatives. MAXIM accounts for its development projects as assets under construction included in property, plant, and equipment. Capitalization of costs associated with these projects commences once technical and economic feasibility is established. If a project were to no longer meet these criteria, any capitalized costs for the project would be expensed in the period.

ENVIRONMENTAL AND CLIMATE CHANGE LEGISLATION

Provincial and state regulations

Pursuant to the Climate Change and Emissions Act (Alberta) which became effective on July 1, 2007, MAXIM is required to limit the production of carbon dioxide at the Milner facility to an approved baseline. MAXIM has been fully compliant with its baseline since July 1, 2007 and has not been obligated to make payments to the Alberta government's technology fund.

The Alberta Emissions Trading Regulation encourages facilities to improve their carbon intensity (input fuel/ output MWh) by allowing any facility that achieves a reduction from their baseline to claim CO_2 emissions credits. From 2006 to 2009, Milner undertook several optimization projects that reduced its carbon intensity and allowed for the continued accumulation of CO_2 emissions credits. In May 2010, Milner sold all CO_2 emissions credits accumulated to date to another entity for a gain on sale of $1.4 million.

In 2006, the Alberta government enacted regulations under the Environmental Protection and Enhancement Act (Alberta) to specify target sulphur dioxide and nitrous dioxide emissions from industrial operations. Milner is affected by these regulations and is required to reduce its nitrous dioxide emissions by 75 percent commencing in 2013. MAXIM has determined that the most cost-effective means of achieving the targets for the three-year period of 2013 to 2015 is to take proactive action through early reduction of emissions, with reductions of nitrous dioxide prior to 2013 being used to satisfy target reductions in 2013. MAXIM continues to monitor nitrous dioxide emissions to ensure the appropriate measures are taken to meet externally imposed targets. As at June 30, 2010 MAXIM has invested $4.4 million towards generating nitrous dioxide emissions credits.

On January 24, 2008 the Government of Alberta announced a new climate change plan that is intended to cut Alberta's projected 400 million tonnes of emissions by 50 percent by 2050. To achieve this target, the plan focuses on carbon capture and storage, conservation and energy efficiency, and "greener" energy production. MAXIM continues to assess the impact of the plan on its operations and acquisition and development initiatives.

The Corporation's facilities in the Northeast U.S. are subject to the Regional Greenhouse Gas Initiative ("RGGI"). During 2008, the Corporation purchased 26,000 tonnes of allowances, which were adequate to cover the generation during the first six months of 2010. Management will monitor future generation levels and acquire allowances as necessary to comply with RGGI.

Federal government regulations

On April 26, 2007 the Government of Canada unveiled its action plan to reduce greenhouse gases and air pollution. 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, or by using a one-time credit for verifiable "early" action undertaken between 1992 and 2006. On March 10, 2008 the Government of Canada released draft regulations addressing GHG emissions. The date that the finalized regulations will be issued is uncertain at this time.

There are indications that the U.S. federal government is moving to take active steps to reduce greenhouse gas emissions. Various pieces of federal legislation that would limit greenhouse gas emissions have been introduced in the U.S. Congress, some form of which may be enacted at some point in the future. The U.S. Environmental Protection Agency ("EPA") has indicated it will regulate greenhouse gases (six gases including carbon dioxide) under the existing Clean Air Act. It has issued a rule requiring major greenhouse gas emitters to report such emissions. The EPA has also issued a finding that greenhouse gases endanger public health and welfare, and has indicated that it will regulate greenhouse gases from a wide range of stationary sources, including power plants.

In the European Union, there exists a policy based on a principal of "polluter pays". Clean technologies and energy efficiency and energy conservation measures are important considerations, given the dense population and high energy demands in Europe. The Corporation's operations in France meet all current emission guidelines and the Corporation is not aware of any new legislation or environmental policies impacting current guidelines.

Climate change legislation continues to evolve. Management does not have sufficient information to fully assess the financial implications of this area of legislation on the Corporation. The cost of compliance may be recovered through sales or through commercial opportunities that mitigate additional costs. If climate change legislation burdens coal-fired generation with major new taxes that cannot be recovered from the market and there are not economic or commercial opportunities to reduce these taxes by investing in technology, efficiency and/or offsets, then this legislation could have a material effect on the Corporation’s operations, cash flows and financial condition.

CHANGES IN ACCOUNTING POLICIES

International financial reporting standards ("IFRS")

On February 13, 2008, the CICA Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. Comparative figures for the equivalent periods of 2010 are required. MAXIM is continuing to assess the impact of IFRS on accounting policies, financial statements, internal controls, information systems and business activities.

MAXIM has developed an IFRS changeover plan that includes initial assessment, detailed assessment and implementation phases. The Corporation has completed the initial assessment stage, which included certain staff training, obtaining external IFRS expertise, researching and documenting the impact of significant differences between Canadian GAAP and IFRS, and performing the preliminary assessment of IFRS information technology systems requirements.

Following initial assessment, MAXIM concluded that although IFRS uses a conceptual framework similar to Canadian GAAP, certain recognition, measurement, and disclosure differences exist which may have a significant impact on the Corporation's financial reporting. The initial assessment phase determined that these areas include, but are not limited to, property, plant and equipment, impairment, business combinations, leases, future income taxes, and provisions.

The Corporation has now progressed well into the detailed assessment stage, which includes assigning various financial statement items and disclosures to work groups that are focused on concluding on IFRS 1 elections, identifying and documenting detailed differences between IFRS and Canadian GAAP, assessing the impact of such differences on the Corporation, and preparing detailed technical papers on the Corporation's IFRS accounting policies and choices. MAXIM's auditor, KPMG, is reviewing these technical papers as they are being prepared, and upon finalization these papers will form the foundation for MAXIM's accounting and reporting policies under IFRS. Completion of the detailed assessment stage is expected by the end of the third quarter of 2010.

The Corporation has entered the detailed testing and implementation stage of the IFRS conversion and anticipates that this phase will be completed by December 31, 2010. During this stage of the changeover project MAXIM will:

- quantify the impact of IFRS differences and prepare an opening IFRS balance sheet as at January 1, 2010
- prepare and maintain quarterly reconciliations between Canadian GAAP and IFRS during 2010
- obtain supplemental training as needed
- design, document and test internal financial reporting and disclosure controls to support certification of controls during and after the initial transition to IFRS
- obtain Board and Audit Committee approvals of exemption elections and accounting policy choices and related documentation

All above implementation steps will be completed for full IFRS compliance for the fiscal year 2011.

MAXIM's detailed assessment to date has resulted in the identification of the areas most likely to significantly impact the corporation. Those areas include, but are not limited to, accounting policy impacts and decisions (first-time adoption of IFRS, property, plant, and equipment, impairment, income taxes, business combinations, provisions, leases), information systems, internal control over financial reporting and disclosure, and business activities (debt covenants and counter party credit requirements).

Key impacts identified to date are:

- Under IFRS property, plant and equipment is separated into major components with unique asset lives assigned to each component. MAXIM anticipates that there will be a minor adjustment in the amount of accumulated depreciation with an offsetting entry to retained earnings on its opening balance sheet.
- As part of the implementation to IFRS decommissioning liabilities will be revalued using a risk-free discount rate. MAXIM anticipates that the impact will be a material increase to the property, plant and equipment, provisions for decommissioning, and retained earnings for its North American generating facilities. Based on analysis undertaken to date, the France operations have no legal or constructive obligations to record decommissioning liabilities.

- In transitioning to IFRS, MAXIM's future tax assets and liabilities will be impacted by the tax effects resulting from the IFRS changes discussed above and possibly others. As the work is completed MAXIM assesses the impact on the deferred tax.

The conversion to IFRS will impact the way the Corporation presents its financial results. The first financial statements prepared under IFRS will be issued for the three month period ended March 31, 2011 and will include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

While tentative conclusions have been drawn regarding most key accounting policies and significant elections, it is important to note that the final numerical impact of most IFRS standards on MAXIM financial statements have not yet been quantified. Additionally, several IFRS standards are in the process of being amended by the International Accounting Standards Board ("IASB") and amendments to certain standards are expected to continue up to the transition date of January 1, 2011. MAXIM continues to monitor IASB progress and to assess the impact that resulting IFRS changes may have on the Corporation. Since all changes to IFRS which will be effective as at January 1, 2011 are not known, any conclusions drawn at this point in time are considered preliminary.

CONTROLS AND PROCEDURES

The President and Chief Executive Officer ("CEO") and the Vice President, Finance and Chief Financial Officer ("CFO"), together with other members of management have designed and maintained disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. Such officers have concluded that the Corporation's disclosure controls and procedures are not effective for the foregoing purposes due to the weakness discussed below for internal control over financial reporting.

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

The CEO and CFO identified the following material weakness in the operational effectiveness of the Corporation's internal control over financial reporting as of December 31, 2009. The Corporation does not have a sufficient number of finance personnel with the required technical knowledge to address all complex accounting and tax issues that may arise and this may result in inaccuracies in financial reporting. Management mitigates this weakness by periodically utilizing outside consultants for assistance as required to the fullest extent reasonable or by developing in-house expertise or recruiting personnel with the necessary expertise; however, such mitigating procedures do not constitute a compensating control for the purposes of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings. The Corporation has determined that it is not cost-effective to fully remediate this weakness and accordingly a weakness will continue in the foreseeable future. No impact on amounts reported for the first six months of 2010 is anticipated.

The Corporation is required to disclose herein any change in the Corporation's internal control over financial reporting that occurred during the period beginning on January 1, 2010 and ended on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting. No material changes in the Corporation's internal control over financial reporting were identified during such period that has materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the three and six month periods ended June 30, 2010 or during the same periods of 2009.

OTHER INFORMATION

Outstanding Share Data

Issued common shares at June 30, 2010 and August 11, 2010	54,034,758
Outstanding share options	4,320,992
Total diluted common shares at August 11, 2010	58,355,750

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

GLOSSARY OF TERMS

The following are definitions of certain terms used throughout this MD&A:

"Alberta Power Pool" - An independent, central, open-access pool that functions as a spot market for all energy bought and sold in Alberta, matching demand with the lowest supply to establish an hourly pool price

"Alberta power prices" – The hourly price established by the Alberta Electric System Operator for electricity bought and sold through the Alberta Power Pool.

"APP - The Alberta Power Project, consisting of four separate facilities in southern Alberta with a combined 25 MW capacity, was constructed by MAXIM in 2001, operates through a tolling agreement, and is included in the Canada segment for the purposes of reporting segmented information

"Basin Creek" - Basin Creek generating facility, a 52 MW generating facility located in Montana and operated under a 20 year tolling agreement, commenced operations on July 1, 2006 and is included in the United States segment for the purposes of reporting segmented information

"BMO" - Bank of Montreal

"Capacity" - The rated continuous load-carrying ability, expressed in megawatts, of generation equipment (throughout the MD&A references to electric and thermal capacity are stated in "nameplate" capacity,

"CARA" - Clean Air Regulatory Agenda, an integrated, nationally-consistent approach to the regulation of greenhouse gas and air pollutant emissions which is the capacity that the manufacturer has stated the equipment is capable of producing)

"CICA" - Canadian Institute of Chartered Accountants

"Cogeneration" - The combined, simultaneous generation of heat (usually in the form of hot water or steam) and power (usually in the form of electricity)

"COMAX" - Comax France S.A.S., MAXIM’s wholly-owned French subsidiary

"CSA" - Coal supply agreement

"CVRI" - Coal Valley Resources Inc.

"Dispatch" - Intermittent operation as dictated by a local system operator or the party to a tolling agreement

"EdF" - Electricité de France

"EPA" - Environmental Protection Agency of the United States of America

"ERCB" - Energy Resources Conservation Board of Alberta

"Exchange" - Toronto Stock Exchange

"Forked River" - Forked River Power Plant, an 86 MW power plant located in Ocean County, New Jersey, was acquired by MAXIM on April 17, 2008, is run under a tolling agreement, and is included in the United States segment for the purposes of reporting segmented information

"G&A" - General and administrative expense

"GAAP" - Generally accepted accounting principles

"Gift Lake" - Gift Lake Power Plant, a 0.8 MW plant located in north-central Alberta, was sold by MAXIM in June 2008 and was previously included in the Canada segment for the purposes of the reporting of segmented information

"Gold Greek" - Gold Creek generating facility, a 6.5 MW generating facility acquired by MAXIM in 2001, utilizes waste heat from a main line gas compressor to generate power and is included in the Canada segment for the purposes of reporting segmented information

"Heat Rate" - A measure of conversion, expressed as MMBtu/MWh or GJ/MWh, of the amount of thermal energy required to generate electrical energy

"IFRS" - International Financial Reporting Standards

"IPP" - Independent power producer, meaning a corporation or other entity that owns or operates facilities for the generation of electricity that is purchased at wholesale prices and that is not a rate-regulated electric utility

"LFRM" - Locational Forward Reserve Market, an electricity market developed by "NE-ISO" to provide economic incentives to resources providing real-time operating reserve supplies during peak periods

"MAXIM" - Maxim Power Corp.

"MD&A" - Management's Discussion and Analysis

"Milner" - HR Milner**,** a 150 MW (nameplate capacity) coal-fired power station located near the town of Grande Cache, Alberta has been in continuous operation since 1972 and was acquired by MAXIM on March 31, 2005

"Milner realized power prices" – the average price paid to Milner for sale of electricity in $/MWh

"MPLP" - Milner Power Limited Partnership

"MW" - Megawatt, a measure of electricity that is equivalent to one million watts

"MWh" - Megawatt-hour, a measure of electricity consumption equivalent to the use of 1,000,000 watts of power over a period of one hour

"NCIB" - Normal Course Issuer Bid, the action of a company buying back its own outstanding shares from the market so it can cancel them in order to add value to remaining outstanding shares

"NE-ISO" - ISO New England is a US regional transmission organization serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

"O&M" - Operations and maintenance

"PPA" - Power Purchase Agreement, a contract between an electricity generator and customer for the supply of energy and/or capacity, typically used to sell the output of an electrical generating asset for a defined revenue stream (see also tolling agreement)

"Pittsfield" - Pittsfield generating station, a 170 MW electric power plant in Pittsfield, Massachusetts, was acquired by MAXIM on August 6, 2008 and is included in the United States segment for the purposes of reporting segmented information

"RGGI" - Regional Greenhouse Gas Initiative, a cooperative effort by ten Northeast and Mid-Atlantic states to limit greenhouse gas emissions

"Somal" - Somal Power Plant, a 7 MW cogeneration plant in France, was acquired by COMAX on April 1, 2008 and is included in the France segment for the purposes of reporting segmented information

"Tolling (Tolling Agreement)" - An agreement whereby MAXIM imposes tolling charges as compensation for processing natural gas to produce electricity through one of its generating facilities. The counterparty is responsible for procuring the natural gas and owns the electricity generated at the facility

"Turnaround" - Scheduled large-scale maintenance activity wherein an entire process, facility or generating unit is taken offline for an extended period for comprehensive revamp and renewal

"Unplanned Outage" - Shutdown of a generating unit due to an unanticipated breakdown

"US or **United States" -** The United States of America

Words importing the singular number, where the context requires, include the plural, and vice versa, and words importing any gender include all genders.